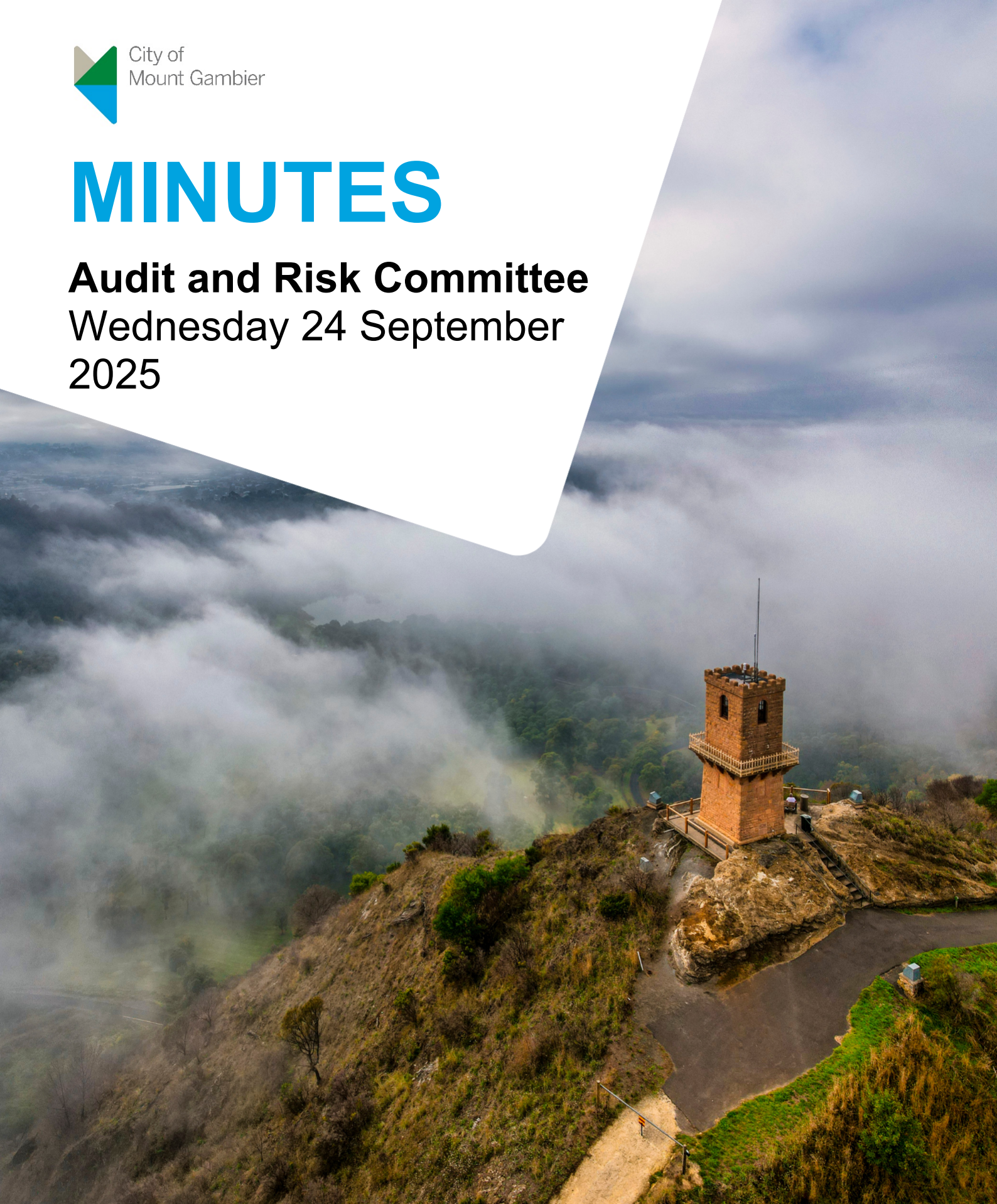


# MINUTES

## Audit and Risk Committee Wednesday 24 September 2025



**Minutes of the Audit and Risk Committee held at:**

**Time:** 4:30 pm

**Date:** Wednesday 24 September 2025

**Location:** Level 4 Reception Area - Civic Centre  
10 Watson Terrace, Mount Gambier

**PRESENT:** Mayor Lynette Martin (OAM)  
Mr Paul Duka (Presiding Member) (Virtual)  
Cr Paul Jenner  
Mr Alexander Brown (Virtual)  
Ms Belinda Johnson (Virtual)

**IN**  
**ATTENDANCE:** Cr Josh Lynagh  
Cr Jason Virgo

<b>OFFICERS IN</b>	Interim Chief Executive Officer	- Mr A Aitken
<b>ATTENDANCE:</b>	General Manager City Infrastructure	- Ms B Cernovskis
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh
	Manager Financial Services	- Ms K Rolton
	Financial Accounting Coordinator	- Ms K Harradine
	Executive Administrator	- Mrs S Spears

**1 ACKNOWLEDGEMENT OF COUNTRY**

**WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR FIRST NATIONS PEOPLES HAVE WITH THE LAND.**

**2 APOLOGIES**

Nil

**3 CONFIRMATION OF MINUTES**

**3.1 CONFIRMATION OF MINUTES**

**COMMITTEE RESOLUTION ARC 2025/26**

Moved: Alexander Brown  
Seconded: Belinda Johnson

That the minutes of the Audit and Risk Committee Meeting held on 4 June 2025 be confirmed as an accurate record of the proceedings of the meeting.

**CARRIED**

**4 QUESTIONS WITHOUT NOTICE**

Nil

## 5 REPORTS

### 5.1 AUDIT AND RISK COMMITTEE SELF-ASSESSMENT REVIEW 2024/2025

#### COMMITTEE RESOLUTION ARC 2025/27

Moved: Cr Paul Jenner

Seconded: Mayor Lynette Martin

1. That the Audit and Risk Committee Report 'Audit and Risk Committee Self-Assessment Review 2024/2025' as presented on Wednesday 24 September 2025 is endorsed by the Committee to table at the next meeting of Council.
2. That the Audit and Risk Committee has completed a self-assessment of performance and agrees that 9 out of 10 performance areas were met and this will be reflected in the Audit and Risk Committee Annual Report.

**CARRIED**

### 5.2 AUDIT AND RISK COMMITTEE ANNUAL REPORT

#### COMMITTEE RESOLUTION ARC 2025/28

Moved: Belinda Johnson

Seconded: Alexander Brown

1. That the Audit and Risk Committee report titled 'Audit and Risk Committee Annual Report' as presented on Wednesday 24 September 2025 be noted.
1. That the Audit and Risk Committee authorise the Chief Executive Officer or delegate to make minor changes to the Annual Report arising from this meeting.

**CARRIED**

### 5.3 DRAFT 2024/2025 FINANCIAL STATEMENTS

4:59pm - Barbara Cernovskis left the meeting.

5:00pm - Daniel Phillips of Dean Newbery joined the meeting to discuss item 5.3.

5:11pm - Cr Josh Lynagh left the meeting.

**COMMITTEE RESOLUTION ARC 2025/29**

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

1. That the Audit and Risk Committee report titled 'Draft 2024/2025 Financial Statements' as presented on Wednesday 24 September 2025 be noted.
2. That the Audit and Risk Committee advises Council that in accordance with Section 126(4(a) of the Local Government Act 1999, it has reviewed the draft annual financial statements of Council for the financial year 2025 and 'they present fairly the state of affairs of the council'.
3. That having been reviewed by the Audit and Risk Committee on 24 September 2025, the Management Representations Letter as attached to this report be noted.
4. That having met with the Auditors and discussed their findings the Committee agree Dean Newbery and Partners have been effective in their appointment.
5. Acknowledges progress towards matters raised by Auditors, Dean Newbery to be addressed in future years as provided at the meeting will be reported on at future Audit and Risk Committee meetings.
6. That the Audit and Risk Committee formally acknowledges and commends the administration for its work in preparing the financial statements for the 2024/2025 financial year.

**CARRIED**

5:14pm - Daniel Phillips left the meeting.

5:14pm - Presiding Member Paul Duka advised that he would be leaving the meeting, Mayor Lynette Martin called for nominations for the position of Acting Presiding Member for the meeting.

**COMMITTEE RESOLUTION ARC 2025/30**

Moved: Mayor Lynette Martin

Seconded: Cr Paul Jenner

1. That Independent Member Alex Brown be appointed as Presiding Member in the absence of the Paul Duka.

**CARRIED**

5:15pm - Alex Brown assumed the position of the Presiding Member.

5:16pm - Paul Duka left the meeting.

#### **5.4 COMPARISON OF ACTUAL TO BUDGET FOR THE YEAR ENDED 30 JUNE 2025**

##### **COMMITTEE RESOLUTION ARC 2025/31**

Moved: Mayor Lynette Martin

Seconded: Belinda Johnson

1. That the Audit and Risk Committee report titled 'Comparison of Actual to Budget for the year ended 30 June 2025' as presented on Wednesday 24 September 2025 be noted.

**CARRIED**

#### **5.5 AUDIT AND RISK COMMITTEE MEETING REPORT**

##### **COMMITTEE RESOLUTION ARC 2025/32**

Moved: Belinda Johnson

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee report titled 'Audit and Risk Committee Meeting Report' as presented on Wednesday 24 September 2025 be noted.
2. That the Audit and Risk Committee be provided with a summary of the outcomes of this meeting within 5 business days and will provide feedback prior to inclusion in the Council Meeting Agenda for 21 October 2025.

**CARRIED**

#### **6 URGENT MOTIONS WITHOUT NOTICE**

Nil

#### **7 CONFIDENTIAL ITEMS**

Nil

#### **8 MEETING CLOSE**

The meeting closed at 5:36 pm.

The minutes of this meeting confirmed at the Audit and Risk Committee Meeting held on 5 November 2025.

.....  
**PRESIDING MEMBER**

**9 ATTACHMENT - PREVIOUS COMMITTEE MINUTES**

**10 TABLED DOCUMENT**

Tabled Document 10.1

City of Mount Gambier  
2025  
Audit Completion Report



# External Audit Completion Report

Financial Year Ended 30 June 2025

City of Mount Gambier

Dean**Newbery**

24 September 2025

Dear Audit & Risk Committee Members

This report has been prepared for the City of Mount Gambier (the Council) Audit & Risk Committee in relation to the financial year ended 30 June 2025 external audit.

The purpose of this report is to provide members of the Audit & Risk Committee a summary of the significant matters that have arisen from our audit which we believe covers material matters dealt within our work completed.

As at the time of preparing this report, we have completed a sufficient level of work to enable us to provide you with our expected audit opinions subject to finalisation of the outstanding matters outlined within this report. We are pleased to report that we expect to issue unmodified audit reports subject to the successful completion of the outstanding matters noted.

Should you require any further information, please contact me on 8267 4777.

I would like to take this opportunity to thank the Administration for the assistance provided throughout the audit process.

Your sincerely



**Samantha Creten**  
Director



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# Executive Summary

## Scope

The audit procedures have been designed and carried out by the audit team in accordance with Australian Auditing Standards and per the audit scope prescribed under the *Local Government Act 1999* and applicable Regulations for the financial year ended 30 June 2025.

Our audit procedures were designed to undertake the work necessary to form opinions as required per the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* as to whether:

- the financial report was prepared, in all material respects, in accordance with the Australian Auditing Standards and the *Local Government Act 1999* (the Act) and applicable Regulations; and,
- controls exercised by the Council in relation to the receipts, expenditure and investment of moneys, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide assurance that the financial transactions of the Council have been conducted properly and in accordance with law. The opinion is based on the criteria established in the *Better Practice Model – Financial Internal Control* issued by the Local Government Association of South Australia.

## Audit Status

All requested audit adjustments have been processed and disclosures within the financial report appropriately modified based on audit testing completed. All requested information has been provided by the Administration during the course of the audit.

Subject to the finalisation of the matters outlined in this report, our audit opinions for the financial year ended 30 June 2025 will be signed without reference to any qualifications. Draft copies of the audit reports have been provided within this report.

# Executive Summary

## Outstanding Matters to be Completed

- Undertake a review of subsequent events since balance date.
- Obtain certified financial statements as required.
- Receipt of the signed Management Representation Letter.

## Independence

In accordance with our professional ethical requirements, we confirm that, for the audit of the Council for the financial year ended 30 June 2025, all members of our audit team have maintained their independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Part 4A, published by the Accounting Professional and Ethical Standards Board and in accordance with *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.

## Summary of Misstatements

Below is a summary of misstatements identified during the course of the Balance Date audit and the status of matters identified. Any misstatements, either individually or in aggregate, that are considered to be immaterial, have not been adjusted.

Misstatements which are considered trivial have not been included in the table below.

Matter No.	Description	Operating Surplus/ (Deficit) (\$'000)	Net Surplus/ (Deficit) (\$'000)	Assets Dr/(Cr) (\$'000)	Liabilities Dr/(Cr) (\$'000)	Equity Dr/(Cr) (\$'000)	Status of Matter
	No Misstatements were identified	-	-	-	-	-	
	Summary Corrected Misstatements	-	-	-	-	-	
	Summary Uncorrected Misstatements	-	-	-	-	-	

# Matters for Those Charged with Governance and Management

Fraud	
Description	Outcome
The external audit is not designed to detect fraud however our audit procedures include evaluating the risk of material misstatement due to fraud whilst maintaining professional scepticism and evaluating evidence for signs of fraud. Should any instances arise and we become aware of it, we will report them to you.	<p>Management have confirmed to us that there were no matters of fraud identified for the financial year and we have not identified any instances of fraud in the work we have completed.</p> <p>We believe it is important for the Administration and the Audit &amp; Risk Committee to continually evaluate and enhance the effectiveness of the internal control environment to identify and mitigate potential fraud risks.</p>
Legal Compliance	
Description	Outcome
We have made enquiries with the Administration in relation to non-compliance with laws and regulations during the course of the financial year.	No instance of non-compliance have been identified as a result of the enquires we have made with the Administration.

## Key Audit Matters Considered

As part of our audit planning process we identified key audit and accounting matters that were considered and tested during the course of the audit which represented areas of identified risk where material misstatements could occur.

As a result of the work we have recently completed, we have provided further detail below of the key audit matters and the outcomes from our testing completed.

Management Override of Internal Controls		
Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
The Australian Auditing Standards mandate that the external auditor must assume there is a risk that the Council's Administration can override internal controls, even those that appear to be functioning effectively, leading to potential manipulation of accounting records.	<ul style="list-style-type: none"><li>• Review and observation of controls in operation to assess whether controls are operating effectively as intended throughout the period.</li><li>• Perform analytical reviews and recalculation of transactions.</li><li>• Test the appropriateness of journal entries processed to prepare the financial statements.</li><li>• Review of accounting estimates and assumptions applied to the preparation of those estimates to evaluate its appropriateness and relevance.</li></ul>	No matters were identified during the course of our audit.



## Key Audit Matters Considered (cont.)

Accounting for Grant Income		
Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
Treatment of Grant Income Received	<ul style="list-style-type: none"> <li>Reviewed Grant Agreements and identified specific performance obligation to assess whether there were any unrecorded liabilities, and the recognition of revenue was appropriate per accounting standards.</li> <li>Reviewed accounting treatment of funding received (e.g., Capital vs Operating) to ensure appropriate classification and disclosure per the Model Financial Statements.</li> </ul>	Audit procedures did not identify any material misstatements.
Caroline Landfill		
Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
Caroline Landfill – Provision for Capping and Post Closure Rehabilitation	<ul style="list-style-type: none"> <li>Review of the methodology and calculation for the capping and post closure provision model that is in its second year of application.</li> <li>Review of the Future Rehabilitation – Post Closure Assumption updates.</li> <li>Held discussions with the Administration.</li> </ul>	Audit procedures did not identify any material misstatements.

## Key Audit Matters Considered (cont.)

### Internal unit rate indexation

Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
Indexation of Infrastructure, Buildings & Structures	<ul style="list-style-type: none"> <li>Evaluation of assumptions and data used to calculate the unit rate indexation applied as at 30 June 2025</li> </ul>	<p>Our review did not identify matters which would result in material misstatement on the financial statements.</p> <p>We have raised further matters in the 'Matters to be Considered in Future Years' section of this report.</p>

### Treatment of Capital Works in Progress (WIP)

Key Audit Matter Description	Audit Work Undertaken	Outcomes of Testing Completed
Treatment of Capital Work in Progress (WIP)	<ul style="list-style-type: none"> <li>Reviewed WIP reconciliations to identify any long-term projects recorded to ensure correct ongoing classification of costs as WIP.</li> <li>Tested transactions allocated to WIP to ensure appropriate allocation of expenses incurred as Operating vs Capital in line with AASB 116.</li> </ul>	Audit procedures did not identify any material misstatements.

# Matters to be Addressed in Future Financial Years

As a result of audit work completed, the following audit matters have been identified during the course of our audit which we have summarised below.

Internal Indexations	
Audit Matter Description	Audit Recommendation
We note that Council has formally adopted an indexation of 0.9% (50% of Adelaide CPI of 1.8%) with an application date of 30 June 2025 and have not had these rates peer reviewed or performed a comprehensive internal assessment comparing the indexation rate applied to unit rates determined by recent capital expenditure.	Recommend updating Council's Asset Accounting policy and procedures to ensure that internal indexations are always supported by either an independent peer review or an internal assessment comparing indexation rates against actual capital expenditure incurred in the year that the indexation is applied.
We have not recommended any adjustments for FY2024/25 given the Administration has assured that a desktop revaluation (indexation) will be completed in FY2025/26 with an effective date of 1 July 2025 and the current indexation applied will not have any effect on the FY2024/25 depreciation expense.	At the conclusion of the work completed in FY2026 we recommend that Council's Asset Management Plans and Long-Term Financial Plan be updated to include the latest data received as a result of the valuation and condition assessment undertaken

# Draft Audit Report

## INDEPENDENT AUDITOR'S REPORT

To the members of the City of Mount Gambier

### Report on the Audit of the Financial Report

#### Opinion

We have audited the accompanying financial report of the City of Mount Gambier (the Council), which comprises the Statement of Financial Position as at 30 June 2025, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information and the Certification of the Financial Statements.

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 flows for the year then ended in accordance with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and the Australian Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as 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 auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other 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.

#### Responsibility of Management and Those Charged with Governance for the Financial Report

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

In preparing the financial report, Management is responsible for assessing the Council'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 management 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.

## Draft Audit Report (Cont.)

### 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 the 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 financial report.

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

- Identify and assess the risks 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, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not 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 the management'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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease 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.

DEAN NEWBERY

SAMANTHA CRETEN

Director

Signed on the      day of      2025

# Draft Assurance Report on Internal Controls

## INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE CITY OF MOUNT GAMBIER

### Opinion

In our opinion, the **City of Mount Gambier** (the Council) has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Council relating 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 have audited the Internal Controls of the Council under 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 law.

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board.

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

### The Council's Responsibility for the 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, the 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 applying Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Review of Financial Reports and Other Financial Information*, and Other Assurance Engagements in undertaking the assurance engagement.

### Assurance Practitioner's Responsibilities

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 the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures have been conducted properly and in accordance with law.

ASAE 3150 requires that we plan and performed our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operating effectively through the period. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

An assurance engagement to report on the designed and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of the controls to achieve the control objectives and the operating effectiveness of the controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness to the controls that we consider necessary to achieve the control objectives identified. An Assurance engagement of this type also includes evaluating the suitability of the control objectives.



# Draft Assurance Report on Internal Controls

## Limitation on Use

This report has been prepared for the members of the Council in accordance with *Section 129(1)(b) 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.

## 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 operating effectiveness of 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.

DEAN NEWBERY

SAMANTHA CRETEN

Director

Signed on the      day of      2025

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