

Prudential Review Policy

Reference Number:	CR23/39954
Type:	Council Policy
Responsibility:	Director of City Corporate
Responsible Officer (s):	Manager Finance
Initial Adopted Date:	24 October 2017
Last Review Date:	October 2023
Next Review Date:	Once per Council Term October 2027
Legislation:	Local Government Act 1999
Related Documents:	Annual Business Plan Long Term Financial Plan Community Plan Towards 2040

1 Purpose

- 1.1 The purpose of this Policy is to provide guidance to the Council, the community and staff, with in respect to the requirements for appropriate due diligence and prudential management of projects.

2 Scope

- 2.1 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 1999. These requirements are:

- 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 Council's audited financial statements); or
- Where the expected capital cost of the project over the ensuring five years is likely to exceed \$4,000,000 (indexed in line with section 48 (6)(d) for the year commencing 1 January 2023 this is \$5,489,860 (128.6/93.7 x \$4,000,000)); or
- Where the Council considers that it is necessary or appropriate. These may include but not limited to:
 - events such as receiving of assets "free of charge" from developers or other tiers of government that will have a long term impact on Council's recurrent budget;
 - risk associated matters

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

- Road construction or maintenance; and
- Drainage works.

3 Policy Statement

- 3.1 Projects falling within the scope of this policy require a Prudential Report and the following criteria will be applied;
- 3.2 The engagement of a suitably qualified author to undertake Prudential Reviews in accordance with this policy will be made by the Chief Executive Officer. Selection will be made in alignment with Council's Procurement Policy.
- 3.3 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. This may be Council's Internal Auditor; however, in such an instance the person must not have an interest in the proposed project.
- 3.4 The engaged author will prepare a Prudential Report in accordance with this policy and the legislation for consideration of Council prior to the commencement of the project.
- 3.5 The preparation of a prudential report should be commenced as soon as practical following Council's decision to investigate a project that meets the criteria of section 2.1 above. While a prudential report is not required to be received until Council makes an irreversible decision, the commencement of the prudential process should commence as soon as possible in order to identify potential project risks in the decision making process.
- 3.6 The Prudential Review Report will form part of the Council or Audit and Risk Committee 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.
- 3.7 A copy of the report will be available from Council's website.

4 Review

- 4.1 The Policy will be reviewed once per Council term.

5 Access to the Policy

- 5.1 The Policy is available for public inspection on Council's website www.prospect.sa.gov.au and from Customer Service at Payinthe, 128 Prospect Road, Prospect SA 5082.

6 Further Information

6.1 For further information about this policy please contact:

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City of Prospect

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