

Prudential Management Policy

Policy Reference Number	1155780
Responsible Department	Corporate Services
Related Policies	Internal Control, Treasury Management, Procurement
Related Procedures	Nil
Date of Initial Adoption	20 March 2012
Last Reviewed by Council	5 December 2023

1. Purpose

This Policy is intended to provide further guidance to Council, the Community and Employees in regard to the management of prudential projects and issues. It is intended to enhance the legislative directions provided in the Act (Local Government Act 1999), rather than repeat or replace the existing requirements.

2. Introduction

Council must follow prudential management legislation when it decides to undertake a project that has a greater than usual risk in regard to financial or corporate governance arrangements. The situations where Council is required to consider a prudential report is defined under Section 48(1) of the Act.

3. Power to Make the Policy

Section 48 of the Local Government Act 1999 directs Council to establish policy, procedures and practices in relation to management of prudential issues.

4. Strategic Plan Link

This Policy has the following link to Council's Strategic Plan 2024:

- Leading Our People (Goal 5)

5. Principles

Council is committed to a pro-active risk management approach when undertaking significant projects that have a high initial or long-term impact on its budgets.

Council will make open, transparent and informed decisions in regard to prudential projects.

6. Definitions

Project	may include a new or discrete undertaking or activity of a temporary or ongoing nature that involves the expenditure of money, deployment of resources, incurring or assuming a liability or accepting an asset. It will typically involve more than merely purchasing an asset or infrastructure; it does not need to entail expenditure as it may be based around the receipt of land or assets for free, or the granting of permission for a private activity on Council land.
Prudential Project	a project or commercial activity being undertaken by Council or a subsidiary of Council that requires prudential legislative requirements to be followed.
Engage in a Prudential Project	when Council has agreed to commit funds to a project.

7. Policy

- 7.1 Council will be guided by the requirements of Section 48 of the Act in regard to preparing and implementing prudential reports, commercial activities and projects. Reports will be prepared for projects that:
- 7.1.1 Reach the applicable financial threshold as detailed under Section 48(1) of the Act, or
 - 7.1.2 As a result of a risk assessment present a high risk for Council in relation to factors required to be considered under Section 48(2) of the Act.
- 7.2 Before Council engages in a prudential project, the Chief Executive Officer will engage the services of a suitably qualified independent person in accordance with its Procurement Policy and Sections 48(4) and 48(4a) of the Act, to prepare a prudential report that includes all issues listed in Section 48(2) of the Act and seek comments on the report from the Audit & Risk Advisory Committee before it is considered by Council.
- 7.3 Council will ensure that prudential projects are only undertaken after an appropriate level of due diligence has been applied to the proposed project.
- 7.3.1 Effective due diligence will be considered to have occurred where Council has devoted itself to how compliance, public interest benefits or needs, and financial risks associated with the project have been considered in the prudential report (before, during and after completion of the project).
 - 7.3.2 Council will ensure that appropriate monitoring mechanisms are established for compliance, public interest benefits or needs, and financial risks during a prudential project.
 - 7.3.3 On completion of a prudential project, Council will evaluate the project to consider and confirm, where applicable, that it has:
 - Achieved the public benefits or needs identified within the adopted prudential report
 - Avoided or mitigated the financial risks identified within the adopted prudential report

- 7.3 Except where information needs to be protected under Section 48(6) of the Act, adopted prudential reports will be available on Council's website for inspection by members of the public for the duration of the project to which they apply.
- 7.4 Adopted prudential reports will remain available for inspection by members of the public for at least one year beyond completion of the prudential project or activity.
- 7.5 Council will not call for the preparation of a prudential report during a local government election period (as defined in Section 91A(8) of the Local Government (Elections) Act 1999), nor commit an incoming Council to engaging in a prudential commercial activity or project during an election period.

8. Review & Evaluation

Within twelve months of each new Council term, Council will review this policy. Following this initial review, this policy will be reviewed at least biennially by Staff with minor administrative adjustments being approved by the Chief Executive Officer.

9. Availability of the Policy

Copies of this Policy will be available at Council's principal office during ordinary business hours and at Council's website www.campbelltown.sa.gov.au.