District Council of
Loxton Waikerie

Prudential Review Report Policy

Responsible Officer/s	Chief Executive Officer
Relevant Legislation / Documents	Risk Management Policy Procurement Policy Disposal of Land and Assets Policy Local Government Act 1999 – S48 (aa1)
Adopted	25 November 2011
Reviewed	August 2025
Next Review	August 2027

A. Purpose

This document sets out the policy of the District Council of Loxton Waikerie for the undertaking of prudential review reports of projects.

B. Objective

A project may be defined as

> *"a new and discrete undertaking or activity that would involve the expenditure of money, deployment of resources, incurring or assuming a liability, or accepting an asset"*

This should not be interpreted to mean that all Council activities are "projects". Regular, ongoing deliveries of Council services are not "new and discrete" activities so therefore are not included within this definition. A project is a temporary endeavour with a defined beginning and end. The temporary nature of projects stands in contrast to business as usual (or operations) which are repetitive, ongoing functional activities to produce products or services.

Simply purchasing an item of plant or equipment, (even a single vehicle) or a parcel of land will constitute a "project" if the purchase is not part of a wider project or part of ongoing operations. Any purchase must comply with Council's Procurement Policy. However, a "project" will typically involve more than merely purchasing. It will always involve Council staff time, often in undertaking activities in association with other organisations. On the other hand, a project need not entail any expenditure. It may include, for example, receiving land or other assets for free, or granting permission for a private activity on Council land.

C. Policy

Legislation

This Policy is made pursuant to section 48(aa1) of the *Local Government Act 1999* ("the Act") which provides:

> *A Council must develop and maintain prudential management policies practices and procedures for the assessment of projects to ensure that the Council:*
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> 1. *acts with due care diligence and foresight; and*
> 2. *identifies and manages risks associated with a project; and*
> 3. *makes informed decisions; and*
> 4. *is accountable for the use of Council and other public resources.*

Section 48 requires a Council to obtain and consider an independent[1] prudential review report before it enters into a project:

(a) where the "expected expenditure of the Council over the ensuing five years is likely to exceed 20 per cent of the Council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements)" or
(b) where the expected capital costs over the ensuing five years is likely to exceed $4 million (indexed since 2009).

The Act provides, at section 48(3), that a prudential report is not required in relation to road construction or maintenance, or drainage works, even when the cost of such works would exceed the expenditure levels cited above.

The Act also encourages a Council to obtain a prudential report for any project, when the Council considers it "necessary or appropriate".

Policy Requirements

Council manages all projects in accordance with its risk management policy. These are generally consistent with the risk management framework outlined in LGA Financial Sustainability Information Paper No. 22 ('Understanding Risk Management') and involve assessing risks and consequences of proposed actions and taking action to mitigate risks where so warranted. This need not though involve preparing formal documentation, over and above expenditure approval requirements, particularly if what is proposed is consistent with similar, successfully completed previous activity.

In addition to undertaking prudential review reports where so required by the LG Act, Council may resolve to undertake such reports wherever its risk management assessment process judges it prudent to do so. This could include road or drainage works or other projects that have potentially significant financial or other risks for Council.

In some situations where a full prudential review report is not warranted it still may nevertheless be appropriate to prepare a written due diligence report. The content of a due diligence report may be similar to but less comprehensive than that of a prudential review report. A decision to undertake a due diligence

[1] LG Act @.48(4a) makes it clear that a report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council.

report will be made by the person with delegated authority for approval of the project taking into account an initial assessment of all relevant risk management considerations. The person preparing the due diligence report need not be independent of the project. The due diligence report should be considered by the person with delegated authority to approve the project before such approval is given.

Reporting

The Prudential Review Report will be presented to the Audit and Risk Committee and subsequently to Council for consideration and review.

D. Availability

This Policy will be available for inspection at the Council Offices at Loxton or Waikerie during ordinary business hours at no charge.

Copies of this Policy will also be available from Councils website: www.loxtonwaikerie.sa.gov.au or postal copies may be obtained from the Council Office free of charge.

E. Document history and version control

Date	Version	Authorisation	Amendment Details
18/02/2022	1	Audit Committee	Change to Responsible Officer Transfer to new template
20/09/2023	2	Council Meeting	No Changes
17/09/2025	3	Council Meeting	Transfer to new policy template, add in Reporting requirements