



A member of **ChildFund**

CCFC

ENTERPRISE RISK MANAGEMENT FRAMEWORK

POLICY AND PROCEDURES

CCFC Enterprise Risk Management Framework

1. PURPOSE

1.1 Introduction

A **Risk*** event is a discrete incident or multiple incidents with uncertainty and significance that could impact the decision, planning and execution of strategic objectives and ongoing activities. Risk is often defined as the chance of something happening, measured in terms of likelihood and impact. A risk that may impact the organization in a negative way is considered a threat. A risk that may impact the organization in a positive way is considered an opportunity.

Risk Management is a structured and disciplined approach to assessing and managing the uncertainties to which Christian Children's Fund of Canada (CCFC) is exposed.

1.2 Policy Statement

Risk Management is a continuous process that supports the development, implementation and success of CCFC's Strategic Plan. All activities of CCFC may involve some level of risk, which vary in type and severity. Ensuring the proper management of risk is an integral part of effective strategic and corporate governance.

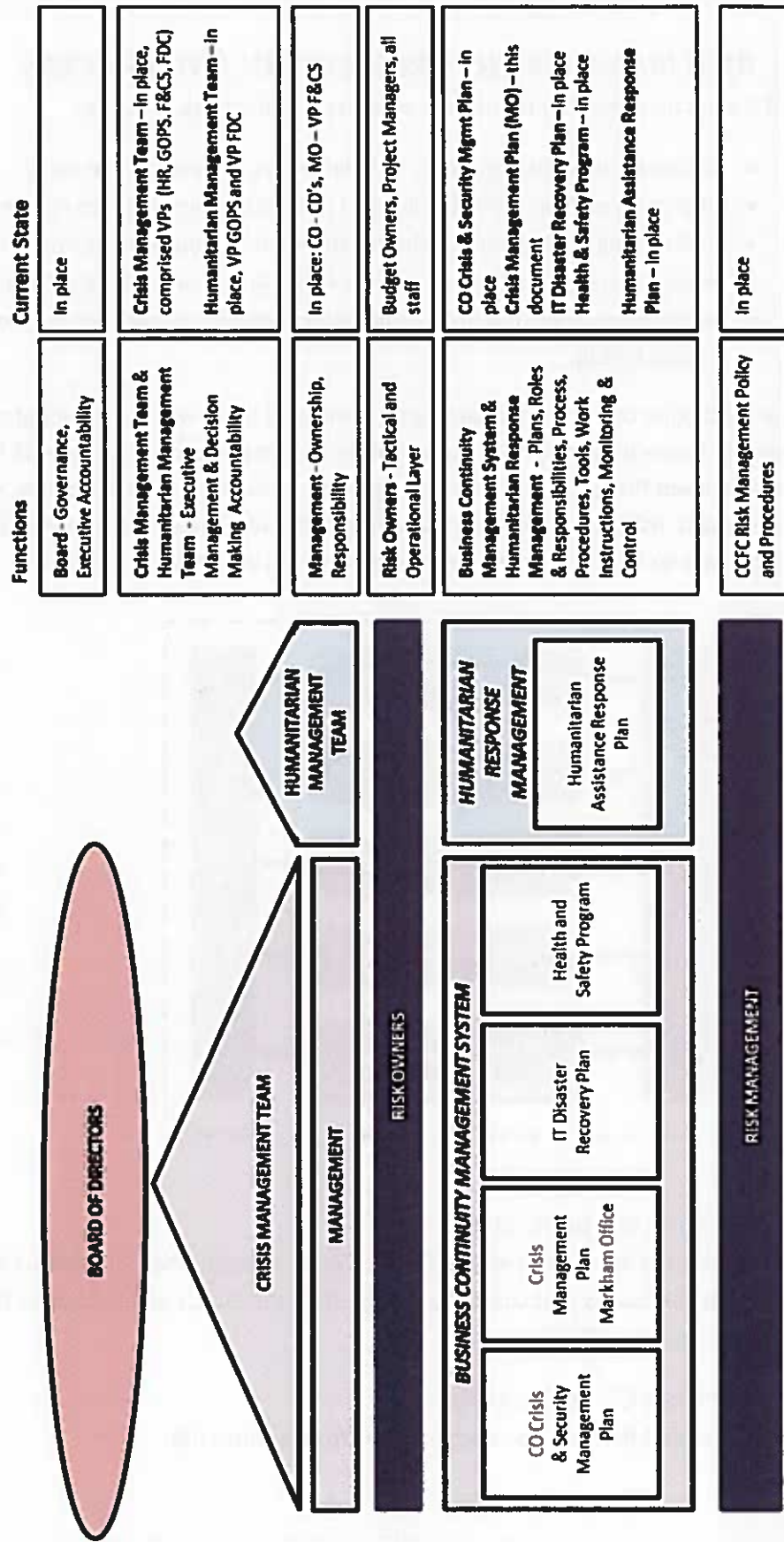
The objectives of this Risk Management Policy are to:

- Incorporate a consistent approach to risk management into all activities of CCFC to support decision making and resource allocation at the operational and strategic levels to achieve its strategic objectives and mission.
- Provide risk management guidance, designed to assist in the protection of key CCFC assets, such as property, interests, etc. and its staffing.
- Embed risk management into the culture and operations of CCFC.
- Integrate risk management into strategic planning, activity planning, performance management and resource allocation decisions.
- Manage threats and leverage opportunities in accordance with best practices.
- Regularly re-assess CCFC's risk profile and the effectiveness of risk treatments in the context of the various strategic objectives.
- Anticipate and respond to changing social, environmental and regulatory compliance requirements.

*Note: Other definitions provided in this document are denoted by bold type.

2.2 CCFC Enterprise Risk Management Model

The CCFC Enterprise Risk Management can be presented allegorically as a "House", as shown in the following diagram, which indicates all the components within CCFC that contribute strong control around risk management. This Risk Management Policy is the house foundation. The Business Continuity Management System (comprising the Country Office Crisis and Security Management Plan, the Crisis Management Markham Office, IT Disaster Recovery, Health & Safety Program and Humanitarian Assistance Response Plan) presented is the second level of the structure followed by the Risk Owners and Management. The Crisis Management Team forms the roof of the structure and they report to the Board. The Humanitarian Management Team is directly responsible for the Humanitarian Response Management.



- **Strategic risk** includes the organization’s high level objectives, aligned with and supporting its mission. Within CCFC, this would include such risks as donor satisfaction, policy initiatives, donor services programs, or impact to the international development profession’s/CCFC’s reputation. This type of risk classification is associated with the greatest risk of missing an opportunity. For example, brand reputation is classified as a strategic risk because a trusted brand is a key strategic asset.
- **Operational risk** includes the organization’s effective and efficient use of resources. This classification would include assessment of areas such as evaluation/approval of contractual commitments, purchasing procedures, staff development, succession planning, technology and facilities security and IT disaster recovery planning. For example, loss of key staff would create operational and financial risks (cost related to hiring replacement and to rebuilding knowledge and expertise).
- **Regulatory and Compliance risk** includes compliance with applicable laws and regulations to which CCFC is required to comply. CCFC has an extensive list of regulatory filings, tax returns, insurance and membership renewal applications required to be completed annually. In addition, CCFC is subject to a wide range of requirements to fulfill in its work in Country Offices. For example, missing a filing deadline or filing inaccurate information can have serious consequences.
- **Financial risk** includes financial transactions and is a term often used to imply the downside of risk, meaning the uncertainty of a return and the potential for financial loss. This risk classification is often a residual outcome of the other risk classifications. For example, poor service delivered by a vendor or supplier is both an operational risk and a financial risk.

3.3 Risk Assessment

Risks are identified and analyzed against the business objectives which may be affected. A Risk Assessment Matrix is a tool to determine the level of risk and help to prioritize any risk control measures. Risks are measured in terms of likelihood and consequence of impact and can be measured in both qualitative and quantitative terms, depending upon the risks being considered. The table below is to be used to identify a Reportable Risk. A Reportable Risk is a risk that falls within the red and yellow zones in the table. A Reportable Risk has to be captured on the Risk Register (refer to Section 4.0).

Likelihood scale	H	Yellow	Red	Red
	M	Green	Yellow	Red
	L	Green	Green	Yellow
		L	M	H
		Impact scale		

3.3.1 Risk likelihood scale

- Low(L) The likelihood of an event occurring is ≤30%
- Medium(M) The likelihood of an event occurring is > 30% and ≤70%
- High(H) The likelihood of an event occurring is > 70%

the chosen risk treatments are carried out. CCFC uses the **Risk Register (Appendix C)** document to monitor and control risk activities.

The **Risk Register** is the formal reporting tool used by CCFC to capture reportable risks which include details such as the impact and likelihood of each identified risk, indicates ownership and/or responsibility and specifies the treatment action plan(s). The VP, F&CS is responsible for maintaining a current Risk Register, using it as a basis for monitoring the implementation of risk management activities.

Where there are mandatory processes designed and implemented to mitigate risk the VP, F&CS will ensure that staff are notified of applicable organizational policies, procedures and controls, and are also responsible for compliance with these processes. The VP, F&CS is responsible for preparing the Risk Register, reviewing it with EST, and presenting it at least annually to the Board.

3.6 Information and Communication

All staff have a responsibility to identify, evaluate and manage or report risks, and will be equipped to do so. Regular risk management training will be provided to all staff to ensure that best practice and lessons learned are part of the improvement process.

4. RISK MANAGEMENT PROCEDURES

Risk management applies to and will be practiced in accordance with the Risk Management Principles as a part of all CCFC activities including developing strategic and operational plans, preparing budgets, project plans and generally, in all decision making.

All CCFC staff are responsible for identifying and advising the VP, F&CS of emerging and Reportable Risks. Emerging risks are those circumstances or factors which may be new to CCFC and may lack quantifiable impact or probability at a particular time. Emerging risks should be separately identified, and qualitative assessments of their impacts and probabilities, provided. Reportable Risks require implementation of a risk treatment to reduce the residual risk level to as low as reasonably practicable.

Risk Owners are responsible for analyzing and reporting new or changing Reportable Risks as follows:

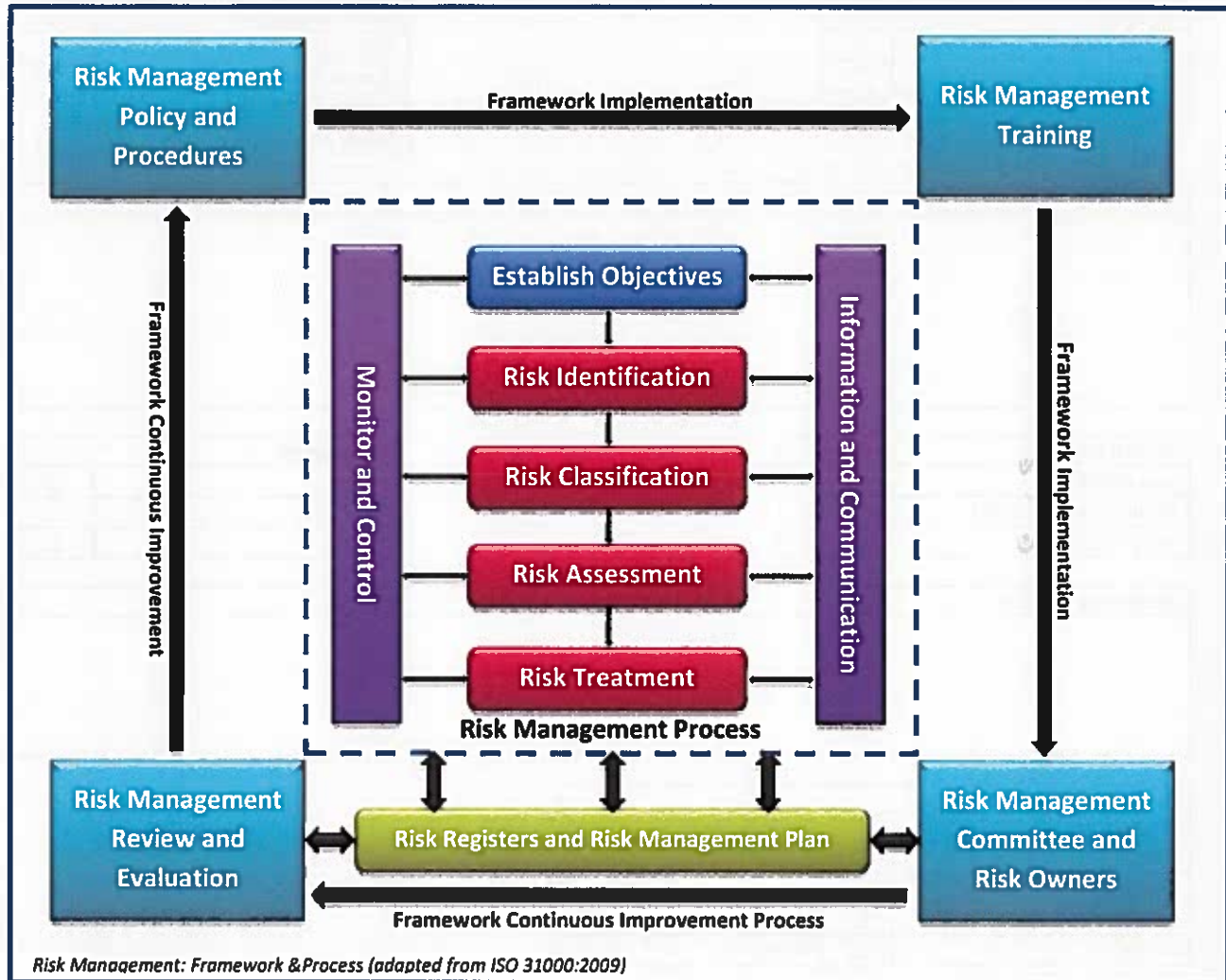
- Complete the CCFC Reportable Risk Analysis Form provided in Appendix B.
- Markham Office staff are to submit the form directly to the VP, F&CS as soon as possible.
- Country Office staff are to submit the form to the Director, Operations
 - The Director, Operations will assess the reported information and upon confirmation of a Reportable Risk will advise the VP, F&CS.

The VP, F&CS will ensure that each Reportable Risk is captured using the Risk Register and that respective Risk Owners are advised and involved in managing the risk.

APPENDIX A – RISK MANAGEMENT FRAMEWORK

Adapted from ISO 31000:2009

RISK MANAGEMENT FRAMEWORK



APPENDIX C – CCFC RISK REGISTER TEMPLATE (sample)

Risk ID #	Description	Risk Classification		Risk Type	Owner	Risk Assessment		Mitigating Control Factors	Risk Treatment	Preparedness/Response Plans	Action Plans	Due Date
		Risk Likelihood	Risk Impact									
1		Low	High									
2		Low	Medium									
3		High	High									
4		Medium	Medium									
5		Medium	High									
6		Low	Low									
7		Low	High									
8		Low	High									
9		Medium	Low									
10		Low	High									
11		Low	Medium									
12		Low	Low									