



MINUTES

Finance Committee

held at

Council Administration Centre
Committee Room
180 Mort Street, Lithgow

on

Thursday 20 February 2025

at 5:00 PM

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The Chairperson declared the meeting open at 4:13 pm.

1. Acknowledgement of Country

Lithgow City Council acknowledges Wiradjuri Elders past and present of the Wiradjuri nation - the original custodians of the land on which the Lithgow's communities reside. The Council also extends our respects to our neighbouring nations.

2. Present

Present:

Mayor C Coleman,
Councillor T Evangelidis,
Councillor E Mahony,
Councillor S Ring

Officers:

Ross Gurney - General Manager,
Vanessa Browning - Director Finance & Governance,
Trinity Newton - Minutes

3. Apologies

All being present, there were no apologies.

4. Declaration of Interest

There were no conflicts of interest declared.

5. Staff Reports

5.1. Finance Committee Terms of Reference and Election of a Chair

The Mayor asked for nominations for the position of Chair to the Finance Committee.

The Mayor nominated Councillor E Mahony.

Councillor T Evangelidis seconded the nomination of Councillor E Mahony.

Councillor E Mahony accepted the nomination.

There were no further nominations and Councillor E Mahony was declared the Chair of the Finance Committee for this term of Council.

The Committee discussed the use of working parties and the possible use within the Terms of Reference (ToR). The Committee discussed the use of working parties and suggested that they could be used to create a strategy to review the land assets and sale of such assets.

Committees using working parties need to have a specific aim to gain information from them that would need to be used and not shelved.

The Committee were informed that the ToR have been streamlined but wished to review them further and proposed to put the ToR on hold.

A change to the ToR was requested and outlined that the ToR would be further reviewed within six months to consider the frequency of meeting and if Governance items could be included. Timing of meetings were discussed to ensure the committee's availability and to request that no committee meetings be held on a Thursday or Friday each week across Council.

ACTION / RECOMMENDATION

THAT:

1. The Committee defer the draft Terms of Reference for the Finance Committee until the next committee meeting for the purpose of reviewing the Terms of Reference.
2. Councillor E Mahony be endorsed as the Chair of the Finance Committee.
3. Councillor S Ring be endorsed as the Deputy Chair of the Finance Committee.

MOVED: Councillor S Ring

SECONDED: Councillor C Coleman

CARRIED

5.2. Investment Report January 2025

The Committee reviewed and discussed the Investment Report in the Business Paper. Administration highlighted that the majority of cash is held in reserves at present.

The Director of F&G outlined that a review would be undertaken on the structure of the investment report to provide more performance-based against benchmark reporting.

Requested that a top-level report outlining progress and risks of capital projects using a traffic light system be provided. Administration outlined that a framework for reporting projects on a similar basis from the Project Delivery Oversight Group to the Executive Leadership Team is being developed. This framework and reporting could then be tabled at future Finance Committees. A separate brief report will be required as it does not align with the Investment report and would be reported on a quarterly basis.

The Committee discussed the communications required to communicate to the community when the current level of grant funding reduces, which could be perceived that services have been lessened. The Committee requested a broader strategic overview.

ACTION / RECOMMENDATION

THAT

1. Investments of \$68,503,952 and cash of \$182,088 (which is mostly restricted for specific purposes) for the period ending 31 January 2025 be noted.
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2. The enclosed certificate of the Responsible Accounting Officer be noted.
3. The commentary on cashflow and funding requirements for restricted reserves be noted.

MOVED: Councillor S Ring

SECONDED: Councillor T Evangelidis

CARRIED

5.3. December 2024 Quarterly Budget Review

Greater clarity on the significance on the operating result before and after capital was requested. This is covered in the attachment and not within the report.

Due to the requirement in relation to the timing of recognition of grant income, the operating result appears worse as the expenditure has been incurred this financial year, but the income accounted for in the prior financial year. Additional grant funding has also been received for other projects that has impacted.

Key point - since the natural disasters in the last few years, the key performance being the Operating Result Ratio is not accurately reflecting the true financial performance of Council.

Pot Hole funding – the majority of this has been spent and there is no indication that another round of funding will be available. There is no indication that any funds that are not spent need to be returned, but all funds will be spent prior to the grant deadline, with \$3.5 million of the \$4 million already spent.

In terms of Capital, the program has increased to over \$40M, with close to \$17M spent, usually spending more in the second half of the year. If a project has not gone out for tender by the end of March 2025, then it will be taken off the schedule for the financial year as part of the March Quarterly Review. It is to be noted that Council's normal capital works program delivers \$12 million.

LCC has been working on getting cash flow projections to optimise investments. This has been achieved through communication between Finance and the project manager asking for Finance to be informed when large payments are scheduled. Better planning over time is the preferred process.

The Committee discussed an investment of time by Administration to educate Councillors on Finance. Finance training for all Councillors is to be scheduled.

ACTION / RECOMMENDATION

THAT the Finance Committee note the 2024/25 Quarter Two Budget Review report which will be considered by Council at the 24 February 2025 Ordinary Meeting.

MOVED: Councillor C Coleman

SECONDED: Councillor S Ring

CARRIED

5.4. 2023/2024 Financial Statement Management Letter

Administration reviewed the items that were raised by the independent Auditor for LCC to review and address. There were moderate to low risk items noted.

Human Resources reports to the Executive Leadership Team on excess annual leave have been made. It is important to monitor excess leave as the funds are recorded as a debt of Council and captured within Financial Statements. Excess leave plans that are in place, were discussed with the Committee.

Due dates for Management Actions identified within the Management Letter have been identified, with many actions in progress.

Non-compliance of procurement policies - a full internal audit has been undertaken with actions identified on processes and system controls that will enforce procurement policies.

The Conflict of Interest Policy was discussed, with the committee determining that this should be aimed at staff only. The Code of Conduct adequately addresses the process to be used for Councillors to manage conflict of interests.

ACTION / RECOMMENDATION

THAT the Final Management Letter relating to the audit of the 2023/2024 Financial Statements be noted by the Committee.

MOVED: Councillor C Coleman

SECONDED: Councillor S Ring

CARRIED

5.5. Internal Plant Hire - Discussion

Internal plant hire is the allocation of the cost of doing a service and is based on the hours plant was used to deliver that service. It is similar to that of a staff member putting their time against the delivery of a service. The life-cycle cost of an item of plant is used to determine the hourly rate to be allocated to the users of that plant.

The Lithgow Golf Club information was discussed regarding the process of internal plant hire allocations and the proposed lease.

Administration outlined that it is vital to understand all costs associated with the delivery of a service when undertaking Service Reviews, consulting with the community of the level of service desired and when setting fees and charges.

The Committee outlined concerns that the level of fees and charges could be discouraging provision of services to the community, due to a lack of capacity to pay by community groups for the hire of community facilities.

Administration outlined that as part of the service review framework, the appropriate level of subsidisation of services in terms of the level of cost recovery passed on through fees and charges will be determined with Council.

Council's aim should be that each asset is performing as best as it can both on a financial and community service basis.

ACTION / RECOMMENDATION

THAT the Finance Committee note the discussion on the allocation of internal plant hire.

MOVED: Councillor C Coleman

SECONDED: Councillor S Ring

CARRIED

6. General Business

The Chair asked if there was any General Business to be raised.

No matters were raised.

7. Meeting Close

There being no further business the Chairperson declared the meeting closed at 5:42 pm.