

INTERNATIONAL PLANNED PARENTHOOD FEDERATION**C-FAR/19.04/4.0 b)****FINANCE, AUDIT & RISK COMMITTEE (C-FAR)**Refers to agenda item 4.0
b)**Subject: draft updated Risk Management Policy****Summary**

This paper provides minor amendments to the current risk management policy to align policy with process.

Action point

The C-FAR is requested to review and recommend for approval to the Board of trustees, the changes proposed in the Risk management policy.

1.14 RISK MANAGEMENT (draft amendments)**Introduction**

Risk management is a central part of any organization's strategic management. It is a key organizational planning and monitoring tool. This policy outlines the way in which Member Associations and the Secretariat of IPPF should address risk management.

Definitions**Risk**

Risk is measured in terms of the probability of an event occurring and its negative consequences.

Risk Assessment

Risk assessment is the overall process of risk analysis and evaluation based on the chance of something happening that will have a negative impact on the achievement of the organization's objectives. This is the shaded component of the diagram.

Risk Management

Risk management is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the organization's environment.

Risk Management Process

Risk management process is the systematic application of management policies, procedures and practices in relation to risk. It is a continuous process of identifying, analysing, evaluating, treating, monitoring and communicating risk so that it becomes a basis on which the organization is managed. The process involves the Governing Body, Senior Management and other staff.

Risk Register

A risk register is a document which lists the most important risks facing the organization together with the likelihood and impact of those negative events occurring. The document should include details of steps which have or will be taken to reduce the impact should the risk occur.

Principles

1. The focus of good risk management is the identification of and treatment of organizational risks. The objective is to add value to all the activities of the organization.
2. Risk management should be a continuous and dynamic process which runs throughout the organization's strategy and implementation of that strategy.
3. It should address methodically all the risks surrounding the organization's past, present and, in particular, future activities.
4. Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed and that appropriate controls and responses are in place. This structure should involve the Governing Body and Senior Management. Senior Management should ensure that an effective system is in place to manage the risks. The Governing Body takes the lead on reviewing the risk register and ensuring that senior management have suitable plans in place to treat risks where controls were identified as inadequate.
5. Where internal audit operates, their work should be focused on the significant risks identified in order to provide Management and the Governing Body with periodic assessments that these are being adequately managed.

Major risks

Most organizations face similar major risks and these can be summarized as:

- Change in political environment
- Change in legislation
- Change in strategic direction
- Reduced income
- Lack of financial sustainability
- Loss of reputation
- Ineffective governance
- Ineffective management
- Inadequate staffing and skills
- Information technology failure (hardware / software)
- Major incident response (terrorism / flood / fire / disease).

Implementation

For Member Associations:

6. Member Associations are encouraged to adopt a clear risk management process outlining the roles that the Governing Body and Senior Management should undertake. The Governing Body should approve a risk management policy.

7. Member Associations are encouraged to include risk management within their strategic planning process.
8. Associations should document the main risks facing the organization and ensure that controls are in place to minimize the financial impact of risks. The Governing Body should approve on an annual basis the most important risks facing the organization. It is considered good practice for each Governing Body meeting to review the risk register as a standing item on the agenda. This should include follow-up on actions taken from the previous year to the risk register.
9. Senior Management shall promote a systematic and consistent approach to risk by ensuring that risks are assessed and considered as part of the day-to-day management of the organization.
10. Where Internal Audit are in place they should utilize the results of the annual risk assessment to plan their work and provide an assurance to the Governing Body that controls are in place to minimize these risks.

For the Secretariat:

11. The Director-General shall ensure that a comprehensive risk register is in place for the Secretariat ~~including each Regional Office and the Central Office.~~ This shall identify the major risks and the controls in place to minimize and monitor those risks.
12. The Director-General shall present to the Board of Trustees on an annual basis the most significant important risks facing the organization. ~~Regional Directors will present similar regional risk registers to their Regional Forums.~~
13. The Board of Trustees will review on an annual basis the Secretariat risk register, including follow up on actions taken from the previous year to the risk register. This will ~~be after follow~~ a detailed review by the IPPF Finance, Audit and Risk Committee.
14. ~~In case requested by the Member Associations, t~~The Regional Offices ~~shall will facilitate provide~~ assistance to Member Associations in developing a strong risk management policy and procedure within their organizations.
15. Senior Management shall promote a systematic and consistent approach to risk by ensuring that risks are assessed and considered as part of the day-to-day management of the organization. They shall also ensure that controls are in place to minimize the financial impact of risks.
16. Internal Audit will utilize the results of the annual risk assessment to plan their work and provide an assurance to the Audit Committee that controls are in place to minimize these risks.

As adopted by Governing Council, November 2007

As amended by the Board of Trustees, June 2024