

Prudential Management Policy

1. Purpose

The Eastern Waste Management Authority, herein referred to as East Waste, is committed to ensuring each of East Waste's projects:

- are undertaken with an appropriate level of due diligence.
- are managed appropriately during the project and evaluated after the project is completed in terms of use of East Waste resources used to achieve identified public benefit or needs and to minimise financial risks.
- meet the prudential report requirements when consideration is being to a project that falls within the requirements of Section 48(1)(b) of the *Local Government Act 1999* (the Act).

2. Objectives

2.1 This Policy has two (2) objectives being:

2.1.1 To ensure that a project is only undertaken after an appropriate level of due diligence is applied to the project; and,

2.1.2 To ensure that each project is:

- managed during the project; and,
- evaluated after the project

to achieve identified public benefits or needs and to minimise financial risks.

2.2 The objectives of this Policy shall be considered in a report on any potential project, regardless of the financial impact or size of the project.

3. Legislative Requirements

Section 48(aa1) of the Act requires that East Waste, being a Council subsidiary, has prudential management policies, practices and procedures for the assessment of projects to ensure the Authority:

- acts with due care and diligence.
- identifies and manages risks associated with a project.
- makes informed decisions.
- is accountable for the expenditure of public monies.

4. Definitions

- 4.1 Due diligence** means the conduct of a systematic review of a transaction, prior to entering the transaction.
- 4.2 Project** means 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 which requires a prudential report.
- 4.3 Prudential Report** means a formal report with specific due diligence and formal requirements in accordance with Section 48(2) of the Act.

5. Risk Management Framework

- 5.1 Any proposed project must first be assessed as to the level of risk and due diligence considerations where East Waste considers it appropriate.
- 5.2 East Waste's record of delegations lists the powers that the East Waste Board has delegated to the General Manager, including the power (subject to conditions) to approve some projects. Other projects will require approval of the East Waste Board.
- 5.3 Where approval is being sought for a specific proposed project, information must be prepared to indicate approximately, at the first instance:
 - 5.3.1 The specific benefits or strategic needs to be addressed by the proposed project.
 - 5.3.2 The extent to which the proposed project may be substantially similar to other past projects.
 - 5.3.3 The expected whole of life costs of the proposed project.
 - 5.3.4 What, if anything, is known about the levels of financial risk that may be involved.
- 5.4 The decision maker accordingly should make an evaluation as to whether:
 - 5.4.1 funding of the whole of life costs of the proposed project will (or might) require additional allocations beyond those already accommodated in East Waste's strategic plans.
 - 5.4.2 whether the proposed project will (or might) generate any additional financial risk for East Waste or its Member Councils.

before any subsequent decision is made as to whether to proceed with the proposed project.

6. Due Diligence Report

- 6.1 Before a decision to proceed is made, a due diligence report, must be prepared for, the Board, in relation to the project detailing (but not limited to):
 - 6.1.1 an analysis of the need or demand.
 - 6.1.2 identification and quantification of the expected financial and other benefits.
 - 6.1.3 identification and quantification of the likely whole of life financial and other costs; including staffing and project management costs.

6.1.4 an assessment of the associated financial risks (including the financial risks of not proceeding or delaying the proposed project) and considering ways they can be managed and/or mitigated.

6.1.5 an evaluation that weighs up the factors above.

7. Proceeding to Full Prudential Report

- 7.1 For commercial or non-commercial projects Section 48(1) of the Act may require that a Prudential Report be prepared for the East Waste Board.
- 7.2 A Prudential Report will be prepared which adheres to the scope of matters to be considered under Section 48 of the Act.
- 7.3 The Prudential Report must be prepared by a person whom East Waste reasonably believes to be qualified to address the prudential issues set out in section 48(2) of the Act. The person may be an employee of East Waste but must not be a person (or be closely associated to a person) who has an interest in the relevant project.
- 7.4 The Prudential Report will be presented to the Audit & Risk Management Committee for consideration prior to presentation to the East Waste Board.
- 7.5 A Prudential Report may be commissioned for any other project for which the General Manager and/ or East Waste Board considers that it is necessary or appropriate.
- 7.6 The preparation of a Prudential Report by East Waste does not relieve Member Council's responsibilities for themselves obtaining a Prudential Report for any project that East Waste may undertake, if required. Prudential compliance activities of Member Councils are to be the responsibility of each respective Member Council to assess and manage individually.

8. Due Diligence After a Project

- 8.1 After a project has been completed, it will be evaluated, according to the principles of due diligence to determine the extent to which the project:
 - 8.1.1 has achieved the public benefits or needs identified in the Due Diligence Report.
 - 8.1.2 has avoided or mitigated the financial risks identified in the Due Diligence Report.

9. Legislation

Local Government Act 1999

10. Related Documents

Eastern Waste Management Authority Charter

Internal Financial Controls Policy

Procurement Policy

Risk Management Policy and Framework

Register of Delegations

11. Review

This Prudential Management Policy shall be reviewed by the East Waste Board at minimum within three (3) years of issued date or more frequently if legislation or organisational needs change.



Signed _____

Acting General Manager

Date 02/05/2025



Signed _____

Chair of East Waste Board

Date 02/05/2025

12. Document History

Version No:	Issue Date:	Description of Change:
1.0	May 2022	
2.0	2 May 2025	Aligned to LGA Model Procurement Policy