



Prudential Review Policy

Reference Number:	2.26
Type:	Council
Category:	Corporate Governance
Relevant Community Plan Outcome:	<ul style="list-style-type: none"> Be bold and innovative in our practices, leadership and decision making
Responsible Officer(s):	Manager Governance & Operational Support
First Issued/Approved:	September 2012
Minutes Reference:	CoS 3/09/2018, Item 3.44
Last Reviewed:	September 2018
Next Review Due:	September 2020
Applicable Legislation:	Local Government Act 1999
Related Policies:	Risk Management Policy Annual Budget Policy Long Term Financial Plan Policy Asset Management Policy
Related Procedures:	City of Charles Sturt Project Management Methodology

1. Purpose

This Local Government Act 1999 (Section 48 aa1) prescribes that:

“A Council must develop and maintain prudential policies, practices and procedures for the assessment of projects to ensure that the Council:

- a) acts with due care diligence and foresight; and*
- b) identifies and manages risks associated with a project; and*
- c) makes informed decisions; and*
- d) is accountable for the use of council and other public resources.*

This policy seeks to enhance Council’s existing policies and procedures govern Council’s strategic management processes.

2. Scope

This policy covers the prudential review requirements when consideration is being given to a project that falls within the requirements of Section 48 (1) of the Local Government Act. These requirements are:

- i. where the expected expenditure of the Council over the ensuing five years is likely to exceed 20% of the Council's average annual operating expenses over the previous five financial years (as shown in the Council's financial statements); or
- ii. where the expected capital cost of the project over the ensuing five years is likely to exceed \$4,000,000 (indexed); or
- iii. where the Council considers that it is necessary or appropriate.

In accordance with Section 48 (3) this policy does not apply to

- a) road construction or maintenance; or
- b) drainage works.

3. Policy Statement

Projects falling within the scope of this policy require a Prudential Report and the following criteria will be applied.

Prudential Report Author

A report will be presented to Council for the consideration of the engagement of a suitably qualified author to undertake Prudential Reviews in accordance with this policy.

The author will be an independent person who is skilled in the assessment of prudential issues relevant to the proposed projects against the requirements of Section 48 of the Local Government. This may be an employee of Council; however in such instance the person must not have an interest in the proposed project.

Consideration of the Prudential Report

The engaged author will prepare a Prudential Report in accordance with this policy and the legislation for consideration of Council prior to the project commencement.

Public Access of the Prudential Report

The Prudential Review Report will form part of the Council Agenda papers and will be a public document unless it been determined otherwise by the Council in accordance with Section 90 of the Local Government Act 1999.

4. Definitions

Key Term – Acronym	Definition
Project	May include a new or discreet undertaking or activity that would involve the expenditure of money, deployment of resources.