

Interim Report on the 2025/26 External Audit

Friday, 12 June 2026
Audit and Risk Committee

Strategic Alignment - Our Corporation

Program Contact:
Mitch Woods, Associate
Director Finance & Procurement

Public

Approving Officer:
Anthony Spartalis, Chief
Operating Officer

EXECUTIVE SUMMARY

The purpose of this report is to provide an update on the 2025/26 External Audit.

Under Section 129 of the *Local Government Act 1999* (SA) the Auditor must provide to Council a report on matters arising from the audit and specifically identify in the report, any irregularity in the Council's accounting practices or the management of the Council's financial affairs identified by the Auditor during the course of the audit.

Galpins (the Auditor) completed their interim audit during the periods 26 February 2026 through to 2 March 2026 and 20 April 2026 through to 23 April 2026. Based on their work to date, Galpins have provided a "2025/26 Interim Management Letter" to the Presiding Member of the Audit and Risk Committee, per Attachment A.

Galpin's Interim Report notes that 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*. 92 core controls were reviewed with 72 operating effectively, 15 moderate risk findings, 5 low risk findings, and 3 better practice findings.

Galpins have concluded that there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. A final report on matters arising from the audit will be provided to the Audit and Risk Committee at the September 2026 meeting.

The Terms of Reference of the Audit and Risk Committee includes responsibility for reviewing findings and reports from External Auditors.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Interim Report on the 2025/26 External Audit as contained in Attachment A on Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 12 June 2026.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Outcome - Financial sustainability; critical to achieving our vision and Council will prudently manage its revenue, costs, debt and assets
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	Under Section 129 of the <i>Local Government Act 1999</i> (SA) and Section 126(4)(c) of the <i>Local Government Act 1999</i> (SA) identifies the functions of an Audit Committee as: “Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis”.
Opportunities	Not as a result of this report.
25/26 Budget Allocation	Not as a result of this report.
Proposed 26/27 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.
25/26 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. On 19 December 2025 Galpins were appointed as the City of Adelaide external auditor. The role of the external auditor is to provide an opinion to Council with respect to audited financial statements. In planning the audit, the auditor considers the internal controls to determine their audit procedures for the purpose of expressing an opinion on the financial statements, and the effectiveness of the financial control environment.
2. Under Section 129 of the *Local Government Act 1999* (SA) ("the Act") the auditor must provide to Council a report on particular matters arising from the audit and specifically identify in the report, any irregularity in the council's accounting practices or the management of the council's financial affairs identified by the auditor during the course of the audit
3. At the meeting of the Audit and Risk Committee on 6 February 2026, the Audit and Risk Committee endorsed the proposed 2025-26 End of Year financial reporting process and external audit timetable (Link 1). The associated report highlighted that Galpins had scheduled their audit in two parts with the interim audit conducted across two visits in February and April 2026, and the final phase of the audit concentrating on the Corporation's draft financial statements, to be carried out in August 2026.
4. The audit plan identified a preliminary risk assessment against the Better Practice Model.
5. Galpins have completed their interim visit which was focussed on the internal control environment. Their findings are contained within their 2025/26 Interim Management Letter (Attachment A).
6. Galpin's Interim Report notes that 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. 92 core controls were reviewed with 72 operating effectively, 15 moderate risk findings, 5 low risk findings, and 3 better practice findings.
7. Galpins have concluded that there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. A final report on matters arising from the audit will be provided to the Audit and Risk Committee at the September 2026 meeting.
8. Galpins has not completed testing of all the core controls because some controls relate to annual processes and consequently will not occur until the end of the financial year, with such controls normally tested after year-end.
9. Based on the work-to-date, Galpins' Interim Report notes they have identified no material deficiencies in internal controls that would lead to a qualification to the audit report on internal controls.
10. Key areas of focus identified during the audit planning process included:
 - 10.1. Valuation of infrastructure assets
 - 10.2. Valuation of land and buildings
 - 10.3. Accounting treatment of capitalisation of assets
 - 10.4. Revenue recognition
 - 10.5. Management override of controls
11. It is appropriate that the Audit and Risk Committee notes the Interim Report on the 2025/26 External Audit.
12. In accordance with the agreed timetable endorsed by the Audit and Risk Committee at the 6 February 2026 meeting, Galpins will present a final report on matters arising from the audit to the Audit and Risk Committee at the 23 September 2026 meeting.

DATA AND SUPPORTING INFORMATION

Link 1 - [2025/26 End of Year Financial Reporting Process & External Timetable](#)

ATTACHMENTS

Attachment A – 2025/26 Interim Management Letter

- END OF REPORT -