



Accountants, Auditors & Business Consultants

2025/26 External Audit Plan

City of Adelaide



Mount Gambier

233 Commercial Street West
PO Box 246, Mount Gambier SA 5290
DX 29044
P: (08) 8725 3068
F: (08) 8724 9553
E: admin@galpins.com.au

Stirling

Unit 4, 3-5 Mount Barker Road
PO Box 727, Stirling SA 5152
P: (08) 8339 1255
F: (08) 8339 1266
E: stirling@galpins.com.au

Norwood

3 Kensington Road, Norwood SA 5067
PO Box 4067, Norwood South SA 5067
P: (08) 8332 3433
F: (08) 8332 3466
E: norwood@galpins.com.au

www.galpins.com.au

Table of Contents

1. AUDIT SCOPE	3
2. AUDIT METHODOLOGY	4
3. SUMMARY AUDIT PLAN.....	7
4. KEY AUDIT MATTERS	9
5. KEY BUSINESS CYCLES – CONTROLS APPROACH	13
6. CONTROLS OPINION.....	16
7. RISK OF MATERIAL MISSTATEMENTS	18
8. SUBSTANTIVE PROCEDURES.....	19
9. AUDIT COMPLETION.....	19
10. AUDIT TIMETABLE	20
11. CONTACT DETAILS	21
APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS	22

1. AUDIT SCOPE

Applicable Financial Reporting Framework

The financial report of City of Adelaide and its subsidiaries (together referred to in this plan as the Council) is a general purpose financial report. The financial report prepared by council comprises the consolidated Statement of Comprehensive Income, a consolidated Statement of Financial Position, a consolidated Statement of Changes in Equity, a consolidated Statement of Cash Flows, notes disclosures and certification of the financial statements.

The financial report is prepared in compliance with section 127 of the *Local Government Act 1999*, in accordance with relevant Australian Accounting Standards and in accordance with the requirements set out in the Model Financial Statements (as required by the *Local Government (Financial Management) Regulations 2011*).

Opinion on the Financial Report

The financial statements prepared for each financial year must be audited by the council's auditor as required by section 127(3) of the *Local Government Act 1999*. The auditor must provide to the council an opinion with respect to the financial statements (s129(3)(a)).

We are to provide an opinion as to whether council financial report presents fairly, in all material aspects, the financial position of the council as at the end of current financial year, and its financial performance and its cash flow for the year ended on that date in accordance with the *Australia Accounting Standards, Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Opinion on the Internal Controls

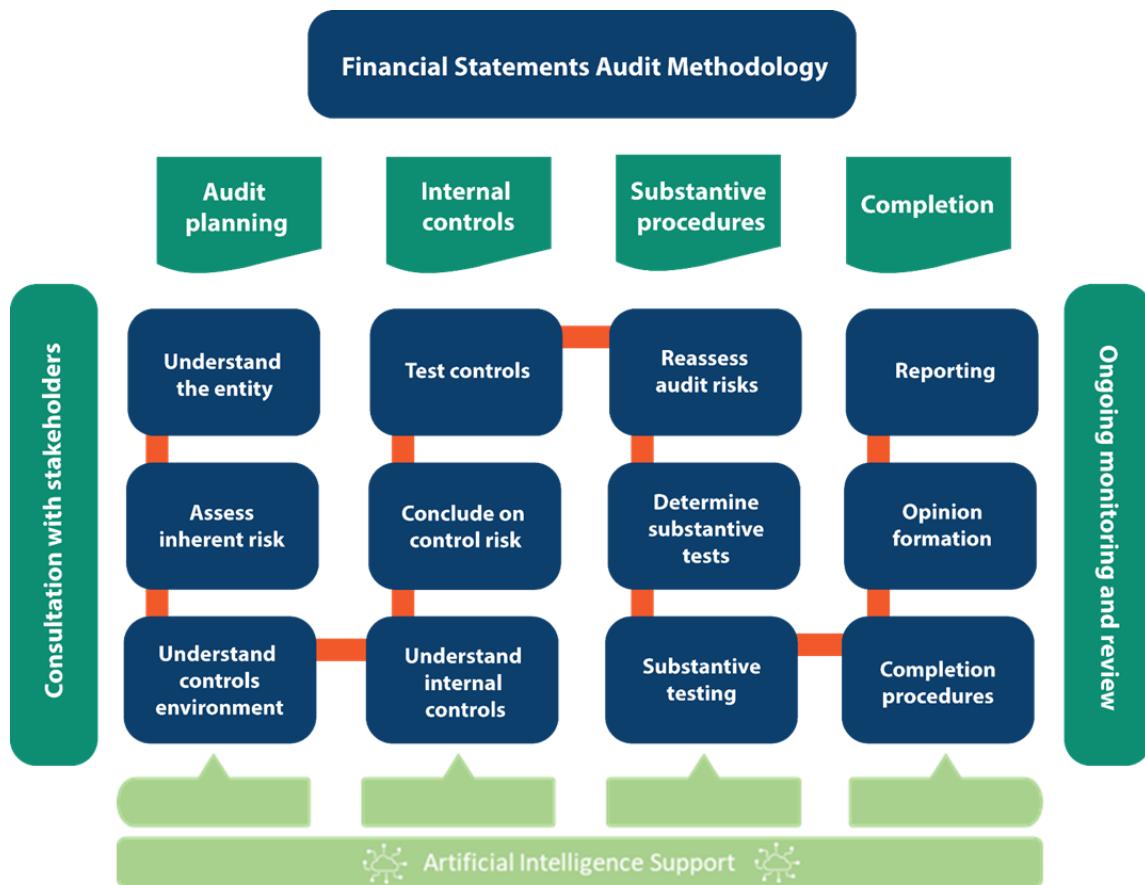
Section 125(1) requires council to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records. The auditor must provide audit opinion as to whether the controls audited are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with the law (s129(3)(b)).

Section 125(2) of the Act, in conjunction with section 10A of the Local Government (Financial Management) Regulations 2011, requires internal financial controls of council to be designed and implemented in accordance with the *Better Practice Model – Internal Financial Controls*.

We are to provide an opinion whether council has complied, in all material aspects, with section 125 of the *Local Government Act 1999* only as it relates to financial internal controls established by 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 being audited.

2. AUDIT METHODOLOGY

The Galpins Audit Methodology is a risk-based methodology consisting of four main stages – Audit Planning, Internal Controls, Substantive Procedures and Completion. Further detail regarding these stages is provided below.



Our audit methodology incorporates all the key elements of a traditional audit approach, enhanced with the addition of modern audit techniques and artificial intelligence technology to create our own unique, industry leading methodology.

The stages are managed in an environment of ongoing monitoring and review and consultation with stakeholders.

Audit planning

The objective of the audit planning stage is to develop an understanding of the entity, its unique characteristics and requirements, allowing us to tailor our audit approach accordingly.

- We research and document the entity's industry, regulatory environment, legislative responsibilities, financial reporting environment and internal governance arrangements.
- We perform analytical review, carry out structured interviews with management and other relevant staff and conduct walkthroughs to gain an understanding of the internal controls at the entity level and the financial reporting process.
- Based on this knowledge, we identify and rank the risks of material misstatement, fraud, and non-compliance with legislation
- Materiality for the engagement is determined for the financial statements as a whole; for individually significant items, and a threshold for clearly trivial differences is also established.
- The overall audit strategy is then developed, and audit procedures defined to achieve an efficient and effective audit approach to mitigate identified risks.

The Galpins Difference

Through our roles in leadership positions for industry groups and Audit and Risk Committees, and the significant breadth and depth of our **specialist experience in local government**, Galpins is uniquely placed to provide **thought leadership and insights** to help your business. We benchmark financial performance, compare leading practices and emerging trends, and provide insights into common risks and opportunities.

Internal controls

We design and perform tests of internal controls to determine the risk of material misstatement in the financial statements, and add value by identifying opportunities for improvement in processes and controls.

- Informed by the insights gained from our planning, we obtain an understanding of key internal financial controls and perform tests of design and effectiveness for these controls.
- We use the results of control testing to refine our assessment of the risks of material misstatement and design further audit procedures to reduce risk where necessary.
- We apply our significant experience in the design, implementation and audit of internal control environments and activities to identify opportunities for improvement in our clients' internal financial controls

The Galpins Difference

Galpins utilises our own **award-winning** risk-based controls selection methodology to target our testing at the controls that are most important to the entity, providing a greater level of assurance that key financial controls are in place and functioning effectively.

Substantive procedures

Using the latest Artificial Intelligence Assisted Audit Techniques, we analyse every transaction in the financial ledger, supporting identification of high-risk transactions. Informed by insights gained from planning, controls testing and AI analysis, we design and perform tests of account balances and transaction streams.

- We use cutting edge Artificial Intelligence Assisted Audit Techniques to risk-rate 100% of financial transactions in the general ledger, using at least 28 different criteria.
- We perform advanced anomaly detection and trend analysis using next-generation Artificial Intelligence Assisted data analytics layered with machine learning and natural language capabilities.
- The results of this analysis are combined with our own manual research and risk assessment techniques to identify specific high risk transactions to be tested, such as suspicious manual journals and payments, and provide insights into the financial health of the entity, performance trends, and other risk factors requiring audit attention.
- We design targeted substantive procedures, including analytical review and tests of detail, to address identified risks.
- The results of substantive testing performed during the audit are evaluated to determine the extent to which risks have been addressed. This enables us to develop a final assessment of the risk of material misstatement.

The Galpins Difference

Galpins is an early adopter of **Artificial Intelligence Assisted Audit** technology, and is investing heavily to ensure we support the continuous improvement of the tools and remain at the forefront of this powerful new technology.

Completion

This stage consolidates all of the audit work performed during the previous stages to determine the appropriate audit opinion and report results to management and those charged with governance.

- We evaluate the results of audit testing and determine whether adjustments to the financial statements are required.
- We review the final financial statements to provide support regarding the best presentation of these reports.
- Following discussions with management, we prepare a management letter/s providing relevant feedback on the entity's financial operations, performance, internal controls, and legislative compliance together with recommendations for improvements.
- Based on our final assessment of the risk of material misstatement, we issue an audit opinion regarding the presentation of the financial statements.

The Galpins Difference

Galpins audit reporting provides **real assurance, not just a list of exceptions**. We provide an overall view of the effectiveness of your financial internal control environment, and visibility of changes over time. We are proud of the quality of our reporting, and are always improving. We aim to provide exceptional value to our clients by sharing our knowledge and insights, and providing **pragmatic, actionable recommendations** appropriate to council's unique characteristics.

3. SUMMARY AUDIT PLAN

Audit Plan Summary Table – Statement of Comprehensive Income – Income

Account balance	Key Business cycle	2025	2024	Key Audit Matter	Audit Approach	Inherent risk
Rates and charges	Rates	144,084	135,538	N/A	Controls and Substantive	High
Statutory charges	User Pay Income	17,193	15,598	N/A	Controls and Substantive	Moderate
User charges	User Pay Income	71,385	74,435	N/A	Controls and Substantive	High
Grants	Grants	6,820	8,638	Section 4.4	Controls and Substantive	Moderate
Investment Income	Investment Income	1,048	1,265	N/A	Substantive	Low
Reimbursements	Other revenue	1,659	1,639	N/A	Substantive	Low
Other Income	Other revenue	988	1,292	N/A	Substantive	Low
Net gain – equity accounted businesses	Other revenue	13	3	N/A	Substantive	Low
		243,190	238,408			

Audit Plan Summary Table – Statement of Comprehensive Income – Expenses

Account balance	Key Business cycle	2025	2024	Key Audit Matter	Audit Approach	Inherent risk
Employee costs	Payroll	80,062	77,786	N/A	Controls and Substantive	High
Materials, contracts and other expenses	Purch/Procurement and contracting	92,246	96,247	N/A	Controls and Substantive	High
Depreciation, amortisation and impairment	Fixed assets / Project costing	60,332	55,008	Sections 4.1/4.2/4.3	Controls and Substantive	High
Finance costs	Other expenses	1,075	891	N/A	Substantive	Low
Net loss – equity accounted businesses	Other expenses	-	-	N/A	Substantive	Low
		233,715	229,932			

Audit Plan Summary Table – Statement of Comprehensive Income – Other SCI items

Account balance	Key Business cycle	2025	2024	Key Audit Matter	Audit Approach	Inherent risk
Physical resources received free of charge	Fixed assets / Project costing	1,262	464	Sections 4.3	Controls and Substantive	Moderate
Asset disposal & fair value adjustments	Fixed assets	(11,547)	(6,160)	Sections 4.1/4.2	Controls and Substantive	High
Amounts received specifically for new/upgrade assets	Grants	4,703	5,521	Section 4.4	Controls and Substantive	Moderate
Changes in revaluation surplus - I,PP&E	Fixed assets	124,105	158,673	Sections 4.1/4.2/4.3	Controls and Substantive	High
Share of OCI - equity accounted council businesses	Other revenue	666	2,125	N/A	Substantive	Low
Impairment (expense) / recoupments offset to ARR	Fixed assets / Project costing	(11,424)	-	Sections 4.1/4.2/4.3	Controls and Substantive	High
Rehabilitation provision recognised directly in ARR	Fixed assets / Project costing	-	(4,950)	N/A	Substantive	Low
		(5,582)	(175)			

Audit Plan Summary Table – Statement of Financial Position – Assets

Account balance	Key Business cycle	2025	2024	Key Audit Matter	Audit Approach	Inherent risk
Cash and cash equivalents	Banking	2,288	2,077	N/A	Controls and Substantive	High
Trade and other receivables current	Debtors	29,860	38,314	N/A	Controls and Substantive	Moderate
Inventories	Inventories	749	804	N/A	Substantive	Low
Other current assets	Other assets	45,500	18,500	N/A	Substantive	Moderate
Trade and other receivables non-current	Debtors	812	932	N/A	Controls and Substantive	Moderate
Equity accounted investments	Other assets	5,065	4,066	N/A	Substantive	Low
Other non-current assets	Other assets	87	26,153	N/A	Substantive	Low
Infrastructure, property, plant & equipment	Fixed assets / Project costing	2,159,705	2,009,872	Sections 4.1/4.2/4.3	Controls and Substantive	High
Investment property	Fixed assets / Project costing	4,705	3,065	Section 4.2	Controls and Substantive	Moderate
		2,248,771	2,103,783			

Audit Plan Summary Table – Statement of Financial Position – Liabilities

Account balance	Key Business cycle	2025	2024	Key Audit Matter	Audit Approach	Inherent risk
Trade and other payables current	Accounts Payable	32,916	30,087	N/A	Controls and Substantive	High
Borrowings current	Borrowings	3,314	5,077	N/A	Substantive	Low
Provisions current	Provisions	13,877	18,858	N/A	Substantive	Moderate
Trade and other payables non-current	Accounts Payable	16,063	16,232	N/A	Controls and Substantive	High
Borrowings non-current	Borrowings	71,072	39,318	N/A	Substantive	Low
Provisions non-current	Provisions	2,076	1,998	N/A	Substantive	Moderate
		139,318	111,570			

Audit Plan Summary Table – Statement of Financial Position – Equity

Account balance	Key Business cycle	2025	2024	Key Audit Matter	Audit Approach	Inherent risk
Accumulated surplus	Other business cycles	810,417	783,588	N/A	Substantive	Low
Asset revaluation reserves	Fixed assets / Project costing	1,284,676	1,171,995	Sections 4.1/4.2/4.3	Controls and Substantive	High
Other reserves	Equity	14,360	36,630	N/A	Substantive	Low
		2,109,453	1,992,213			

4. KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditor's professional judgement, are 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.

4.1 Valuation of infrastructure assets

Why the matter is significant	Overall audit response
Infrastructure assets are valued at fair value, based on depreciated replacement costs which is comprised by the gross replacement cost less accumulated depreciation.	Our audit will include (where applicable) but is not limited to the following activities:
<p>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 is inherent subjectivity involved in making judgments in relation to assumptions used to estimate unit rates which also involved determining the:</p> <ul style="list-style-type: none"> ▪ 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 (noting that council has recently begun applying indexation based on LGPI). 	<ul style="list-style-type: none"> ▪ reconciling closing balances to the asset register/s ▪ reconciling the movements in note 7 to the asset register/s ▪ reviewing methodology and supporting calculations for internally performed valuations ▪ reviewing the basis for valuation used by external valuers ▪ assessing the competence of external valuers (experts) in accordance with Australian Auditing Standards ▪ performing analytical review of valuation reports to understand the drivers behind any significant changes in asset values ▪ reviewing the fair value hierarchy disclosed in note 7 for each category of asset ▪ reconciling the useful lives used to calculate the accumulated depreciation and depreciation for the period to revaluation reports ▪ obtaining an understanding of the currency of asset condition data, and methodologies used to collect this data ▪ reviewing useful lives for different components in comparison to condition data, other local government entities, and industry standards ▪ performing a recalculation of depreciation ▪ reviewing the methodology used by Council to perform componentisation of infrastructure assets and comparing the methodology used to Council's actual asset management practices and to other local government entities ▪ reconciling the unit rates used for different components of infrastructure assets to the unit rates provided in revaluation reports / other supporting documents (e.g. actual contract rates) ▪ reviewing the unit rates in comparison to other local government entities, and ▪ assessing the adequacy of disclosures in the financial report.
The useful lives of assets and the measurement of accumulated depreciation are determined by external valuers and management. Estimated useful lives are a significant unobservable input which materially impacts asset valuations. The appropriate useful life depends on many different factors that vary between councils, including asset management strategies adopted, target service levels, maintenance strategies applied, traffic volumes, soil conditions, levels of flooding, construction materials used, etc. Useful lives should be informed by up-to-date condition data. Significant judgement is used to determine the different useful lives for different components of assets and to calculate the accumulated depreciation since original construction using these estimated useful lives.	
The significant professional judgments used to estimate gross replacement cost and accumulated depreciation directly influence the calculation of depreciation expense.	
A number of infrastructure asset classes, including roads, footpaths, Kerb & Water Table, public lighting & electrical, and stormwater & drainage, have been valued by council officers, increasing the inherent risk of errors.	
The 2024/25 External Audit Completion Report recommends that council continues to monitor the need for more frequent formal revaluations, and formalises the indexation process between valuation cycles.	
ESCOSA report flags concerns re valuation of Adelaide Bridge and Torrens Weir.	

4.2 Valuation of land and buildings

Why the matter is significant	Audit response
<p>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, and potential restrictions to the disposal of these assets among other factors.</p> <p>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 an unobservable input, and is likely to have a significant effect on valuation.</p> <p>Land, where Council has an unfettered right to sell, is typically valued at current market value based on their highest and best use. Level 2 inputs are primarily used for unrestricted land during the valuation process.</p> <p>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).</p> <p>For buildings that have an active market, valuation is 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 local area, adjusted for any pertinent differences.</p> <p>The significant professional judgments used to estimate the value of buildings directly influence the calculation of annual depreciation expense for these assets.</p> <p>Councils building portfolio includes investment properties, which involve different valuation considerations including availability of market data and consideration of 'market' vs 'income' methodologies.</p> <p>Council and State Government have entered into an agreement to develop a new Adelaide Aquatic Centre.</p> <p>Completion of Central Market Arcade Redevelopment is expected during the 2026 financial year, with Council expected to obtain building access rights before 30 June 2026.</p> <p>Buildings are due for revaluation (most recent valuation conducted during the reporting period ended 30 June 2021), and indexation has not been applied. Together with the recent increases in construction costs and high sector-wide valuations, there is a risk of significant revaluation increment in 2026.</p>	<p>Our audit will include (where applicable) but is not limited to the following activities:</p> <ul style="list-style-type: none">▪ reconciling closing balances to the asset register/s▪ reconciling the movements in note 7 to the asset register/s▪ reviewing the basis for valuation used by external valuers▪ assessing the competence of external valuers (experts) in accordance with Australian Auditing Standards▪ performing analytical review of valuation reports to understand the drivers behind any significant changes in asset values▪ obtaining an understanding of the currency of building condition data, and methodologies used to collect this data▪ analysing the nature of the land and building assets to conclude whether the fair value hierarchy provided in note 7 for each category of asset is reasonable▪ reconciling the useful lives used to calculate accumulated depreciation and depreciation expense for the period to the revaluation reports▪ reviewing useful lives for different components in comparison to condition data, other local government entities, and industry standards▪ performing a recalculation of depreciation, and▪ assessing the adequacy of disclosures in the financial report.

4.3 Accounting treatment of capitalisation of assets

Why the matter is significant	Audit response
<p>Councils are asset intensive and highly dependent on large portfolios of assets to deliver services to the community. Hence, there is a high volume of transactions and significant amounts involved in relation to capitalisation of assets. The 2026 ABP identifies over \$46m investment into new and upgrade capital projects and \$67m in asset renewal.</p> <p>Due to the unique characteristics of Council's assets, a number of considerations are considered when an item of expenditure is capitalised, including:</p> <ul style="list-style-type: none">▪ whether Council is incurring capital expenditure on physical resources that are controlled by Council. Determining control can involve significant professional judgement to analyse the characteristics of an asset, including considerations beyond legal ownership▪ inclusions and exclusions of costs at initial recognition of an asset in accordance with AASB 116, including internal salaries and wages▪ treatment dismantling and removal costs and/or site restoration under AASB 137▪ borrowing costs to be capitalised into the cost of IPPE where the asset is a "qualifying asset" per AASB 123, and▪ accounting for subsequent costs and defining the nature of these costs as being capital or maintenance expenditure. <p>Capitalisation decisions can require a high degree of professional judgement, and are a fraud risk area (capital vs expense / capitalisation of wages / timing / depreciation rates).</p> <p>The 2024/25 External Audit Completion Report noted delays in capitalisation of projects due to the asset team not having sufficient As-Constructed Drawings. The report further identifies that the manual capitalisation process was lengthy, complicated and resulted in significant additional effort required by both Council's finance team as well as the audit team to complete the audit within reporting timeframe.</p>	<p>Our audit will include but is not limited to the following activities:</p> <ul style="list-style-type: none">▪ performing analytical procedures to define whether the amounts capitalised for the financial year were in line with our expectations and understanding of the council▪ reviewing internal policies and controls in place for capitalisation of assets▪ reviewing methodologies and supporting calculations for capitalisation of wages▪ reviewing calculations for internal plant hire rates, including assessment of appropriateness and currency▪ selecting a sample of additions and performing an assessment of the nature of the addition to conclude whether it has been recognised in accordance with Australian Accounting Standards▪ reviewing the Work In Progress (WIP) schedule and selecting a sample of transfers out to ensure that the asset was appropriately valued and capitalised in the right account▪ obtaining an understanding of the process and controls for identifying and capitalising completed WIP projects, and▪ reviewing the WIP schedule in order to identify projects that should have been capitalised but were not.

4.4 Revenue recognition

Why the matter is significant	Audit response
<p>AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities provide the framework for determining the timing of revenue recognition for councils.</p> <p>Income from capital and other specific purpose grants may require recognition over time as performance obligations are met (where these obligations are sufficiently specific and arise from enforceable contracts), and a liability recognised for unspent monies. Analysis of funding agreements and the application of professional judgement is required in making such determinations.</p> <p>The 2024/25 External Audit Interim Management letter identifies that council's ability to effectively spend grants "has been limited due to the shortage of contractors or internal resources".</p>	<p>Our audit will include but is not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ performing analytical procedures to identify any variance that may represent a risk or incorrect application of AASB 15 and/or AASB 1058 ▪ reviewing a sample of grant agreements and assessing whether agreements contain sufficiently specific performance obligations ▪ evaluating the accounting policies used by Council to account for grants in accordance with AASB 15 and AAB 1058, and ▪ testing a sample of financial transactions for compliance with Australian Accounting Standards.

4.5 Management override of controls

Why the matter is significant	Audit response
<p>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, a significant risk.</p>	<p>Our audit will include but is not limited to the following activities:</p> <ul style="list-style-type: none"> ▪ reviewing the appropriateness of journal entries recorded in the general ledger ▪ risk assessing all manual journals posted in the ledger using AI Assisted Audit Techniques to identify any high risk journals for further testing ▪ testing the effectiveness of controls over the posting and authorisation of journals ▪ reviewing accounting estimates and accounting policies requiring the application of professional judgement for potential biases (including depreciation, capital vs expense classifications, provisions, timing of revenue recognition) ▪ performing final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity ▪ obtaining written representation from Management, and ▪ reviewing key controls mitigating the risks of management override, including <ul style="list-style-type: none"> ○ IT access controls ○ fraud prevention and control framework ○ policy framework ○ delegations ○ oversight committees ○ independent review of key reports, including exception reports, reconciliations, audit trails of changes to master files, payroll and AP details.

5. KEY BUSINESS CYCLES – CONTROLS APPROACH

5.1. High risk areas where audit will place reliance on controls

The Galpins audit methodology requires a controls approach for account balances and business cycles with inherent risks assessed as high. The account balances and business cycles listed below are considered high risk areas due to the materiality of the account balances, the high volume of transactions involved, and other reasons outlined below:

Key Business Cycles	Account balance/s	Why the risk is High
Purchasing and Procurement / Contracting	Materials, Contracts & Other expenses	<ul style="list-style-type: none"> - One of the largest expense items - high volume of transactions / data – subject to error - fraud risk area (procurement, payments, and credit cards) - procurement and contracting are key focus areas for external regulators e.g. ICAC and the SA Audit Office.
Fixed Assets Project costing	IPPE, Depreciation expense, Asset Disposals and FV adjustments, Asset Revaluation Reserves, Impairment expense, Physical Resources Received Free of Charge	<ul style="list-style-type: none"> - Involves Key Audit Matters requiring high degree of professional judgement (see Section 4 Key Audit Matters) - councils are infrastructure and PPE intensive and highly dependent on these assets to deliver services - largest account balance in the Statement of Financial Position - significant ROU assets - high volume of transactions / data – subject to error - fraud risk area (capitalisation of assets / expense vs capital / depreciation).
Accounts Payables	Trade and other payables	<ul style="list-style-type: none"> - One of the largest liabilities - opportunity for understatements - if there is a poor use of accrual basis of accounting it can be indicative of poor culture - payments represent an opportunity for fraud.
Rates / Rates Rebates	Rates and charges	<ul style="list-style-type: none"> - One of the largest revenue items - often used as a reference point for analysing expenditure decisions - high level of rate exemptions - politically sensitive – reputational risk involved if rates are raised incorrectly.
User Pay Income	User charges (Parking fees / Off-Street Parking, Property lease income)	<ul style="list-style-type: none"> - One of the largest revenue items - Accuracy/timing/cut-off of income recognition reliant on appropriate integration of data from subsidiary systems - high volume of transactions / data – subject to error - commercial considerations - decentralised across a number of different sites / departments charging fees to the community, consistency in internal controls is important for ensuring user pays principles are applied consistently.
Payroll	Employee costs	<ul style="list-style-type: none"> - One of the largest expense items - high volume of transactions / data – subject to error. - errors can impact individuals financially.
Banking	Cash and cash equivalents	<ul style="list-style-type: none"> - Material balance - fraud risk - any instances of errors and/or fraud it can be indicative of broader errors in financial reporting - poor attitude to cash controls may be indicative of overall culture related to the controls environment - public money.

5.2. Moderate risk areas where audit will place reliance on controls

The Galpins audit methodology provides that auditors can adopt either a controls or substantive approach for areas with inherent risks assessed as moderate. We have outlined below the medium risk areas where audit intend to place some reliance on controls.

Key Business Cycles	Account balance	Reasons for controls approach
General ledger	All accounts	<ul style="list-style-type: none"> - Values from all business cycles are captured in the GL, and therefore any concerns over GL controls are pervasive across all financial statement balances - good controls to ensure completeness and accuracy of the GL are essential to ensure the fair presentation of the financial report.
Debtors	Trade and other receivables	<ul style="list-style-type: none"> - Material balance - valuation assertion can only be fully addressed by performing a review of the internal controls related to debt collection, review of debtors ageing profile and reconciliation process in place to reconcile the GL to the subsidiary ledgers.
Receiving	Trade and other receivables	<ul style="list-style-type: none"> - Material balance - Completeness and Existence assertions can only be fully addressed by reviewing receiving processes to ensure that receipts are accurately recorded.
User Pay Income	Statutory charges	<ul style="list-style-type: none"> - One of the largest revenue items - accuracy and timing/cut-off of income recognition reliant on appropriate integration of data from subsidiary systems and appropriate accounting policies - high volume of transactions / data – subject to error - commercial considerations - decentralised across a number of different sites / departments charging fees to the community.
Grants	Grants / Amounts Received Specifically for new upgraded assets.	<ul style="list-style-type: none"> - Councils expected to have a large number of grants received, as council delivers a broad range of services and delivers a large number of projects - per AASB 15 and AASB 1058, income from capital and other specific purpose grants may require recognition over time as performance obligations are met (where these obligations are sufficiently specific and arise from enforceable contracts) - 2024/25 External Audit Interim Management Letter identifies that council's ability to effectively spend grants "has been limited due to the shortage of contractors or internal resources" - controls to review income recognition, and to ensure conditions of grants are met, are essential to ensure the fair presentation of the financial report.
Credit Cards	Materials, Contracts & Other expenses	<ul style="list-style-type: none"> - Amounts are not material, and only a small number of cards are in circulation (approx. 40); however the use of public money is politically sensitive (qualitative factors). - fraud risk area. The nature rather than the significance of the amount may cause public opinion concerns.

5.3. Moderate risk areas where audit will not place reliance on controls

The table below details the medium risk areas where audit understands that key assertions at risk can be addressed through substantive procedures (i.e. no separate controls testing).

Key Business Cycles	Account balance	Reasons for substantive approach
Employee Provisions	Provisions	<ul style="list-style-type: none">- Key assertion at risk (valuation) can be addressed through substantive procedures (e.g. analytical procedures, recalculation and analysis of inflation and discount rates used)- controls related to hourly rates, leave approvals, existence of the employees included in the payroll reports, maintenance of employees' data master file, and collection of payroll data that impacts on the calculation of the provisions are covered in the audit of payroll business cycle controls.
Other current assets	Other financial asset at cost, Prepayment for development contract	<ul style="list-style-type: none">- Key assertions at risk (valuation and classification) can be addressed through substantive procedures. These procedures include:<ul style="list-style-type: none">▪ inspecting documentation (contracts, statements, etc)▪ reviewing council minutes▪ discussions with management.

6. CONTROLS OPINION

6.1. Financial Internal Controls Selected for Audit

In forming a controls opinion the auditor must assess the internal controls of the council based on criteria provided in the *Better Practice Model – Internal Financial Controls* (section 19(1)(3) of the *Local Government (Financial Management) Regulations 2011*).

The Better Practice Model – Internal Financial Controls (BPM) provides a number of internal financial controls within different business cycles that address a variety of inherent risks. A risk based approach is used to determine the key business cycles, and key risks within these business cycles, that we have determined as critical for the purpose of issuing a controls opinion.

The initial list of key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year (further details in Appendix 1):

Business cycles	Account Balance	BPM controls	Inherent Risk
Purchasing and Procurement / Contracting	Materials / Contracts / Other Expenses	7	High
Fixed Assets / Project costing	IPPE, Depreciation expense, Asset Disposals & FV adjustments, ARR	11	High
Accounts Payables	Accounts Payables	8	High
Rates / Rates Rebates	Rates charges	8	High
Payroll	Employee Costs	7	High
Banking	Cash and cash equivalents	5	High
User Pays Income	User charges Statutory charges	5	High
IT General Controls	All accounts	17	High
Credit cards	Materials / Contracts / Other Expenses	5	Moderate
General Ledger	All accounts	8	Moderate
Budgets	All accounts	2	Moderate
Debtors	Debtors	5	Moderate
Receipting	Debtors / Rates and charges / Statutory charges / User charges / Other income	2	Moderate
Grants	Grants / Amounts Received Specifically for new upgraded assets	2	Moderate
Total number of controls		92	

The audit of internal financial controls of a council referred to in section 129 must be carried out in accordance with the Australian Standards on Assurance published by the Auditing and Assurance Standards Board, specifically ASAE 3000 – *Standard on Assurance Engagements* and ASAE 3150 – *Assurance Engagements on Controls*.

During our interim audit we perform tests of design and effectiveness of the internal financial controls selected. Based on the results of the control testing, we form our controls opinion. The overall assessment of the risk of non-compliance with s125 of the *Local Government Act 1999* (refer to section 1. *Audit Scope*) and the related findings are rated as follows:

Category	Description
High Risk 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.

A prioritised list of controls from the Better Practice Model is provided in Appendix 1. After completing our tests of effectiveness of internal controls we perform a control risk assessment for each account balance. The control risks are combined with our initial inherent risk assessment performed during our audit planning stage for determining the risk of material misstatements for each account balance (see section 7 of this plan for more details).

6.2. IT Entity Level Controls

In addition to consideration of Better Practice Model controls, our 2025/26 financial year audit will include a review of the following IT controls (in so far as they relate to financial risk):

IT Areas	Topics covered
IT Entity Level Controls	<ul style="list-style-type: none"> - IT Governance - IT Strategic Planning - Adequate financial resources - Adequate IT Personnel resources - IT Risk Management
Change Management	<ul style="list-style-type: none"> - Process for changes to software / programs - Process for changes to IT Infrastructure
Information Security	<ul style="list-style-type: none"> - Physical access to the Data Centre, alarms, fire protection, air conditioning - Logical access to the network - Remote access to the network - Logical access to the financial system
Backup and recovery	<ul style="list-style-type: none"> - Backup process - IT Disaster Recovery Plan - Business Continuity Plan
Third Party IT Providers	<ul style="list-style-type: none"> - Understanding outsourced IT services - Access of Third Parties to the network - Business Continuity Plan

7. RISK OF MATERIAL MISSTATEMENTS

Risk of material misstatement consists of the following components:

Risks	Definition
Inherent risks	How susceptible to fraud or error the financial statements assertions are given the nature of the entity, considering internal and external factors such as competency of staff, availability of information, prior period misstatements, accounting systems, level of supervision, etc before consideration of any related controls. The inherent risk assessment is performed during the planning stage when obtaining an understanding of the entity's business.
Controls risks	Risk of a misstatement due to error or fraud that could occur and not be prevented or detected by Council's internal controls. The assessment of internal controls risks is performed during the internal controls stage after performing tests of internal controls.

The risk of material misstatement will be based on the combination of inherent and controls risks as demonstrated in the table below:

		Inherent Risks		
		HIGH	MEDIUM	LOW
Controls Risks	HIGH	H	H	M
	MEDIUM	H	M	L
	LOW	M	L	L

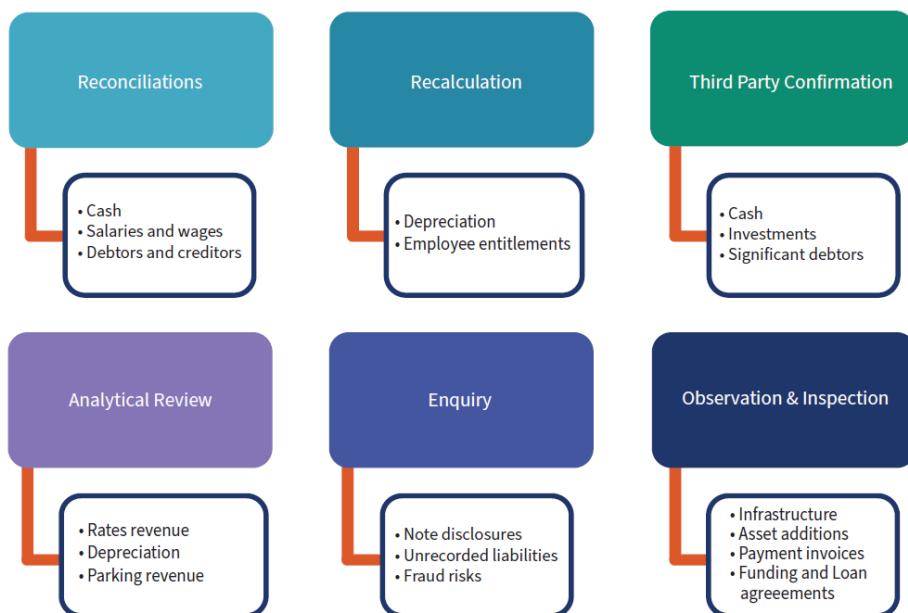
The risk of material misstatement will determine the nature and extent of our audit procedures and sample sizes to be utilised. Once we assess the risk of material misstatements (RoMM) we will design our substantive audit procedures to address identified risks. The table below summarises the impact of risk of material misstatements on our audit strategy:

Inherent Risk	Controls Risk	RoMM	Impact on audit strategy
Low	Low	Low	High reliance on controls/minimum level of substantive tests
	Medium	Low	Medium reliance on controls/low level of substantive tests
	High	Medium	No reliance on controls/medium level of substantive tests
Medium	Low	Low	High reliance on controls/low level of substantive tests
	Medium	Medium	Medium reliance on controls/medium level of substantive tests
	High	High	No reliance on controls/high level of substantive tests
High	Low	Medium	High reliance on controls/medium level of substantive tests
	Medium	High	Low reliance on controls/high level of substantive tests
	High	High	No reliance on controls/high level of substantive tests

8. SUBSTANTIVE PROCEDURES

From our risk analysis (please refer to section 7 of this plan), we are able to design and refine appropriate substantive procedures, including analytical review and test of details, to address identified risks of material misstatements of financial statements.

Testing methods to be applied to account balances and transactions include:



Please refer to the audit timetable indicating the dates for our final visit to perform our final substantive procedures (please refer to section 10 of this plan).

Audit will request authorisation from Council to request an independent confirmation from banks of information such as Council's account balances, securities, treasury management instruments, documents and other related information held by banks on behalf of Council.

We will also require Council to request its lawyers to send a 'Legal Representation Letter' to us, identifying any matters with potential financial reporting implications (a template of the letter will be provided by the auditors).

9. AUDIT COMPLETION

This stage consolidates all the audit work performed during the previous stages. We perform a final risk of material misstatements assessment and conclude whether procedures performed were sufficient to reduce the audit risk to an acceptable level. We evaluate the results of audit testing and determine whether adjustments to the financial statements are required. We also review the final financial statements to promote the best presentation of these reports.

An audit completion report will be provided to the audit committee members containing:

- Our audit clearance
- Final Management Letter
- Final report detailing key matters addressed during the audit
- Draft financial statement auditor's report and controls opinion, and
- List of immaterial uncorrected misstatements (IUMs).

10. AUDIT TIMETABLE

The following is an indicative timetable for the audit. Actual audit dates will be negotiated with the Council to ensure that dates are convenient, and all deadlines are met.

Audit Activities	Indication of Dates
1. Initial Meetings with Finance Management and Key Staff	20 th January 2026
2. Detailed Audit Plan / Audit Program Development	February / March
3. Presentation of Audit Plan to Audit & Risk Committee (ARC)	6 th February
4. Interim Site Visit 1 (Risk & Internal Controls Workshops)	Late February / Early March
5. Interim Site Visit 2 (Internal controls review)	Late April / Early May
6. Interim Management Letter	May
7. Presentation of Interim Management Letter to ARC	June (TBC)
8. Final Audit Visit - subsidiaries	Week beginning 10th August
9. Final Audit Visit - council	Week beginning 17th August
10. Audit Completion Report (with audit clearance)	September
11. Presentation of opinion to ARC	23 rd September (TBC)
12. Final auditor's reports	On Receipt of the final certified financial reports

11. CONTACT DETAILS



Tim Muhlhausler CA, B Comm, Grad Dip. (ICAA),
Registered Company Auditor, MIIA (Aust), Registered SMSF Auditor

Partner

📞 (08) 8332 3433
📠 (08) 8332 3466
✉️ www.galpins.com.au



📍 3 Kensington Road Norwood SA 5067
PO Box 4067 Norwood South SA 5067

✉️ tim@galpins.com.au



Juliano Freitas CA, B Acc, Registered Company Auditor

Audit Director

📞 (08) 8332 3433
🌐 www.galpins.com.au



📍 3 Kensington Road, Norwood SA
PO Box 4067 Norwood South SA 5067

✉️ juliano@galpins.com.au

APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS

PURCHASING AND PROCUREMENT

Risks

- R1 Council does not obtain value for money in its purchasing and procurement.
- R2 Purchases of goods and services are made from non-preferred suppliers.
- R3 Purchase orders are either recorded inaccurately or not recorded at all.
- R4 Purchase orders are made for unapproved goods and services.
- R5 Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1,R2	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Core
R3	Purchase order numbers are either system generated and/or sequentially numbered.	Core
R3	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core

CONTRACTING

Risks

- R1 Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.
- R2 Council does not obtain value for money in relation to its Contracting.
- R3 Commitments are made for unapproved goods and services

RISKS	Control	Control Type
R1,R2	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core
R1	Council maintains a current contract register.	Core
R1 R2	Tender box are kept securely	Core

FIXED ASSETS

Risks

- R1 Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
- R2 If fixed assets are not securely stored, they may be subject to damage or theft.
- R3 If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from the use of inappropriate depreciation rates.
- R4 Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
- R5 Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R3	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core

PROJECT COSTING

Risks

R1 Projects are either inaccurately recorded or not recorded at all.

R2 Appropriate approvals are not received for the establishment and changes in project scope or costs.

RISKS	Control	Control Type
R1, R2	Actual project costs are regularly compared to budgets; significant variances are investigated by relevant staff.	Core
R1	Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Core
R2	There is an on-going review of current projects having regard to project scope and delivery within budget and with variations communicated and endorsed within relevant Delegations of Authority.	Additional

ACCOUNTS PAYABLE

Risks

- R1 Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
- R2 Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
- R3 Disbursements are not authorised properly.
- R4 Accounts are not paid on a timely basis.
- R5 Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R2,R5	Separation of Accounts Payable and Procurement duties.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional

RATES / RATES REBATES

Risks

- R1 Council does not raise the correct level of rate income.
- R2 Rates and rate rebates are either inaccurately recorded or not recorded at all.
- R3 The Property master file data does not remain pertinent.
- R4 Rates are not collected on a timely basis.

RISKS	Control	Control Type
R1,R2	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Core
R2	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Core
R1	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Core
R2	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Core
R2	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Core
R4	There is a Process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Core
R3	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Core
R2	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process.	Core

PAYROLL

Risks

- R1 Payroll expense is inaccurately calculated.
- R2 Payroll disbursements are made to incorrect or fictitious employees.
- R3 Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.
- R4 Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
- R5 Voluntary and statutory payroll deductions are inaccurately processed or without authorisation.
- R6 Employees termination payments are not in accordance with statutory and enterprise agreements.

RISKS	Control	Control Type
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R1	There is a process in place to ensure accurate data entry of payroll source documents.	Core
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core
R2	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Core
R2	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Core

CREDIT CARDS

Risks

- R1 Credit Cards are issued to unauthorised employees.
- R2 Credit Cards are used for purchases of a personal nature.
- R3 Credit Card limits are set at inappropriate levels.

RISKS	Control	Control Type
R1,R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Core
R1,R2	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Core
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Core
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Core
R3	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Core

BANKING

Risks

R1 Banking transactions are either inaccurately recorded or not recorded at all.
R2 Fraud (i.e. misappropriation of funds)

RISKS	Control	Control Type
R1,R2	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Core
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1,R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core
R2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Core
R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core

USER PAY INCOME - FEE FOR SERVICES

Risks

R1 The fee charged does not reasonably reflect the value of the services provided.
R2 Council does not apply User Pay principles consistently.
R3 User pay income is either inaccurately recorded or not recorded at all.

RISKS	Control	Control Type
R1, R2	There is a process in place to establish fees and charges (including GST treatment) which are reviewed annually and adopted by Council.	Core
R3	There is a process in place to ensure that fee for service income is accounted for.	Core
R2	There is a process in place to manage and reconcile bonds and deposits.	Core
R2	There is a process in place to ensure the fees and charges are applied in accordance with those adopted in the fees and charges register.	Core
R3	Delegations are in place for adjusting or waiving fees for service charges adopted in the fees and charges register.	Core

GENERAL LEDGER

Risks

R1 General Ledger does not contain accurate financial information.
 R2 Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1,R2	Financial data is backed up and stored offsite.	Core
R1	All journals, including manual entries, identify date posted, narration, author, journal and posting reference.	Core
R1,R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core

BUDGET

Risks

R1 Budgets are inaccurately recorded due to variances between the budget adopted by council and its finance system.
 R2 Budgets do not reflect strategic objectives.

RISKS	Control	Control Type
R1	There is a process in place to review actual compared to budget and significant variances investigated.	Core
R2	Council has in place a process which is delegated to council administration who are responsible to put in place a framework of internal controls over budget formulation and management.	Core

DEBTORS

Risks

- R1 Debtors / Credit notes to debtors are either inaccurately recorded or not recorded at all.
- R2 An appropriate provision for doubtful debts is not recorded.
- R3 Debtors are either not collected on a timely basis or not collected at all.

RISKS	Control	Control Type
R1	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by an appropriate person.	Core
R1, R3	The organisation maintains a Debt Collection Policy and/or procedure.	Core
R2, R3	Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts.	Core
R1	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Core
R1	All invoices raised and credit notes applied have an audit trail.	Core

RECEIPTING

Risks

- R1 Receipts are either inaccurately recorded or not recorded at all.
- R2 Receipts are not deposited at the bank on a timely basis.

RISKS	Control	Control Type
R1	There is a review process for the authorisation of the reversal of transactions.	Additional
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core

GRANTS

Risks

- R1 Council loses recurrent Grant funding to provide existing service.
- R2 Grant funding is not claimed by Council on a timely basis or not claimed at all.
- R3 Grants are either inaccurately recorded or not recorded at all.

RISKS	Control	Control Type
R1	Management and/or Council to approve all tied grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant.	Core
R2, R3	There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant.	Core