2025/26 Audit Completion Report

Strategic Alignment - Our Corporation

Public

Wednesday, 23 September 2026

Audit and Risk Committee

Program Contact:
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Approving Officer:
Anthony Spartalis, Chief Operating Officer

EXECUTIVE SUMMARY

This report presents the Presiding Member of the Audit and Risk Committee with the 'Annual Completion Report for the year ended 30 June 2026' (Council's appointed auditor Galpins' end of year audit) for the City of Adelaide and its subsidiaries (**Attachment A**).

Under Section 129 (4) of the *Local Government Act 1999* (SA) (the Act) the external auditor appointed by Council must provide to the Council a report on particular matters arising from the audit of its financial statements and the controls exercised by Council. The report must specifically identify any irregularity in Council's accounting practices or in the management of the Council's financial affairs identified by the auditor during the course of the audit.

Under Section 129 (3) of the Act, the auditor must provide to Council an audit opinion with respect to the financial statements and the controls associated with financial transactions. Galpins' report notes they have identified no material deficiencies in internal controls which would impact audit testing or expose the Council to risk of material misstatement of results for the year ended 30 June 2026.

RECOMMENDATION

<u>THAT THE AUDIT AND RISK COMMITTEE</u>

1. Notes the 'City of Adelaide Audit Completion Report for the year ended 30 June 2026' from Council's external auditors, Galpins, as contained in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held 23 September 2026.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation External audit supports responsible financial management and reporting, strengthening the City's financial sustainability.
Policy	Not as a result of this report.
Consultation	Not as a result of this report.
Resource	Not as a result of this report.
Risk / Legal / Legislative	The annual Audit Completion Report is provided to Council to enable Council's auditors to satisfy their reporting obligations under section 129 of the *Local Government Act 1999* (SA).
Opportunities	Not as a result of this report.
26/27 Budget Allocation	The conduct of the annual audit has been fully funded within the adopted operating budget.
Proposed 27/28 Budget Allocation	Not as a result of this report.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report.
26/27 Budget Reconsideration (if applicable)	Not as a result of this report.
Ongoing Costs (eg maintenance cost)	Not as a result of this report.
Other Funding Sources	Not as a result of this report.

DISCUSSION

1. In accordance with Section 128 of the *Local Government Act 1999* (SA) (“the Act”), Council appointed Galpins as its external auditor at the Council Meeting held on 19 December 2025.
2. At its meeting on 6 February 2026, the Audit and Risk Committee endorsed the proposed 2025/26 end-of-year financial reporting process and external audit timetable. The timetable included the presentation of audit reports to the Committee and provided an opportunity for the Committee to discuss the auditor's findings in confidence, without management present.
3. At its meeting on 12 June 2026, the Audit and Risk Committee received Galpins' Interim Report on the 2025/26 external audit. The report noted that, to date, no material deficiencies in internal controls had been identified that would affect audit testing or expose Council to a risk of material misstatement in the financial statements for the year ended 30 June 2026. The report also provided an update on key issues for which Council was taking appropriate action
4. Galpins has now finalised the audit and issued an audit opinion on Council's 2025/26 Financial Statements and the controls exercised by Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities.
5. In accordance with Section 129 of the Act, Galpins has provided Council with a report on matters arising from the audit, including any irregularities in Council's accounting practices or the management of its financial affairs identified during the course of the audit.
6. Having considered the Annual Audit Completion Report, the annual financial statements, and the auditor's findings presented in confidence, the Audit and Risk Committee is satisfied that it has sufficient information to assess whether the financial statements present a true and fair view of the Corporation of the City of Adelaide's financial position as at 30 June 2026.
7. In accordance with the Act this report will be provided by the auditor to the Audit and Risk Committee and Principal Member of the Council (who must then ensure that a copy is provided to the Chief Executive Officer and other members of Council).

Report on Matters Arising from the Audit

8. The external auditor, Mr Tim Muhlhausler (Partner, Galpins), has completed the audit of the financial statements and provided audit clearance for the Audited Financial Statements subject to their:
   - 8.1. review of subsequent events post 30 June 2026
   - 8.2. receipt of written management representation on various matters
   - 8.3. receipt of adopted financial statements and agreement with the draft financial statements provided to date.
9. These are scheduled to be completed subsequent to the Audit and Risk Committee meeting on 23 September 2026.
10. As part of their audit process Galpins have tabled their final Annual Completion Report (**Attachment A)** dealing with matters arising from the audit. This report addresses the following:
    - 10.1. Status of the audit
    - 10.2. Areas of audit focus
    - 10.3. Summary of misstatements
    - 10.4. Internal controls
    - 10.5. Other reporting requirements
11. Key areas of audit focus addressed by the report include:
    - 11.1. Valuation of Infrastructure assets
    - 11.2. Valuation of Land and Buildings
    - 11.3. Accounting treatment of capitalisation of assets
    - 11.4. Revenue Recognition
    - 11.5. Management Override of Controls
12. No uncorrected misstatements were noted in the report.

13. The audit was conducted in accordance with the Australian Auditing Standards as required by the Act and provides Council with reasonable assurance that the Financial Statements are free of material misstatement.
14. The report identified no material deficiencies existed in the accounting treatment and disclosures of matters previously identified as significant risks.
15. The audit did not identify any significant deficiencies with internal controls. However, the following two (2) performance improvement observations were made:
    15.1. Delays in year-end financial reporting and audit readiness
    15.2. Employees with excessive annual leave balances
16. The audit has concluded that the consolidated financial reports of the City of Adelaide present fairly, in all material respects, the entity's financial position as at 30 June 2026.

ATTACHMENTS

Attachment A – City of Adelaide Audit Completion Report for year ended 30 June 2026

- END OF REPORT -