



MINUTES OF THE MEETING OF AN SPECIAL AUDIT AND RISK COMMITTEE

held on Monday 1 December 2025 commencing at 4:30pm
in the Council Chambers, 43-51 Tanunda Road, Nuriootpa.

MINUTES

Mr Brass opened the meeting at 4:35pm

1. ATTENDANCE RECORD

1.1 Members Present

Peter Brass(via electronic means), Christine Hahn (via electronic means), Wendy Haydon, Ian Swan (via electronic means from 4:40pm)and David Paprzycki

Apologies

Nil

Not Present

Nil

Leave of Absence

Nil

2. DEBATE REPORT

2.1 2024-25 ANNUAL FINANCIAL STATEMENTS - CONSOLIDATED FINANCIAL STATEMENT FOR THE BAROSSA COUNCIL **25/95713**

Mr Swan joined the meeting at 4:40pm

MOVED Ms Haydon

That the Audit and Risk Committee:

- (1) Receives and notes the draft audit report for the consolidated Barossa Council entity from Council's external auditor Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2025, as tabled.
- (2) Receives and notes the draft management representation letter, which will be signed by the Mayor and CEO at the same time as the annual financial statements, and will be provided to Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2025.
- (3) Notes the draft audit certificate of audit independence as part of the 2024-25 annual financial statements, which will be provided by Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants.
- (4) Having reviewed the Barossa Council 2024-25 annual financial statements for the year ended 30 June 2025 consider the statements present fairly the state of affairs of the Barossa Council consolidated entity.
- (5) Notes the analysis contained within this report comparing the audited 2024-25 annual financial statements with the 2024-25 original adopted budget and the audited 2023-24 annual financial statements.
- (6) Receives and, including as necessary any further minor non-material adjustments, endorses for adoption by Council the Barossa Council consolidated entity 2024-25 annual financial statements for the year ended 30 June 2025.
- (7) Authorises the Audit and Risk Committee Chair to sign the certification of auditor independence.

SECONDED Mr Swan

CARRIED AC 2022-26/52

PURPOSE

To present the annual financial statements for the 2024-25 financial year for the consolidated Barossa Council entity for review and endorsement for Council adoption on 3 December 2025.

REPORT

Background

The 2024-25 annual financial statements of the Barossa Council consolidated entity and accompanying notes have been prepared in accordance with Section 127 of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Regulation 13 of the *Local Government (Financial Management) Regulations 2011* requires that the financial statements of a Council be prepared in accordance with the requirements set out in the model financial statements.

Regulation 10 of the *Local Government (Financial Management) Regulations 2011* requires a report showing the audited financial results of each item shown in the Statement of Comprehensive Income and Balance Sheet of the budgeted financial statement compared with the estimated financial result set out in the budget, presented in a manner consistent with the model financial statements.

Section 126(4)(a) of the *Local Government Act 1999* requires that the functions of an Audit and Risk Committee include reviewing annual financial statements to ensure that they present fairly the state of affairs of the Council.

Introduction

Key results of the Barossa Council consolidated entity 2024-25 annual financial statements include:

- 2024-25 operating surplus of \$493,000, compared to a \$1.139m operating deficit in 2023-24.
- Taking into account the early payment of 2025-26 financial assistance and local roads grants in June 2025 totalling \$1.372m, the adjusted and true underlying operating result in 2024-25 is a deficit of \$879,000, compared to a \$947,000 adjusted and true operating surplus in 2023-24.
- 2024-25 net surplus after capital adjustments of \$32.819m compared to \$1.535m surplus in 2023-24.
- 2024-25 total comprehensive income after changes in revaluation surplus and share of other comprehensive income of equity-accounted Council businesses of \$49.572m, compared to total comprehensive income of \$4.306m in 2023-24. This includes a revaluation surplus in 2024-25 of \$16.753m.
- Net assets increased to \$457.295m as at 30 June 2025 from \$407.809m as at 30 June 2024.
- Cash and cash equivalents at 30 June 2025 totalled \$844,000 compared to \$3.153m as at 30 June 2024.
- Total borrowings have increased by \$17.573m from \$15.429m as at 30 June 2024 to \$33.002m as at 30 June 2025.
- Future commitments for capital expenditure are recorded at Note 13 of the annual financial statements and totalled \$13.879m.

The draft 2024-25 annual financial statements of the Barossa Council consolidated entity are presented for review at Attachment 1. Although it is anticipated that this is the version of the financial statements that will receive final audit clearance, if there are any changes between this version of the financial statements and the final version

given clearance, committee members will be notified of these changes at the meeting.

Discussion

The tables below compare the 2024-25 audited financial result to both the 2024-25 adopted original budget and the 2023-24 audited financial result.

- Table 1 – Statement of Comprehensive Income
- Table 2 – Statement of Financial Position
- Table 3 – Financial Indicators
- Table 4 – Asset Revaluation Reserve movements
- Table 5 – Underlying Performance Outcome

Statement of Comprehensive Income:

Table 1: Statement of Comprehensive Income	2024-25 Actual \$'000	2024-25 Original Budget \$'000	Variance to Budget \$'000	Variance to Budget %	Notes	2023-24 Actual \$'000	Variance to 2023-24 actual \$'000	Variance to actual %	Notes
Income									
Rates	39,947	39,840	107	0%		37,956	1,991	5%	A1
Statutory charges	923	825	98	12%		830	93	11%	
User charges	4,038	3,991	47	1%		3,827	211	6%	A2
Grants, subsidies and contributions - capital	1,028	604	424	70%		483	545	113%	A3
Grants, subsidies and contributions - operating	5,457	3,451	2,006	58%	B1	1,420	4,037	284%	A4
Investment income	233	150	83	55%		277	-44	-16%	
Reimbursements	2	74	-72	-97%		3	-1	-33%	
Other income	973	582	391	67%	B2	1,243	-270	-22%	A5
Net gain - equity accounted Council businesses	100	0	100	0%	B3	-47	147	-313%	A6
Total income	52,701	49,517	3,184	6%		45,992	6,709	15%	
Expenses									
Employee costs	18,798	18,382	416	2%		17,817	981	6%	A7
Materials, contracts and other expenses	20,223	18,869	1,354	7%	B4	17,533	2,690	15%	A8
Depreciation, amortisation and impairment	11,643	10,816	827	8%	B5	11,010	633	6%	A9
Finance costs	1,544	1,887	-343	-18%	B6	771	773	100%	A10
Total expenses	52,208	49,954	2,254	5%		47,131	5,077	11%	
Operating surplus/(deficit)	493	-437	930	-213%		-1,139	1,632	-143%	
Physical resources received free of charge	7,268	2,211	5,057	229%	B7	2,832	4,436	157%	A11
Asset disposal and fair value adjustments	-973	-878	-95	11%		-2,497	1,524	-61%	A12
Amounts received specifically for new or upgraded assets	26,031	6,725	19,306	287%	B8	2,339	23,692	1013%	A13
Net surplus / (deficit)	32,819	7,621	25,198	331%		1,535	31,284	2038%	
Other comprehensive income									
Changes in revaluation surplus - infrastructure, property, plant and equipment	16,753	0	16,753	0%	B9	469	16,284	3472%	A14
Share of other comprehensive income - equity accounted council businesses	0	0	0	0%		2,302	-2,302	-100%	A15
Total Other Comprehensive Income	16,753	0	16,753	-		2,771	13,982	505%	
Total Comprehensive Income	49,572	7,621	41,951	550%		4,306	45,266	1051%	

Where the variance is greater than +/- 5% and +/- \$100,000, a comment is provided below.

Reference	Explanation
B1	Largely due to \$1.372m in Financial Assistance and Local Roads Grants for 2025-26 being paid early in 2024-25. Given these grants are untied, they are recognised when received, rather than in the year that they relate to.
B2	Actual includes \$333,000 in insurance recoupments which were not budgeted for in the original budget. These were budgeted for later in the year as the amounts became known.
B3	Council's share of the net income of its joint venture entities (Gawler River Floodplain Management Authority and Northern and Yorke Local Government Associate) are not budgeted for.

B4	Made up of a large number of accounts with variances between actuals and original budget with the more significant variances including: - Direct Purchases - Other \$252,000 more than budgeted - Contractors - Works Contract Labor Staff - \$213,000 more than budgeted offset with greater recoveries from insurance claims - Contractors - Other \$200,000 more than budgeted - Electricity - \$198,000 more than budgeted - Water - \$148,000 more than budgeted - Software - Annual Licence Fees - \$130,000 more than budgeted - Septic tank cleaning - \$125,000 more than budgeted Offset by a number of significant underspends to budget including: - Contract Management Fees - \$392,000 less than budgeted - Consultants - Other - \$124,000 less than budgeted - Waste disposal - \$100,000 less than budgeted
B5	Higher than originally budgeted for, most significantly due to a change in how the State wanted to account for Barossa Park. Originally this asset was going to be recognised in the State's books and leased back to the Council. Barossa Park is now recognised in the Council's accounts and therefore depreciation was required to be recognised in 2024-25 for the portion of the asset capitalised from the date of Gather Round. Depreciation was also significantly higher than originally budgeted due to a full revaluation of the Council's building assets being performed and other material asset classes being indexed in line with inflation as at 1 July 2024, resulting in an overall revaluation increment in 2024-25 of \$16.753 million.
B6	Lower than budgeted due to better cash flow outcomes than originally budgeted for therefore reducing interest costs on borrowings with the Local Government Finance Authority. Also, lower than budgeted interest rates throughout year.
B7	Not fully budgeted for throughout the year.
B8	Largely relates to \$19.387m in funding recognised from the State Government for its contribution to Barossa Park. Based on our original agreement with the State this was not going to be recognised in Council's accounts as revenue and therefore was not budgeted for. Due to a change in how the State wanted Barossa Park accounted for, this revenue was therefore required to be recognised in 2024-25. This amount does not include a portion of the revenue received from the State which is being held as a liability for the State's future use of the facility. This liability totals \$1.717 million.
B9	Changes to the asset revaluation reserve are not budgeted for.
A1	The increase is represented by a general rate increase, growth in rateable properties, and an overall increase to the waste, recycling and green organics collection service charge and CWMS service charge.
A2	Largely represented by a \$210,000 increase in caravan park fees.
A3	Mostly relates to \$400,000 in special local roads funding received in 2024-25 for Bethany Road.
A4	Largely due to the timing of the payment of Financial Assistance Grants.

A5	Represented by a \$216,000 decrease in sundry income and a \$270,000 decrease in contributions, offset by a \$173,000 increase in insurance and other recoupments.
A6	Based on the operating results of the joint venture entities (Gawler River Floodplain Management Authority and Northern and Yorke Local Government Associate)
A7	Largely a result of a \$1.233 million increase to salaries and wages brought about by general annual increases in enterprise agreements and a slight increase to FTE from approved organisational growth.
A8	Made up of a large number of accounts with variances between current year actuals and prior year actuals with the more significant variances including: - \$1.119 million increase in contractors - \$335,000 increase in parts, accessories and consumables - \$268,000 increase in water - \$242,000 increase on communications and information technology - \$223,000 increase in contributions and donations Offset by a \$335,000 decrease in maintenance costs.
A9	Refer to comment at B5.
A10	Higher than prior year due to additional borrowings associated with Barossa Park.
A11	This balance generally relates to assets gifted from developers and therefore dependent on the development work that occurs during the year.
A12	Less in 2024-25 due to some large disposals in 2023-23 including surplus land (\$255,000 loss on disposal) and buildings (\$945,000 loss on disposal).
A13	Refer to comment at B8.
A14	Due to a full revaluation of the Council's building assets being performed as at 1 July 2024, land being revalued per Valuer-General valuations as at 1 January 2025 and other material asset classes being indexed in line with inflation as at 1 July 2024, resulting in an overall revaluation increment in 2024-25 of \$16.753 million.
A15	No revaluation increments associated with joint ventures required to be recognised in 2024-25.

Statement of Financial Position:

Table 2: Statement of Financial Position	2024-25	2024-25	Variance	Variance	Notes	2023-24	Variance to	Variance	Notes
	Actual	Original Budget	to Budget	to Budget		Actual	2023-24 actual	to actual	
	\$'000	\$'000	\$'000	%		\$'000	\$'000	%	
ASSETS									
Current assets									
Cash and cash equivalent assets	844	39	805	2064%	B1	3,153	-2,309	-73%	A1
Trade and other receivables	2,970	2,966	4	0%		3,248	-278	-9%	A2
Inventories	233	245	-12	-5%		123	110	89%	A3
Total current assets	4,047	3,250	797	25%		6,524	-2,477	-38%	
Non-current assets									
Trade and other receivables	2,087	985	1,102	112%	B2	1,228	859	70%	A4
Equity accounted investments in council businesses	4,618	2,263	2,355	104%	B3	4,518	100	2%	
Other non-current assets	37,258	0	37,258	0%	B4	5,724	31,534	551%	A5
Infrastructure, property, plant and equipment	452,571	474,818	-22,247	-5%	B5	414,613	37,958	9%	A6
Total non-current assets	496,534	478,066	18,468	4%		426,083	70,451	17%	
TOTAL ASSETS	500,581	481,316	19,265	4%		432,607	67,974	16%	
LIABILITIES									
Current liabilities									
Trade and other payables	4,441	5,077	-636	-13%	B6	5,355	-914	-17%	A7
Borrowings	698	37,697	-36,999	-98%	B7	3,558	-2,860	-80%	A8
Provisions	3,376	3,008	368	12%	B8	3,292	84	3%	
Total current liabilities	8,515	45,782	-37,267	-81%		12,205	-3,690	-30%	
Non-current liabilities									
Trade and other payables	1,676	0	1,676	0%	B9	0	1,676	0%	A9
Borrowings	32,304	2,908	29,396	1011%	B10	11,871	20,433	172%	A10
Provisions	791	682	109	16%	B11	722	69	10%	
Total non-current liabilities	34,771	3,453	31,318	907%		12,593	22,178	176%	
TOTAL LIABILITIES	43,286	34,561	8,725	25%		24,798	18,488	75%	
Net assets	457,295	411,995	45,300	11%		407,809	49,486	12%	
EQUITY									
Accumulated surplus	137,824	114,759	23,065	20%	B12	106,561	31,263	29%	A11
Asset revaluation reserve	302,429	304,871	-2,442	-1%		285,676	16,753	6%	A12
Other reserves	17,042	12,314	4,728	38%	B13	15,572	1,470	9%	A13
Total equity	457,295	431,944	25,351	6%		407,809	49,486	12%	

Reference	Explanation
B1	Better than budgeted cash flow outcomes throughout the year.
B2	Higher than budgeted receivables as at 30 June 2025.
B3	Better than budgeted outcomes of joint ventures (Gawler River Floodplain Management Authority and Northern and Yorke Local Government Associate) throughout the year.
B4	This relates to WIP and is not budgeted for.
B5	Less than budgeted for given WIP is not budgeted for and therefore movement in WIP actuals versus budget needs to be looked at in conjunction with this movement. When combined, overall actual WIP and IPPE balance is \$15 million higher than budgeted due to \$53.995 million in actual capital expenditure throughout the year against a budget of \$44.512 million.
B6	Lower than budgeted payables as at 30 June 2025.
B7	Budgeted to be current borrowings when in fact actuals largely recognised as non-current borrowings as at 30 June 2025. Borrowings approximately \$7.6 million less than originally budgeted due to better-than-expected cash outcomes in 2024-25.

B8	Provisions for employee benefits increased more than budgeted largely due to a \$180,000 correction to long service leave balances which were understated in 2023-24.
B9	Refer to comment at A9.
B10	Refer to comment at B7.
B11	Refer to comment at B11.
B12	Better than budgeted net surplus in 2024-25 due to the State's contribution to Barossa Park being recognised as revenue in 2024-25. This was not budgeted for given there was a change in how the State required Barossa Park to be accounted for throughout the year.
B13	Other Reserves increased throughout the year rather than decreased as budgeted.
A1	Cash reserves kept at a minimum in 2024-25 with excess cash held moved against our borrowings in an effort to reduce interest costs throughout the year.
A2	Largely due to a \$259,000 decrease in rates and other debtors due to efforts throughout the year to follow up outstanding debtors. Also due to a \$128,000 decrease in GST recoupment.
A3	Largely a result of a \$104,000 increase in rubble held at Council's quarry due to no rubble crush in 2023-24 and therefore rubble reduced to low levels as at 30 June 2024.
A4	Largely due to a \$833,000 increase in receivables due to loans to community groups with new loans taken out with Nuriootpa Bowling Club, Tanunda Football Club, Barossa Rugby and Barossa Districts Football and Netball Club in 2024-25.
A5	Largely relates to WIP for Barossa Park which was not capitalised as at 30 June 2025 due to ongoing works. WIP for Barossa Park as at 30 June 2025 totalled approximately \$33.4 million.
A6	Relates to \$34.179 million in additions and \$16.753 million in revaluation increments, offset by \$11.6 million in depreciation and \$1.3 million in disposals. Additions throughout the year included transfers from WIP for the two Barossa Park ovals.
A7	Due to: - a \$1.461 million decrease in goods and services payables, largely a timing issue - a \$568,000 decrease in accrued expenses - employee entitlements with no salaries and wages accrual needing to be recognised as at 30 June 2025 - a \$439,000 decrease in other payments in advance Offset by a \$1.389 million increase in accrued expenses. This includes an amount of \$832,000 relating to works performed at Barossa Park but unpaid as at 30 June 2025.
A8	Higher than prior year due to additional borrowings associated with Barossa Park.

A9	Liability for the State's future use of Barossa Park recognised for the first time in 2024-25. This relates to revenue paid in advance to Council for the State's future use of Barossa Park for up to 6 events per year across a 42-year agreement term.
A10	Refer to comment at A8.
A11	Reflects result for year adjusted for movements in Other Reserves.
A12	Movement in Asset Revaluation Reserve throughout 2024-25.
A13	Movement in Other Reserves throughout 2024-25.

Financial Indicators:

Table 3: Financial Indicator	Notes	2024-25 Actual	2024-25 Budget	2023-24 Actual	Adopted Target
Operating Surplus Ratio	1	0.9%	(0.9%)	(2.5)%	(2%) – 10%
Adjusted Operating Surplus Ratio	1a	(2.5)%	(0.9%)	2.0%	(2%) – 10%
Net Financial Liabilities Ratio	2	71%	93.6%	37%	0% - 100%
Adjusted Net Financial Liabilities Ratio	2a	76%	93.6%	36%	0% - 100%
Asset Renewal Funding Ratio	3	84%	129.4%	123%	80% - 110%

Notes	Explanation
1	Operating surplus ratio within the adopted target range and exceeded budget expectations.
1a	Adjusted operating surplus ratio less than budgeted largely due to early payment of 2025-26 financial assistance and local roads grants in 2024-25.
2	Net financial liabilities ratio is below budgeted amount and within target range.
2a	Adjusted net financial liabilities ratio is below budgeted amount and within target range.
3	Asset renewal funding ratio is lower than budgeted but within the adopted target range due.

Asset revaluation reserve movements:

A full independent revaluation of Council's building assets, as well as Council's land assets classified as level 2 in the fair value hierarchy, was performed as at 1 July 2024 by Liquid Property Consultants.

Land assets classified as level 3 in the fair value hierarchy were revalued as at 1 January 2025 applying site values per the Valuer-General's valuation. Council considers the Valuer-General's value to be an appropriately accurate approximation of fair value. The number and/or value of unobservable inputs into these valuations are of a magnitude such that the valuation is most fairly described as being based on level 3 valuation inputs. For crown land, community land and other land subject to restrictions classified as level 3, whilst no discount rate has been applied, a significant unobservable input is a discount that theoretically applies to these land values in recognition of the 'restrictions' associated with the land, in particular the lack of ability to sell the land or put it to an alternative use.

Galpins Accountants, Auditors and Business Consultants recommended in its 2023-24 Audit Completion Report that Council should index the fair values of its building and infrastructure assets between the five-yearly revaluation cycle to allow for more accurate costing information between revaluations for asset management and budgeting purposes. Based on this, a desktop valuation of Council's infrastructure assets (bridges, floodways and major culverts; stormwater and drainage; community wastewater management system; transport; recreation) was performed by Council staff as at 1 July 2024 using the indexation rate for capital from the Local Government Price Index as at 30 June 2024.

Table 4 below outlines the revaluation movements in 2024-25 as reported at Note 9(a).

Table 4:

Asset class	Increment/(Decrement)	Explanation
Land – community (level 3)	\$5,023,000	Desktop valuation performed as at 1 January 2025 applying site values per the Valuer-General's valuation.
Land – other (level 2)	\$340,000	Full independent valuation performed as at 1 July 2024 by Liquid Property Consultants.
Buildings and other structures (level 2 and 3)	\$1,040,000	Full independent valuation performed as at 1 July 2024 by Liquid Property Consultants.
Infrastructure – Bridges, Floodways & major culverts	\$902,000	Desktop valuation performed by Council staff as at 1 July 2024 using the indexation rate for capital from the Local Government Price Index as at 30 June 2024.
Infrastructure – stormwater and drainage	\$1,594,000	Desktop valuation performed by Council staff as at 1 July 2024 using the indexation rate for capital from the Local Government Price Index as at 30 June 2024.
Infrastructure – community wastewater management system	\$1,424,000	Desktop valuation performed by Council staff as at 1 July 2024 using the indexation rate for capital from the Local Government Price Index as at 30 June 2024.
Infrastructure - Transport	\$5,827,000	Desktop valuation performed by Council staff as at 1 July 2024 using the indexation rate for capital from the Local Government Price Index as at 30 June 2024.
Infrastructure – Recreation	\$603,000	Desktop valuation performed by Council staff as at 1 July 2024 using the indexation rate

		for capital from the Local Government Price Index as at 30 June 2024.
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Underlying operating performance outcome:

The analysis in Table 1 and Table 2 above looks at final 2024-25 performance outcomes compared to the original approved budget. We think it is important for the committee to understand the final operating performance outcome compared to the final budget approved by Council for 2024-25 (in quarter 3) and to adjust this for more material once-off transactions impacting the operating performance outcome to come up with a 'true' underlying operating performance outcome.

Table 5:

<u>NCPA Underlying Operating Outcome Compared to Q3 Budget</u>				
	Actual	Q3 Budget	Variance	%
Operating Performance - Surplus / (Deficit)	(364,753)	272,843	(637,596)	-233.7%
<u>Once off adjustments</u>				
Correction to 2023-24 financial year contribution to soccer development - incorrectly recognised in WIP	200,000	0	200,000	
Underlying Operating Performance - Surplus / (Deficit)	(164,753)	272,843	(437,596)	-160.4%
<u>The Barossa Council Underlying Operating Outcome Compared to Q3 Budget</u>				
	Actual	Q3 Budget	Variance	%
Operating Performance - Surplus / (Deficit)	857,753	(1,164,213)	2,021,966	173.7%
<u>Once off adjustments</u>				
2025-26 Financial Assistance Grants paid in advance	(1,372,096)	0	(1,372,096)	
Long Service Leave correction to 2023-24 accounts in 2024-25	180,245		180,245	
Underlying Operating Performance - Surplus / (Deficit)	(334,098)	(1,164,213)	830,115	71.3%
<u>The Barossa Council Consolidated Entity Underlying Operating Outcome Compared to Q3 Budget</u>				
	Actual	Q3 Budget	Variance	%
Operating Performance - Surplus / (Deficit)	493,000	(891,370)	1,384,370	155.3%
<u>Once off adjustments</u>				
Financial Assistance Grants paid in advance	(1,372,096)	0	(1,372,096)	
Long Service Leave correction to 2023-24 accounts in 2024-25	180,245		180,245	
Correction to 2023-24 financial year contribution to soccer development - incorrectly recognised in WIP	200,000	0	200,000	
Underlying Operating Performance - Surplus / (Deficit)	(498,851)	(891,370)	392,519	44.0%

Management representation letter and audit completion report:

The 2024-25 draft management representation letter is attached for your information and noting at Attachment 2. This letter will be signed by the Mayor and CEO at the same time as the annual financial statements, and will be provided to Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2025.

The 2024-25 draft audit report is not yet available from Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2025 although will be tabled at the meeting for noting.

Summary and Conclusion

The draft 2024-25 annual financial statements of the Barossa Council consolidated entity are presented for review at Attachment 1. Although it is anticipated that this is the version of the financial statements that will receive final audit clearance, if there are any changes between this version of the financial statements and the final version given clearance, committee members will be notified of these changes at the meeting.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

- | | |
|--------------|---|
| Attachment 1 | Draft 2024-25 Annual Financial Statements - Barossa Council Consolidated Entity - with Galpins for final audit clearance  |
| Attachment 2 | 2024-25 Draft Management Representation Letter - Barossa Council Consolidated Entity  |

Supporting references

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

- | | |
|-----|--|
| BS6 | Finance - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services |
|-----|--|

Corporate Plan

- | | |
|-----|--|
| BS6 | Finance - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services |
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Legislative Requirements

Section 126(4) of the Local Government Act 1999
 Local Government (Financial Management) Regulations 2011

RISK MANAGEMENT CONSIDERATIONS

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. SERVICE DELIVERY

Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.

Nil

2. SUSTAINABILITY & ENVIRONMENT

Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.

Nil

3. FINANCIAL

Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.

All known financial and resourcing requirements as at 30 June 2025 have been included in the annual financial statements.

4. PEOPLE

Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.

Nil

5. REPUTATION

Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.

Nil

COMMUNITY ENGAGEMENT

No separate consultation is required under Council's Public Consultation Policy. The annual financial statements are publicly available documents which can be accessed via the Council's website after Council adoption.

2.2 2024-25 ANNUAL FINANCIAL STATEMENTS - NURIOTPA CENTENNIAL PARK AUTHORITY

25/95980

MOVED Ms Haydon

That the Audit and Risk Committee:

- (1) Notes the verbal update advising of an unmodified audit opinion for the Nuriootpa Centennial Park Authority from Council's external auditor Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2025.
- (2) Receives and notes the draft Management Representation Letter, which will be provided to Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants for the year ended 30 June 2025, as tabled.
- (3) Notes the draft Certificate of Audit Independence attached as part of the 2024-25 Annual Financial Statements which will be signed by Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants.
- (4) Having reviewed the Nuriootpa Centennial Park Authority 2024-25 Annual Financial Statements for the year ended 30 June 2025, consider the statements present fairly the state of affairs of the Nuriootpa Centennial Park Authority.
- (5) Notes the analysis contained within this report comparing the audited 2024-25 annual financial statements with the audited 2023-24 annual financial statements.
- (6) Recommends the Certificate of Auditor Independence be signed by the Chair of the Nuriootpa Centennial Park Authority Audit and Risk Committee.

SECONDED Mr Swan

CARRIED AC 2022-26/53

PURPOSE

To present the Annual Financial Statements for the 2024-25 financial year for the Nuriootpa Centennial Park Authority for review and endorsement for Council adoption.

REPORT

Background

The 2024-2025 Annual Financial Statement and accompanying notes have been prepared in accordance with Section 127 of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

Regulation 13 of the *Local Government (Financial Management) Regulations 2011* requires that the Financial Statements of a Council subsidiary be prepared in accordance with the requirements set out in the Model Financial Statements.

Section 126(4)(a) of the *Local Government Act 1999* requires that the functions of an Audit and Risk Committee include reviewing annual financial statements to ensure that they present fairly the state of affairs of the Council.

The 2024-2025 Annual Financial Statements attached to this report (Attachment 1) are not anticipated to have any material changes to the figures stated. Any material changes that do occur at the finalisation of the independent audit will be communicated to the Audit and Risk Committee at the meeting.

Introduction

The independent audit of the 2024-25 Annual Financial Statement was undertaken by Galpins Accountants, Auditors and Business Consultants. The draft audit report and draft management representation letter referenced in the recommendations are not currently available to be supplied as attachments to this report, however they will be tabled at the meeting.

Key results of the Nuriootpa Centennial Park Authority 2024-2025 Annual Financial Statements include:

- 2024-25 operating deficit of \$364,753 compared to \$38,330 deficit for 2023-24.
- 2024-25 net surplus after capital adjustments of \$3.247 million (2023-24 \$60,108 deficit).
- Net Assets increased to \$18.659 million as at 30 June 2025 from \$13.087 million as at 30 June 2024.
- Cash and cash equivalents at 30 June 2025 totalled \$735,528 (2023-24 \$318,674).
- Total borrowings have decreased by \$98,815, from \$624,288 to \$525,473 at 30 June 2025.

Discussion

Total income increased by \$279,318 or 10.79% for 2024-25. This is predominately due to increased site activity resulting in a \$128,267 increase in cabin fees, a \$100,913 increase in site fees and a \$33,166 increase in other caravan park user charges.

Total expenditure increased by \$605,741 or 23.06% for 2024-25. This is due to the following:

- A \$95,422 increase in employee costs associated with general increases.
- A \$144,509 increase in depreciation and amortisation costs associated with \$3.658 million in new and upgraded assets acquired during 2024-25.

- A \$372,610 increase in Materials, Contracts and Other Expenses with \$200,000 of that increase associated with the contribution made towards the Nuriootpa Soccer Club building redevelopment. This amount should have been recognised as an expense in 2023-24, however was recorded in WIP as at 30 June 2024 and therefore only expensed in 2024-25.

Physical Resources received free of charge increased significantly in 2024-25 from \$2,122 million in 2023-24 to \$3.619 million in 2024-25. In 2024-25 the Nuriootpa Centennial Park Authority received gifted assets from Council as a result of capital works completed for the Nuriootpa soccer facility.

Net Assets increased to \$18.659 million as at 30 June 2025 from \$13.087 million as at 30 June 2024, an increase of \$5.572 million. This is due to:

- A \$4.387 million increase in Buildings and Other Structures, largely due to an additional \$2.870 million in New/Upgraded assets (largely associated with the Nuriootpa soccer facility), a revaluation increment of \$1.952 million, offset by a depreciation expense of \$465,354.
- A \$656,902 increase in Infrastructure, largely due to an additional \$710,391 in New/Upgraded assets (largely associated with the Nuriootpa soccer facility) and a revaluation increment of \$129,533 offset by a depreciation expense of \$183,022.

Summary and Conclusion

The 2024-2025 Annual Financial Statements for the Nuriootpa Centennial Park Authority are presented for review at Attachment 1.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1 NCPA Annual Financial Statements 2024-2025 

Supporting references

Nil.

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan

BS6 Finance - Provision of financial and budgetary accounting services, treasury and investment services, management reporting, reconciliation and taxation services, asset accounting, internal control, accounts payable and receivable services

Legislative Requirements

Section 126(4) of the Local Government Act 1999
Local Government (Financial Management) Regulations 2011

RISK MANAGEMENT CONSIDERATIONS

These statements are qualitative in nature and designed to provide an indication of Council's general position when deciding to take or retain risk in pursuit of its objectives.

1. SERVICE DELIVERY

Refers to the delivery of services to the community, which includes the systems and physical assets that enable provision of these services, including structures (such as roads, buildings and facilities) as well as IT infrastructure, plant, vehicles & other equipment.

N/A

2. SUSTAINABILITY & ENVIRONMENT

Relates to measures to preserve, protect and minimise impact on the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials and pollution.

N/A

3. FINANCIAL

Refers to planning and control of Council's budget to align with the sustainable achievement of the desired outcomes articulated in its Community Plan.

All known financial and resourcing requirement as at 30 June 2025 have been included in the annual financial reports.

4. PEOPLE

Relates to recruitment, retention, wellbeing and safety of employees and volunteers and engagement and management of contractors as well as the wellbeing and safety of the community.

N/A

5. REPUTATION

Relates to policy, decisions, actions and circumstances that may cause Council to lose credibility with the community, ratepayers, key stakeholders, other levels of government and its own employees and contractors.

N/A

COMMUNITY ENGAGEMENT

No separate consultation is required under Council's Public Consultation Policy. The Financial Statements are public documents, accessible to the community via Council's website after Council adoption.

3. URGENT OTHER BUSINESS

MOVED Ms Hahn

That the Audit and Risk Committee:

- (1) Under the provisions of Section 90(2) of the *Local Government Act 1999*, make an order that the public and officers be excluded from the meeting with the exception of Councils Auditor Mr Tim Muhlhausler of Galpins Accountants, Auditors and Business Consultants in order to consider in confidence matters of discussion and to ensure compliance with Regulation 17B of the Local Government (Financial Management) Regulations 2011 being information that must be considered in confidence pursuant to:

Section 90(3)(g) of the *Local Government Act 1999*:

matters that must be considered in confidence in order to ensure that the committee or council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation or duty;

- (2) Accordingly, on this basis, the Committee is satisfied that public interest in conducting meetings in a place open to the public has been outweighed by the need to keep the information and discussion confidential in order to comply with the law.

SECONDED Mr Paprzycki

CARRIED AC 2022-26/54

The Committee held a confidential session pursuant to Regulation 17B of the Local Government (Financial Management) Regulations 2011 and upon resumption of the meeting in public session the Committee reported that no actions arose or resolutions where passed during this session.

MOVED Ms Haydon

That the committee congratulates the Manager Financial Services and the Finance team for achieving an unmodified audit report and completion of the annual financial statements..

SECONDED Mr Paprzycki

CARRIED AC 2022-26/55

4. NEXT MEETING

Thursday 11 December 2025 at 4.00pm

5. CLOSURE

The Chairperson declared the meeting closed at 6.28 pm.

Confirmed at Audit and Risk Committee Meeting on 11 December 2025

Date:.....

Chairperson:.....

Galpins

Accountants, Auditors & Business Consultants

DRAFT 2024/2025 Audit Completion Report

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SUMMARY OF AUDIT

To the members of the audit committee of the Barossa Council

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2025. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We have issued the following opinions:

Intended opinions	Type of opinion	Proposed Auditor's Report
Opinion on the Financial Statements	Unmodified	Refer to Appendix 1 of this report.
Controls Opinion	Unmodified	Refer to Appendix 2 of this report.

We have included in this report the following information to ensure that councillors, management and audit committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Summary of Audit Risks and Overall Responses	Section 2
Key Audit Matters	Section 3
Internal Controls Opinion and Recommendations	Section 4
Final Management Letter	Section 5
Corrected Adjustments	Section 6
Immaterial Uncorrected Misstatements	Section 7
Proposed Independent Auditor's Report on the Financial Report	Appendix 1
Proposed Independent Auditor's Report on the Internal Controls	Appendix 2
Draft Statement by Auditor	Appendix 3
Better Practice Model (BPM) Risks	Appendix 4
Risk Ratings	Appendix 5
Summary of Findings Identified – Interim Audit	Appendix 6

We confirm that for the audit of the year ended 30 June 2025 we have maintained our independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully



Tim Muhlhausler CA Registered Company Auditor

Date: 28 November 2025

1. Status of Our Audit Work

Below is a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final audited financial statements from the Council's subsidiaries	Management	Completed
Signed certification of auditor independence	Management	Note 1
Final financial report after considerations from the audit and risk committee	Management	Note 1
Signed certification of financial statements	Management	Note 1
Signed management representation letter	Management	Note 1
Final Independent Auditor's Report on the Internal Controls	Audit	Note 2
Final Independent Auditor's Report on the Financial Report	Audit	Note 2

Note 1 To be provided after the audit and risk committee meeting.

Note 2 To be provided by audit on receipt of both the:

- final financial report containing the signed certification of financial statements and the signed certification of auditor independence, and
- signed management representation letter.

2. Summary of Audit Risks and Overall Responses

Below, a summary of our initial audit risks identified in our audit plan presented to the audit committee, the audit approach and responses to address these risks and the final audit risks (residual risks) after the execution of our audit procedures.

Statement of Comprehensive Income – Income

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Rates and charges	High	39,947	RA1/RA2/RA3/RA4/RE1/RE2	Controls and substantive tests	Low	Fairly presented
Statutory charges	Moderate	923	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
User charges	Moderate	4,038	US1/US2/US3/RE1/RE2	Substantive tests	Low	Fairly presented
Grants	Moderate	6,485	GR1/GR2/GR3/RE1/RE2	Substantive tests	Low	Fairly presented
Investment Income	Low	233	II1	Substantive tests	Low	Fairly presented
Reimbursements	Low	2	OR1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	100	OR1/OE1	Substantive tests	Low	Fairly presented
Other Income	Low	973	OR1	Substantive tests	Low	Fairly presented

Statement of Comprehensive Income - Expenses

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Employee costs	High	18,798	PA1/PA2/PA3/PA4/PA5/PA6	Controls and substantive tests	Low	Fairly presented
Materials / Contracts / Other Expenses	High	20,223	PP1/PP2/PP3/PP4/PP5/PP6 CO1/CO2/CO3 CC1/CC2/CC3	Controls and substantive tests	Low	Fairly presented
Depreciation and amortisation	High	11,643	FI4	Controls and substantive tests	Low	Fairly presented
Finance Costs	Low	1,544	BO1	Substantive tests	Low	Fairly presented

Statement of Comprehensive Income – Other Comprehensive Income

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Asset Disposals & FV Adjust	High	(973)	FI1/FI3	Controls and substantive tests	Low	Fairly presented
Amounts Received Specifically for New or Upgraded Assets	Moderate	26,031	GR1/GR2/GR3/RE1/RE2	Substantive tests	Low	Fairly presented
Physical Resources Received Free of Charge	Low	7,268	FI1	Substantive tests	Low	Fairly presented

Statement of Financial Position – Assets

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Cash and cash equivalents	High	844	BA1/BA2/IN1/IN2/IN3	Controls and substantive tests	Low	Fairly presented
Trade and other receivables	Moderate	2,970	DE1/DE2/DE3/DE4/DE5/PR1	Controls and substantive tests	Low	Fairly presented
Inventories	Low	233	N/A	Substantive tests	Low	Fairly presented
Financial Assets & NC Receivables	Low	39,345	LO1	Substantive tests	Low	Fairly presented
Equity Accounted Businesses	Low	4,618	OR1/OE1	Substantive tests	Low	Fairly presented
IPPE + WIP	High	452,571	FI1/FI2/FI3/FI4/FI5	Controls and substantive tests	Low	Fairly presented

Statement of Financial Position – Liabilities

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Trade and other payables	High	4,441	AP1/AP2/AP3/AP4/AP5/TA1/AE1	Controls and substantive tests	Low	Fairly presented
Borrowings	Low	698	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Provisions	Moderate	3,376	EP1	Substantive tests	Low	Fairly presented
Trade and other payables - NC	High	1,676	AP1/AP2/AP3/AP4/AP5/TA1/AE1	Controls and substantive tests	Low	Fairly presented
Borrowings - NC	Low	32,304	BO1/BO2/BO3/BO4	Substantive tests	Low	Fairly presented
Provisions - NC	Moderate	791	EP1	Substantive tests	Low	Fairly presented

Statement of Financial Position – Equity

Accounts	Initial Audit Risk	\$ '000	Risks as per BPM – REF*	Audit Response	Residual Risk	Results
Accumulated Surplus	Low	137,824	N/A	Substantive tests	Low	Fairly presented
Asset Revaluation Reserves	High	302,429	FI3	Controls and substantive tests	Low	Fairly presented
Other Reserves	Low	17,042	N/A	Substantive tests	Low	Fairly presented

Intended Audit Opinion

In our opinion, the financial report prepared by the Council presents fairly, in all material respects, the Council's financial position as at 30 June 2025 and its financial performance for the year ended on that date.

* A list of the main risks as per the Better Practice Model (BPM) addressed during our audit and related risk references is provided in Appendix 4.

3. Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report. We address these matters in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3.1 Valuation of Infrastructure assets

Why the matter is significant	How the matter was addressed
Infrastructure assets are valued at fair value. The fair values of these assets were based on depreciated current replacement costs which is comprised by the gross replacement cost less accumulated depreciation. Council values the gross replacement cost using the estimated average cost (unit cost) at which it could construct a substitute asset of comparable quality in the normal course of business. There was inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the: - components of assets that are replaced at different times in the asset lifecycle - costs required to replace these components using current prices for materials, labour, and plant costs - indices for measuring subsequent changes in unit rates. The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the depreciation that would have accumulated since original construction using these estimated useful lives. The significant professional judgments used to estimate the gross replacement cost and the accumulated depreciation are also relevant to the calculation of the annual depreciation expense of these assets.	Our audit included but was not limited to the following activities: - reconciled closing balances to the asset registers - reconciled the movements in note 7 to the asset register - reviewed the basis for valuation used by external valuers - assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards - reviewed the fair value hierarchy provided in note 7 for each category of asset - reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports - reviewed the useful lives mentioned above for different components and compared them to other local government entities - performed a recalculation of depreciation - reviewed the methodology used by Council to perform componentisation of infrastructure assets and compared the methodology used to Council's actual asset management practices and to other local government entities - reconciled the unit rates used for different components of infrastructure assets to the unit rates provided in the revaluation report - reviewed the unit rates mentioned above and compared them to different local government entities - assessed the adequacy of disclosures in the financial report.

3.2 Valuation of Land and Buildings

Why the matter is significant	How the matter was addressed
Land and buildings are valued at fair value. The basis of valuation to be used for these assets depends on a number of factors such as the nature of the asset, purpose of their use, the highest and best use of the asset, potential restrictions to the disposal of these assets among other factors. Valuation of land depends on whether the land is classified as Crown land or community land. Community land and Crown land are valued using unobservable (level 3) inputs as the allowance for the restriction on sale (requiring Ministerial consent) is usually an unobservable input, and is likely to have a significant effect on valuation. Land, where Council has an unfettered right to sell them, is usually valued at current market value based on their highest and best use. Level 2 inputs are primarily used for land during the valuation process. Valuation of buildings depends on the nature of these assets. Some Council buildings have no active market due to the specialised nature of the assets and the services they provide. For such buildings fair value is usually determined on the basis of replacement with a new building having similar service potential. Valuation techniques used to measure fair value of these buildings include significant unobservable inputs (level 3). For buildings that have an active market, buildings are assessed on market value principles which is deemed to be their fair value based on level 2 inputs. The most significant input into this valuation approach is sales transactions of comparable properties within the City, adjusted for any pertinent differences. The significant professional judgments used to estimate the value of buildings are also relevant to the calculation of the annual depreciation expense of these assets.	Our audit included but was not limited to the following activities: - reconciled closing balances to the asset registers - reconciled the movements in note 7 to the asset registers - reviewed the basis for valuation used by external valuers - assessed the competence of external valuers (experts) in accordance with Australian Accounting Standards - analysed the nature of the land building assets and concluded whether the fair value hierarchy provided in note 7 for each category of asset was reasonable - reconciled the useful lives used to calculate the accumulated depreciation and the depreciation for the period to the revaluation reports - reviewed the useful lives mentioned above for different components and compared them to other local government entities - performed a recalculation of depreciation; and - assessed the adequacy of disclosures in the financial report.

3.3 Accounting treatment of capitalisation of assets

Why the matter is significant	How the matter was addressed
Councils are asset intensive and highly dependent on multiple assets to deliver services to customers. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets. Due to the unique characteristics of Council's assets a number of considerations are taken into account when an expenditure is capitalised which include: - whether Council is incurring capital expenditure to physical resources that are controlled by Council. Control is the most difficult of the characteristics of an asset to be defined as this usually goes beyond the legal ownership; - Inclusions and exclusions of costs at initial recognition of an assets in accordance with AASB 116; - Cost involved in dismantling and removing the asset and/or restoring the site under AASB 137; - Borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" as per AASB 123; and - accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure.	Our audit included but was not limited to the following activities: - performed analytical procedures to define whether the amounts capitalised for the FY was in accordance with our expectation and our understanding of the entity; - reviewed internal controls in place for capitalisation of assets; - selected a sample of additions and performed an assessment of the nature of the addition and concluded whether the addition was recognised in accordance with Australian Accounting Standards; - reviewed the WIP schedule and selected a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account; and - reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.

3.4 Revenue Recognition

Why the matter is significant	How the matter was addressed
AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities apply to revenue recognition for SA Councils. Income from capital and other specific purpose grants needs to be assessed to determine whether it is recognised on receipt, or recognised over time as performance obligations are met (where these obligations are sufficiently specific and rise from enforceable contracts) and a liability recognised for unspent monies.	Our audit included but was not limited to the following activities: - performed analytical procedures to identify any variance that would represent a risk or incorrect application of AASB 15 and AASB 1058 - reviewed a sample of grant agreements and assessed whether agreements contain sufficiently specific performance obligations - evaluated the accounting treatment used by Council to account for the grant agreements in place selected for our tests - tested a sample of financial transactions for compliance with Australian Accounting Standards.

3.5 Management Override of Controls

Why the matter is significant	How the matter was addressed
Management is inherently in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare a fraudulent report by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, the risk of material misstatement due to fraud is, by default, considered a significant risk.	Our audit included but was not limited to the following activities: ▪ tested the appropriateness of journal entries recorded in the general ledger ▪ reviewed accounting estimates for biases ▪ performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity ▪ requested written representation from Management ▪ reviewed IT access controls rights processes in place ▪ reviewed processes in place to ensure independent reviews of exception reports generated by Council ▪ reviewed processes in place to ensure independent reviews of audit trails of changes to master files.

3.6 Other High Risk Areas

The other high risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High	Overall audit response
Rates and charges	- largest revenue item - it is often used as a reference point for analysing expenditure decisions - politically sensitive – reputational risk involved if rates are raised incorrectly.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - comparison of total capital values from the VG report to the total capital value recorded in the rates system - reconciliation of the rates modelling to the rates system and to the general ledger - recalculation of rates for a sample of rate payers.
Employee costs	- one of the largest expense items - high volume of transactions / data – subject to error - errors impact individuals financially.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments.
Materials, Contracts & Other expenses	- one of the largest expense items - High volume of transactions / date – subject to error - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses.
Cash and cash equivalents	- material balance - fraud risk - errors and/or fraud in cash may be indicative of broader errors - poor attitude to cash controls may be indicative of poor culture related to the entity's controls environment - public money.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - verification of outstanding reconciling items - reperformance of bank reconciliations.
Trade and other payables	- one of the largest liabilities - material balance - opportunity for understatements - poor use of accrual basis of accounting may be indicative of poor culture - payments represent an opportunity for fraud.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - reconciliation between subsidiary ledgers and the general ledger - inspection of subsequent payments for a sample of creditors - inspection of a sample of subsequent payments for completeness test.

4. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively			2025 Findings			
		2025	2024	2023	H	M	L	BP
Purchasing & Procurement/Contracting	7	6*	6	6	1*	1*	-	-
Fixed Assets	8	8	7	7	-	-	-	-
General Ledger	8	6	5	6	-	2	-	-
Accounts Payable	8	8	7	8	-	-	-	-
Payroll	11	10	11	11	-	1	-	-
Rates / Rates Rebates	8	7	7	6	-	1	-	-
Credit Cards	5	5	5	5	-	-	-	-
Debtors	3	3	3	3	-	-	-	-
Banking	5	4	3	4	-	-	1	-
Receipting	2	2	2	2	-	-	-	-
Total	65	59	56	58	1	5	1	-

*Two findings relating to a single internal control

Overall the Council demonstrated a satisfactory level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (56 out of 65 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in Appendix 5 – Risk Ratings.

An **interim audit management letter** was issued and presented to the audit committee containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

A summary of all the findings included in our interim management letter is included in **Appendix 6 – Summary of Findings Identified - Interim Audit**.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, the **Council has complied, in all material aspects, with Section 125 of the Local Government Act 1999** in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

5. Final Management Letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

		Risk
1. Leave Entitlements		Moderate
Finding	A full-time employee accrues 152 hours of annual leave in a year. At the end of 2024-25 there are 19 (2024: 19) employees with a balance greater than two years entitlement (>304 hours). Audit notes that a monthly report on leave balances is forwarded and discussed at the monthly ELT meetings.	
Risk	Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health, safety and welfare issues. Regular taking of leave also acts as a fraud prevention control.	
Recommendation	Council continues to monitor leave balances and implements strategies to reduce excessive balances and prevent employees from accumulating excessive annual leave balances in future.	
Management Response		

		Risk
2. Landfill Provision		Low
Finding	The Council's provision for landfill capping and post-closure restoration has been increased annually by CPI for at least the past nine years. No recent independent assessment has been undertaken. Relying solely on CPI adjustments may not reflect the true value of the liability.	
Risk	Whilst the financial statement impact is considered unlikely to be material, the provision may become increasingly inaccurate over time if based solely on CPI adjustments. This may affect long-term asset management planning and future budgeting for rehabilitation works.	
Recommendation	Council should arrange for an independent valuation of the landfill capping and post-closure restoration to ensure the provision is appropriately accurate.	
Management Response		

Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in the Appendix 5 – Risk Ratings.

6. Immaterial Uncorrected Misstatements

COUNCIL

IUM 1 – Use of Valuer-General valuation for Level 3 land

D/C	Account at FS level	Assets Increase/ (decrease) \$'000	Liabilities/Equity (Increase)/ decrease \$'000	Income (Increase)/ decrease \$'000	Expense Increase/ (decrease) \$'000
D	Land	+/-18,900			
C	Asset revaluation reserve		+/-18,900		

Description: Land assets have been valued using Valuer-General (VG) valuation data. These valuations were adopted for financial reporting purposes in the absence of an independent fair value assessment. The Valuer-General's valuation methodology is not fully compliant with the Australian Accounting Standards, and may result in assignment of different land values. Our estimate is based on an assumption of plus or minus 30% variance in valuation. This potential misstatement is considered immaterial in the context of the financial information needs of users of the financial report, and the fact that land is non-depreciable.

NCPA

IUM 2 – Infrastructure, property, plant & equipment

D/C	Account at FS level	Assets Increase/ (decrease) \$'000	Liabilities/Equity (Increase)/ decrease \$'000	Income (Increase)/ decrease \$'000	Expense Increase/ (decrease) \$'000
D	Materials, contracts and other expenses	200			
C	Capital work in progress		200		

Description: NCPA made a capital contribution of \$200,000 to Barossa Council for the soccer facility in the 2023/24 financial year. This amount was incorrectly recorded as an asset in WIP as at 30 June 2024, but should have been recorded as an expense because NCPA do not own the asset. The contribution has been subsequently expensed as a 'Contributions and Donations expense' in 2024/25. In addition, the cash flow statement contains an adjustment between 'Payments for materials, contracts and other expenses' and 'Expenditure on renewal/replacement of assets' in relation to this transaction.

7. Corrected Adjustments

In addition to various minor adjustments, Audit requested the following audit adjustments that have been processed:

- Cash flow statement adjustments: Adjustments were requested to include GST gross-up on reported values, adjust the split between 'Amounts specifically for new or upgraded assets' and 'Expenditure on new/upgraded Assets', and reallocate movements in grants in advance and bonds & deposits.
- Financial Instrument adjustments: Adjustments were requested based on a recalculation of recognisable financial assets and liabilities and their corresponding contractual cashflows.
- Financial Indicator adjustments: Adjustments were requested based on the updated methodology per the Model Financial Statements for calculating the adjusted ratios.

8. Contact Details



Tim Muhlhausler CA, B Comm, Grad Dip. (ICAA),

Registered Company Auditor, MIIA (Aust), Registered SMSF Auditor

Partner

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Galpins

Appendix 1 – Proposed Independent Auditor’s Report on the Financial Report

To the members of the Barossa Council

Opinion

We have audited the accompanying financial report of the Barossa Council (the Council), which comprises the statements of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Council Certificate of Barossa Council.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Council as at 30 June 2025, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Council’s Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Council’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Council’s financial reporting process.

Auditor’s Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 2 – Proposed Independent Auditor’s Report on the Internal Controls

To the members of the Barossa Council

Independent Assurance Report on the Internal Controls of the Barossa Council

Opinion

We have audited the compliance of the Barossa Council (the Council) with the requirements of Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2024 to 30 June 2025 have been conducted properly and in accordance with the law.

In our opinion, the Barossa Council has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to internal controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law for the period 1 July 2024 to 30 June 2025.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2024 to 30 June 2025. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Council’s Responsibility for Internal Controls

The Council is responsible for implementing and maintaining an adequate system of internal controls, in accordance with Section 125 of the *Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Council's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Council to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2024 to 30 June 2025. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Council in accordance with section 129 of the *Local Government Act 1999* in relation to the internal controls specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Council, or for any purpose other than that for which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 3 – Statement by Auditor

I confirm that, for the audit of the financial statements of the Barossa Council for the year ended 30 June 2025, I have maintained my independence in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 4 – Better Practice Model (BPM) Risks

The risks outlined below are the main BPM risks addressed when determining our audit approach / response as described in section 2 of this report.

Business Cycles	Risk REF	Risks
Rates	RA1	Council does not raise the correct level of rate income
	RA2	Rates and rate rebates are either inaccurately recorded or not recorded at all
	RA3	The property master file data does not remain pertinent
	RA4	Rates are not collected on a timely basis
User Pay Income / Fee for services	US1	The fee charged does not reasonably reflect the value of the services provided
	US2	Council does not apply User Pay principles consistently
	US3	User pay income is either inaccurately recorded or not recorded at all
Investment / Interest Income	II1	Investment income is either inaccurately recorded or not recorded at all
Other Revenue	OR1	Other revenue is either inaccurately recorded or not recorded at all
Grants	GR1	Council loses recurrent grant funding to provide existing services
	GR2	Grant funding is not claimed by Council on a timely basis or not claimed at all
	GR3	Grants are either inaccurately recorded or not recorded at all
Receipting	RE1	Receipts are either inaccurately recorded or not recorded at all
	RE2	Receipts are not deposited at the bank on a timely basis
Purchasing & Procurement	PP1	Council does not obtain value for money in its purchasing and procurement
	PP2	Purchase of goods and services are made from non-preferred suppliers
	PP3	Purchase orders are either recorded inaccurately or not recorded at all
	PP4	Purchase orders are made for unapproved goods and services
	PP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Payroll	PA1	Payroll expense is inaccurately calculated
	PA2	Payroll disbursements are made to incorrect or fictitious employees
	PA3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all
	PA4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
	PA5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation
	PA6	Employees termination payments are not in accordance with statutory and enterprise agreements
Credit cards	CC1	Credit cards are issued to unauthorised employees
	CC2	Credit cards are used for purchases of a personal nature

Business Cycles	Risk REF	Risks
	CC3	Credit card limits are set at inappropriate levels
Other Expenses	OE1	Other expenses are invalid, inaccurately recorded or not recorded at all
Contracting	CO1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process
	CO2	Council does not obtain value for money in relation to its Contracting
	CO3	Commitments are made for unapproved goods and services
Banking	BA1	Banking transactions are either inaccurately recorded or not recorded at all
	BA2	Fraud (i.e. misappropriation of funds)
Investments	IN1	Council makes poor investment decisions
	IN2	Investment transactions are either not recorded or are recorded inaccurately
	IN3	Investment income is inaccurately calculated or not recorded in the appropriate period
Debtors	DE1	Debtors are either inaccurately recorded or not recorded at all
	DE2	Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all
	DE3	An appropriate provision for doubtful debts is not recorded
	DE4	Debtors are either not collected on a timely basis or not collected at all
	DE5	The Debtors master file data does not remain pertinent.
Fixed Assets	FI1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent
	FI2	Fixed assets are inadequately safeguarded
	FI3	Fixed assets are not valued correctly initially or on subsequent revaluation
	FI4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals
	FI5	Fixed asset maintenance and/or renewals are inadequately planned
Prepayments	PR1	Prepayments are either inaccurately recorded or not recorded at all
Loans to Community groups	LO1	Loans to community groups are inaccurately recorded or not recorded at all
Accounts Payable	AP1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all
	AP2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all
	AP3	Disbursements are not authorised properly
	AP4	Accounts are not paid on a timely basis
	AP5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file
Accrued Expenses	AE1	Accrued Expenses are either inaccurately recorded or not recorded at all

Business Cycles	Risk REF	Risks
Borrowings	BO1	Borrowings are either not recorded or are recorded inaccurately
	BO2	Loans are taken out without appropriate approval
	BO3	Loans are not repaid in accordance with agreed terms
	BO4	Loan repayments are not recorded at all or are recorded inaccurately
Employee Provisions	EP1	Employee provisions are either inaccurately recorded or not recorded at all
Taxation	TA1	Tax liabilities are either inaccurately recorded or not recorded at all

Appendix 5 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 4 of this report were rated as follows:

Category	Description
Potential Material Weaknesses	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial risk. However, multiple low-level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

Appendix 6 – Summary of Findings Identified- Interim Audit

Business Cycle	Findings	Risk
Purchase & Procurement / Contracting	2.1.1 Instances of procurement undertaken without documented CEO approval	H
	2.1.2 Instance of exemption from procurement policy not being properly executed	M
Fixed Assets	<i>Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act</i>	N/A
General Ledger	2.2.1 A list of IT users with access to key finance modules in  CJA cannot currently be exported or reviewed by Finance Management	M
	2.2.2 Some key IT policies / procedures are not up to date	M
Accounts Payable	<i>Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act</i>	N/A
Rates	2.3.1 No formal review of Pathway user access and excessive Administrator users	M
Credit cards	<i>Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act</i>	N/A
Debtors	<i>Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act</i>	N/A
Banking	2.4.1 'Authorised Financial Signatories Register' not updated to reflect staffing changes	L
Payroll	2.5.1 Audit trail reports of changes to the employees' master files are not produced or independently reviewed	M
Receipting	<i>Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act</i>	N/A

Mr Tim Muhlhausler
Partner
Galpins Accountants Auditors and Business Consultants
PO Box 546
Kent Town SA 5071

Dear Tim,

This representation letter is provided in connection with your audit of the financial report of the **Nurioopta Centennial Park Authority** (the Authority) for the year ended 30 June 2025 for the purpose of expressing an opinion as to whether the financial report presents fairly in accordance with the Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

We confirm that *(to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves)*:

A. FINANCIAL REPORT

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*; in particular the financial report presents fairly in accordance therewith.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control for the preparation of the financial report in accordance with Australian Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.
3. Significant accounting policies adopted in the preparation of the financial report are fully and fairly described in the financial report.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards. Such transactions with related party may include:
 - sales, purchases, loans, transfers of assets / liabilities/ services, leasing arrangements, guarantees etc.
 - all balances due to or from related party at year end.
6. All events subsequent of the date of the financial report for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole. A list of uncorrected misstatements is included in the audit completion report.

B. OWNERSHIP

1. The Authority has good title (or lease interest) in all assets recorded in the accounts.

C. VALUATION

1. We have no plans and intentions that may affect materially the carrying value, or classification, of Authority's assets and liabilities.
2. The fair value of land and buildings as determined by the external valuer is reasonable.
3. Adequate provisions have been recorded in the accounts for all anticipated losses.
4. Depreciation rates for capital and other assets have been reviewed having regard to such factors as asset usage and obsolescence. Any adjustment to reflect the most recent assessment of the useful lives of all capital and other assets has been recognised and disclosed in the financial report.
5. The carrying amount of capital and other assets does not materially differ from its fair value at the reporting date.

D. Information Provided

1. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in accounting records and are reflected in the financial report.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.

5. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial report.
6. We have disclosed to you all information in relation to allegations of fraud, suspected fraud, affecting the Authority's financial report communicated by employees, former employees, analysts, regulators or others.
7. We have disclosed to you all known instances of non-compliance or suspected non-compliances with laws and regulations including all covenants, conditions or other requirements of outstanding debts, whose effects should be considered when preparing the financial report.
8. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report; and accounted for and disclosed in accordance with the applicable financial reporting framework.
9. We have disclosed to you all known unusual commitments or contractual obligations that were not in the ordinary course of business whose effects should be considered when preparing the financial report.
10. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

E. COMPLETENESS

1. All assets owned or controlled by the Authority have been recorded in the accounts.
2. All services rendered prior to the year-end have been recorded in the correct financial year.
3. Inventory does not include items not paid for and for which no liability has been recorded in the accounts at year-end.
4. All charges to capital assets (and additions under capital leases) during the year represent actual additions and no expenditure of a capital nature have been charged to expenses during the year.
5. All capital assets sold or dismantled during the year have been properly accounted for in the accounts.
6. Capital and other assets with a limited life are being depreciated, amortised, or otherwise written off as a charge to income over their estimated useful lives in a systematic and rational manner.
7. All liabilities of the Authority at year-end have been recorded in the accounts (including provisions for such items as salaries and wages, employee benefits, professional services and long term debts).

F. ELECTRONIC PUBLICATION OF FINANCIAL REPORT

1. We acknowledge our responsibility for the electronic presentation of the audited financial report and independent auditor's report on the internet is identical to the signed hard copy version.
2. We acknowledge our responsibility to clearly differentiate between audited and unaudited information in the construction of the Authority's website as we understand the risk of potential misrepresentation.
3. We acknowledge our responsibility for the design, implementation and internal control to ensure the security and integrity of the data published on the internet.
4. We acknowledge our responsibility to only publish the independent auditor's report when the full financial report is presented on the website.

G. OTHER

1. Minute book provided to you contains complete and authentic minutes of all meetings and committees held throughout the year to the most recent meetings.
2. We believe that the Authority will be able to meet its financial commitments when they fall due.

Yours faithfully,

Martin McCarthy
CEO (The Barossa Council)
/ / 2025