



# MINUTES

Finance Committee

held at

Council Administration Centre  
Committee Room  
180 Mort Street, Lithgow

on

Monday 11 February 2019

at 4:30 pm

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# ORDER OF BUSINESS

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The Chairperson declared the meeting open at 04:27 pm.

**1. Present**

Present: Cr Ray Thompson, Cr Wayne McAndrew, Cr Steve Ring, Cr Stephen Lesslie 4:38pm.

Officers: Ross Gurney (CFIO), Minutes - Trinity Newton

**2. Apologies**

Officers: Graeme Faulkner (GM)

**3. Confirmation of Minutes**

The minutes of the meeting held on 12th November were endorsed by Council on the 26th November 2018 - Minute number 18-360.

**4. Declaration of Interest**

There were Nil Declarations of Interest.

**5. Presentations**

Nil

**6. Staff Reports**

**6.1. 2018/19 Quarter 2 Budget Review**

The Committee reviewed the Quarter 2 Budget Review report. The CFIO presented the reasons for an unsatisfactory projected position at 30/6/19, remedial action to deal with the unsatisfactory position and the revisions to the Capital Works Program for 2018/19

**ACTION / RECOMMENDATION**

THAT the 2018/19 Quarter 2 Budget Review be noted.

**MOVED:** Councillor W McAndrew

**SECONDED:** Councillor S Ring

**CARRIED:** Unanimously

**6.2. OLG Reports (Cr Ring)**

Cr Ring asked why there is a significant change in the percentage budget spent roads, bridges & footpaths. The CFIO took the question on notice.

## **ACTION / RECOMMENDATION**

THAT Cllr Ring and Committee members were provided information related the rates comparison spreadsheet and the Office of Local government time series data.

**MOVED:** Councillor W McAndrew

**SECONDED:** Councillor S Ring

**CARRIED:** Unanimously

### **6.3. November, December and January Investment Reports**

Item discussed later in the meeting, please refer to Item 6.8, 6.9 & 6.10.

### **6.4. February Council Meeting - Review of Finance & Assets Reports**

The following business papers were referred by the Committee to the Council meeting:

- New policies (Policy 9.9 Internal Reporting and Policy 9.21 IT Infrastructure Security).
- Policy reviews (Policy 8.9 Grant Funding and Policy 8.1 Excessive Water Usage Allowance for Breakages).
- Policy 9.11 Access to Information Held policy review.
- Policy 9.2 draft Fraud and Corruption Control Policy.
- Request for consideration excessive water account Property 5891.
- Request for consideration excessive water account Property 48150.

Regarding the report on Policy 9.5 Payment of Expenses and Provision of Facilities to Councillors:

- Cr Ring suggested raising the Councillor Budget for training to \$5,000 per Councillor.
- Cr McAndrew requested a breakdown of previous year's expenditure.
- Cr Ring raised a query re legal advice independently sought.
- Cr McAndrew asked that Council events covered under another budget be included in the Policy.

The CFIO advised that proposed changes to Policy 8.1 Excessive Water Usage Allowance for Breakages will reduce the no. of excessive water account requests being put to Council for consideration.

Two more reports will be forthcoming for the February 2019 Council:

- Review of drought assistance measures
- Review of Insurance Provider

## **ACTION / RECOMMENDATION**

THAT the reports be noted and referred to the February 2019 Council meeting for consideration.

**MOVED:** Councillor W McAndrew

**SECONDED:** Councillor S Ring

**CARRIED:** Unanimously

## **6.5. January Performance Reporting to OLG**

### **ACTION / RECOMMENDATION**

THAT the January monthly report to the Office of Local Government be noted.

## **6.6. Draft Final Audit Management Letter**

### **ACTION / RECOMMENDATION**

THAT the Draft Final Audit Management Letter be noted.

**MOVED:** Councillor W McAndrew

**SECONDED:** Councillor S Ring

**CARRIED:** Unanimously

## **6.7. Audit Action Lists**

### **ACTION / RECOMMENDATION**

THAT the Audit Action Lists be noted.

**MOVED:** Councillor W McAndrew

**SECONDED:** Councillor S Ring

**CARRIED:** Unanimously

**6.8. FIN - Investment Report November 2018**

**ACTION / RECOMMENDATION**

**THAT**

1. Investments of \$32,100,000 and cash of \$761,561.14 for the period ending 30 November 2018 be noted.
2. The enclosed certificate of the Responsible Accounting officer be noted.

**MOVED:** Councillor W McAndrew

**SECONDED:** Councillor S Ring

**CARRIED:** Unanimously

**6.9. FIN - Investment Report December 2018**

**ACTION / RECOMMENDATION**

**THAT**

1. Investments of \$29,765,000 and cash of \$649,236.81 for the period ending 31 December 2018 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.

**MOVED:** Councillor W McAndrew

**SECONDED:** Councillor S Ring

**CARRIED:** Unanimously

**6.10. FIN - Investment Report January 2019**

**ACTION / RECOMMENDATION**

**THAT**

1. Investments of \$29,140,000 and cash of \$91,638.30 for the period ending 31 January 2019 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.

**MOVED:** Councillor W McAndrew

**SECONDED:** Councillor S Ring

**CARRIED:** Unanimously

**7. General Business**

**8. Meeting Close**

Next Meeting: 11 March 2019 at 4:30 p.m. in the Committee Room.

There being no further business the Chairperson declared the meeting closed at 05:27 pm.

## 6.8. FIN - Investment Report November 2018

Report by Chief Financial & Information Officer

### Reference

Min No 18-360: Ordinary meeting of Council held on 26 November 2018

### Summary

To advise Council of investments held as at 30 November 2018 and to note the certification of the Responsible Accounting Officer that funds have been invested in accordance with legislation, regulations and Council policy.

### Commentary

Council's total investment portfolio, as at 30 November 2018 when compared to 31 October 2018, has decreased by \$320,000 from \$32,420,000 to \$32,100,000. Cash in Council's bank account increased by \$549,257.32 from \$212,303.82 to \$761,561.14.

There is an overall increase in cash and investments of \$229,257.32 since 31 October 2018. This is mainly due to receipts from the 2018/19 second rates instalment and receipt of the second instalment of the Financial Assistance Grant partly offset by payments for the capital program.

If the movement in the bank account is negative, this is shown as a net redemption. If the movement in the bank account is positive this is shown as a net new investment.

The movement in Investments for the month of November 2018 were as follows:

Opening Balance of cash and investments as 01 November 2018	\$32,632,303.82
Plus New Investments – November 2018	\$4,229,257.32
Less Investments redeemed – November 2018	-\$4,000,000.00
Closing Balance of cash and investments as at 30 November 2018	\$32,861,561.14

A large proportion of Council's investments are held as restricted assets for specific purposes. Restricted assets may consist of externally restricted assets which must be spent for the purpose for which they have been received (e.g. Water, Wastewater, Stormwater, Domestic Waste, Parking) or internally restricted assets which have been set aside by Council resolution. Some internal restrictions are held to fund specific liabilities such as employee leave entitlements and bonds and deposits.

### Policy Implications

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing funds. On 14 August 2017, Council adopted a revised Investment Policy which includes the Minister's Investment Order of 12 January 2011

### Financial Implications

- YTD Budget approved – \$303,333
- Cost centre - 3259
- YTD Income to date - \$363,123
- Future potential impact – Nil

The Council's interest income for YTD is \$60K is over budget due to a combination of reserve balances being greater than forecast and improved investment returns.



Interest is paid on the maturity date of the investment. The budget for interest income is determined by the average level of funds held and the rate of return. Adjustments to the budget estimate are processed through Council's Quarterly Budget Review process. Interest Returns are determined by average funds invested and the rate of interest return.

**Legal and Risk Management Implications**

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing the funds. On 14 August 2017 Council adopted a revised Investment Policy and investments comply with this Policy.

Risk is managed by taking a conservative approach to managing Council's investments and only investing in term deposits.

**CERTIFICATION OF THE RESPONSIBLE ACCOUNTING OFFICER**

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investments Policy.

Ross Gurney - Chief Financial and Information Officer (Responsible Accounting Officer)

**Attachments**

1. Investment Report Attachment Nov 2018 **[6.8.1]**

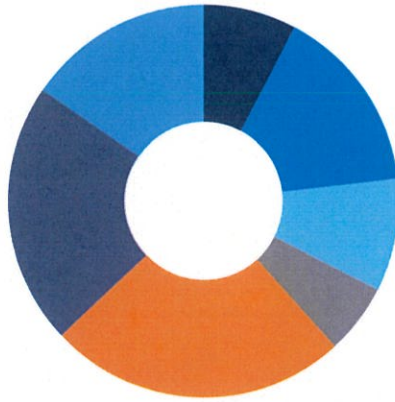
**Recommendation**

**THAT**

1. Investments of \$32,100,000 and cash of \$761,561.14 for the period ending 30 November 2018 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.

**Market Value by Issuer**

Issuer	Market Value	% Total Value
AMP Bank Ltd	5,040,964.40	15.46%
Auswide Bank Limited	7,027,031.51	21.55%
Bank of Queensland Ltd	8,054,236.98	24.70%
Commonwealth Bank of Australia Ltd	1,900,000.00	5.83%
Members Equity Bank Ltd	3,021,787.67	9.27%
MyState Bank Ltd	5,051,817.82	15.49%
National Australia Bank Ltd	2,512,723.30	7.71%
Portfolio Total	32,608,561.68	100.00%



AMP Bank Ltd

Auswide Bank Limited

Bank of Queensland Ltd

Commonwealth Bank of Australia Ltd

Members Equity Bank Ltd

MyState Bank Ltd

National Australia Bank Ltd

## 6.9. FIN - Investment Report December 2018

Report by Chief Financial & Information Officer

### Reference

Min No 18-360: Ordinary meeting of Council held on 26 November 2018

### Summary

To advise Council of investments held as at 31 December 2018 and to note the certification of the Responsible Accounting Officer that funds have been invested in accordance with legislation, regulations and Council policy.

### Commentary

Council's total investment portfolio, as at 31 December 2018 when compared to 30 November 2018, has decreased by \$2,335,000 from \$32,100,000 to \$29,765,000. Cash in Council's bank account decreased by \$112,324.33 from \$761,561.14 to \$649,236.81.

There is an overall decrease in cash and investments of \$2,447,324.33 since 30 November 2018 which is due to ordinary operations of Council and payments for the 2018/19 capital program. No significant rating revenue is received in the month of December.

If the movement in the bank account is negative, this is shown as a net redemption. If the movement in the bank account is positive this is shown as a net new investment.

The movement in Investments for the month of December 2018 were as follows:

Opening Balance of cash and investments as 01 December 2018	\$32,861,561.14
Plus New Investments – December 2018	\$3,000,000.00
Less Investments redeemed – December 2018	-\$5,447,324.33
Closing Balance of cash and investments as at 31 December 2018	\$30,414,236.81

A large proportion of Council's investments are held as restricted assets for specific purposes. Restricted assets may consist of externally restricted assets which must be spent for the purpose for which they have been received (e.g. Water, Wastewater, Stormwater, Domestic Waste, Parking) or internally restricted assets which have been set aside by Council resolution. Some internal restrictions are held to fund specific liabilities such as employee leave entitlements and bonds and deposits.

### Policy Implications

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing funds. On 14 August 2017, Council adopted a revised Investment Policy which includes the Minister's Investment Order of 12 January 2011

### Financial Implications

- YTD Budget approved – \$364,000
- Cost centre - 3259
- YTD Income to date - \$413,950
- Future potential impact – Nil

The Council's interest income for YTD is \$50K is over budget due to a combination of reserve balances being greater than forecast and improved investment returns.

Interest is paid on the maturity date of the investment. The budget for interest income is determined by the average level of funds held and the rate of return. Adjustments to the budget estimate are processed through Council's Quarterly Budget Review process. Interest Returns are determined by average funds invested and the rate of interest return

**Legal and Risk Management Implications**

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing the funds. On 14 August 2017 Council adopted a revised Investment Policy and investments comply with this Policy.

Risk is managed by taking a conservative approach to managing Council's investments and only investing in term deposits.

**CERTIFICATION OF THE RESPONSIBLE ACCOUNTING OFFICER**

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investments Policy.

Ross Gurney  
Chief Financial and Information Officer (Responsible Accounting Officer)

**Attachments**

1. Investment Report Attachment Dec 2018 **[6.9.1]**

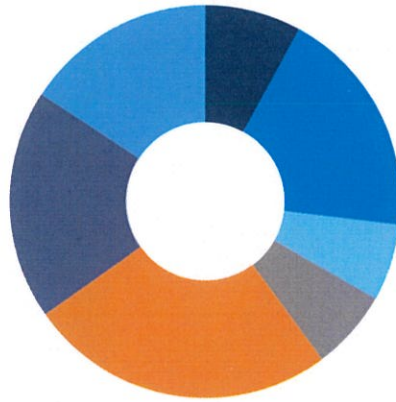
**Recommendation**

**THAT**

1. Investments of \$29,765,000 and cash of \$649,236.81 for the period ending 31 December 2018 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.

**Market Value by Issuer**

Issuer	Market Value	% Total Value
AMP Bank Ltd	5,062,864.80	15.87%
Auswide Bank Limited	6,028,310.27	18.99%
Bank of Queensland Ltd	8,072,836.99	25.35%
Commonwealth Bank of Australia Ltd	2,115,000.00	6.64%
Members Equity Bank Ltd	2,020,638.35	6.35%
MyState Bank Ltd	6,037,600.00	18.96%
National Australia Bank Ltd	2,518,456.17	7.91%
<b>Portfolio Total</b>	<b>31,845,696.58</b>	<b>100.00%</b>



AMP Bank Ltd

Auswide Bank Limited

Bank of Queensland Ltd

Commonwealth Bank of Australia Ltd

Members Equity Bank Ltd

MyState Bank Ltd

National Australia Bank Ltd

## 6.10. FIN - Investment Report January 2019

Report by Chief Financial & Information Officer

### Reference

Min No 18-360: Ordinary meeting of Council held on 26 November 2018

### Summary

To advise Council of investments held as at 31 January 2019 and to note the certification of the Responsible Accounting Officer that funds have been invested in accordance with legislation, regulations and Council policy.

### Commentary

Council's total investment portfolio, as at 31 January 2019 when compared to 31 December 2018, has decreased by \$625,000 from \$29,765,000 to \$29,140,000. Cash in Council's bank account decreased by \$557,598.51 from \$649,236.81 to \$91,638.30.

There is an overall decrease in cash and investments of \$2,447,324.33 since 31 December 2018, this is due to ordinary operations of Council and payments for the 2018/19 capital program. No significant rating revenue is received in the month of January.

If the movement in the bank account is negative, this is shown as a net redemption. If the movement in the bank account is positive this is shown as a net new investment.

The movement in Investments for the month of January 2018 were as follows:

Opening Balance of cash and investments as 01 January 2019	\$30,414,236.81
Plus New Investments – January 2018	\$5,375,000.00
Less Investments redeemed – January 2018	-\$6,557,598.51
Closing Balance of cash and investments as at 31 January 2019	\$29,231,638.30

A large proportion of Council's investments are held as restricted assets for specific purposes. Restricted assets may consist of externally restricted assets which must be spent for the purpose for which they have been received (e.g. Water, Wastewater, Stormwater, Domestic Waste, Parking) or internally restricted assets which have been set aside by Council resolution. Some internal restrictions are held to fund specific liabilities such as employee leave entitlements and bonds and deposits.

### Policy Implications

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing funds. On 14 August 2017, Council adopted a revised Investment Policy which includes the Minister's Investment Order of 12 January 2011

### Financial Implications

- YTD Budget approved – \$424,667
- Cost centre - 3259
- YTD Income to date - \$492,410
- Future potential impact – Nil

The Council's interest income for YTD is \$68K is over budget due to a combination of reserve balances being greater than forecast and improved investment returns.

Interest is paid on the maturity date of the investment. The budget for interest income is determined by the average level of funds held and the rate of return. Adjustments to the budget

estimate are processed through Council's Quarterly Budget Review process. Interest Returns are determined by average funds invested and the rate of interest return.

**Legal and Risk Management Implications**

Investments are held in accordance with the Lithgow City Council's Investment Policy at the date of investing the funds. On 14 August 2017 Council adopted a revised Investment Policy and investments comply with this Policy.

Risk is managed by taking a conservative approach to managing Council's investments and only investing in term deposits.

**CERTIFICATION OF THE RESPONSIBLE ACCOUNTING OFFICER**

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investments Policy.

Ross Gurney  
Chief Financial and Information Officer (Responsible Accounting Officer)

**Attachments**

1. Investment Report Attachment Jan 2019 [6.10.1]

**Recommendation**

**THAT**

1. Investments of \$29,140,000 and cash of \$91,638.30 for the period ending 31 January 2019 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.

**Market Value by Issuer**

Issuer	Market Value	% Total Value
AMP Bank Ltd	5,050,934.24	16.80%
Auswide Bank Limited	6,042,472.60	20.09%
Bank of Queensland Ltd	8,080,046.56	26.87%
Commonwealth Bank of Australia Ltd	1,350,000.00	4.49%
Members Equity Bank Ltd	3,004,068.48	9.99%
MyState Bank Ltd	4,018,467.12	13.36%
National Australia Bank Ltd	2,524,189.05	8.39%
<b>Portfolio Total</b>	<b>30,070,178.04</b>	<b>100.00%</b>

