

Town of Port Hedland  
Port Hedland International Airport  
Long-Term Lease

**PAXON GROUP**

Private Client Services  
Audit and Assurance  
Taxation

Perth • Melbourne • Sydney | April 2017 – Draft 1

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## Executive Summary

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Paxon has been engaged by the Town of Port Hedland (“Town”) to conduct a review of the Port Hedland International Airport long-term lease. The objective of the review was to determine the reason for the difference in:

- Reports presented to Council and utilised as part of the decision-making process;
- The signed agreement; and
- Funding received in relation to the lease and related authorisations.

Paxon has determined, based on the information it has been provided and reviewed that there were no discrepancies identified.

# 1 Introduction

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## 1.1 Background

The Town has received several reports over the past three years relating to internal control weaknesses which are currently being addressed by management. Council has identified many items as requiring further investigation to determine if the Town has been subjected to any unnecessary losses in relation to certain defined events.

A Request for Quote was issued for the identified scope of works for a review to be conducted by a suitably qualified auditor. Paxon was awarded the contract to conduct this review.

## 1.2 Internal Audit Objective

The objective of the review was to determine the reason for the difference in:

- Reports presented to Council and utilised as part of the decision-making process;
- The signed agreement; and
- Funding received in relation to the lease and related authorisations.

## 2 Scope

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The review entailed a detailed examination and assessment of the Port Hedland International Airport long-term lease. The work undertaken included:

- Examination of documentation associated with the above-mentioned lease, including council minutes; and
- Identification of any non-compliance with legislative requirements and documented policies and procedures.

## 3 Methodology

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Our methodology for the review comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Review various reports provided by external consultants regarding the feasibility and value of the Airport Long Term Lease;
- Review council minutes including information that has been provided to Council members;
- Review the executed Airport Lease Long Term Lease versus documents that have been provided to Council for deliberations;
- Evaluating the adequacy of the controls to cover the identified risks and determining compliance with the key controls; and
- Writing a report and issuing it to the Town of Port Hedland.

## 4 Inherent Limitations

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Due to the inherent limitations in any internal control structure, it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted that our review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The review is subject to the adequacy and availability of the appropriate information that has been provided to us by the Town.

The review findings and any opinion expressed in this report have been formed on the above basis.

## 5 Detailed Review Findings

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As per the Audit Objective at 1.2 of this report, following our review based on the information that was requested and provided to us we report that we could not identify, at this time, any discrepancies as per the Audit Objectives.



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