

Setting Governing Policy

The following provides an overarching background to the setting of individual Governing Policy.

Purpose: The purpose of Hepburn Shire Council is to help bring about and administer the needs and wellbeing of its municipality. Achievement of high performance to our purpose is reflected in Council's vision - *Our Council: the desired state of community recognition of Council*.

Setting Tone: Council is the critical social system charged with leadership responsibility for setting the strategic direction and maintaining oversight of Hepburn Shire. In this role the culture, behaviour and actions of Council are highly visible to our municipality and other stakeholders.

As such, the *'tone at the top'* displayed by this social system can directly impact on community recognition through the culture and behaviour of the organisation.

Council is the highest level decision-making cohort in the organisation. At the apex of this decision-making is Governing Policy: *the direction from Council of what their intentions are in terms of governance – 'tone from the top'*.

Councillor Code of Conduct: Ethics and public accountability are essential features of effective local government. They refer to the culture, processes, structures and rules that ensure those in public office act in the wider public interest, rather than their own self-interest. They are an essential feature of good governance. Ethics are the rules that define the conduct of councillors in order to ensure that the public is treated fairly and with equality. Sound ethics help councillors make better decisions in the public interest, as well as help people evaluate the decisions taken on their behalf by Council.

Governing Policy: Governing policies act as guidelines for the CEO and Executive in the development of matching Managing (Council) Policy and Procedures - through which to run the organisation.

Core Values: Core values support the vision, shape the culture and reflect what Council values. They are the essence of the organisation's identity, and the principles and beliefs that underpin the decision-making processes.

Culture Setting: Culture is both a risk and an opportunity. If not taken seriously by Council it can lead to the destruction of community values - *the non-negotiable core principles or standards that the community's citizens wish to maintain* - and community respect for Council.

Culture is also a key organisational capability and fundamental to an organisation's long-term sustainable success and helps characterise the Shire in its community. It is crucial to the achievement of the Council Plan and other strategic goals, and is critical to the well-being of our CEO and his staff. Positive and aligned corporate cultures can motivate employees to perform and engage with their work, align behaviours to common values and purpose, share knowledge and insights, be more productive and responsive, and build trust. Organisational culture is the responsibility of the CEO.

As Council we have a duty to care. The collection of Governing Policy represents the guiding principles that lay down a desired governance framework that can help our people understand the difference between right and wrong, and our community better understand the role of Council.

HSC Governing Policy – Risk Management

Governing Policy - Risk Management

Risk is “the effect of uncertainty on objectives”, measured in terms of likelihood and consequence. Managing risk involves “coordinated activities to direct and control an organisation with regard to risk.” (AS/NZS ISO 31000: 2018).

The effect that uncertainty has on the achievement of an organisation, gives rise to risk.

With uncertainty there is no absolute certainty about the future but there is generally a level of predictability to outcomes and performance. Uncertainty reduces the predictability, in turn giving rise to risk. As uncertainty changes, so does the risk. This means a risk is dynamic and needs to be monitored and reviewed on a regular basis.¹

Risk management is the combination of culture, systems and processes undertaken to coordinate the identification and management of risk, and activities that inform decision making, manage the uncertainties to achieving its objectives, and the prevention of harm.

Risk management is the responsibility of the CEO.

Risk management is a critical area of oversight responsibility for Council and a core component of its governance framework. Council has the obligation of clear oversight and understanding of:

- The risks confronted by Hepburn Shire Council;
- The risk management framework determined by management;
- The systems, through which these risks are managed, revised and reported.

Key Risk Terminology	
Risk management policy	Statement of the overall intentions and direction of the organisation related to risk management.
Risk management framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk management	Coordinated activities to direct and control the organisation with regard to risk.
Risk culture	Refers to the behaviours that lead to how every person thinks about and manages risk.
Risk appetite	Refers to the type and amount of risk that Council is prepared to accept or avoid.
Risk tolerance	The organisation’s readiness to bear the risk after risk treatment in order to achieve objectives. Risk tolerances are based on the maximum level of acceptable risk and may be expressed in various ways depending on the nature of the risk.

That Council:

- 1.1. Receives from management quarterly;
 - 1.1.1. The Risk Register that shows natural/inherent risk ratings and residual risk ratings;
 - 1.1.2. A synopsis of:
 - Key reputational risks;
 - Key project risks;
 - Key compliance risks.
- 1.2. Sets/reviews its Risk Appetite Statement annually
- 1.3. Ensures that the Audit and Risk Advisory Committee is satisfied council that:

¹ VMIA

HSC Governing Policy – Risk Management

- 1.3.1. Risk management is adequately resourced;
- 1.3.2. The organisations risk management framework;
 - Is consistent with the Standard AS/NZS ISO 31000:2018;
 - Supports the development of a positive risk culture;
 - Is reviewed annually;
 - Includes processes that effectively manage risk;
 - Makes it clear who is responsible for managing each risk;
 - Demonstrates that business planning activities incorporate risk management.
- 1.3.3. Risk management will:
 - develop a discipline to avoid or reduce the likelihood and potential impact(s) of a risk;
 - provide a level of comfort that informed decisions are being made;
 - ensure the organisation is doing all it reasonably can to manage its risk.
- 1.3.4. Risk management supports an assessment and decision regarding:
 - what risks to avoid;
 - why some risks can be taken;
 - how risks must be managed.
- 1.3.5. Risk management includes the approach, process and activities undertaken to ensure that:
 - adequate oversight, reporting, monitoring and assurance occurs;
 - risks are identified, assessed and action is taken;
 - controls are identified, assessed and sufficient investment occurs;
 - people have the right capability and skills to manage risk.