

# 2023-24 End of Year Financial Reporting Process & External Timetable

Friday, 16 February 2024

Audit and Risk Committee

Strategic Alignment – Our Corporation

**Program Contact:**

Nicole Van Berkel, Acting  
Manager Finance & Procurement

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**Approving Officer:**

Anthony Spartalis, Acting Chief  
Operating Officer

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## EXECUTIVE SUMMARY

This report seeks Audit and Risk Committee endorsement of the External Audit terms of engagement, provisional timetable and audit plan.

The *Local Government Act 1999 (SA)* and the *Local Government (Financial Management) Regulations 2011* require an audit opinion to be expressed assuring that the Council financial statements are in accordance with Australian Accounting Standards. BDO has been engaged as the audit firm for this requirement to express an opinion on the veracity of the Annual Financial Statements.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

#### THAT COUNCIL

1. Notes the endorsement by the Audit and Risk Committee that the external audit plan, as contained in **Attachment C** to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024, is consistent with the scope of the External Audit engagement and relevant legislation and standards.
  2. Approves the proposed 2023-24 End of Year Financial Reporting process and external audit timetable as contained in **Attachment C** to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
  3. Notes the external auditor's independence declaration in relation to the audit engagement for the year ended 30 June 2024 as detailed in **Attachment A** to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
  4. Approves the External Audit terms of engagement as contained in **Attachment A** and **Attachment B** to Item 5.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	<b>Strategic Alignment – Our Corporation</b> Financial sustainability is critical to achieving our vision and Council will carefully manage its revenue, costs, debts and assets.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Regulation 10 of the <i>Local Government (Financial Management) Regulations 2011</i>
Opportunities	Not as a result of this report
23/24 Budget Allocation	The external Audit Fees of \$78,500 are fully budgeted for in Operating Expenditure
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

## DISCUSSION

1. The objective and scope of the external audit and the audit obligations are established by the *Local Government Act and Regulations*. Specifically, the conduct of the annual external audit is set out in Section 129 of the *Local Government Act 1999 SA* (the Act), while the *Local Government (Financial Management) Regulations 2011* (the Regulations) also refer to auditing standards and consideration of internal controls. The Act also requires a separate report on matters arising from the audit report be provided to the Audit and Risk Committee, as well as the principal member of Council, who must ensure that copies are provided to the other members of Council.
  2. The Australian Auditing Standards recommends that the auditor sends an engagement letter documenting and confirming the auditor's acceptance of the appointment, objectives and scope, the auditor's responsibilities and the form of any reports. The Letters of Engagement received from BDO have been included as **Attachment A** and **Attachment B**.
  3. Under the Regulations, the financial statements of the Council must include a certification of financial statements, in a form determined by the Minister, signed by the Chief Executive Officer and the principal member of the Council as set out in Part 4 (14) of the Regulations.
  4. There is further requirement under section 126(4) of the Act for the Audit and Risk Committee to review the annual financial statements for The Corporation of the City of Adelaide to ensure that they fairly represent the state of affairs of the Council.
  5. The Audit and Risk Committee Terms of Reference state that the Audit and Risk Committee shall oversee the relationship with the External Auditor, including, but not limited to:
    - 5.1. Recommending the approval of the External Audit terms of engagement.
    - 5.2. Endorsing the Audit timetable and the Annual External Audit Plan.
    - 5.3. Meet with the External Auditor at least once a year, without management present.
    - 5.4. Review findings of the External Audit with the External Auditor.
  6. A provisional timetable has been prepared (**Attachment C**) setting out the key dates to ensure end of year reporting is completed in a timely and efficient manner.
  7. BDO is scheduled to carry out their interim internal control and financial statement testing during the period 29 April to 10 May 2024.
  8. The final audit concentrating on the Corporation of the City of Adelaide's Financial Statements will be carried out during the period 12 August to 30 August 2024.
  9. The purpose of the External Audit is primarily to enable the External Auditor to express an opinion on the veracity of the Annual Financial Statements. It is standard practice of the External Auditor to plan and organise the external audit independently of management. A copy of BDO's proposed external audit plan is included as **Attachment C**.
  10. The terms of reference require that the Audit and Risk Committee meet the External Auditor at least once a year, without management being present, to discuss their merit and any issues arising from the External Audit. In line with the proposed audit timetable, it is considered that the meeting proposed for September 2024 (subject to change based on approved Audit and Risk Committee Workplan) to receive the Auditor's Report is an appropriate forum for this to occur.
  11. The External Auditors are required to provide a report on matters arising from the audit including management's comments on those issues, where applicable. This report will be provided to the Audit and Risk Committee for consideration. The Audit and Risk Committee's Terms of Reference also require the committee to review any Letter of Representation that the External Auditors may wish to be signed by the Chief Executive Officer, on Council's behalf. Subject to any outstanding issues in relation to the Audit being resolved on a timely basis, it is proposed to sign the Annual Financial Statements together with the required Letter of Representation after the Audit and Risk Committee meeting in September 2024 (subject to change based on approved Audit and Risk Committee Workplan).
  12. The final report for presentation to Council of the Financial Statements is planned for the meeting of Council scheduled in September 2024 (subject to change based on approved Audit and Risk Committee Workplan).
  13. BDO has also provided a statement of auditor's independence to the Audit Committee in relation to the audit engagement for the year ended 30 June 2024. This has been included as Appendix 1 to **Attachment A**.
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# ATTACHMENTS

**Attachment A** – Letter of Engagement – Financial Statements

**Attachment B** – Letter of Engagement – Internal Controls

**Attachment C** – Annual External Audit Plan

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