



# MINUTES

Finance Committee

held at

Council Administration Centre  
Committee Room  
180 Mort Street, Lithgow

on

Wednesday 8 June 2022

at 4:00 PM

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## 1. Acknowledgement of Country

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## 2. Present

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Present: Mayor Cr Maree Statham, Cr Deanna Goodsell, Cr Eric Mahony.

Officers: Craig Butler (General Manager), Ross Gurney (CFIO), Neil Derwent (Financial Services Manager)

## 3. Apologies

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Apology: Cr Stuart McGhie

## 4. Declaration of Interest

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There were Nil declarations of interest.

## 5. Staff Reports

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### 5.1. Draft 2022/23 Budget Update

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The draft 2022/23 budget update and key changes since 26 April 2022 was presented to the Committee.

The Committee enquired about changes being made to the draft budget during the exhibition period. Council adoption of the budget is required at the 27 June meeting, the community will be informed of the additional 2022/23 projects in the Council meeting business paper. Submissions on the Operational Plan will be presented to the 22 June Councillor Information Session and the 27 June meeting.

The draft 2022/23 capital works program total budget has increased from \$21.8M to \$31.65M. In recent years, Council has completed capital works programs totalling around \$12M - \$15M. It will be a challenge to complete such a large program, however, there are major projects to be completed by contractors including the natural disaster works, Cullen Bullen Sewer Scheme and the 3 Glen Davis Bridges.

Although the budget operating result (before capital) has improved from a deficit to a surplus, the underlying structural deficit remained as an issue. The annual structural shortfall in Council's general revenues has been identified in the rating review report as \$6M p.a. at existing levels of service. The improvement in the 2022/23 budget operating result mainly relates to one-off grants and timing differences for grants. The focus for the 2022/23 budget is to be cashflow positive.

The Committee enquired about the interest received on grants. Council has been benefiting from recent higher interest rates and greater investment balances.

### ACTION / RECOMMENDATION

**THAT** the Finance Committee note the changes made to the draft 2022/23 budget since the Operational Plan was presented to Council at the 26 April 2022 meeting. The changes have resulted in a net improvement to the consolidated Operating Result before Capital.

**MOVED:** Councillor D Goodsell

**SECONDED:** Councillor E Mahony

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## 5.2. Investment Report May 2022

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The May 2022 Investment Report was presented to the Committee.

The \$973K increase in investments is mainly due to the ordinary business of Council and receiving the fourth Financial Assistance Grant instalment and receipts for the fourth Rates and Annual Charges instalment due on the 31 May 2022. Cash outflows included payment of annual contributions, recurrent monthly operational invoices and capital works project invoices.

It is expected that cash outflows will increase through June and July 2022 as invoices for natural disaster works and capital projects are received. This will reduce the cash and investments balance. Action has been taken to initiate the \$4M working capital short-term loan facility to cover anticipated high cash outflows during June and July.

The certification on investments and the management of internal and external restrictions was reiterated.

### ACTION / RECOMMENDATION

#### THAT

1. Investments of \$32,886,930 and cash of \$1,836,572 for the period ending 31 May 2022 be noted by Council.
2. The enclosed certificate of the Responsible Accounting Officer be noted.
3. The commentary on funding requirements for restricted reserves be noted.

**MOVED:** Councillor E Mahony

**SECONDED:** Councillor D Goodsell

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## 5.3. Audit Action List - External Audit

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The terms of reference for the Finance Committee include a responsibility to monitor audit actions and timely completion of actions. The audit action lists were provided for the Committee to note progress towards completing the actions arising from each audit project.

The three remaining external audit actions are on track for completion by the due date of 30 June 2022.

Information on the plans for the 2022 Store stocktake were provided to the committee. These will be similar to last year's stocktake due to poor conditions at the Store (new building to be constructed in 2022/23).

The Committee discussed the issue of rural fire-fighting assets not recognised in the financial statements. Council will take a responsible position for the 2021/22 audit and financial statements.

### ACTION RECOMMENDATION

**THAT** progress towards completing external audit actions be noted by the Committee.

**MOVED:** Councillor E Mahony

**SECONDED:** Councillor D Goodsell

#### **5.4. Notice to Retire – StateWide Mutual**

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Management proposes to review Council's insurance arrangements in the 2022/23 year. Council needs to give 12 months' notice to Council's current General Insurance providers in the event that Council changes insurers from 1 July 2023.

Any decision to change insurers would be made by Council. The giving of notice allows Council the option to change insurance providers from 1 July 2023.

It is proposed to take a similar approach to the 2018 insurances review. The reality is that the only real options available for Council, beyond self-insuring, are with either Statewide Mutual or Civic Risk Mutual. It is proposed that Council enter into an insurances due diligence review with CivicRisk Mutual. CivicRisk Mutual is a joint venture approved by the Minister for Local Government under section 358 of the Local Government Act. As such, section 55(3) (c) of the Local Government Act states that Councils do not need to undertake a tender when entering into a joint venture with another Council or Councils.

#### **ACTION/RECOMMENDATION**

**THAT** the Finance Committee note -

- a. the General Manager's intention to give 12 months' notice to Council's current General Insurance providers (Statewide Mutual) of retirement from the mutual arrangement for General Insurance, pursuant to clause 10.3 of the Deed., and,
- b. the intention to report the findings of the review to Council for determination of a preferred insurer.

**MOVED:** Councillor D Goodsell

**SECONDED:** Councillor E Mahony

#### **5.5. Annual Audit Engagement Plan**

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The responsibilities of the Finance Committee include monitoring of Council's annual audit process and timely preparation of the annual financial statements.

The information on the audit engagement plan, including key audit issue and risks, pricing and the scope of the audit was presented to the Committee. There is nothing unforeseen in the plan.

#### **ACTION RECOMMENDATION**

**THAT** the Finance Committee note the 2021/22 Annual Audit Engagement Plan, as well as the key audit issues and risks included in the Plan.

**MOVED:** Councillor M Statham

**SECONDED:** Councillor E Mahony

#### **5.6. Disaster Recovery Works – 2021/22 Budget**

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The Committee was informed of the Mayor's approval of 2021/22 budget allocations for natural disaster recovery works.

The Committee queried the \$148K threshold for each declared natural disaster. The threshold was based on Council's general rates income and varied between Councils. External disaster recovery funding is available for each natural disaster.

The Committee sought advice on the Mayor's authority to exercise, in the case of necessity, the policy making functions of the Council between meetings. An information report will be included in the 27 June meeting business paper. The Committee understood the urgency of the matter but was interested in the approval process.

#### **ACTION/RECOMMENDATION**

**THAT** the Finance Committee note the Mayor's approval of 2021/22 budget allocations totalling \$2,523,384 for natural disaster recovery works.

**MOVED:** Councillor D Goodsell

**SECONDED:** Councillor E Mahony

## **6. General Business**

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Nil.

Next Meeting: 20 July 2022.

There being no further business the Chairperson declared the meeting closed at 5:15 pm.