

Policy Summary

Risk Management Policy

June 2019

PURPOSE

FAITH is exposed to certain risks due to the nature of its activities and operating environment. This Policy provides the framework for integrating a pro-active risk management approach across all organizational levels, prioritizing the prevention of negative effects while seeking to maximize positive outcomes.

3 Broad risk categories: contextual, programmatic, organizational	4 Risk levels: extreme, high, medium, low	Low Risk tolerance strategy	June 2019 Policy adopted
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Key Definitions

- **Risk** — a potential event or effect of uncertainty that, if it materializes, impacts an organizational objective — positively or negatively.
- **Contextual Risk** — existing or emerging risk that could impact progress toward development priorities in the wider society.
- **Programmatic Risk** — existing or emerging uncertainty that could impact the realization of program or project objectives.
- **Organizational Risk** — existing or emerging uncertainty that could impact the efficiency and effectiveness of FAITH's core operations.
- **Risk Register** — a record of identified risks and how they are managed, maintained by the Risk Manager.

Risk Tolerance

FAITH employs and executes a Low Risk Tolerance strategy when pursuing the Risk Management Process, in keeping with the sensitive nature of its work and the vulnerable disposition of its beneficiaries.

Roles and Responsibilities

Role	Responsibility
Governing Board	Appoints the Risk Manager, ensures stakeholders are consulted and informed about the risk management process, and approves risk management actions for Extreme-level risks.
Risk Manager	An executive or senior management member responsible for implementing and supervising the Risk Management Process, identifying risks, developing treatment plans, and maintaining the Risk Register.
Risk Owner	Responsible for ensuring, on a daily basis, that relevant treatments, procedures, and controls are implemented; reports inadequate treatments to the Governing Board with recommendations.
Every Staff Member	Responsible for effective management of risk, including identifying potential risks in their area of work.

Risk Assessment Process

Step	What it Involves
Risk Identification	The Risk Manager identifies potential risks at least at programming and monitoring phases, categorizes them as Contextual, Programmatic, or Organizational, and records each with a description of its 'where', 'when', and 'how' in the Risk Register.
Risk Analysis	The Risk Manager analyzes the likelihood of each identified risk against the Risk Likelihood Criteria and its consequence against the Risk Consequence Severity Criteria, recording both levels in the Risk Register.
Risk Evaluation	Based on likelihood and consequence, the Risk Manager reflects each risk against the Risk Assessment Matrix, escalates responsibility to an appropriate Risk Owner, and records the appointment in the Risk Register.

Risk Treatment

Based on the Risk Identification and Evaluation, the Risk Owner decides whether to retain, pursue, or avoid the risk, selecting from the following treatment options:

- Avoiding the risk by not starting or continuing the activity that gives rise to it, or changing how it is undertaken.
- Removing the source or cause of the risk.
- Reducing the likelihood of the risk occurring.
- Limiting or minimizing the consequences of the risk, should it occur.
- Sharing the risk with another party (insurance, contracts, partnering).
- Retaining the risk by informed decision and approval of the Board or senior management.

Treatment options are selected against criteria including the resources required, how effectively the treatment reduces or removes the risk, its potential impact on stakeholders, whether it conflicts with legal or regulatory obligations, and any unintended secondary risks it may introduce.

Risk Treatment and Escalation Guideline

Risk Level	Treatment Guideline	Escalation Guideline
Extreme	Requires immediate action to actively mitigate risk and limit exposure.	Escalate to Governing Board; risk management actions approved by the Governing Board.
High	Requires cost/benefit analysis to assess the extent of risk treatment; monitor to ensure no adverse changes occur.	Escalate to Senior Management; report to Governing Board for specifying risk management actions.
Medium	Requires regular/constant monitoring to ensure risk exposure is managed and consequences monitored.	Escalate to relevant supervisor/senior management; specify risk management actions.
Low	Requires management through effective and routine procedures and internal control.	Monitor and manage at the relevant operational levels; report to supervisor level.

Reference: Risk Categorization and Description

Risk Category	Risk Description
Compliance/Statutory	Inadequate compliance systems that may result in a loss of donor trust.
Legal/Commercial	Breach of contract resulting in potential fines or litigation.
Political/Economic	Changes in the political landscape resulting in possible loss of funds.
Management	Poor management systems resulting in duplication and potential loss of productivity.
Operational	Disruption to day-to-day activities due to systems or process failure.
Health and Safety	Failure to follow procedures resulting in potential harm or injury to stakeholders.
Stakeholder Relationship	Breach of contract/trust or lack of respect between stakeholders, leading to inefficiency.
Fraud	Intentional wrongdoing resulting in financial and non-financial loss to the organization.
Reputational	Adverse media attention and/or heightened concern of the local community.

Communication and Consultation

The Governing Board ensures that appropriate stakeholders — external and internal — are consulted and/or informed about the risk management process, and assumes responsibility for raising awareness about managing risks across the organization. Where FAITH requires additional assistance, external experts and consultants may be employed to mitigate and manage risks.

Monitoring and Review

Risk management is an ongoing process, responsive to change. The Governing Body ensures that monitoring and reviewing activities are integrated into every step of organizational management.

This summary is published by FAITH for transparency and accountability. It is a condensed presentation of the internal Risk Management Policy (June 2019), including its supporting annexes and tools; in case of any discrepancy, the full internal policy document prevails and is available on request.