



RISK MANAGEMENT POLICY for Icon for Child and Adult Nurturing (I-CAN) Enterprise

INTRODUCTION This Risk Management Policy forms part of ICAN governance and control arrangements. Risk management is not an isolated activity. It is one element together with planning, project and performance management of effective governance and management. The purpose of this policy and the supporting guidance is to establish underlying approach to risk management by clarifying the roles and responsibilities of the Board of Directors, the Finance and Audit Committee, Senior Management and other staff. It also describes the context for risk management as part of the overall system of internal controls and arrangements for periodic review.

PRINCIPLES AND GOVERNANCE

Our risk management approach will reflect the following principles:

- Addressing both value protection and value creation;
- Ensuring that roles and responsibilities are explicit and clear;
- Ensuring that the process for managing risk is fit for purpose;
- Establishing legal compliance as a minimum standard and will be embedded in our governance structures as follows:
 - As the principal executive and policy-making body of ICAN, the Board of Directors and trustees are responsible for the risk management policy and for assuring policy's implementation. The Board is also responsible for defining our risk appetite and risk tolerance, ensuring that a sound system of internal control is in place that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible.

RISK MANAGEMENT OBJECTIVES

ICAN objectives in relation to risk management are to:

- Develop an appropriate risk appetite.
- Adopt good practice in the anticipation, timely identification, evaluation and cost-effective control of risk in carrying out both normal and extraordinary business activities.
- Ensure that adverse risks are either avoided, reduced to an acceptable level, or managed and contained; and to do so in good time and on a continuous basis.
- Support individual members of staff and teams to take appropriate risk-based decisions, encouraging responsible intellectual risk-taking, informed by an understanding of risk and reward and supported by senior colleagues where necessary.
- Ensure business continuity wherever possible and respond effectively when this is threatened.
- Enable a robust audit trail to demonstrate that we are capable of managing risk.
- Focus risk assessment and management on the highest level of threats to our ability to achieve our strategic objectives; and opportunities to promote them.
- Assure funders/investors that there is a robust approach in place to assess and manage risk.

ASSESSING RISKS

Effective risk management requires risks to be anticipated, identified and assessed regularly, and actions are taken to manage the risks, whether these are positive or negative. To support risk assessment and actions to be identified, ICAN will develop documentation about each project/programme specifying the country of operation, partner exposure, any key risks (e.g. foreign exchange). It will also develop training and communications tools to support project managers to manage risk.

We face specific operating risks that inform our approach to assessing risks as follows:

- We hold investments and a minimum financial reserve to enable us to manage cash flow and other uncertainties. We will not undertake activities that compromise these.
- We work with and through partners. The quality of our work and our reputation can be affected adversely or positively by the activities of our partners. We will, therefore, select our partners carefully and we will develop a set of partnership principles and criteria to assist in this.
- We work in countries with different regulatory and accounting requirements for INGOs. We will always ensure that we understand these requirements in order to maintain our license to operate to the benefit of our ultimate beneficiaries.

ROLES AND RESPONSIBILITIES

The Board is responsible for overseeing risk management with a scheme of delegation to the Finance Resources and Audit Committee and policy implementation by the Director and senior staff. All senior staff are responsible for encouraging good risk management practice within their areas of responsibility and all project managers (researchers and professionals) will need to have regard to risk for the projects that they lead or support.

The Board will:

- Approve the overall policy statement;
- Offer periodic advice on risk appetite and risk tolerance;
- Satisfy itself about the assessment of strategic risks via annual consideration of the Strategic Risk
- Monitor the management of significant risks to ensure that appropriate controls are in place;
- Identify any strategic risks that require inclusion or updating
- Approve major decisions, taking into account ICAN risk profile or exposure;
- Satisfy itself that less significant risks are being actively managed, and that appropriate controls are in place and working effectively to ensure the implementation of policies approved by the Board;
- Review regularly the Institute's approach to risk management and approve changes where necessary to key elements of its processes and procedures.

The Finance and Audit Committee will:

- Ensure the implementation of the risk management policy and advise on any modifications.
- Receive advice from the Board on the need for inclusion or amendment of strategic risks.
- Ensure that adequate information is provided for the Board and its committees, as appropriate, on the status of risks and controls;

- Ensure that an annual report is provided to the Board on the effectiveness of the system of internal controls;
- Ensure that local risk registers in the country offices are reviewed regularly.

Strategic Management Team will:

- Regularly review the Strategic Risk List and submit this to the F&A committee quarterly and thence bi-annually, to the Board;
- Advise on modifications to the policy;
- Assess the adequacy of internal controls and advise the Board as necessary;
- Decide on risk mitigation where Board or FAC action is not required;
- Advise on GAIN's appetite for risk and its tolerance of risk;
- Inform all its strategic decisions with considerations of risk;
- Ensure other Sub Committees take appropriate steps in respect of risk;
- Keep the overall Strategic framework under review;
- Advise on thresholds for risk assessment in proposals and projects;
- Engage with the Institute's internal and external auditors on internal controls;
- Ensure appropriate training is available for staff;
- Advise on any supporting policies;
- Advise on thresholds for risk-based decisions;
- Ensure appropriate insurance cover is in place to mitigate risks.

CEO and Heads of Department will:

- Implement policies on risk management;
- Identify particular risks that arise in their area of responsibility e.g. a data protection breach; an employment relations challenge;
- Develop and maintain a local Risk Register and forward a copy of the Register annually to head of financial services

Project Managers will:

- Identify and manage risks in individual projects;

- Provide input to the local Risk Register and report on progress;
- Support their staff to apply good risk management principles.

Individual members of staff will:

- Take care to apply good risk management practice in their day-to-day work;
- Follow the principles and objectives set out in this policy;
- Follow other policies that contribute to managing risks
- Take part in relevant training where this will help with confidence and capacity in risk management.

PERIODIC REVIEW

The Board will periodically review its risk appetite and risk tolerance.

The Board will also periodically review the effectiveness of the internal control system and in doing so will:

- Review the previous year and examine the track record on risk management;
- Consider whether ICAN has made the right decisions on risks that are value enhancing and value protecting;
- Consider the internal and external risk profiles of the coming year;
- Consider whether the current internal control arrangements are likely to be effective.