

	District Council of Coober Pedy	Issued: 18/09/2012 Next Review: 2015
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Policy Name: **Prudential Management Policy**

1. Purpose

This Policy is intended to provide further guidance to Council, the Community and Staff 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 needs to 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 threshold for minimum prudential risk management is as defined within Section 48 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 projects.

4. Strategic Plan Link

This Policy has the following link to Council's Strategic Plan 2007-2012:

Goal 5 – Sustain Local Government Services

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

A **Project** may include a new or discrete undertaking or activity of a temporary 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.

A **Prudential Project** includes 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 means when Council have 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.
- 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 Section 48(4), to prepare a prudential report that includes all issues listed in Section 48(2) of the Act.
- 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 confirm 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

- 7.4 Except where information needs to be protected under Section 48(6) of the Act, adopted prudential reports will be available at the Council office and on Council's website for inspection by members of the public within 5 working days of the Council meeting at which the report was adopted.
- 7.5 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.
- 7.6 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

The Council may at any time alter this Policy, or substitute a New Policy.

9. Availability of the Policy

This Policy will be available for inspection at Council's principal office during ordinary business hours and at Council's website www.cooberpedy.sa.gov.au. Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.