

Independent Auditor's Report To the Ratepayers of Town of Port Hedland

We have audited the accompanying financial report of Town of Port Hedland (the "Council"), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

Responsibility of the Council for the financial report

The Council of the Town of Port Hedland are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes such internal controls as the Council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion,

- a the financial report of Town of Port Hedland
 - i presents fairly, in all material respects, the Council's financial position as at 30 June 2012 and of its performance and cash flows for the year then ended ; and
 - ii complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
 - iii is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

Other than the matters outlined below, I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to financial statements.

Local Government Act (section 6.5(3)) – requires by 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor –

- (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
- (b) the annual financial report of the local government for the preceding financial year.

Neither the requirements of (a) or (b) of section 6.5(3) were received by the due date. The final annual financial report was not received until 19 February 2013.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner – Audit & Assurance

Perth, 22 February 2013