

Risk Management Policy



Zabarang Kalyan Samity

www.zabarangbd.org

A handwritten signature in black ink, belonging to Mathura Bikash Tripura.

Mathura Bikash Tripura
Executive Director
Zabarang Kalyan Samity

1. Purpose of the policy:

This risk management policy forms part of Zabarang's organizational governance arrangements. This document comprises a Policy Statement, specification of roles and responsibilities, and an outline of risk management processes for the organization. It is also supported by existing policies of the organization. The main purpose of this policy is to ensure that the risk management processes adopted by Zabarang are understood by all members and staff of the organization, and are clear and transparent to all stakeholders of the organization.

2. Objectives of the policy:

The objectives of this policy is to provide guidance on managing organizational risk to support the achievement of strategic objectives, protect participants of the projects and programs of the organization, staff and assets and other resources, and ensure organization's operations and financial sustainability. The policy objectives are determined to provide a framework to:

- Define risk governance
- Identify principal risks
- Assess priority risks
- Develop mitigating strategies and actions
- Monitor and review risk activities
- Communicate and report risks

3. Definition of Risk:

In the context of this policy, risk is defined as the uncertainty in an event or activity which may jeopardize the likelihood that Zabarang will achieve its objectives.

4. Principles and Governance:

The 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 Zabarang, the Executive Committee is responsible for the risk management policy and for assuring itself of the policy's implementation.



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- The Executive Committee 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.

5. Assess Priority Risks

Each priority risk is entered on the risk log. The risk is assessed by considering the following dimensions:

- Risk appetite (high, medium, medium/low, low)
- Significance of the risk (scale of 1-5, where 5 is the most significant)
- Probability of risk occurrence (scale of 1-5, where 5 is the most probable)
- Description of worst-case outcome, including a financial quantification if appropriate

In addition, 'direction of travel' is also noted, whether we think that overall the impact of the risk has stayed static since previous review or is changing for better or worse.

6. Risk Management Framework

Our approach to risk management reflects sector guidance and aims to clearly locate responsibility for identifying and managing different levels and types of risk in a structured way.

In each case, the "owner" of the risk should have in place early warning mechanisms to alert Zabarang so that remedial action can be taken to manage any potential hazards.

7. Managing Risks

Risks regarded as high or very high in impact and probability should be identified in advance and a decision taken about whether to continue with the activity and if so, how to manage it to either realize the potential benefits or avoid the potential downsides. Risks change and evolve as projects develop, before bidding and throughout their funded life. Different risks will be managed with a particular focus. Some will be addressed through routine management, supported by systems of Zabarang, procedures and policies. The management of the organization has a particular role to play here in providing the forum for regular review of project implementation, including emerging issues that threaten successful delivery.

8. Monitoring And Learning

We will monitor the risks on the Strategic Risk Register, especially those with a "High" risk score. Clusters/units and departments will be asked to review the operational risks captured in their Registers termly. The Strategic Risk List is kept under review by the Finance and Audit Committee, which meets regularly. It is reported to the Board.

We will learn from our experience of risk management and seek to share issues and ideas with staff to enable them to work effectively in a risk-based manner. This will include learning from those risks that we take on knowingly, where we believe that we could secure significant benefits if the risks are handled responsibly.



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9. Roles And Responsibilities

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

The Executive Committee 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 List;
- Monitor the management of significant risks to ensure that appropriate controls are in place;
- Identify any strategic risks that require inclusion or updating in the Strategic Risk List to ensure that it reflects Zabarang's overall strategy and operating context;
- Approve major decisions, taking into account 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 Executive Committee;
- 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 modification to the policy;
- Receive advice from the Executive Committee on the need for inclusion or amendment of strategic risks in the Strategic Risk List;
- Ensure that adequate information is provided for the Executive Committee and other 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.

The Senior Management Team will:

- Regularly review the Strategic Risk List and submit this to the F&A committee quarterly and thence bi-annually, to the Executive Committee;
- Advise on modifications to the policy;
- Assess the adequacy of internal controls and advise the Executive Committee as necessary;
- Decide on risk mitigation where Board or FAC action is not required;
- Inform all its strategic decisions with considerations of risk;



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- 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.

Project team 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 such as the Social Media Policy and Travel Policy;
- Draw on the guidance from the SMT when development project proposals;
- Take part in relevant training where this will help with confidence and capacity in risk management.

10. Internal Controls

Internal controls encompass a review of the risks inherent in each activity. The Finance and Audit Committee report to the EC on the adequacy of internal controls. As part of its remit, the Committee reviews the work of the Internal and External Auditors and of Zabarang's management. The Committee is therefore well placed to advise the EC on the effectiveness of the internal control system.

As part of the annual audit, the External Auditors will advise the Finance and Audit Committee on the operation of the internal financial controls.

11. Periodic Review

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

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

- Review the previous year and examine the Institute's track record on risk management;
- Consider whether Zabarang 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;



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- Consider whether the current internal control arrangements are likely to be effective.

As part of its review, the Board will consider:

- Zabarang'S objectives and its financial and non-financial targets;
- Zabarang's strategic ambitions and progress towards them;
- The management approach to risk;
- The appropriateness of the level of delegation of authority;
- Public reporting;
- Prioritization of risks;
- Timely identification and assessment of risks;
- The ability of Zabarang



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