



Prudential Review Policy

Reference Number:	2.26
Type:	Council
Category:	Corporate Governance
Relevant Community Vision Outcome:	<u>Excellence in Customer Experience and Service Provision</u> - We will foster an organisational culture focused on continuous improvement and delivering excellence in customer experience and service provision. <u>Responsible Governance</u> - We will manage our City in a sustainable and affordable way with responsible governance.
Responsible Officer(s):	Manager Governance & Risk
First Issued/Approved:	September 2012
Minutes Reference:	CoS 3/08/26, Item 4.7
Last Reviewed:	August 2026
Next Review Due:	January 2027
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* (subsection 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 complements Council’s existing policies and procedures that 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 subsection 48 (1) of the *Local Government Act 1999*. Council is to obtain and consider a Prudential Review report when engaging in any project, whether commercial or otherwise, including through a subsidiary or participation in a joint venture, trust, partnership or other similar body and where they fall within the follow parameters:

- i. where the expected expenditure of the Council over the ensuring 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 ensuring five years is likely to exceed \$4,000,000 (indexed)**; or
- iii. where the Council considers that it is necessary or appropriate.

** As at 1 January 2026, the indexed figure is \$6.145 million.

In accordance with subsection 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 requirements must be met:

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 Act 1999*. This may be an employee of Council; however in such a case 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 prior to the project commencement.

In accordance with the *Local Government Act 1999*, the report will be presented to Council's Audit and Risk Committee, before being presented to Council for consideration.

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.