ANGELS

CENTER

OF

HOPE

FOUNDATION

RISK MANAGEMENT POLICY MANUAL

ANGELS CENTER OF HOPE FOUNDATION RISK MANAGEMENT POLICY

1. PURPOSE

The purpose of this risk management policy is to communicate Angels Center of Hope Foundation's commitment to managing the organization's risks and to establish clear responsibilities for itself in order to maximize strategic and operational achievement.

1. SCOPE AND CONTEXT

This policy applies to directors, management ,staff and volunteers of Angels Center of Hope Foundation.

Angels Center of Hope Foundation is committed to the formal, systematic and structured proactive management of risks across the organisation.

Risk is inherent in all aspects of Angels Center of Hope Foundation's activities and whilst many of these risks cannot be eliminated, they can, however, be identified, quantified and controlled. Risks that impact on the objectives of Angels Center of Hope Foundation can offer both opportunity and threat. This policy is designed to provide Angels Center of Hope Foundation personnel with a systematic framework in order to minimise threats and maximise opportunities to Angels Center of Hope Foundation.

2. POLICY OBJECTIVES

The overall development objective of the risk management policy at Angels Center of Hope Foundation is to ensure that the organization meets and/or exceeds its objectives. At a more detailed level, the main objectives of the risk management policy are to:

i. Protect, maintain and enhance financial and reputational stability and sustainability.
   - Assist in the maintenance of the organization's stability across a range of operating circumstances to ensure ongoing sustainability.
   - Ensure achievement of program objectives by appropriately managing negative risks.
   - Improve confidence and trust of all stakeholders of the organization.

ii. Meet compliance requirements.
   - Ensure compliance with all legal ,donor, and industry requirements and law.
   - Ensure compliance with all relevant internal policies ,procedures and controls..

iii. Increase efficiency and performance.
   - Minimize threats and maximize opportunities presents to the organization from risk.
   - Maximize efficiency and effectiveness of controls and operations generally.
   - Minimize risk related losses.

iv. Implement strategies to manage the risks that could prevent the organizations goals and objectives from being achieved.

3. WHAT IS RISK

Risk refers to anything that may have a negative impact on achieving an organization's mission, goals and strategies if it becomes a reality. A risk can also b referred to as the likelihood and potential impact of encountering a threat. In this case, a threat will imply a danger or potential source of harm or loss. Angels Center of Hope Foundation defines "risk" as: "The effect of uncertainty on objectives."

More specifically:

i. Risk will manifest itself in many forms and has the potential to impact the health and safety, environment, community, reputation, regulatory, operational, and financial performance of Angels Center of Hope Foundation and, thereby, the achievement of the organization's objectives.

ii. By understanding and managing risk, Angels Center of Hope Foundation will provide greater certainty and confidence for all our stakeholders, and for the communities in which we operate.

iii. Angels Center of Hope Foundation will use our risk management capabilities to maximize the value from our assets, projects, programs and other business opportunities and to assist us in fostering participation and/or performance in our organisation.

iv. Risk management will be embedded into our business activities, functions and processes. Risk understanding and our tolerance for risk will be key considerations in our decision making.

v. Risk issues will be identified, analyzed and ranked in a consistent manner. Common systems and methodologies will be used.

vi. Risk controls will be designed and implemented to reasonably assure the achievement of organizational objectives. The effectiveness of these controls will be systematically reviewed and, where necessary, improved.

vii. Risk management performance will be monitored, reviewed and reported. Oversight of the effectiveness of our risk management processes will provide assurance to executive management, the Board and relevant stakeholders.

viii. The effective management of risk is vital to the continued growth and success of Angels Center of Hope Foundation.

4. REVIEW OF POLICY

This policy is subject to formal review every two(2) years.

5. ACCESS TO THE POLICY

This policy will be available for viewing by any director or employee of Angels Center of Hope Foundation. In addition, this policy may be made available to any third party at the discretion of the Angels Center of Hope Foundation's Executive Director.

6. RISK MANAGEMENT PROCESS AND PROCEDURES

The board management of Angels Center of Hope (ACOH) Foundation view risk management as integral to its strategic intent of achieving its mission "To work with marginalized communities to end poverty and injustice through the development of programs for sustainable livelihood, clean and healthy environments, good health, and quality education in Kenya" by:

i. Understanding the business environment in which the organization operates and the major risks faced by the organization.
ii. Setting a risk tolerance for those risks.
iii. Ensuring that ACOH Foundation meets donor, prudential and statutory requirements.
iv. Ensuring management takes the steps necessary to identify, measure, monitor and control those risks and monitor the effectiveness of controls.
v. Overseeing the risk management framework and processes.
vi. Approving all risk management policies.
vii. Assisting in the development of an appropriate risk and control culture by setting the tone at the top.

ACOH Foundation's risk management policy provides a system to manage the risks associated with its core activities.

7. RISK MANAGEMENT REQUIREMENTS

i. Risk management will be incorporated into the strategic and operational planning processes of Angels Center of Hope Foundation.
ii. Risk and the management of risk will be identified and monitored according to the Angels Center of Hope Foundation enterprise-wide risk management policy.
iii. Risk assessments will be conducted on all new ventures and projects prior to commencement to ensure alignment with the Angels Center of Hope Foundation risk appetite and organisational objectives.
iv. Risks will be identified, reviewed and monitored on an ongoing basis.

v. Risks will be assessed and evaluated against the Angels Center of Hope Foundation Risk Management Framework.
vi. Relevant risks that are identified will be recorded within Angels Center of Hope Foundation's risk management register.
vii. All risks will be assigned an owner whose responsibilities are specified in this policy under section 13 of this policy.

8. RISK MANAGEMENT PRINCIPLES

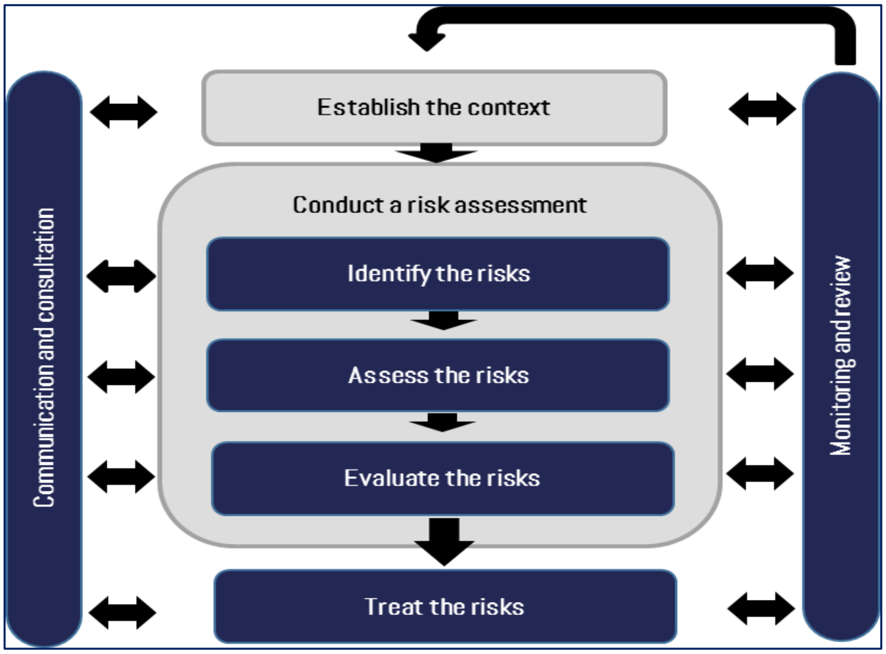
Angels Center of Hope Foundation has adopted the following principles to ensure risk management is effective within the organization. These principles are:

i. Risk management creates and protects value.
ii. Risk management is part of decision making.
iii. Risk management explicitly addresses uncertainty.
iv. Risk management is systematic, structured and timely.
v. Risk management is based on the best available information
vi. Risk management is tailored.
vii. Risk management takes human and cultural factors into account.
viii. Risk management is transparent and inclusive.
ix. Risk management is dynamic, iterative and responsive to change.
x. Risk management facilitates continual improvement of the organization .

9. RISK MANAGEMENT PROCESS

The Angels Center of Hope Foundation risk management process is based upon the Risk Management Process as shown below. Risks identified will be managed according to this process.

Risk Management process



10. RISK MANAGEMENT COMPLIANCE AND CONTROL

In developing a culture of risk management, Angels Center of Hope Foundation senior management is responsible for appropriate responses to manage risk, aided by the risk action plans and the creation of a risk register. To enable this, Angels Center of Hope Foundation:

i. Has implemented a systematic process to assist in the identification, assessment, treatment, and monitoring of risks.

ii. Provides the necessary tools and resources to senior management and employees to support the effective management of risks.

iii. Reviews and communicates risk management best practice on a regular basis.

11. ASSESSMENT OF EFFECTIVENESS

Angels Center of Hope Foundation assesses the effectiveness of its risk management plan through structured continuous improvement processes to ensure risks and controls are continually monitored and reviewed. This includes ongoing feedback loop via regular senior management meetings and appraisal of risk owners' actions taken to manage risks via employee performance management.

12. REPORTING REQUIREMENTS

Angels Center of Hope Foundation senior management via the Angels Center of Hope Foundation Executive Director ensures that the Board is adequately informed of significant risk management issues and the actions undertaken to manage risks on a regular basis. The following reporting process is in place:

i. Management will regularly review the risk register with their teams and update the mitigation strategies and perceived level of risk as appropriate.
ii. New risks will be added to the register through a formal notification process from staff, management and directors to the Angels Center of Hope Foundation Chief Executive Officer.
iii. A "top ten" list of major risks (as agreed by the Board) to be discussed at monthly management meetings (fixed agenda item), together with any new or emerging risks.
iv. The Board will be updated at each meeting through the Executive Director's board report.
v. The Board to be briefed on all major risks by the Executive Director at each board meeting.
vi. The Board will review emerging risks annually.

13. RISK MANAGEMENT RESPONSIBILITIES

a. Angels Center of Hope Foundation Board

The Board of Angels Center of Hope Foundation is responsible for overseeing the establishment (and implementation via management) of risk management systems and reviewing the effectiveness of these systems.

The Board's role in relation to risk includes:

i. Overseeing the creation, implementation and maintenance of the risk management system of Angels Center of Hope Foundation and its internal control framework, including information systems.
ii. Establishing a risk profile for Angels Center of Hope Foundation setting out both financial and non-financial material and/or strategic risks facing Angels Center of Hope Foundation.
iii. Reviewing the effectiveness of Angels Center of Hope Foundation's implementation of its risk management systems and internal controls on an on-going basis and reviewing the outcome of any non-financial audits.
iv. Seeking to reach a common understanding with management and auditors about the risk management process, key financial and regulatory risks and related controls including focusing on the "key" risks which are considered to be currently, or may in the future be, more significant or more likely to occur.
v. Analyzing the effectiveness of Angels Center of Hope Foundation's risk management and internal compliance systems and the effectiveness of their implementation.
vi. Developing an understanding of the overall business environment, relevant laws and codes of importance to Angels Center of Hope Foundation and the programs/projects that Angels Center of Hope Foundation has in place to provide reasonable assurance of compliance.
vii. Reviewing Angels Center of Hope Foundation's health and safety at work policy and ensuring regular reporting to the Board on issues related to workplace health and safety.
viii. Ensuring that the Executive Director states in writing to the Board annually that the statement given to the Board that Angels Center of Hope Foundation's financial reports present a true and fair view, in all material respects, of Angels Center of Hope Foundation's financial condition and operational results and are in accordance with the relevant accounting standards, are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board;
ix. ensuring that the Executive Director states in writing to the Board annually that Angels Center of Hope Foundation's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

b. Risk Management Committee (RMC)

The RMC is comprised of the Angels Center of Hope Foundation Financial Manager and two other members (vice chare and secretary) Manager.
It is responsible for:

i. Implementation of the principles, actions and requirements of the risk management plan and monitoring its implementation within Angels Center of Hope Foundation.
ii. Provision of the necessary tools and resources to identify and manage risks.
iii. Review of risks on a quarterly basis, including identification of new risks, changes to existing risks and retirement of previously identified risks (through a formal decision-making process).
iv. The manner in which ownership of risks is taken by senior management or others in accordance with function or expertise.
v. Regular reporting of the status or risk items to the Board.
vi. Appraisal of risk owners' actions taken to manage risk and correction of inappropriate performance.
vii. Internal compliance and control systems for the implementation of the risk management plan.
viii. Consideration of non-financial audits.
ix. Compliance with regulatory requirements and best practice.

c. Angels Center of Hope Foundation Executive Director

i. The Executive Director is responsible for:
ii. Identifying legislation, policy and guidelines affecting risk management practices at Angels Center of Hope Foundation.
iii. Maintaining Angels Center of Hope Foundation's Risk Register.
iv. Providing assistance and support throughout Angels Center of Hope Foundation for risk management.
v. Organizing appropriate risk management education and training for Angels Center of Hope Foundation staff.
vi. Monitoring the implementation of the Angels Center of Hope Foundation Risk Management Framework across the organisation.

d. Angels Center of Hope Foundation Managers / Senior Staff

Senior management will be responsible for:

i. Championing the roll out of the Angels Center of Hope Foundation Risk Management Framework into Angels Center of Hope Foundation's operations.
ii. ensuring staff understand their responsibilities with respect to operational risk management.
iii. Developing a risk aware culture within their area of responsibility.
iv. Advising the Chief Executive Officer of needs for any training, development and facilitation.
v. Maintenance of risk registers within their areas.

e. Risk Owners

Risk owners are responsible for:

i. Identifying existing controls to help manage the risk.
ii. Developing treatment plans to reduce the likelihood and/or impact of the risk; Monitoring the implementation of the treatment plans and reporting on their effectiveness and outcomes.
iii. Monitoring and alerting senior management of significant changes in risk status.

14. RISK FRAMEWORK

a. Risk Matrix

The Board of Angels Center of Hope Foundation has approved the following risk matrix

			IMPACT				
Risk Matrix			**Insignificant**	**Minor**	**Medium**	**High**	**Extreme**
			1	2	3	4	5
PROBABILITY	**Rare**	1	Low	Low	Low	Moderate	Moderate
	Unlikely	2	Low	Low	Moderate	High	High
	Possible	3	Low	Moderate	High	High	Extreme
	Likely	4	Low	Moderate	High	Extreme	Extreme
	Almost Certain	5	Moderate	High	High	Extreme	Extreme

b. Risk Grading Criteria – Impact Ratings

The Board of Angels Center of Hope Foundation has resolved that risk be assessed over the following categories in relation to impact (consequence):

i. **Financial:** Impact on Angels Center of Hope Foundation finances.

ii. **Operational: Impact** on provision of Angels Center of Hope Foundation products, projects and services

iii. **Brand/Reputational**: Impact on Angels Center of Hope Foundation brand and general credibility

iv. **Physical/Safety**: Impact on the safety and well-being of people

v. **Regulatory/Legal**: Impact on Angels Center of Hope Foundation regulatory exposure

vi. **People**: Impact on corporate knowledge / continuity

(Impact ratings and criteria are shown on the next page)

Impact levels and criteria are shown in the following table:

				Financial	Operational	Brand/ Reputational	Physical / Safety	Regulatory/ Legal	People/ Participation
IMPACT	5	Extreme	**A risk that can prove catastrophic or terminal for the whole organisation.**	More than $100,000	Unable to deliver product/ services in a region. Widespread migration of members to competitor organisation. Prohibited from delivering competition at any level.	Collapse of organisation. Major inquiry into systemic misconduct. Wholesale resignation of Board Members or Senior Management.	Death or total permanent disability of player/ participant due to compromised safety standards. Preventable death of a member of the public.	Criminal prosecution of organisation and/or Board due to failure to comply with the law.	Active participation declines by more than 25%.
	4	High	**Risks which can significantly jeopardise some aspects of the organisation, but which will not result in organisational failure.**	More than $25,000 but less than $100,000	Widespread failure or loss of product/service standards. Increasing migration of members to competitor organizations'. Unable to deliver the National Championships.	Loss of affiliated clubs/providers. Investigation of serious individual misconduct. Loss of significant skills from Board or Senior Management.	Serious injury of player/ participant due to compromised safety standards. Preventable serious injury of member or public.	Civil action against organisation and/or Board due to negligence. New regulations that impede operations.	Active participation declines by more than 15%, but less than 25%.

	3	Medium	**Risks which will cause some problems, but nothing too significant.**	More than $10,000 but less than $25,000	Moderate impact on product/service standards. Unable to deliver local sports competitions. Widespread discontent by members/participants.	Threats of withdrawal from affiliated clubs/providers. Failure of prominent branded project or product. Failure of a club or provider. Individual or group misconduct. Sustained public criticism of the organisation.	Systemic injuries of players/ participants and/or public. Increased frequency of near misses.	Regulatory/ police investigation with adverse findings against organisation and/or Board.	Net active participation declines by more than 5%, but less than 15%.
	2	Minor	**Any risks which will have just a mild impact, but should be addressed.**	More than $1,000 but less than $10,000	Minor impact on product/service delivery. Competitive threats to membership. Constrained capacity to meet the demands of existing or new members/ participants.	Localized negative media coverage.	Minor injuries of players/ participants and/or public.	Regulatory/ police investigation of organisation and/or Board without adverse findings.	Net active participation declines by more than 0%, but less than 5%.

	1	Insignificant	**Risks which do not pose any significant threat and which can be left unmitigated without special action.**	Less than $1,000	Very minor, temporary product/service disruption.	Media interest in local issue.	Insignificant injuries of players/participants and/or public.	Persistent complaints against organisation and/or Board.	Stable net active membership.

c. Risk Grading Criteria – Likelihood Ratings

The Board of Angels Center of Hope Foundation has resolved that the following probability thresholds and ratings in relation to assessing risks be used.

LIKELIHOOD	**5**	**Almost Certain**	Will probably occur more than once within 12 months
	4	**Likely**	High probability that will occur at least once within next 24 months
	3	**Possible**	Reasonable likelihood that could occur more than once in 24 months
	2	**Unlikely**	Not likely to occur within next 24 months
	1	**Rare**	Not impossible but highly unlikely

d. Risk Tolerance Levels

The Board of Angels Center of Hope Foundation has resolved that the following risk tolerance thresholds be used in relation to the actions Angels Center of Hope Foundation personnel shall take in relation to managing risks.

RISK LEVEL	REQUIRED ACTIONS
EXTREME	**Intolerable** • Operations / activity should be discontinued until level of risk is able to be reduced (or written authorization to continue is provided by the Angels Center of Hope Foundation CEO and Chairman). Consider options for reducing the impact or probability of the risk. • CEO to be informed ASAP and provide urgent attention, guidance and approval of mitigation strategy. • Consider external advice (legal, insurance or risk advisor).
HIGH	**Tolerable level of risk – significant management & monitoring required** • Action should be taken to ensure risk level is As Low As Reasonable Practicable (ALARP). Consider options for reducing the impact or probability of the risk. • If level of risk is ALARP continue to manage using documented operating procedures. • Increase monitoring of controls to ensure effectiveness in managing the risk.
MODERATE	**Tolerable level of risk – follow operating procedures** • Ensure risk level is As Low As Reasonable Practicable (ALARP). • If level of risk is ALARP continue to manage using standard operating procedures with normal monitoring protocols.
LOW	**Tolerable level of risk.** • Maintain existing controls. No additional controls required.

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