



MINUTES

Finance Committee

held at

Council Administration Centre
Committee Room
180 Mort Street, Lithgow

on

Monday 13 July 2020

at 4:30 pm

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The Chairperson declared the meeting open at 4.33pm

1. Present

Present: Councillor Ray Thompson (Chair), Councillor Steven Ring

Officers: Ross Gurney, Craig Butler, Rhiannan Whiteley (Minutes)

2. Apologies

Apologies: Councillor Wayne McAndrew

3. Confirmation of Minutes

The minutes of the June meeting were endorsed by two members of the Committee being:

Councillor Steven Ring and Councillor Ray Thompson

The minutes will be presented to the Council at the 27 July 2020 meeting.

ACTION

THAT the Minutes of the meeting of be taken as read and confirmed.

MOVED: Councillor S Ring

SECONDED: Councillor R Thompson

4. Declaration of Interest

NIL

5. Presentations

NIL

6. Staff Reports

6.1. FIN - 27/07/20 - Lidsdale Rating Sub-Categories

Report by Chief Financial & Information Officer

The Committee discussed the contents of the report and the CFIO provided reasons for the recommendation to change the Lidsdale rating sub-categories.

Council's new Rates and Revenue Manager is to be invited to the August 2020 meeting of the Finance Committee. The Rates and Revenue Manager will present on upcoming rating projects.

RECOMMENDATION

THAT the Finance Committee endorse the following recommendation to the 27 July 2020 Council meeting:

1. Endorse in principle the following changes to the Lidsdale rating sub-categories from 1 July 2021:
 - a. remove the Lidsdale business rating sub-category and move Lidsdale business ratepayers to the Rural business sub-category. There will be a significant rate reduction for the 4 Lidsdale business ratepayers and a minimal rate increase for 115 Rural business rate payers.
 - b. remove the Lidsdale residential rating sub-category and move Lidsdale residential ratepayers to the Rural residential sub-category. There will be a minor rate increase for the 113 Lidsdale residential ratepayers and a minor rate reduction for 2,276 Rural residential rate payers.
2. Should Council endorse in principle the changes to the Lidsdale rating sub-categories, the proposed changes will be placed on public exhibition for 28 days before returning to Council to consider any submissions before determining whether to proceed with the changes from 1 July 2021.

MOVED: Councillor S Ring

SECONDED: Councillor R Thompson

CARRIED: Unanimously

6.2. June 2020 Performance Reporting to OLG

ACTION / RECOMMENDATION

THAT the June 2020 Performance Report to the OLG be noted by the Committee.

MOVED: Councillor S Ring

SECONDED: Councillor R Thompson

CARRIED: Unanimously

6.3. Audit Action List

The CFIO indicated that the External Audit Actions were substantively completed by the end of June 2020.

The CFIO is still waiting for the Interim Audit management letter which is late and will be presented to the Committee once it is received.

Staff are continuing to work to develop a Financial policies and procedures manual as part of the audit recommendations.

With regards to the Payroll Internal Audit there are still a few outstanding items and the CFIO is waiting on a couple of actions from IT and staff have been allocated the necessary work. Further updates to the Audit Action List have occurred since the end of June 2020, including updates to the Business cases and project management guidelines.

ACTION / RECOMMENDATION

THAT progress towards completing 2019/20 internal and external audit actions be noted by the Committee.

MOVED: Councillor S Ring
CARRIED: Unanimously

SECONDED: Councillor R Thompson

6.4. FIN - 27/07/20 - Local Government Remuneration Tribunal Determination

The CFIO has recommended no increase to the remuneration for Councillors, however, as Lithgow Councillors are currently at the lower end of the range, Council may determine an increase in remuneration within the range.

The Committee were happy to endorse the recommendation put forward by the CFIO.

RECOMMENDATION

THAT the Finance committee endorse the recommendation that the Council:

- 1. Set the remuneration in 2020/21 for Councillors at \$11,119 (no increase on 2019/20).**
- 2. Set the remuneration in 2020/21 for the Mayor at \$23,546 (no increase on 2019/20).**
- 3. Set the 2020/21 car lease payable by the Mayor at nil.**

MOVED: Councillor R Thompson
CARRIED: Unanimously

SECONDED: Councillor S Ring

6.5. FIN - 27/07/20 - Actions to Address Cashflow Issue

Councillors were provided with a Memo from the General Manager outlining the projects to be deferred and reasons for deferral.

Councillor Ring sought clarification from the committee in regards to:

1. Farmers creek
2. Plant replacement program
3. Discretionary funds

The CFIO advised that with regards to Farmers Creek, it is this next stage of the project that is being deferred for 12 months.

With regards to the Plant replacement program it is only a short term deferral until the second half of the financial year. Condition assessments of all plant are currently being undertaken.

CFIO will reword the section of the report which mentions discretionary budgets to add clarity.

Key projects, including roads renewal and maintenance, would still proceed.

Cash flow is being closely monitored and this will be ongoing.

Councillor Ring asked about the budget reporting requirements of Directors and was told that all Directors are responsible for reporting on their budgets on a quarterly basis. As part of recent budget management improvements, budget management was included on Manager's performance appraisals to ensure accountability.

Urgent works do come up so reserves are available in certain areas to cover the costs where an urgent need arises. Insurance claims are made where possible.

ACTION / RECOMMENDATION

THAT the Finance Committee endorse the following recommendation to the 27 July 2020 Council meeting:

THAT Council endorse the following actions to address and mitigate the impacts of the emerging cashflow issue:

1. Deferral of 2019/20 capital projects listed in the report which were planned to be added to the 2020/21 capital works program (to be considered for the 2021/22 program).
2. Deferral of 2020/21 capital projects listed in the report from the 2020/21 capital works program (to be considered for the 2021/22 program).
3. Setting the multi-year project phasing for the Cullen Bullen Sewerage Scheme and a budget of \$1.8M for the 2020/21 year.
4. Other actions proposed in this report to improve cash inflows and/or reduce or slow cash outflows and save costs for the 2020/21 year.

MOVED: Councillor S Ring

SECONDED: Councillor R Thompson

CARRIED: Unanimously

6.6. FIN - 13/07/2020 - Investment Report June 2020

ACTION / RECOMMENDATION

THAT:

1. Investments of \$26,660,000 and cash of \$330,767 for the period ending 30 June 2020 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.

MOVED: Councillor S Ring

SECONDED: Councillor R Thompson

CARRIED: Unanimously

6.7. Three Year Internal Audit Plan

In 2015, Grant Thornton completed a Three Year Internal Audit Strategy & 2015/16 Internal Audit Plan.

Unfortunately, the second and third year internal audit plans have not progressed.

This report proposes a Three Year Internal Audit Plan based on the Grant Thornton report with reference to Council's current Risk Register.

Six areas have been recommended over the three year term of the plan.

- Records Management
- Plant & Fleet Management
- Procurement
- Risk Management Framework
- Statutory Certificates

- Asset Management - Key Infrastructure

Council has already made significant improvements to the Procurement processes and Asset Management System where implementation of the new system is expected to be finalised within 12 months.

CFIO advised that all the audit projects would be contracted, using joint procurement with Oberon Council (where possible) to save costs.

The plan needs to remain flexible in case other areas of concern arise.

ACTION / RECOMMENDATION

THAT the three year internal audit plan be noted by the Committee.

MOVED: Councillor S Ring

SECONDED: Councillor R Thompson

CARRIED: Unanimously

7. General Business

Presentation by Crowe Horwath at November 2020 Council meeting

CFIO advised the committee that he had received an email from Crowe (contract external auditors) regarding their attendance at the end of year Council meeting.

They sought feedback from Council in relation to their preference for a face to face presentation, virtual attendance or recorded presentation.

The committee discussed and didn't believe there was any reason for them to attend face to face.

CFIO will respond that our preference would be either a virtual presentation at the meeting (Webex) or a pre-recorded presentation.

CFIO will request any questions from Councillors for auditors prior to the meeting.

ACTION

THAT the CFIO indicate Council's preference of a virtual presentation or pre-recorded presentation at the November 2020 Council meeting.

MOVED: Councillor S Ring

SECONDED: Councillor R Thompson

CARRIED: Unanimously

8. Meeting Close

Next Meeting: **Monday 10 August 2020 at 4.30pm**

There being no further business the Chairperson declared the meeting closed at 5.03pm.