

Ref: 12.019.1 MH:AFS

12th October 2016

Mr. Philip Delahunty
Partner
Richmond Sinnott & Delahunty
PO Box 30
BENDIGO VIC 3552

Dear Mr. Delahunty

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

This representation letter is provided in connection with your audit of the financial report of Berrigan Shire Council for the year ended 30 June 2016 for the purpose of expressing an opinion as to whether the financial report presented fairly, in all material respects, the financial position of Berrigan Shire Council as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1993*.

We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the requirements of the *Local Government Act 1993*.

We confirm, to the best of our knowledge and belief and, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves, the following representations made to you during your audit.

1. We have provided you with:
 - (a) access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters
 - (b) additional information that you have requested from us for the purpose of the audit
 - (c) unrestricted access to persons within the Council from whom you have sought audit evidence
 - (d) minutes of all meetings of boards of management and other committees
 - (e) details of any off-balance sheet agreements or instruments, or confirmation that no such agreements or instruments exist.

2. All transactions have been recorded in the accounting records and are reflected in the financial report.
3. Proper accounts and records of the transactions and affairs of Berrigan Shire Council and such other records as sufficiently explain the financial operations and financial position of Berrigan Shire Council have been kept in accordance with the *Local Government Act 1993* where applicable.
4. We believe the effects of uncorrected financial report misstatements are immaterial, both individually and in the aggregate, to the financial report taken as a whole.
5. We have undertaken a control assessment using the criteria outlined in AASB 10. Our assessment has not identified any controlled or jointly controlled entities which would require consolidation.
6. We have prepared the financial report as a not-for-profit entity for the purpose of reporting under Australian Accounting Standards.
7. We acknowledge responsibility for the design, implementation and maintenance of internal controls designed to prevent and detect fraud.
8. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
9. There:
 - (a) has been no fraud involving management or employees who have a significant role in the internal control structure
 - (b) has been no fraud that could have a material effect on the financial report
10. There have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.
11. We acknowledge responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to you details of all deficiencies in internal control that we are aware of.
12. We have no plans or intentions that may materially affect the carrying values or classification of assets and liabilities.
13. We consider the measurement methods, including related assumptions, used to determine fair values relating to assets and liabilities, to be appropriate and consistently applied and appropriately disclosed in the financial report.

In addition, we have considered the requirements of AASB 13 relating to the fair value of property, plant and equipment. These assets have been valued on the basis that the highest and best use of the asset is obtained from its current use, taking into consideration what is physically possible, legally permissible and financially feasible. Our fair value assessment did not identify any internal or external events that would trigger a reassessment of the assets' highest and best use.

Further, we confirm that the assumptions used by us in the categorisation of inputs within the fair value hierarchy are reasonable and have been fully disclosed in accordance with the accounting standards and other applicable financial reporting requirements.
14. We have considered the requirements of AASB 136 Impairment of Assets when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.

15. Asset useful lives have been reviewed and any resulting changes accounted for as a change in an accounting estimate.
16. The following have been properly recorded or disclosed in the financial report:
 - (a) arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements
 - (b) agreements to repurchase assets previously sold
 - (c) losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.
17. All known or suspected instances of non-compliance with laws or regulations whose effects should be considered for disclosure when preparing the financial report have been disclosed to the auditor.
18. All known actual or possible litigation and claims whose effects should be considered when preparing the financial report have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework, including:
 - (a) material liabilities or contingent liabilities or assets including those arising under derivative financial instruments
 - (b) unasserted claims or assessments that our lawyer has advised us are probable of assertion.
19. The entity has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
20. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
21. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
22. The identity of all known related parties (including controlled entities), related party relationships and transactions have been made known to the auditor. All related party relationships and transactions have been appropriately accounted for and disclosed in the financial report in accordance with the requirements of the accounting framework including revenue, purchases, loans, transfers, leasing arrangements and guarantees (written or verbal).
23. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.
24. We believe that the significant assumptions used in making accounting estimates for inclusion in the financial report are reasonable.
25. With respect to publication of the financial report in hard copy, we will ensure that:
 - (a) the financial report accurately reflects the audited financial report and
 - (b) the audit report has been reproduced accurately and in full.
26. With respect to publication of the financial report on our website:
 - (a) we acknowledge that we are responsible for the electronic presentation of the financial report
 - (b) we will ensure that the electronic version of the audited financial report and the auditor's report on the website will be identical to the final signed hard copy version

- (c) we will clearly differentiate between audited and unaudited information in the construction of the entity's website as we understand the risk of potential misrepresentation
- (d) we have assessed the controls over the security and integrity of the data on the website and adequate procedures are in place to ensure the integrity of the information published and
- (e) we will not present the auditor's report on the full financial report with extracts only of the full financial report.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully



ROWAN PERKINS
GENERAL MANAGER



CARLA VON BROCKHUSEN
RESPONSIBLE
ACCOUNTING OFFICER