



KASIPUL NG-CDF

RISK MANAGEMENT POLICY

INTRODUCTION

Risk refers to the probability of an event and potential consequences to an organization associated with that event's occurrence. Risks do not necessarily exist in isolation from other risks; as a result, a series of risk events may result in a collective set of consequences that is more impactful than the discrete set of consequences associated with risk events taking place in isolation.

Risk is inherent to any activity. It is neither possible, nor advantageous, to entirely eliminate risk from an activity without ceasing that activity.

All organizations operate in an uncertain world. Every step taken towards achievement of organizational objectives involves uncertainty which implies that things may not go as planned. Every step has an element of risk that needs to be managed.

According to the international standard number ISO 31000:2009: Risk Management Principles and Guidelines, uncertainties can be reduced by using a systematic approach to risk management.

Risk management facilitates availability of better information, improved knowledge and understanding hence better decision making which facilitates maximum utilization of the organizations resources.

The Ministry of Finance is issued circular no. 3/2009 dated 23/02/2009 titled "Development and Implementation of Institutional Risk Management Policy Framework in the Public Sector" addressed to all Accounting Officers, Chief Executive Officers and Clerks to Local Authorities.

The circular noted that risk management should be seen as an integral part of the strategic and operational activities of all public institutions and risk management philosophy must be clearly communicated to staff and embedded in the respective strategic plans.

IMPORTANT CONCEPTS

Risk Management - Is the process of dealing with uncertainty and trying to achieve the best outcome possible for the organization. This process includes:

Risk Analysis - Identifying risks, analyzing potential consequences, and setting priorities for action.

Risk Response - Developing and implementing an action plan to address risk

Risk Assessment - Is the methodology of determining the nature and extent of risk by analyzing potential hazards and evaluating existing conditions of vulnerability that together could potentially harm exposed people, property, services, livelihoods and the environment on which they depend.

Risk Reduction - Is the concept and practice of reducing disaster risks through systematic efforts to analyze and manage the casual factors of disasters, including though reduced exposure to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events.

PURPOSE OF KASIPUL NG- CDF RISK MANAGEMENT POLICY

The purpose of this is to outline the procedures and organizational arrangements that will embed/establish and maintain risk management at Kasipul NG-CDF so as to address unanticipated and unintended losses to Kasipul NG-CDF human resources, financial assets, and property without unnecessarily limiting the activities that advance the mission and goals.

Some level of risk is not only expected in normal everyday activities but can be beneficial.

The risk management policy is built on the premise of continual improvement in order to facilitate prudent assessment and treatment of risks that the office may encounter in the pursuit of its mandate.

However, acceptance of risk shall not include:

1. Willful exposure of projects, employees assets to unsafe environments or activities
2. Intentional violation of law
3. Willful violation of contractual obligations
4. Unethical behavior.

Categories of risks managed through the Risk Management Policy

Framework include:

1. Compliance Risk - Affect compliance with laws and regulations, staff safety, environmental issues, litigation, conflicts of interest ect.
2. Reputational Risks - Affect reputation, public perception
3. Political Risks – Affect stability of political structure and policies
4. Financial Risk - Affect loss of funds and inability to account for the funds
5. Operational Risk - Affect ongoing management processes and procedures
6. Environmental Risk - Affect air, water, soil or biological food chains to man

INTENT

The Kasipul NG-CDF Risk Management Policy shall provide a commitment to a culture in which opportunities may be seized and risks taken, in a risk aware manner across the entire Authority, with risk management being fundamental/deep seated to management practice.

SCOPE

This policy shall apply to all NG-CDF stakeholders and also apply strategic and operational activities.

OBJECTIVES

The objectives of the Kasipul NG- CDF Risk Management Policy is to provide a strategy against which:

1. The NG-CDF team leads by example with sound risk management practice
2. All NG-CDF staff support a risk aware culture
3. All the high inherent risk are identified, analyzed, managed, monitored and reported on continuously.

KASIPUL NG-CDF RISK MANAGEMENT (RM) PRINCIPLES.

The aim of Risk Management Policy is to strengthen the proper management of risks through proactive risk identification, risk management, and risk acceptance pertaining to all activities carried out by Kasipul NG-CDF

The Risk Management Policy is intended to:

1. Ensure that major risks are reported to the NG-CDFC and the NG-CDF board for review and acceptance
2. Result in the management of those risks that may significantly affect the pursuit of the stated strategic goals and objectives.
3. Embed a culture of evaluating and identifying risks at multiple levels
4. Provide a consistent risk management framework in which the risks pertaining to NG-CDF activities and functions are identified, considered, and addressed in key approval, review and control processes
5. Inform and improve on timely decision-making
6. Meet legal and regulatory requirements
7. Assist in safeguarding NG-CDF assets to include people , finance , property and reputation
8. Ensure that existing and emerging risks are identified and managed within acceptable risk tolerances
9. To establish a policy/legal and institutional framework for management of disasters, including promotion of a culture of disaster risk reduction, at all levels
10. To ensure that the institutions and activities for disaster risk management are coordinated, focused to foster participatory partnerships between the government and other stakeholders at all levels.
11. To promote linkage between risk management and sustainable development for reduction of vulnerability to hazards and disasters.
12. To mobilise resources, including establishment of specific funds for disaster risk reduction strategies and programs like the emergency reserve fund.

IMPLEMENTATION FRAMEWORK S AND PROCEDURES

It is expected that risk management processes will be embedded into the NG-CDF's management systems and processes.

All risk management efforts will be focused on supporting the institution's objectives.

Therefore the risk management framework and associated procedures will include:

1. Formal and ongoing identification of risk that impact the institution's goals
2. Development of risk management plans
3. Monitoring the progress of managing risk
4. Periodic updates of risk management plans
5. An organization process for risk analysis and response
6. Assignment of specific risk responsibilities and performance accountability.
7. A workplace culture where every employee understands risk and their role in addressing it.

RISK MANAGEMENT METHODOLOGY

Risk may be managed by using one or more of the following methods:

1. Avoid (eliminate, withdraw from or do not become involved in an activity creating risk)
2. Retain (accept the risk and plan for the expected impact creating risk)
3. Transfer/share (move the risk to another party by hedging against undesired outcome or reduce the risk through processes such as insurance) and,
4. Reduce (control the risk through additional or optimized controls)

OVERSIGHT

The risk management ad hoc subcommittee shall have sufficient authority to ensure high-level management of the institution's risk management efforts and shall provide oversight to implementation of the risk management policy and review major risks on behalf of the NG-CDF

ACCOUNTABILITY

The NG-CDF management framework and procedures shall be reviewed annually. Periodic reviews for compliance with the system wide guidelines shall also be conducted by the district internal audit, Kenya National Audit Office and NG-CDF Board Internal Audit or a similar accountability responsibility

COMMITMENT TO EFFECTIVE RISK AT KASIPUL NG-CDF

Kasipul NG-CDF is committed to building an organisational culture where risk awareness and active and effective risk management form an integral part of NG-CDFC's activities and a core management responsibility

Effect risk management requires:

- ✓ A strategic focus
- ✓ Forwarding thinking and proactive approaches to management
- ✓ Adequate consideration of the cost of managing risk with the expected benefits
- ✓ Contingency planning for the eventually in case the threats materialize

REPORTING TO THE NG-CDF

The NG-CDF shall submit reports on risk management to the NG-CDF Board on quarterly basis on the risk management process, in order to seek the boards ' concurrence on action taken or further guidance.

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