



# ADELAIDE CENTRAL MARKET AUTHORITY

Annual completion report  
YEAR ENDED 30 JUNE 2022

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Dear Audit & Risk Committee Members

We are pleased to present this report to the Audit & Risk Committee of Adelaide Central Market Authority in relation to the 30 June 2022 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters outlined in the Executive Summary, we expect to issue an unmodified audit report.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact us.

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully



**Paul Gosnold**  
Engagement Partner

Adelaide, 23 September 2022



**Linh Dao**  
Associate Director





## EXECUTIVE SUMMARY

### PURPOSE

The purpose of this report is to communicate significant matters arising from our audit to the Audit & Risk Committee. This report has been discussed with management.

### SCOPE

Our audit was conducted in accordance with Australian Auditing Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2001* for the year ended 30 June 2022.

### STATUS OF THE AUDIT

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- ▶ Review of final draft of the Authority's financial statements;
- ▶ Receipt of Knight Frank type 2 audit report for the year ended 30 June 2022;
- ▶ Review of events subsequent to 30 June 2022;
- ▶ Receipt of written management representation on various matters; and
- ▶ Receipt of formally adopted financial statements and agreements of these to the final draft.

A draft of the proposed audit report is included at [Appendix 1](#).

### SUMMARY OF MISSTATEMENTS

We have not identified any misstatements during our audit.

### AREAS OF AUDIT FOCUS

In performing our audit, we have identified those matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Our audit procedures also focused on areas that were considered to represent significant risks of material misstatement. These areas of focus are outlined below:

- ▶ Management Override of Internal Control
- ▶ ACMA restructure

Refer to the relevant section for details on the key audit matters, significant risk areas and other areas focused on during the audit.



## AREAS OF AUDIT FOCUS

We identified the risk areas as part of our risk assessment procedures undertaken during the planning phase and continued to be alert for risks during the course of the audit. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

We set out the areas that were considered significant risks of material misstatement along with an outline of the work performed and a summary of findings.

### Management Override of Internal Control

Description	Audit work performed	Summary of findings
Australian Auditing Standards require that we presume there is a risk that management have the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively.	<p>Our response included the review of key internal controls that the Authority has in place to mitigate risk of management override of internal controls.</p> <p>We applied professional scepticism throughout the audit. We tested general journals posted during the year and at the end of the reporting period to consider whether they were appropriate.</p> <p>We reviewed accounting estimates and considered whether the circumstances producing any bias present a risk of material misstatement due to fraud.</p>	We did not identify any evidence of misstatement due to management override of internal controls.



## AREAS OF AUDIT FOCUS CONTINUED

### ACMA restructure

Description	Audit work performed	Summary of findings
<p>Effective 8 July 2021, ACMA is responsible for operating the market with the market assets and car park operations transferred to and operated by the City of Adelaide.</p> <p>There is a cut-off risk with regard to the accounting of the operations of those transferred assets from 1 July 2021 to the date of transfer.</p>	<p>We audited the accounting treatment by reference to supporting documents including management position papers, relevant supporting documents and the requirement of applicable Accounting Standards.</p> <p>We assessed if relevant disclosures made to the financial statements were in accordance with the applicable reporting framework.</p>	<p>Management asserted that the transfer of the relevant assets and associated liabilities occurred on 1 July 2021. We have considered relevant supporting documents provided to us and concurred with management's position.</p>



# INTERNAL CONTROL

## CURRENT YEAR

In accordance with *ASA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during our audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Audit & Risk Committee.

Our audit procedures did not identify any significant deficiencies that in our professional judgment are of sufficient importance to merit the attention of the Audit & Risk Committee.



## OTHER REPORTING REQUIREMENTS

### INDEPENDENCE AND ETHICS

In conducting our audit, we are required to comply with the independence requirements of Australian Auditing Standards and the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2001* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

BDO has not provided any other services during the audit to Adelaide Central Market Authority.

The *Local Government Act 1999* requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, a draft of which has been included at [Appendix 2](#).

### NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

### FRAUD

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.





# APPENDIX 1 PROPOSED AUDIT REPORT

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ADELAIDE CENTRAL MARKET AUTHORITY

#### Report on the Audit of the Financial Statement

##### Opinion

We have audited the financial report of Adelaide Central Market Authority (the Authority) which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies, and the certification of the financial statements by the General Manager and Chairman of Adelaide Central Market Authority.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Authority's financial position as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *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 Statement* section of our report.

We are independent of the Authority in accordance with the *Local Government Act 1999* and 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 statement in Australia, and we have fulfilled our other ethical responsibilities in accordance with that Code.

We confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the officers of the Authority, would be in the same terms if given to the officers as at the time of the auditor's report.

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

##### Other Information

The officers are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



## APPENDIX 1 PROPOSED AUDIT REPORT CONTINUED

If, based on the work we performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Officers for the Financial Report**

The officers of the Authority is responsible for the preparation and fair presentation of the financial statement in accordance with Australian Accounting Standards, and for such internal control as the officer determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the officers are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the officers either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities 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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf) .

### **BDO Audit Pty Ltd**

Paul Gosnold  
Director

Adelaide, XX Month 20X1



## APPENDIX 2 AUDITOR INDEPENDENCE DECLARATION

### Positive declaration

We set out below our draft Auditor independence declaration.

### CERTIFICATION OF AUDITOR INDEPENDENCE

I confirm that, for the audit of the financial statements of the Adelaide Central Market Authority for the year ended 30 June 2022, I have maintained my independence in accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), 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.

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

Paul Gosnold  
Director

**BDO Audit Pty Ltd**

Adelaide, XX Month 2022

## APPENDIX 3 NEW DEVELOPMENTS

We wish to bring to your attention some upcoming changes in financial reporting which may cause significant changes to your future reported financial position and performance.

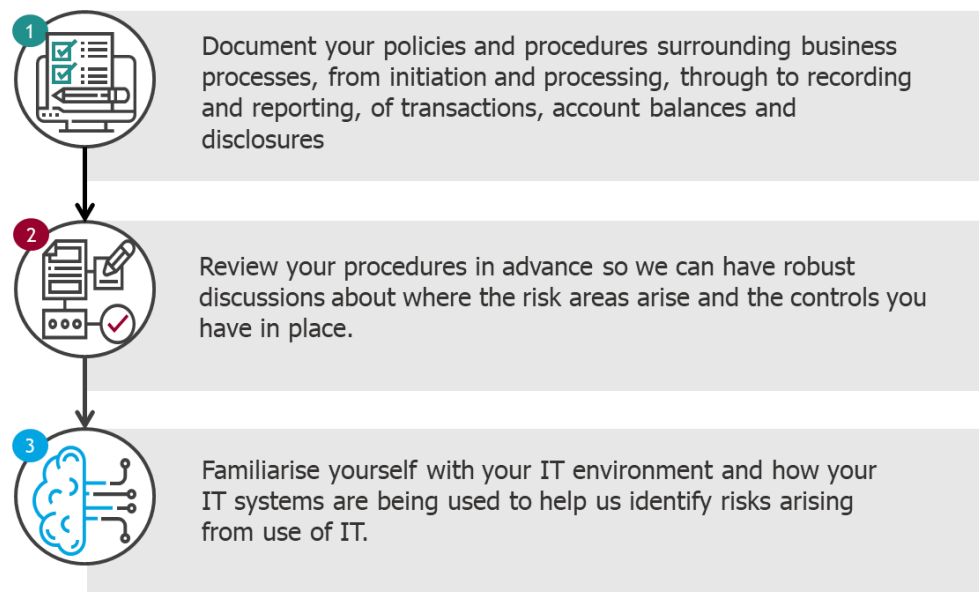
### REVISED AUDITING STANDARD - ASA 315, IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT

Australian Auditing Standard 315 *identifying and Assessing the Risks of Material Misstatement (Revised)* (ASA 315) is effective for financial reporting periods beginning on or after December 15, 2021. It requires a more granular process of identification risks of material misstatement (RMM) in an entity, with a separate assessment of inherent risk and control risk for assertion level RMMs, to drive a more efficient and risk-responsive audit.

#### HOW HAS IT CHANGED?

- ▶ Requirement to perform a separate assessment of inherent risk and control risk for risks of material misstatement (RMMs) identified at the assertion level
- ▶ Spectrum of inherent risk, based on the likelihood and magnitude of an RMM
- ▶ Use of inherent risk factors (complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or fraud) to drive risk identification.
- ▶ Identification of 'risks arising from the use of IT' based on integrity of information in the information system; risks arising from ineffective design or non-application of controls
- ▶ Understanding controls over processes that support the effective operation of the IT environment

#### HOW CAN YOU ASSIST US TO TRANSITION TO THIS REVISED STANDARD?





## APPENDIX 4 ESG AND YOUR BUSINESS

### WHAT IS ESG?

ESG is the acronym for Environmental, Social and Governance. It is a holistic concept about an organisation's ability to create and sustain long-term value in a rapidly changing world, and managing the risks and opportunities associated with these changes.

ESG metrics are not part of mandatory [financial reporting](#) required by Australian Accounting Standards or International Financial Reporting Standards, but organisations across the world are increasingly making disclosures in their annual report or in a standalone sustainability report.

ESG is used as a framework to assess how an organisation manages risks and opportunities that changing market and non-market conditions create. ESG also puts a heavy emphasis on risk management, because monitoring and mitigating risks across all three dimensions is an important priority for any company that is serious about ESG. The three categories of ESG factors are as follow:-

- ▶ **Environmental** factors address an organisation's environmental impact and environmental stewardship. It is focused on improving the environmental performance of an organisation.
- ▶ **Social** factors refers to how an organisation manages relationships with, and creates value for, stakeholders. The social dimension is focused on an organisation's impact on its employees, customers and the community.
- ▶ **Governance** factors refers to an organisation's leadership and management philosophy, practices, policies, internal controls, and shareholder rights. The governance dimension is focused on an organisation's leadership and structure.

### WHY IS ESG IMPORTANT FOR YOUR BUSINESS?

Investors across the globe are increasingly demanding organisations to outline their ESG framework and approach in order to assess the organisation's long-term sustainability. ESG has a potential significant impact on the following fundamental business issues relevant to the long-term success of the organisation:

- ▶ **Corporate reputation** - ESG can enhance a company's license to operate making it easier to accomplish business objectives and respond to crisis scenarios with key stakeholder groups.
- ▶ **Risk reduction** - ESG can assist with the identification of immediate and long-term risks depending on the industry and business model.
- ▶ **Opportunity management** - Shifting market and non-market conditions can expose unmet needs for new products and/or services, potential customer bases, and potential strategic relationships for addressing ESG issues.
- ▶ **Culture & intrinsic value** - ESG maturity is an indicator of a company's commitment to building a high performing, purpose-driven workforce and inclusive culture.

A robust ESG strategy can help attract the right talent and investors. To achieve a shift in sustainability we need to stop viewing ESG as a 'nice to have', it should be part of business strategy and risk management which can have a direct and positive impact on financial performance.

If you would like to speak with us about implementing an ESG framework in your organisation or providing assurance on your framework, please contact your audit engagement partner initially.



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We have prepared this report solely for the use of Adelaide Central Market Authority. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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