



Town of Port Hedland

MINUTES

OF THE

AUDIT AND FINANCE COMMITTEE
OF THE TOWN OF PORT HEDLAND COUNCIL

HELD ON

WEDNESDAY, 29 JANUARY 2014
AT 12:00PM

IN COUNCIL CHAMBERS
McGREGOR STREET, PORT HEDLAND

***“A nationally significant, friendly city, where people want
to live and are proud to call home”***

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Town of Port Hedland for any act, omission, statement or intimation occurring during Committee Meetings. The Town of Port Hedland disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission, and statement of intimation occurring during Committee Meetings.

Any person or legal entity that acts or fails to act in reliance upon any statement, act or omission occurring in a Committee Meeting does so at their own risk. The Town of Port Hedland advises that any person or legal entity should only rely on formal confirmation or notification of Committee resolutions.

*M.J. (Mal) Osborne
Chief Executive Officer*

Terms of Reference*Aim/Purpose:*

The Audit and Finance Committee objective is to assist the Town of Port Hedland Council in liaising with the auditor and overseeing the external audit function and promoting the transparency and accountability of Council's financial management systems and reporting

The Audit and Finance Committee has been established in accordance with Part 7 of the Local Government Act 1995 to:

1. liase with the Auditor(s) to assist Council in carrying out functions in relation to external audit, including liaising with the Auditor and develop a process for selection and appointment of a person as the Auditor.
2. receive Quarterly Budget Review Reports;
3. recommend Donations as per Council's Policy;
4. receive Quarterly Financial Reports on all of the Town of Port Hedland's Managed Community Facilities;
5. review and suggest improvements to Risk Management within the organisation; and
6. assist the organization in the development of an internal audit program.

Quorum:

The quorum for the Committee be a minimum of 50% of its membership.

*Membership:***Elected Members:**

Mayor Kelly Howlett

Councillor Gloria Jacob

Councillor Lorraine Butson – Deputy Presiding Member

Councillor David Van Vugt – Presiding Member

Community Member:

Mr Bill Hrambanis

Deputy Members:

Councillor George Daccache

Councillor Jan Gillingham

Councillor David Hooper

Councillor Julie Hunt

Councillor Penny Taylor

Councillor Troy Melville

Meeting Frequency:

As and when required.

Delegation:

The Town of Port Hedland Council provides delegated authority to the Audit and Finance Committee to meet annually with the Town's auditor(s) as required by Section 7.12A(2) of the Local Government Act 1995.

Tenure:

Ongoing

Responsible Officer:

Director Corporate Services

*(Adopted by Council at its Ordinary Meeting held 16 November 2011.
Amended by Council at its Ordinary Meeting held 23 October 2013.)*

OUR COMMITMENT

To enhance social, environmental and economic well-being through leadership and working in partnership with the Community.

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ITEM 1 OPENING OF MEETING**1.1 Opening**

The Presiding Member declared the Meeting of the Audit and Finance Committee open at 12:15pm and acknowledged the traditional owners, the Kariyarra people.

ITEM 2 RECORD OF ATTENDANCE**2.1 Attendance***Elected Members*

Councillor David Van Vugt – Presiding Member

Councillor Lorraine Butson – Deputy Presiding Member

Mayor Kelly Howlett

Councillor Gloria Jacob

Community Member

Mr Bill Hrambanis

Town Officers

Malcolm Osborne – Chief Executive Officer

Clare Phelan – Director Corporate Services

Eber Butron – Director Planning and Development

Lorna Secrett – Acting Director Community Development

Russell Dyer – Director Engineering Services - entered the meeting at 12:31pm

Josephine Bianchi – Minute Taker/Coordinator Governance

Grant Thornton Auditors

Mr Michael Hillgrove, Partner

Mr Simon Franich, Senior Manager, Audit & Assurance

2.2 Apologies

Nil

2.3 Approved Leave of Absence

Nil

ITEM 3 RESPONSE TO PREVIOUS QUESTIONS - ON NOTICE**3.1 Questions from Public at Audit & Finance Committee Meeting held on Monday, 2 December 2013**

Nil

3.2 Questions from Committee Members at Audit & Finance Committee Meeting held on Monday, 2 December 2013

Nil

ITEM 4 PUBLIC TIME

IMPORTANT NOTE:

'This meeting is being recorded on audio tape as an additional record of the meeting and to assist with minute-taking purposes and may be released upon request to third parties. If you do not give permission for recording your participation please indicate this at the meeting. The public is also reminded that in accordance with Section 20.3 of the Town of Port Hedland Local Law on Standing Orders nobody shall use any visual or vocal electronic device or instrument to record the proceedings of any meeting unless that person has been given permission by the presiding member to do so'.

Presiding Member opened Public Question Time at 12:16pm

4.1 Public Question Time

Nil.

Presiding Member closed Public Question Time at 12:16pm

Presiding Member opened Public Statement Time at 12:16pm

4.2 Public Statement Time

Nil.

Presiding Member closed Public Statement Time at 12:17pm

ITEM 5 QUESTIONS FROM MEMBERS WITHOUT NOTICE

Nil.

ITEM 6 DECLARATION BY MEMBERS TO HAVE GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING

Councillor Van Vugt	Councillor Butson
Mayor Howlett	Councillor Jacob
Bill Hrambanis	

ITEM 7 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

7.1 Confirmation of Minutes of Audit and Finance Committee of Council held on Monday, 2 December 2013

AFC201314/021 Officer's Recommendation/ Audit and Finance Committee Decision

Moved: Cr Jacob

Seconded: Cr Butson

That the Minutes of the Audit and Finance Committee Meeting of the Town of Port Hedland Council held on Monday, 2 December 2013 be confirmed as a true and correct record of proceedings.

CARRIED 5/0

ITEM 8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

ITEM 9 PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS

9.1 *Mr Michael Hillgrove, Partner, and Mr Simon Franich, Senior Manager, Audit & Assurance at Grant Thornton Auditors*

Michael Hillgrove and Simon Franich from Grant Thornton Auditors introduced themselves to the Audit and Finance Committee and outlined their approach in undertaking the audit of the 2012/13 Town of Port Hedland's financial statements.

Mr Hillgrove advised it is imperative that the planning for the 2013/14 audit commences shortly so that their interim visit takes place well before year end and their audit opinion is signed off much earlier.

Both Mr Hillgrove and Mr Franich welcomed any questions from the committee.

Director Corporate Services advised the committee that for the 2013/14 audit process the Town has engaged Grant Thornton Auditors to provide a higher level of service, which will come at a higher cost but will offer both the community and elected members a greater degree of assurance around the robustness of the Town's financial processes. A great deal of work needs to be done around the timeliness of the financial statement preparation and that will be built on the back of more robust month end processes and controls so all the work is progressively done through the course of the year. There is a lot of work that needs to be done to get to this point but the Director of Corporate Services is confident that this can be achieved.

Moving forward the Town will be aiming at being audited within seven or eight weeks of year end and for the auditors to sign off two weeks later so that this meeting is held in September or October and not January.

Councillor Jacob enquired about removing reference to previous employees from the Auditor's management letter. Mr Franich advised that with regard to Section 4.1 of their management letter he wished to clarify that the comment made about the former Director of Corporate Services was merely a value added point, a process matter, and not a specific risk.

Following a question from the Presiding Member about the timeliness of the financial statements in the future the Director of Corporate Services advised that the Town won't be in a position to have its 2013/14 statements audited within seven to eight weeks due to the Town's finance team current capacity and the robustness of its internal processes which are in urgent need of review. From 2014/15 and onwards the Director Corporate Services is confident that the Town's financial statements will be produced and audited within the desired timeframe mentioned above.

The Mayor asked whether the Auditors could increase their scope of work to include a checklist of more value add points, any further recommended points and even organisational risk.

Director of Corporate Services advised that the Town has to be mindful of the Auditors maintaining their independence and not delving too much into internal control work that could be potentially perceived as compromising their position, but the points raised by the Mayor could be subject of a separate engagement letter at a later stage.

The Mayor asked whether this could be done as part of this financial year as this is the final year of the current contract with Grant Thornton. Director Corporate Services advised that before engaging Grant Thornton Auditors for an interim audit function the Town would have to test the market as this is outside their current scope of works. The Chief Executive Officer advised he would be happy to look at this additional scope of works after a more robust inspection of the Town's processes (such as producing simplified and more meaningful financial statements) is undertaken.

ITEM 10 REPORTS OF OFFICERS**10.1 Corporate Services****10.1.1 *2012/13 Audited Financial Statements***

Officer Clare Phelan
Director Corporate Services

Date of Report 9 January 2014

Disclosure of Interest by Officer Nil

Summary

This report presents the 2012/13 Financial Statements and the independent Auditor's report to the Audit and Finance Committee, for recommendation to Council.

Background

The Town is required to prepare general purpose financial reports each year and refer them to audit as soon as practicable, and not later than 30 September following end of financial year. The Town submitted the 2012/13 draft financial statements to the Auditors, Grant Thornton Audit, by 30 September, and on 16 December 2013 received an unqualified audit report.

The financial statements are prepared in accordance with Australian Accounting Standards; the Local Government Act 1995; and the Local Government (Financial Regulations) 1996. Management's responsibility is to prepare the financial statements in accordance with the Standards, Act, and Regulations and to ensure that the reports present fairly the financial performance and position of the Town, free from material misstatement, whether due to fraud or error.

The role of the Auditor is to provide an opinion based on their audit as to whether Management has fulfilled these obligations. The Auditors also prepare a separate, more detailed report for Management identifying any issues arising from the conduct of the audit, and recommending any corrective actions. The report is provided to Management for the inclusion of Management Comments in response to concerns raised.

Council's Audit & Finance Committee has delegated authority to liaise with the Auditor, and receive and examine the Auditor's report and any Management Letters arising from the conduct of the audit.

Consultation

- Town Auditors – Grant Thornton.

Statutory Implications

Local Government Act 1995

5.54 Acceptance of annual reports

(1) *Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.*

** Absolute majority required.*

(2) *If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.*

Local Government (Audit) Regulations 1996

10. Report by auditor

(1) *An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.*

(2) *The report is to give the auditor's opinion on —*

- (a) the financial position of the local government; and*
- (b) the results of the operations of the local government.*

(3) *The report is to include —*

- (a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and*
- (b) any matters indicating non-compliance with Part 6 of the Act, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law; and*
- (c) details of whether information and explanations were obtained by the auditor; and*
- (d) a report on the conduct of the audit; and*
- (e) the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions —*
 - (i) the asset consumption ratio; and*
 - (ii) the asset renewal funding ratio.*

(4A) *In subregulation (3)(e) —*

asset consumption ratio *has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2);*

asset renewal funding ratio *has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2).*

(4) *Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.*

[Regulation 10 amended in Gazette 21 Jun 2013 p. 2449-50.]

16. *Audit committee, functions of*

An audit committee —

- (a) is to provide guidance and assistance to the local government —*
 - (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
 - (ii) as to the development of a process to be used to select and appoint a person to be an auditor; and*
- (b) may provide guidance and assistance to the local government as to —*
 - (i) matters to be audited; and*
 - (ii) the scope of audits; and*
 - (iii) its functions under Part 6 of the Act; and*
 - (iv) the carrying out of its functions relating to other audits and other matters related to financial management; and*
- (c) is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —*
 - (i) report to the council the results of that review; and*
 - (ii) give a copy of the CEO's report to the council.*

[Regulation 16 inserted in Gazette 31 Mar 2005 p. 1043; amended in Gazette 8 Feb 2013 p. 867.]

Strategic Planning Implications

6.4 Local Leadership

6.4.1 Strategic

Deliver high quality corporate governance, accountability, and compliance.

Deliver responsible management of infrastructure, assets, resources and technology.

Budget Implications

The Original Budget for 2013/14 provided for a carry forward surplus from 2012/13 of \$3.263 million. This projected carry forward surplus plus the net movement in unrestricted assets for 2013/14 resulted in a projected closing balance at 30 June 2014 of nil, ie a balanced budget. As highlighted previously to Council including via the September Quarterly Budget, this projected 30 June 2013 has not been achieved. Council has effectively commenced the 2013/14 budget year with negative unrestricted cash of \$624,000. This actual opening balance will be incorporated into the December Quarterly Budget Review, scheduled to be presented to the February 2014 Audit & Finance Committee and Ordinary Council Meeting.

Officer's Comment

For 2012/13, it is the Auditor's opinion that the financial reports of the Town present fairly in all material respects, the Town's financial position, performance, and cash flow for the year ended 30 June 2013; comply with Australian Accounting Standards and relevant legislation; and is prepared in accordance with the Local Government Act and Regulations.

The Auditors have noted that the Town has not been able to calculate the Note 21 Asset Renewal Ratio and the Asset Consumption Ratio as required by the Local Government (Financial Management) Regulations 1996. The Town does not have sufficient information available at this point in time to perform those calculations accurately. The calculation of this ratio is reliant upon information contained in Council's Long Term Financial Plan (LTFP). As Council does not have an adopted LTFP, this calculation is not possible. It is expected that the ratio will be available for inclusion in the 2013/14 financial statements.

The Town as at 30 June 2013 was custodian of net assets in excess of \$300 million. Income for the 2012/13 year was \$129 million, with operating expenditure of \$70 million. During 2012/13, the Town acquired a further \$24 million of Infrastructure, Property, Plant & Equipment. Council held \$76 million of Cash & Investments, however the majority of that money is restricted in the form of Reserves, and Unspent Grants. Council's unrestricted cash as at 30 June 2013 is negative \$624,709. As discussed with Council previously as part of the 2013/14 September Quarterly Budget Review (December 2013) and Elected Members Catch Up – Finance (December 2013, it is essential that an adequate unrestricted cash balance is maintained so that the Town's debts and obligations can be satisfied as and when they fall due. Sufficient unrestricted cash also affords Council the flexibility to respond to grant and other funding opportunities as they arise.

This is further highlighted in the financial ratios included in Note 21 of the report, which indicates an insufficient current ratio at 30 June 2013, with Council having only 80 cents of unrestricted current assets to satisfy each dollar of unrestricted current liabilities. It is essential that this position is corrected via careful management of the current 2013/14 budget, and in development of the 2014/15 and future years' budgets.

The Key Issues Management Report has identified a number of critical areas for improvement by the Town of Port Hedland. Of greatest importance is the timeliness of financial statement preparation; ensuring that accounting treatment is in accordance with Australian Accounting Standards; and the preparedness for on-site audit work. The key findings are set out on pages 5-6, and internal control observations on page 11. Management is keenly focused on ensuring that the 2013/14 financial statement process is undertaken in a timely and accurate manner.

Attachments

1. Management Representation Letter
2. 2012/13 Financial Statements including the Independent Auditor's Report (Under Separate Cover)
3. Grant Thornton - Report to the Audit Committee for the year ended 30 June 2013 (Under Separate Cover).

AFC201314/022 Officer's Recommendation/ Audit and Finance Committee Decision**Moved: Cr Jacob****Seconded: Mayor Howlett**

That the Audit & Finance Committee receives and recommends that Council endorse the 2012/13 Financial Statements, the Independent Audit Report and the report by Grant Thornton on the 2012/13 audit.

CARRIED 5/0

ATTACHMENT 1 TO ITEM 10.1.1



Michael Hillgrove
Grant Thornton Audit Pty Ltd
Level 1
10 Kings Park Road
West Perth WA 6005



Correspondence to:
PO Box 570
West Perth WA 6872

Dear Michael

Audit for the year ended 30 June 2013

This representation letter is provided in connection with your audit of the financial report of Town of Port Hedland ("entity") for the financial year ended 30 June 2013, for the purpose of you expressing an opinion as to whether the financial report is, presented fairly in accordance with the Australian Accounting Standards including the Australian Accounting Interpretations and other relevant legislation.

We acknowledge our responsibility for ensuring that the financial report is in accordance with Accounting Standards (including Australian Accounting Interpretations), International Financial Reporting Standards as disclosed in the financial report and confirm that the financial report is free of material misstatement, including omissions and that we have approved the 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 Town of Port Hedland taken as a whole, and that your tests of the accounting records and other auditing procedures were limited to those which you considered necessary for that purpose.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

General

- 1 We have made available to you:

- a all financial records and related data, other information, explanations and assistance necessary for the conduct of the audit; and
 - b minutes of all meetings of the Audit Committee Minutes.
- 2 There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
- 3 We confirm that there have been no changes to the accounting policies applied in the previous annual financial report or the methods used in applying them, other than those disclosed in the financial report.
- 4 We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been properly maintained.
- 5 We have no plans or intentions that may materially affect the carrying values, or classifications of assets and liabilities.
- 6 We confirm the appropriateness of the measurement of accounting estimates, including related assumptions, used in the preparation of the financial report and the consistency in application of the processes.
- 7 The following have been properly recorded or disclosed in the financial report
 - a share options, warrants, conversion or other requirements;
 - b arrangements involving restrictions on cash balances, compensating balances and line of credit or similar arrangements; and
 - c agreements to repurchase assets previously disposed.
- 8 We confirm the reasonableness of significant assumptions, including whether they appropriately reflect management's intention and ability to carry out specific courses of action on behalf of Town of Port Hedland where relevant to the fair value measurement or disclosures.
- 9 Other than as disclosed to you, there have been no:
 - a irregularities involving management or employees who have significant roles in the system of internal control structure;
 - b irregularities involving other employees, that could have a material effect on the financial report;

- c communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report; or
 - d known actual or possible non-compliance with laws and regulations.
- 10 Details have been furnished to you about all material contracts that may affect the financial report for the year ended 30 June 2013 or that have become effective since that date.
- 11 We are not aware of any pending litigation involving the entity other than the matters disclosed in the financial report.
- 12 All contingent liabilities have been provided for or noted in the financial report.
- 13 There were no material commitments for goods or services or purchase commitments in excess of normal requirements or at prices in excess of the prevailing market prices at year end, other than disclosed in the financial report.
- 14 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.

Capital management

- 15 All disclosures in the financial report in respect of capital management processes reflect actual processes in place during the reporting period.

Events subsequent to balance date

- 16 No events, other than those disclosed in the financial report, have occurred subsequent to the balance sheet date or are pending that would require adjustment to, or disclosure in, the financial report or amendments to significant assumptions used in the preparation of the accounting estimates.

Fraud and error

- 17 We have disclosed to you:
- a the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
 - b our knowledge of fraud or suspected fraud affecting the entity involving:
 - i management
 - ii employees who have significant roles in internal control
 - iii others where the fraud could have a material effect in the financial report

- c. our knowledge of any allegations of fraud or suspected fraud, affecting Town of Port Hedland's financial report communicated to us by employees, former employees, analysts, regulators or others.
- 18 We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and error.

Assets

- 19 Town of Port Hedland has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed nor has any asset been pledged as collateral.
- 20 For assets carried at fair value, we have assessed fair value in accordance with the applicable requirements of AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets and AASB 139 Financial Instruments: Recognition and Measurement.

Impairment of assets

- 21 We have considered the requirements of AASB 136 Impairment of Assets when assessing the carrying amount of assets and in ensuring that no assets are stated in excess of their recoverable amount.

Property, plant and equipment

- 22 During the year all additions to property, plant and equipment represented the cost of additional assets, or additions and improvements to existing assets, and no material items of capital expenditure were written off against profits.
- 23 Rates of depreciation applied to reduce book values of individual assets to their estimated residual values, reflect the probable useful lives of those assets to Town of Port Hedland.
- 24 The entity has no "make good" obligations in respect of its property, plant and equipment for which it would be required to make a restorative provision under AASB 137 Provisions, Contingent Liability and Contingent Assets which have not been included in the financial report.

Inventory

- 25 Inventories in the balance sheet comprise the whole of the entity inventories and work in progress wherever situated and stocks held on consignment from or on behalf of other parties have been excluded.
- 26 We have made provision for all expected future losses on contracts entered into at the reporting date, based on estimated costs to complete, including appropriate overhead expenditure.

- 27 Full provision has been made in respect of all defective, obsolete or slow moving inventory.

Receivables

- 28 Balances owing by trade and other debtors at balance date are valid receivables and do not include charges for goods on consignment, approval or repurchase agreements.
- 29 All known bad debts have been written off and the provision for doubtful debts in our opinion is adequate and has been calculated in accordance with the requirements of AASB 139 Financial Instruments: Recognition and Measurement.

Insurance

- 30 All assets and insurable risks of the entity are adequately covered by insurance.

Financial assets

- 31 The sensitivity analysis disclosed in the financial report for foreign exchange risk, interest rate risk and other price risk are all based upon reasonably possible fluctuations in currencies, interest rates and prices for the period until the next annual financial report is expected to be signed.
- 32 All quantitative disclosures in the financial report relating to risk exposures in respect of financial instruments at reporting date are representative of exposures during the financial year.
- 33 All concentrations of credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk) have been properly disclosed in the financial report.
- 34 Disclosures relating to processes for managing risk in relation to financial instruments reflect actual processes in place during the reporting period.
- 35 All information regarding transactions involving trading with derivatives has been made available to you. All derivatives have been marked to market at the year end and recorded at this value in the financial report.

Liabilities

- 36 All material liabilities at the balance sheet date have been taken up in the books of account, including the liability for all purchases to which title has passed prior to the balance date, and for all items included in inventory.
- 37 We have disclosed the existence of any loans approved but not drawn down at the reporting date.
- 38 No asset of the Town of Port Hedland has been pledged as security for any liability, except as disclosed in the financial report.

- 39 All amounts of capital repayment and interest due to be paid to lenders during the reporting period were made on time, in accordance with provision of the loan agreement, except as disclosed in the financial report.
- 40 There are no financial guarantee contracts in place to third parties which could be called upon in the event of a default, other than those disclosed in the financial report.

Bank facilities

- 41 We confirm that we have complied with the terms and conditions of any of our bank facility agreements including that we have not breached any of the reportable covenants contained within and of the agreements.
- 42 We consider that the classification of the borrowings between current and non-current is appropriate.

Taxation

- 43 We confirm there are no disputes with any taxation authorities whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.

Electronic presentation of audited financial report

- 44 If we publish the financial report on our website, we acknowledge that:
- we are responsible for the electronic presentation of the financial report;
 - we will ensure that the electronic version of the audited financial report and the auditor's report on the web site are identical to the final signed hard copy version;
 - we will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation;
 - we have assessed the controls over the security and integrity of the data on the web site and that adequate procedures are in place to ensure the integrity of the information published; and
 - we will only present the auditor's report where the full financial report is published on the website.

Ratios

- 45 All ratios presented within the financial statements have either been produced on historic data which is disclosed within the financial statements or based on management's best estimate of future income and expenditure based on past performance. We confirm that we do not have information at the present to calculate the ratios disclosed in Note 21 to the financial report.

Related parties

46 All details of related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral), have been correctly recorded in the accounting records and have been properly disclosed in the entity's financial report or notes thereto, where required by statute, the Australian Accounting Standards, or where such disclosure is necessary for the true and fair presentation of the entity's financial report.

Revenue

47 Revenue has been recognised in accordance with AASB 118, and where applicable, our assessment of the percentage completion accurately reflects the status of the project in accordance with project milestones.

Going concern

48 We have made an assessment of the entity's ability to continue as a going concern when preparing the financial report. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Town of Port Hedland's ability to continue as a going concern.

Audit adjustments

49 We acknowledge that:

- a. uncorrected misstatements have been brought to our attention by the auditor.
- b. we have considered the effect of any uncorrected misstatements, aggregated during and pertaining to the latest period, on the financial report and consider the misstatements are immaterial individually and in aggregate to the financial report taken as a whole; and
- c. a summary of uncorrected misstatements has been attached to this letter.

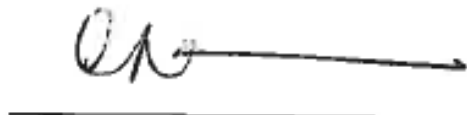
Yours sincerely

Town of Port Hedland



Name: M.J. OSBORNE

Title: CHIEF EXECUTIVE OFFICER



Name: Clare Phelan

Title: DIRECTOR CORPORATE SERVICES

Dated this 16th day of December 2013



Grant Thornton

Unadjusted Journal Entries - Town of Port Hedland

PAJE No.	Account Description	Account Number	Debits	Credits
1	Bad Debts Written Off	1109285	383,226.91	-
1	DEBTORS - OTHER	1000007300	-	383,226.91
To write-off (or provide a provision for) the Hedland Senior High School receivable as it has been outstanding since the 30 June 2012 audit				
Totals			383,226.91	383,226.91

ITEM 11 LATE ITEMS AS PERMITTED BY PRESIDING MEMBER / COMMITTEE

Nil

ITEM 12 MOTIONS OF WHICH PREVIOUS NOTICE HAVE BEEN GIVEN

Nil.

ITEM 13 CONFIDENTIAL ITEMS

Nil

ITEM 14 APPLICATIONS FOR LEAVE OF ABSENCE

AFC201314/023 Audit and Finance Committee Decision

Moved: Cr Howlett

Seconded: Mr Hrambanis

That the following application for leave of absence:

- **Cr Jacob from 31 January to 06 February 2014**

be approved.

CARRIED 5/0

ITEM 15 CLOSURE

15.1 Date of Next Meeting

The next Audit and Finance Committee Meeting of Council will be held on Wednesday 19 February 2014 at 12pm.

15.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 13:10pm.

Declaration of Confirmation of Minutes

I certify that these Minutes were confirmed by the Audit and Finance Committee at its Ordinary Meeting held on _____.

CONFIRMATION:

PRESIDING MEMBER

DATE