



**INTEGRATION FOR PEACE & HOPE**  
**RESTORATION UGANDA**

# RISK MANAGEMENT POLICY

# INTEGRATION FOR PEACE AND HOPE RESTORATION UGANDA

## Risk Management Policy

2022

This policy guideline was developed in consultation with IPHR-Uganda Management and approved by the Board

Approval

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Board Members (Chair of the board) .....



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## **Overview**

### **1. Purpose**

1.1 This policy sets out the key elements of Integration for Peace and Hope Restoration Uganda risk management outlining the main principles behind the risk management framework.

1.2 It communicates Integration for Peace and Hope Restoration Uganda structured approach to managing risk and establishes a common terminology across the organization, ensuring that Integration for Peace and Hope Restoration Uganda uses risk management systematically to inform decision-making.

### **2. Scope**

2.1 The risk management policy is applicable to all Integration for Peace and Hope Restoration Uganda offices, departments, functions, processes, and resources. It includes all areas of risk, and the organization will be guided by the ISO 31000 risk management standards as well as the Integration for Peace and Hope Restoration Uganda's established ethical standards and values and other applicable guidelines.

### **3. Principles and Commitment to Risk Management**

3.1 Risk management is everyone's responsibility.

3.2 Integration for Peace and Hope Restoration Uganda is committed to the management of risks as an integral part of its strategy formulation and implementation. The management of risks shall be integrated into Integration for Peace and Hope Restoration Uganda planning and operational processes and shall be fully recognized in the organization's reporting processes.

3.3 Integration for Peace and Hope Restoration Uganda is committed to exploring opportunities to protect our mission, principles, institutions, and the people that we serve.

3.4 Integration for Peace and Hope Restoration Uganda shall focus on risk management strategies that explore and maximize opportunities in addition to minimize threats that the organization may encounter as it pursues its vision and mission in implementing its strategic, operational, and programmatic plans.

3.5 Integration for Peace and Hope Restoration Uganda will manage risk in an effective and efficient manner as a fundamental component of its operations to achieve its objectives.

3.6 Integration for Peace and Hope Restoration Uganda is committed to identifying and analyzing risks associated with activities and operations with the objective of maintaining a safe workplace, minimizing losses, maximizing opportunities, and developing appropriate risk treatment options for informed decision-making.

3.7 Integration for Peace and Hope Restoration Uganda will promote a culture of risk and responsibility through our circles of collaboration with National Societies, and with peer-to-peer support.

#### **4. Roles and Responsibilities**

4.1 The Governing Board is responsible for promoting the Integration for Peace and Hope Restoration Uganda risk management philosophy, the desired risk culture, and establishing an effective governance structure to oversee risk.

4.2 The Audit and Risk Commission advises the Governing Board on all audit and risk management matters affecting Integration for Peace and Hope Restoration Uganda .

4.3 Integration for Peace and Hope Restoration Uganda is responsible for defining appropriate institutional structures for effective implementation of the risk management policy and implementing risk management in accordance with the risk management framework.

4.4 Integration for Peace and Hope Restoration Uganda's Risk Management Framework lays out the responsibilities of each of the actors in more detail.

#### **5. Risk Appetite**

5.1 The responsibility for determining Integration for Peace and Hope Restoration Uganda risk appetite resides with the Executive Director and the senior management Team and is approved by the Board. The risk appetite will be a driver of strategic decisions.

5.2 The Executive Director with the senior Management Team defines and reviews the risk appetite which forms the basis for procedures and performance measures ensuring that strategic decisions are risk informed.

5.3 For operations, the risk appetite is defined by Integration for Peace and Hope Restoration Uganda 's management, and lays out the boundaries for acceptable risks to Integration for Peace and Hope Restoration Uganda

5.4 The overall risk appetite of Integration for Peace and Hope Restoration Uganda is dynamic, and the latest version is available in the organization's risk appetite statement.

5.5 Integration for Peace and Hope Restoration Uganda 's strategic risk appetite statements will be reviewed and endorsed on an annual basis, or at the request of the Executive Director.

#### **6. Effective Date and Review of policy**

6.1 This Policy comes into effect on the 1<sup>st</sup> of January 2022.

6.2 This Policy will be reviewed and updated if necessitated by a significant event or change in circumstances for the organization, or at the request of the Board of Directors.

## **CH's Risk Management Framework**

### **1. Introduction**

International organizations with a complex set up/structure, like the Integration for Peace and Hope Restoration Uganda's, require a well-structured, strategic, and pro-active approach to managing risk. Integration for Peace and Hope Restoration Uganda's often deals with particularly high-risk activities during its efforts to assist vulnerable people in need of support. Guided by the Fundamental Principles, Integration for Peace and Hope Restoration Uganda's conflict prone areas, is on the frontline of disasters and crises, including health emergencies and pandemics, and sometimes assists those with higher risk behavioral issues.

Risk management supports the organization in adjusting its overall strategy, priorities, and objectives with time. A corporate and systematic process to manage and take calculated risks, enables Integration for Peace and Hope Restoration Uganda to explore opportunities and to reduce its exposure to unwanted and unnecessary threats. Risk management is one of the cornerstones of Integration for Peace and Hope Restoration Uganda's good governance and sound management structures. The effective implementation of risk management at strategic, operational, and programmatic levels will help improve the performance of the organization and enhance Integration for Peace and Hope Restoration Uganda's ability to achieve its objectives.

### **2. Purpose, scope and audience**

Integration for Peace and Hope Restoration Uganda Management Framework applies to all Integration for Peace and Hope Restoration Uganda offices, operations, and employees in all countries within which Integration for Peace and Hope Restoration Uganda operates. Compliance with this framework is mandatory for all Integration for Peace and Hope Restoration Uganda offices. The purpose of Integration for Peace and Hope Restoration Uganda Risk Management Framework is to support Integration for Peace and Hope Restoration Uganda in managing its risk so that it can systematically make risk-based decisions to optimize the use of resources to achieve its objectives. An established risk management framework plays a crucial role in ensuring essential assistance reaches communities in need, while safeguarding donor investments, as well as Integration for Peace and Hope Restoration Uganda's reputation as a trusted partner of choice. It enables the organization to gain a clear view of its overall risk level and to define its risk appetite, taking into consideration the humanitarian imperative.

This Framework:

- a) Defines the scope of the risk management activities in Integration for Peace and Hope Restoration Uganda.
- b) Supports alignment Integration for Peace and Hope Restoration Uganda's Strategy to its risk appetite to enable the Board and the Global Leadership Team to evaluate the objectives that Integration for Peace and Hope Restoration Uganda is pursuing after factoring in which risks can be considered as acceptable.

- c) Provides structured guidance on how Integration for Peace and Hope Restoration Uganda responds to risks across the organization, encouraging proactive and preventive in addition to reactive risk management, to enhance decision-making and business development.
- d) Encourages seizing of opportunities to improve business processes and functions.
- e) Enables Integration for Peace and Hope Restoration Uganda to reduce operational surprises and losses by anticipating events and put in place measures to minimize threats or to maximize opportunities related to those events.
- f) Allows identification and management of risks across the organization at all levels.
- g) Promotes the establishment of a common language around risk together with the development of a risk awareness culture and understanding of the importance of risk management to all Integration for Peace and Hope Restoration Uganda staff and volunteers.
- h) Outlines the key roles and responsibilities for risk management across the organization.

### 3. Risk Management Process

A risk is defined as the effect an uncertainty has on the objectives of the organization and can be both negative (threat) or positive (opportunity). Risk Management is embedded within the Integration for Peace and Hope Restoration Uganda as a key part of strategic planning, operational planning, and operations, and is a systematic process for evaluating and addressing risks to make informed decisions. Each Integration for Peace and Hope Restoration Uganda project shall have a risk register (see Annex II) and a project manager will be responsible for managing risks to their objectives.



**Figure 1: Risk management process**

The risk management process for the Integration for Peace and Hope Restoration Uganda involves the following stages:

- Risk identification
- Risk assessment
- Risk treatment/response

- Risk escalation
- Monitoring and reporting

In addition, the objectives need to be clearly defined upfront.

## **0. Objective Identification**

Before identifying the risks, it is important to establish the context by clarifying what the objectives are. This can be the overall strategy of the organization, the outcomes, the outputs, the annual operational plan for the office, or specific projects and activities.

## **1. Risk Identification**

A risk identification is performed to map what, why and how risks can impact the objectives. This includes reviewing relevant processes, systems, and product/projects of Integration for Peace and Hope Restoration Uganda, with a view of identifying critical elements that can prevent the achievement of the objectives. It is important to involve all relevant staff members in this exercise, and any staff member can identify a risk and suggest it be captured in the risk register of their office. It is therefore recommended that managers provide the opportunity to discuss risks at any time. This includes in meetings and dedicated risk identification workshops, but also analyses of lessons learnt from previous operations and findings from evaluations and audits. Integration for Peace and Hope Restoration Uganda risks are classified into categories informed by the risk environment.

## **2. Risk Assessment**

When the risks have been identified, each risk must be assessed. This is important to determine if the risk is acceptable to the organization, and to prioritize the order and efforts to manage it. The inherent risk level of each risk will be assessed in terms of the likelihood that the risk will affect the organization's ability to achieve its objectives, and the impact to the organization's objective. The assessment is typically subjective, using sound judgement, common sense, and experience, in particular for risks that cannot easily be measured. Once the inherent risk level has been determined, it is important to highlight the controls currently in place to mitigate the risk. These are controls and actions that are designed to either reduce the likelihood, the impact or both. The resulting likelihood and impact are the residual risk level. The residual risk level can then be assessed towards the organization's risk appetite for this objective or type of risk, to determine if additional actions are required to mitigate the risk to within the risk appetite.

## **3. Risk Treatment / Response**

If the risk assessment shows that the residual risk level is outside the risk appetite of the organization, it is necessary to plan for additional controls or mitigation measures. The options of risk treatments are as follows:

- a) *Terminate the risk* – By doing things differently and thus removing the risk where it is feasible to do so. Countermeasures are put in place that either stop the threat or problem from occurring or prevent it having any impact on CH.



- b) *Treat the risk* – Take action to control the risk by reducing the likelihood of the risk developing or limit the impact on the objective to acceptable levels.
- c) *Transfer* - Pass the management of the risk to a third party via, for instance, an insurance policy or a penalty clause, such that the impact of the risk would no longer be an issue for CH.
- d) *Tolerate* – Risks can be tolerated either because nothing can be done at a reasonable cost to mitigate it, or the likelihood and impact of the risk occurring are at an acceptable level.
- e) *Take more risk* - If the identified event constitutes an opportunity for the organization, it may be desirable to take more risk, with the appropriate controls in place.

NB. Actions to be taken need to be carefully considered and the number of controls operated should be proportionate to the appetite for the risk.

#### **4. Risk Escalation**

If the residual risk level is outside the risk appetite of the organization, and there are not sufficient controls (or mitigation actions) within the approval level of the office to reduce the risk to within acceptable levels, the risk must be escalated to the next authority level. Note that a risk can be outside of the appetite for a country delegation office, but still within the appetite of a regional office.

#### **5. Risk Monitoring & Internal Reporting**

Because the environment in which we operate changes regularly, and as such its risks, it is important to monitor and review risks regularly. The risk register should be a live document that is monitored and reviewed periodically to ensure it remains current.

The different offices are required to keep their risk registers up to date, and to make their risk registers available to the risk management function upon request. This will ensure the information gathered can be used to identify potential opportunities to exploit and as a source of institutional memory for future managers of similar operations, offices, or functions. Each office is also required to report on their main risks as part of the regular reporting processes of the Integration for Peace and Hope Restoration Uganda.

#### **4. Risk Management for Operations**

##### **4.1 Make a risk management plan**

Each Integration for Peace and Hope Restoration Uganda operation should establish a plan for risk management, which should be in line with the risk management framework. The plan should specify how risks will be managed for the operation, including the proposed risk appetite and any external reporting requirements. The risk management plan should be signed off by the operations manager and presented to the Regional Risk Management Team for approval.

##### **4.2 Set an operational risk appetite**

At the onset of the operation, the risk appetite for the operation needs to be defined. The risk appetite will be communicated to potential partners and donors, to ensure a common understanding of the risks in the operation.

#### **4.3 Establish a risk register**

Depending on the size and complexity of the operation, the corresponding risk register could be embedded in the existing risk register for the country/country cluster delegation. For operations above a certain size or complexity, the Integration for Peace and Hope Restoration Uganda can establish a Federation-wide risk register together with relevant donors and partners.

#### **4.4 External Risk Reporting**

Reporting of risks to the operation will be outlined in the risk management plan. If a risk management plan is not established, risks should be captured in the internal risk register for the office and not be shared externally without consulting with the Risk Management Function.

### **5. Risk Management Tools and Training**

#### **5.1 Risk Register**

To capture the overall risks of the organization, all project and program staff are required to fill the risk register (Annex 2). The risk register should be accessible to the risk management team, both globally and in the respective regions.

#### **5.2 Risk Management Training**

Risk management training is critical in supporting the effective implementation of the Risk Management Framework and is important in enhancing the awareness and risk culture at Integration for Peace and Hope Restoration Uganda. The organization will offer training that includes:

- a) General awareness training to all staff about key risk management concepts and terminology, promoting risk management as an integral part of all corporate processes.
- b) b. Specialist training to support the execution of a specific process e.g. risk identification /assessment processes, risk measurement techniques.
- c) Training to support the implementation of a new risk management system, tool, or technique, to promote proactive actions.
- d) Practical surge support on the start of an operation to support the establishment of risk management for the operation.
- e) The Risk Management Function at the global and regional levels will determine training needs to satisfy our competency requirements for risk management organization wide. An annual plan for training will be developed based on the assessed needs and incorporated in the workplan of the Global Risk Management Function.
- f) Risk management training will be provided regularly, both virtually, in-person or as a combination.

## 6. Roles and Responsibilities

The risk management oversight and governance structure encompass three lines of defense which has been embedded within Integration for Peace and Hope Restoration Uganda's organizational structure, and the roles and responsibilities as highlighted in the summary below:

Role	Responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>Promote the <b>IPHRU</b> risk management philosophy, the desired risk culture, and establish an effective governance structure to oversee risk.</li> <li>Provide financial and risk management oversight, in addition to approving the <b>IPHRU</b>'s risk appetite.</li> <li>Monitor the effectiveness of the <b>IPHRU</b> risk management processes.</li> </ul>
Senior Management Team	<ul style="list-style-type: none"> <li>Give advice on all audit and risk matters affecting <b>PHRU</b>.</li> <li>Assess the scope and effectiveness of the systems established by the executive director to identify, assess, manage, and monitor risks.</li> <li>Review areas of risk, major cases of fraud and corruption, irregularities, and legal claims that could have a significant financial, reputational, or other impact impeding <b>PHRU</b> and advise the executive director accordingly.</li> <li>Review the reports of the internal and external auditors, comment on the same to the executive director and board of directors.</li> <li>Oversee the implementation of the audit recommendations by the executive director.</li> <li>Bring allegations of breaches of integrity to the board of directors in consultation with the board chair.</li> </ul>
Executive Director	<ul style="list-style-type: none"> <li>Define appropriate institutional structures, direction, and resources for effective implementation of the risk management policy.</li> <li>Guide and champion, the implementation of the risk management policy.</li> <li>Approve the <b>PHRU</b> Strategic risks on a regular basis.</li> </ul>
Director of Programs	<ul style="list-style-type: none"> <li>Provide strategic direction on risk management at the board of directors</li> <li>Apply the risk management framework throughout the organization.</li> <li>Align and integrate the risk management framework with the overall strategic and implementation plans.</li> <li>Ensure strong internal controls.</li> </ul>
Project Managers	<ul style="list-style-type: none"> <li>Implement the risk management framework within their respective projects, incorporating risk management into their planning processes and management activities.</li> <li>Monitor the development of a risk and implement risk responses, tolerate or escalate risk to the relevant authority, as necessary.</li> <li>Maintain an up-to-date risk register for their projects.</li> <li>Report on the status of items in the risk register as required when it impacts their respective responsibilities as part of the annual planning cycle.</li> </ul>

<p>HR and Admin Manager</p>	<ul style="list-style-type: none"> <li>• Support and advise the organization in risk management. Ensure that an effective risk management system is established,</li> <li>• implemented, and maintained in accordance with this framework. Facilitate and coordinate the development of risk registers and conduct risk workshops.</li> <li>• Identify training needs and facilitate risk management trainings. Collect, analyze, and report risks and responses across <b>PHRU</b> and review the efficacy of the risk management policy.</li> <li>• Keep the risk management framework up to date in line with the established revision timelines.</li> <li>• Oversee the implementation of the risk management framework and enhance the risk culture within <b>PHRU</b> at national, state and county levels.</li> </ul>
<p>Finance Manager</p>	<ul style="list-style-type: none"> <li>• The finance manager will utilize a fully risks based audit methodology whose risk terminology aligns with this policy and supports development of <b>PHRU's</b> risk maturity.</li> <li>• The finance manager will annually assess and report to the leadership on the effectiveness of <b>PHRU's</b> governance and control framework to effectively manage risk.</li> <li>• The finance manager shall audit and report on the status, adequacy, and effectiveness of the risk management framework.</li> <li>• The finance manager shall conduct independent and objective assessment of the <b>PHRU</b> internal control adequacy and effectiveness in addressing risks.</li> <li>• On an ongoing basis, the finance manager shall provide timely, objective assurance regarding the continuing appropriateness of the policy and the adequacy of compliance with the policy.</li> <li>• The finance manager shall also verify the adequacy and accuracy of management information reports regarding the risk management processes.</li> <li>• The finance manager shall conduct independent compliance and controls reviews.</li> </ul>