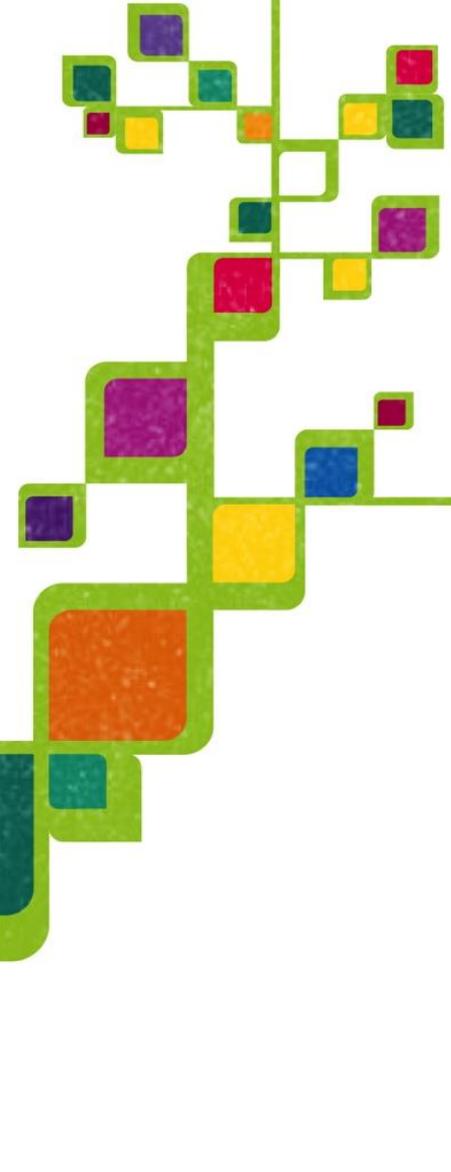




Bunbury-Harvey Regional Council

Report to the Audit Committee
for the year ended 30 June 2017

23rd November 2017





Grant Thornton

The Audit Committee
Bunbury-Harvey Regional Council
4 Stephen Street
Bunbury WA 6230

Dear Sirs / Madams,

**BUNBURY-HARVEY REGIONAL COUNCIL
REPORT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2017**

Please find attached our Report to the Audit Committee for the year ended 30 June 2017. We confirm our audit work is complete. We have issued an unqualified audit opinion.

We trust that you find this report informative and we appreciate the opportunity to be of service to you.

If you have any queries or wish to discuss any issues further, please do not hesitate to contact either Graeme Morissey or myself.

Yours faithfully

GRANT THORNTON AUDIT PTY LTD

M J Hillgrove
Partner – Audit & Assurance

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1 Executive summary

Status of audit and outstanding matters

Our audit of Bunbury-Harvey Regional Council is complete. The audit work is complete and we have signed an unqualified audit report dated 15 November 2017.

1.1 Scope of the audit

We have conducted an independent audit of the financial statements in order to express an opinion on it to the members of Bunbury-Harvey Regional Council.

Our audit has been conducted in accordance with Australian Auditing Standards with the objective of obtaining reasonable assurance about whether the financial report is free from material misstatement.

The scope of our audit was in accordance with the terms of our Engagement Letter.

1.2 Materiality

Materiality is the magnitude of a misstatement or an omission from the financial report or related disclosures that the audit team believes would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the misstatement or omission.

Our audit has been conducted based on a quantitative materiality, this was determined using the benchmark of Total Expenditure. Materiality benchmarks are selected to represent the measure which is most relevant to users of the financial report.

1.3 Assessment of internal controls

Overall we have found that the internal control system in place is effective given the size of the entity. We did not identify any areas for improvement.

1.4 Summary of unadjusted audit differences

We have not identified any uncorrected audit differences that could, in our judgement, either individually or in aggregate have a significant effect on the financial report for the year ended 30 June 2017.

1.5 Current year areas of focus

Our audit procedures were focused on those areas of Bunbury-Harvey Regional Council's activities that are considered to represent the key audit risks identified in our planning memorandum and through discussions with management during the course of our audit. We are satisfied that these key areas of focus have been addressed appropriately and are properly reflected in the Council's financial report.

Focus area	Response
Infrastructure and capital assets	<p>We tested the appropriateness of additions and disposals recorded in the period, ensuring that capitalised items were valid and recorded accurately with reference to third-party documents, such as invoices. This was performed on a sample basis, using our statistical sampling methodology.</p> <p>We reviewed the depreciation charge recorded on assets and compared to our expectations given the useful lives and cost / fair value of assets.</p> <p>We reviewed management's revaluation adjustment on Infrastructure, assessed management's expertise in determining the relevant fair values and compared to third-party valuation reports on Buildings revalued.</p> <p>It was accepted that Plant and Equipment revalued should be revalued at their written-down value given that management has estimated this approximates their depreciated replacement cost.</p> <p>No exceptions were noted.</p>
Trade payables and accruals	<p>We reviewed payments made by the Council after year-end in search of significant payments. For payments identified, we ensured that the recording of the related expense was in the appropriate period. This addressed the risk that a significant liability pertaining to the fiscal period had not been captured. No exceptions were noted.</p>
Revenues	<p>We reviewed a sample of revenue items from three revenue streams we deemed material. For each item selected for testing, we ensured that it met the criteria of revenue under AASB 118 and that the amount was subsequently received into the Council's bank account. No exceptions were noted.</p>

Employee benefits	<p>We obtained a detailed schedule of the long service leave and annual leave calculations. We ensured that the schedules included all employees entitled to leave and tested the mathematical accuracy of the calculation.</p> <p>We reviewed payroll amounts on a monthly basis, comparing to the respective prior period figures and budgets. Any significant variances were investigated via discussion with management and corroborated. No exceptions were noted.</p> <p>By obtaining the employee and vendor master files, which included all employee and vendor data, we performed fraud detection procedures to identify:</p> <ul style="list-style-type: none">-employees with invalid, duplicate or missing TFN numbers, addresses, employee numbers or bank accounts-employees with excessive hourly rates, total compensation, or overtime compensation-vendors with the addresses or bank accounts of employees <p>Our search did not identify any exceptions or indications of fraud.</p>
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1.6 Disclaimer

This report has been prepared for the Audit Committee and management of Bunbury-Harvey Regional Council only. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than Bunbury-Harvey Regional Council.

1.7 An opportunity for feedback

At Grant Thornton we strive for a high level of client satisfaction. Our business is built around the relationships we maintain with our clients. We want to hear feedback from our clients, both positive and negative, to ensure the services we provide to you exceed your expectations.

You will shortly be receiving a Client Satisfaction Survey from us, via email; we would appreciate it if you would take the time to complete the survey as your feedback is important to us.

2 Audit differences findings and analysis report

Status of accounting records

Our audit procedures include an assessment of the status of the accounting records and reconciliations. The status of the accounting records is of an appropriate standard, and we did not note any significant issues that warrant reporting to the Audit Committee.

2.1 Adjusted audit differences

In performing our audit for the year ended 30 June 2017, we have not identified any audit differences.

2.2 Unadjusted audit differences

In performing our audit for the year ended 30 June 2017, we did not identify any unadjusted audit differences.

2.3 Disclosure deficiencies

No disclosure deficiencies that would result in a qualified audit opinion were noted in our review of the financial statements.

3 Specific reporting requirements

Reporting requirement	Description
3.1 Fraud	<ul style="list-style-type: none"> we are required by Auditing Standards to consider the risk of fraud in planning the nature and extent of our audit tests. In performing our audit we have not become aware of any incidence of fraud. we have also inquired with management and obtained in writing, representations regarding the existence of fraud, policies and procedures in place to prevent and detect fraud, noting no instances of fraud that management are aware of.
3.2 Errors, irregularities and illegal acts	<ul style="list-style-type: none"> we have noted no errors or irregularities that would cause the financial report to contain a material misstatement. As part of our normal statutory audit no apparent illegal acts have come to our attention
3.3 Books and records, and conduct of review	<ul style="list-style-type: none"> we have been presented with all the necessary books and records and explanations requested of management to support the amounts and disclosures contained in the financial statements in a timely and efficient manner we take this opportunity to thank Chris Welham, Vicki Gregg and David Ransom for their assistance and courtesy during our audit
3.4 Compliance with laws and regulations	<ul style="list-style-type: none"> in performing our audit procedures we have not become aware of any non-compliance with applicable laws or regulations that would have an impact on the determination of material amounts and disclosures in the financial report we have also received representations from management confirming that the Council is in compliance with all laws and regulations that impact the organisation
3.5 Appropriateness of accounting policies	<ul style="list-style-type: none"> we consider that the accounting policies adopted in the financial statements are appropriately disclosed. There have been no changes to accounting policies adopted by management in the year ended 30 June 2017.
3.6 Going concern	<ul style="list-style-type: none"> as part of our audit, we have assessed and agreed with the conclusions reached by Council and management concerning the application of the going concern concept
3.7 Disagreements with management	<ul style="list-style-type: none"> there has been no significant disagreements with management during the course of the audit
3.8 Independence	<ul style="list-style-type: none"> internal independence checks are performed every twelve (12) months before commencement of the full year engagements to ensure that firm-wide no conflicts have arisen we confirm that, as at the date of this report, we are independent having regard to Grant Thornton's policies, professional rules and relevant statutory requirements regarding auditor independence Grant Thornton did not provide any additional services that could jeopardize the independence of the engagement team in performing our audit procedures we have not become aware of any non-compliance with applicable laws or regulations that would have an impact on the determination of material amounts and disclosures in the financial report