

	<h1>Prudential Management Policy</h1>	Version No:	1
		Issued:	August 2014
		Next Review:	August 2016

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 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 risk than usual risk to financial or corporate governance arrangements. The threshold for minimum prudential risk management is 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 the management of prudential policies.

4. Strategic plan link

This policy is linked to the Strategic Plan.

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 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 expenditures 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) 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.

- Effective due diligence will be considered to have occurred where Council has devoted itself to how compliance, public interest benefits of needs, and financial risks associated with the project have been considered in the prudential report (before, during and after the project).
- Council will ensure that appropriate monitoring mechanisms are established for compliance, public interest benefits or needs, and financial risks during a prudential project.
- On completion of a prudential project, Council will evaluate the project to confirm that it has:
 - (a) Achieved the public benefits or needs identified within the adopted prudential report.
 - (b) Avoided or mitigated the financial risk 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 seven (7) working days of the council meeting at which it 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.

8. Review and Evaluation

The Council will review this policy after the election of a new Council or may alter or replace this policy as required due to legislation change or other need.

9. Availability of the Policy

This policy will be available for inspection at the Council office during business hours and on Council's website. Copies can 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.

Adopted at Council meeting held on 18 August 2014

Resolution No.....112/08/14