Galpins
Accountants, Auditors & Business Consultants

2025/26 Audit Completion Report

City of Adelaide

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EXECUTIVE SUMMARY

To the members of the audit and risk committee of City of Adelaide

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2026. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We intend to issue the following opinions (subject to the satisfactory completion of the items described in section 1 – *Status of our Audit Work* of this document):

Intended opinions	Type	Proposed Auditor's Report
Opinions on the Financial Statements	Unmodified	Refer to Appendices 1* and 3** of this report.
Controls Opinion	Unmodified	Refer to Appendix 2 of this report.

** Opinion on the financial report prepared by Council in relation to City of Adelaide (the Company) and its subsidiaries (the Council).*
*** Opinions on the separate reports of each subsidiary.*

An unmodified opinion (also known as an unqualified opinion) indicates that we have concluded that the financial statements of the entity are presented fairly, in all material respects, in accordance with the Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

We have included in this report the following information to ensure that management and audit and risk committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
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We have also signed the statement by auditor regarding our independence, and confirmed that for the audit of the year ended 30 June 2026 we have maintained our independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

Yours faithfully

Tim Muhlhausler CA Registered Company Auditor
Date: 17 September 2026

1. Status of Our Audit Work

Below is a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final draft of the financial report	Management	Completed
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Final draft of the financial report after audit verification	Management	Completed
Audit Completion Report	Audit	Completed
Final audited financial statements from the Council's subsidiaries	Management	Completed
Signed certification of auditor independence	Management	**Note 1**
Final financial report after considerations from the audit & risk committee	Management	**Note 1**
Signed certification of financial statements	Management	**Note 1**
Signed management representation letter	Management	**Note 1**
Final Independent Auditor's Report on the Internal Controls	Audit	**Note 2**
Final Independent Auditor's Report on the Financial Reports	Audit	**Note 2**

Note 1 To be provided after the audit & risk committee meeting.

Note 2 To be provided by audit on receipt of both the:
- final financial report containing the signed certification of financial statements and the signed certification of auditor independence, and
- signed management representation letter.

2. Key Audit Matters

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

2.1 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. 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: ▪ 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). 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. ESCOSA report flags concerns re valuation of Adelaide Bridge and Torrens Weir.	Our audit included (where applicable) but is not limited to the following activities: ▪ reconciled closing balances to the asset register/s ▪ reconciled the movements in note 7 to the asset register/s ▪ reviewed methodology and supporting calculations for internally performed valuations ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Auditing Standards ▪ performed analytical review of valuation reports to understand the drivers behind any significant changes in asset values ▪ reviewed the fair value hierarchy disclosed in note 7 for each category of asset ▪ reconciled the useful lives used to calculate the accumulated depreciation and depreciation for the period to revaluation reports ▪ obtained an understanding of the currency of asset condition data, and methodologies used to collect this data ▪ reviewed useful lives for different components in comparison to condition data, other local government entities, and industry standards ▪ performed a recalculation of depreciation ▪ reviewed 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 ▪ reconciled 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) ▪ reviewed the unit rates in comparison to other local government entities, and ▪ assessed the adequacy of disclosures in the financial report.

2.2 Valuation of Land and Buildings

Why the matter is significant	Audit response
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 and purpose of the asset, the highest and best use of the asset, and potential restrictions to the disposal of these assets among other factors. 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. 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. 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). 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. The significant professional judgments used to estimate the value of buildings directly influence the calculation of annual depreciation expense for these assets. Councils building portfolio includes investment properties, which involve different valuation considerations including availability of market data and consideration of ‘market’ vs ‘income’ methodologies. Buildings have been revalued as at 30 June 2026 , with the previous valuation conducted during the reporting period ended 30 June 2021 and indexation not applied since.	Our audit included (where applicable) but is not limited to the following activities: ▪ reconciled closing balances to the asset register/s ▪ reconciled the movements in note 7 to the asset register/s ▪ reviewed the basis for valuation used by external valuers ▪ assessed the competence of external valuers (experts) in accordance with Australian Auditing Standards ▪ performed analytical review of valuation reports to understand the drivers behind any significant changes in asset values ▪ obtained an understanding of the currency of building condition data, and methodologies used to collect this data ▪ analysed 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 ▪ reconciled the useful lives used to calculate accumulated depreciation and depreciation expense for the period to the revaluation reports ▪ reviewed useful lives for different components in comparison to condition data, other local government entities, and industry standards ▪ performed a recalculation of depreciation, and ▪ assessed the adequacy of disclosures in the financial report.

2.3 Accounting treatment of capitalisation of assets

Why the matter is significant	Audit response
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 upgraded capital projects and $67m in asset renewal. Due to the unique characteristics of Council's assets, a number of considerations are considered when an item of expenditure is capitalised, including: ▪ 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. 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).	Our audit included but is not limited to the following activities: ▪ performed analytical procedures to define whether the amounts capitalised for the financial year were in line with our expectations and understanding of the council ▪ reviewed internal policies and controls in place for capitalisation of assets ▪ reviewed methodologies and supporting calculations for capitalisation of wages ▪ reviewed calculations for internal plant hire rates, including assessment of appropriateness and currency ▪ selected 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 ▪ reviewed 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 ▪ obtained an understanding of the process and controls for identifying and capitalising completed WIP projects, and ▪ reviewed the WIP schedule in order to identify projects that should have been capitalised but were not.

2.4 Revenue Recognition

Why the matter is significant	Audit response
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. 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.	Our audit included but is not limited to the following activities: ▪ performed analytical procedures to identify any variance that may represent a risk or incorrect application of AASB 15 and/or AASB 1058 ▪ reviewed a sample of grant agreements and assessing whether agreements contain sufficiently specific performance obligations ▪ evaluated the accounting policies used by Council to account for grants in accordance with AASB 15 and AAB 1058, and ▪ tested a sample of financial transactions for compliance with Australian Accounting Standards.

2.5 Management Override of Controls

<table>
<tr><th>Why the matter is significant</th><th>Audit response</th></tr>
<tr><td>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.</td><td>Our audit included but is not limited to the following activities:
reviewed the appropriateness of journal entries recorded in the general ledger
risk assessed all manual journals posted in the ledger using AI Assisted Audit Techniques to identify any high risk journals for further testing
tested the effectiveness of controls over the posting and authorisation of journals
reviewed 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)
performed final analytical procedures to conclude as to whether the financial report is consistent with our understanding of the entity
obtained written representation from Management, and
reviewed key controls mitigating the risks of management override, including
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.</td></tr>
</table>

2.6 Other High and Moderate Risk Areas

The other high and moderate risk areas described in this section are account balances and/or audit areas that are not subject to a high degree of professional judgement, however we assessed their inherent risks as being high or moderate due to the materiality of the account balances, the high volume of transactions involved and other reasons outlined below:

Account balance	Why the risk is High/Moderate	Overall audit response
Rates and charges	- largest revenue item - often used as a reference point for analysing expenditure decisions - politically sensitive - reputational risk involved if rates are raised incorrectly.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - comparison of total capital values from the VG report to the total capital value recorded in the rates system - reconciliation of the rates modelling to the rates system and to the general ledger - recalculation of rates for a sample of rate payers.
Employee costs	- one of the largest expense items - high volume of transactions / data – subject to error - errors impact individuals financially.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments.
Materials, Contracts & Other expenses	- one of the largest expense items - high volume of transactions, inherently higher risk of error - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses.
Cash and cash equivalents	- material balance - fraud risk - if there is any instance of errors and/or fraud it will be indicative of broader errors - poor attitude to cash controls may be indicative of overall culture related to the entity's controls environment - public money.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - verification of outstanding reconciling items - reperformance of bank reconciliations.
Trade and other payables	- one of the largest liabilities - material balance - opportunity for understatements - poor use of accrual basis of accounting may be indicative of poor culture related to financial reporting - payments represent an opportunity for fraud.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - reconciliation between subsidiary ledgers and the general ledger - inspection of subsequent payments for a sample of creditors - inspection of a sample of subsequent payments for completeness test.

Account balance	Why the risk is High/Moderate	Overall audit response
User charges (Parking fees / Off-Street Parking, Property lease income)	- 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.	- walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - reconciliation between subsidiary ledgers and source systems to the general ledger - selection of a sample of transactions and inspection of supporting documents to verify the occurrence, accuracy and appropriate recognition of revenue.

2.7 Intended Opinion on the Financial Report

We have completed our final risk of material misstatements assessment and concluded that the audit procedures performed were sufficient to reduce the audit risk to an acceptable level. We have evaluated the results of our audit testing and determined that no further adjustments to the financial statements are required.

In our opinion, subject to the satisfactory completion of the items described in Section 1 of this report, ***the financial report prepared by Council in relation to City of Adelaide (the Company) and its subsidiaries (the Council) presents fairly***, in all material respects, the Council's financial position as at the end of the current financial year and its financial performance for the year ended on that date (refer to our proposed Independent Auditor's Report on the Financial Report included in Appendix 1 of this report).

3. Internal Controls Opinion and Recommendations

We have performed an extensive review of the Council's financial controls for the purpose of forming our control opinion as required by section 129 of the *Local Government Act 1999* based on council's obligations under s125 of that Act.

Our controls opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively					2026 Findings			
		2030	2029	2028	2027	2026	H	M	L	BP
Fixed Assets	8	TBC*	TBC*	TBC*	TBC*	5	-	2	1	1
Purc & Procur/Contr	7	TBC*	TBC*	TBC*	TBC*	6	-	1	-	-
Payroll	7	TBC*	TBC*	TBC*	TBC*	4	-	2	1	2
User Pays Income	5	TBC*	TBC*	TBC*	TBC*	2	-	3	-	-
Grants	2	TBC*	TBC*	TBC*	TBC*	1	-	-	1	-
Credit cards	5	TBC*	TBC*	TBC*	TBC*	4	-	-	1	-
Banking	5	TBC*	TBC*	TBC*	TBC*	4	-	1	-	-
Receipting	2	TBC*	TBC*	TBC*	TBC*	1	-	-	1	-
Rates	8	TBC*	TBC*	TBC*	TBC*	8	-	-	-	-
General Ledger	8	TBC*	TBC*	TBC*	TBC*	8	-	-	-	-
Accounts Payable	8	TBC*	TBC*	TBC*	TBC*	8	-	-	-	-
Budgets	2	TBC*	TBC*	TBC*	TBC*	2	-	-	-	-
Debtors	5	TBC*	TBC*	TBC*	TBC*	5	-	-	-	-
Project costing	3	TBC*	TBC*	TBC*	TBC*	3	-	-	-	-
IT Gen Controls	17	TBC*	TBC*	TBC*	TBC*	11	-	6	-	-
Total	**92**					**72**	**-**	**15**	**5**	**3**

**TBC – To be confirmed in future audits for benchmarking and comparison purposes.*

Overall, the Council demonstrated a **high level of compliance** with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim audit visit we found that the majority of key internal controls reviewed were in place and were operating effectively (72 out 92 core controls reviewed). Risks were rated based on an assessment of the risk of non-compliance with s125 of *the Local Government Act 1999* as described in Appendix 3 – Risk Ratings.

An interim audit management letter was issued and presented to the audit & risk committee containing our overall assessment of the council's internal controls and all the controls weaknesses identified during our review of the Council's financial controls.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, ***the Council has complied, in all material respects, with Section 125 of the Local Government Act 1999*** in relation to Internal Controls established by the Council in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

4. Immaterial Uncorrected Misstatements

There are no immaterial uncorrected misstatements to report. All misstatements identified during our audit have been adjusted in the financial report.

5. Final Management Letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

5.1 Delays in year-end financial reporting and audit readiness	Risk: Moderate
Finding	The final audit visit for the 2025/26 financial year was scheduled for the week commencing 17 August 2026, with the timing determined by Council in advance of the year-end audit process. Council determined the dates of the final audit visit without prior consultation with auditors. At the commencement of the final audit visit, Council had not finalised its asset register nor a complete draft financial report ready for audit. Delays were predominantly due to Council experiencing difficulties in reconciling its stormwater assets. During the financial year, Asset Management staff undertook verification procedures of these assets which resulted in some data cleansing in the asset register to ensure that the asset attributes recorded in the register appropriately reflected the physical characteristics of the underlying assets. The processing of some amendments inadvertently caused issues with processing indexation of stormwater assets in the asset register. As a result, the asset register and associated financial statement balances were still being finalised during and following the scheduled audit visit. Consequently, the auditors were unable to perform all planned final audit procedures during the scheduled visit and additional work was subsequently required by both Council's finance team and the audit team to finalise the audit within the statutory reporting timeframe. Similar year-end asset management challenges were identified in the prior year. The 2024/25 External Audit Completion Report noted delays in the capitalisation of projects due to insufficient availability of as-constructed drawings and identified that the manual capitalisation process was lengthy and complex. This also resulted in significant additional effort by both Council's finance team and the audit team. While the underlying asset issues differed between the two financial years, the recurring difficulties indicate an opportunity to strengthen Council's year-end planning and audit readiness processes, particularly in relation to the finalisation of asset information and the timing of the final audit visit.
Risk	Delays in finalising the asset register and draft financial reports results in an inefficient audit process, additional effort for both Council and the audit team, and increased pressure on meeting statutory reporting deadlines.

Recommendation	We recommend that Council strengthen its year-end financial reporting and audit planning process by: - establishing realistic internal deadlines for finalising the asset register, including asset verification, capitalisation, reconciliation, indexation and other valuation adjustments, allowing a margin of error taking into account the difficulties experienced in both the current and prior financial years; - ensuring that a substantially complete draft financial report and supporting working papers are available before the commencement of the final audit visit; and - consulting with the external auditors when determining the timing of the final audit visit, to ensure that the timing reflects Council's expected financial reporting readiness and allows the audit to be completed efficiently.

		Risk
5.2. Employees with excessive annual leave balances		**Low**
Finding	Audit identified 72 employees with annual leave balances in excess of 300 hours (approximately 2 years of entitlement).	
Risk	Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health, safety and welfare issues. Regular taking of leave also acts as a fraud prevention control.	
Recommendation	Implement strategies to systematically reduce excessive leave balances, and prevent employees from accumulating excessive balances.	

Risks were rated based on an assessment of the risk of non-compliance with s125 of the Local Government Act 1999 as described in Appendix 3 – Risk Ratings.

Appendix 1 – Proposed Independent Auditor's Report on the Financial Report

To the members of City of Adelaide

Opinion

We have audited the accompanying financial report of City of Adelaide (the Company) and its subsidiaries (the Council), which comprises the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial report including a summary of material accounting policy information and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Council as at 30 June 2026, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Local Government Act 1999,* which has been given to the Council, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report are the general purpose financial reports of City of Adelaide's subsidiaries including Adelaide Park Lands Authority, Adelaide Central Market Authority, Adelaide Economic Development Agency and the Annual Report of The Brown Hill Keswick Creeks Stormwater Board.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report
Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Council determines is necessary to enable the preparation of the financial report that 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 related 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.

Auditor's responsibility for the audit of the financial report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with 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 of the financial report 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 Council'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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 2 – Proposed Independent Auditor's Report on the Internal Controls

Independent Assurance Report on the Internal Controls of City of Adelaide

To the members of City of Adelaide

Opinion

We have audited the compliance of City of Adelaide (the Council) with 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 2025 to 30 June 2026 have been conducted properly and in accordance with law.

In our opinion, the Council has complied, in all material respects, with *Section 125 of the Local Government Act 1999* in relation to Internal Controls established by the 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 1 July 2025 to 30 June 2026.

Basis for opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2025 to 30 June 2026. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

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

The Council's responsibility for 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, 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 applied Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* in undertaking this assurance engagement.

Auditor's responsibility
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 receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities have been conducted properly and in accordance with law, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Council has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2025 to 30 June 2026. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

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 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.

Limitation of use
This report has been prepared for the members of the Council in Accordance with Section 129 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 3 – Proposed Independent Auditor's Reports on the Financial Reports of Council's subsidiaries

To the members of Adelaide Central Market Authority

Opinion
We have audited the accompanying financial report of Adelaide Central Market Authority (the Authority), which comprises the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certification of Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2026, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our 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 for the Financial Report
The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibility 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a

guarantee that an audit conducted in accordance with 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 decision of users taken on the basis of this financial report.

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

- Identify and assess the risk 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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 Authority's ability 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

To the members of Adelaide Park Lands Authority

Opinion
We have audited the accompanying financial report of Adelaide Park Lands Authority (the Authority), which comprises the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certification of Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2026, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our 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 for the Financial Report
The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

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

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

- Identify and assess the risk 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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 Authority's ability 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

To the members of Adelaide Economic Development Agency

Opinion
We have audited the accompanying financial report of Adelaide Economic Development Agency (the Agency), which comprises the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certification of Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Agency as at 30 June 2026, and its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Agency in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our 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 for the Financial Report
The Agency is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Agency determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Agency is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Agency either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Agency's financial reporting process.

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

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

- Identify and assess the risk 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency'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 Agency's ability 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.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA Registered Company Auditor
Partner

Date:

Appendix 4 – Risk Ratings

The audit findings identified during our interim audit documented in our interim management letter and in section 3 of this report were rated as follows:

Category	Description
Potential Material 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.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.