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RISK MANAGEMENT POLICY

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A. INTRODUCTION

All activities undertaken by Civil Resource Development and Documentation centre (hereinafter referred to as CIRDDOC) carry an element of risk. The exposure to these risks is managed through the practice of Risk Management. In managing risk, it is the CIRDDOC's practice to take advantage of potential opportunities while managing potential adverse effects. Managing risk is the responsibility of everyone in the Organisation.

This policy outlines the organisation's risk management process and sets out the responsibilities of the Board of Trustees, Executive Committee, Chief Accounting Officer and other members of staff whether paid or unpaid within the organisation in relation to risk management

B. COMMENCEMENT

This policy shall commence on the 13th day of November, 2019 upon approval by the Board of Trustees and when the Executive Director, executes same.

C. APPLICATION OF THIS SAFE GUARDING POLICY

This policy applies to all staff, including the Executive Director and Board of Trustee members, whether unpaid staff/Volunteers, professional Staff, NYSC Corp. members attached to CIRDDOC or any person or persons working for or on behalf of CIRDDOC as an organisation.

D. DEFINITION OF TERMS

1. Risk: Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organisation's operational objectives. The exposure to the consequences of uncertainty constitutes a risk.
2. Risk Management: Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of CIRDDOC's strategic and financial goals.
3. Risk Strategy: The Risk Strategy of CIRDDOC defines the Organisation's standpoint towards dealing with various risks associated with the activities and administrative responsibilities of the organisation. It includes the

organisation's decision on the risk tolerance levels and acceptance, as well as, the avoidance or transfer of risks faced by the organisation.

4. Risk Assessment: Risk Assessment is defined as the overall process of risk analysis and evaluation.
5. Risk Estimation: Risk Estimation is the process of quantification of risks.
6. Risk Tolerance/Risk Appetite: Risk tolerance or Risk appetite indicates the maximum quantum of risk which the organisation is willing to take as determined from time to time in accordance with this Policy.
7. Risk Description: A Risk Description is a comprehensive collection of information about a particular risk recorded in a structured manner.
8. Risk Register: A 'Risk Register' is a tool for recording the risks encountered at various locations and levels in a standardized format of Risk Description.

E. OBJECTIVES OF THE POLICY

The main objective of this policy is to ensure sustainable Organizational growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the execution of projects as well as administrative activities in CIRDDOC.

In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, including the development of the Risk Matrix, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

1. To ensure that all the current and future material risk exposures of the Organisation are identified, assessed, quantified, appropriately mitigated and managed.
2. To establish a framework for the organisation's risk management process and to ensure wide implementation.
3. To ensure systematic and uniform assessment of risks related with all projects and operational activities.

4. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices in compliance with all enforceable statutes and policies.

F. RISK MANAGEMENT SYSTEM

CIRDDOC's risk management system is designed to identify the risks that may be faced by anyone acting for, with or in connection of the development of the organisation. CIRDDOC has measures in place to keep those risks to an acceptable minimum and to completely prevent same, when practicable.

Risk owners have been assigned responsibilities for the identified risks in the Risk Register. CIRDDOC's risk assessment matrix is used as the benchmark in planning and implementing the risk management measures. It takes into consideration the nature, scale and complexity of each project or administrative activity.

Elements

The risk management process consists of the following main elements:

1. **Identify:** Identify a risk (threats or opportunities) and document the risks captured by the risk register owner.
2. **Assess:** The primary goal is to document the net effect of all identified threats and opportunities, by assessing:
 - Likelihood of threats and opportunities (risks);
 - Impact of each risk;
 - Proximity of threats; and
 - Prioritization based on scales.
3. **Plan:** preparation of management responses to mitigate threats and maximize opportunities.
4. **Implement:** risk responses are actioned.
5. **Monitor and review:** monitor and review the performance of the risk management system and changes to organizational initiatives.
6. **Communicate:** provide regular reports to Board of Trustees of CIRDDOC/Executive Committee at agreed times.

Guiding Principles

In order to fulfill the objectives of this policy and lay a strong foundation for the development of an integrated risk management framework, the policy outlines the following guiding principles of Risk Management:

1. All operational decisions with respect to any project or official responsibility will be made with the prior information and acceptance of risk involved.
2. The Risk Management Policy shall provide for the enhancement and protection of operational value from uncertainties and consequent losses.
3. All employees of the organisation shall be made aware of risks in their respective domains and their mitigation measures.
4. The risk mitigation measures adopted by the organisation shall be effective in the long-term and to the extent possible be embedded in the operational processes of the organisation.
5. Risk tolerance levels will be regularly reviewed and decided upon depending on the change in organisation's strategy.
6. The occurrence, progress and status of all risks will be promptly reported to the Executive committee and appropriate actions be taken thereof.

Scope

The policy guidelines are devised in the context of the future growth objectives, operational profile envisaged and new project endeavors including new products and services that may be necessary to achieve these goals, and the emerging global standards and best practices amongst comparable organizations.

This policy is purposed to achieve the following:

1. To ensure protection of Funders, Board members, members of staff, volunteers, downstream partners and clients or beneficiaries of the organisation's activities through the establishment of an integrated Risk Management Framework for identifying, assessing, mitigating, monitoring, evaluating and reporting of all risks.
2. To provide clear and strong basis for informed decision making at all levels of the organisation.
3. To continually strive towards strengthening the Risk Management System through continuous learning and improvement interests of Funders and thus

covers all the activities within the organisation and events outside the organisation which have a bearing on the organisation's operation.

4. The policy shall operate in conjunction with other administrative policies enforceable as at the time being when this Policy is applicable in CIRDDOC.

G. CHARACTERISTICS OF RISK IDENTIFICATION

Characteristics by which risks can be identified are:

- Risks are adverse consequences of events or changed conditions
- Their occurrence may be identified by the happening of trigger events
- Their occurrence is uncertain and may have different extents of likelihood

Recognizing the types of risks that individuals working for or in the stead of the organisation is/may be exposed to, risks will be classified broadly into the following categories:

1. Strategic Risk: include the range of external events and trends that can adversely affect the organisation.
2. Project Risk: include the risks associated specifically with the organisation and having an adverse impact on the organisation's capability to execute activities critical for projection execution, thereby affecting its near-term performance. E.g. occurrence of a risk event delaying the timely completion of projects leading to the deferment of funds expected from any relevant funder in the circumstance.
3. Operational Risks: are those risks which are associated with operational uncertainties like unpredictable changes as a result of natural causes.

H. RISK CONTROL

Risks are effectively managed by CIRDDOC Nigeria, through the effective implementation of various controls, which include:

- Board approved risk management framework;
- Documented policies and procedures;
- Maintenance of Risk register;
- Implementation of risk-based systems and processes;
- Ongoing monitoring of regulatory obligations;
- Checklists to guide activities and project plans to record actions; and

- Internal and external reporting

I. RESPONSIBILITY UNDER THIS POLICY

1. Board

The Board of Trustees, through the Executive Committee, has responsibility under this policy to review and report to the Board that:

- (a) The Committee has, at least annually, reviewed the CIRDDOC's risk management framework to satisfy itself that it continues to be relevant and effectively identifies all areas of potential risk;
- (b) Adequate policies and processes have been designed and implemented to manage identified risks;
- (c) A regular programme of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- (d) Proper remedial action is undertaken to redress areas of weakness.

2. Chief Financial Officer

The Chief Financial Officer (Head of Accounts Department) of CIRDDOC has responsibility under this policy for:

- (a) Monitoring compliance with this policy;
- (b) Reporting to the Board of Trustees on compliance with this policy;
- (c) Developing, implementing and monitoring systems, management of policies and procedures relevant to project activities, including facilitating review by the Executive Committee on a regular basis; and
- (d) Maintaining the risk register.

3. Risk Owner

The Risk Owner (as noted in the Risk Register) is responsible for ensuring on a daily basis that the relevant operational procedures and controls implemented to treat each risk area are adequate and effective.

If a control or procedure is not adequate and effective in treating the risk, the risk owner should report this, with a recommendation for an alternative risk treatment,

to the Chief Financial Officer for escalation to the Executive Director or Operational Manager and ultimately approval by the Board.

4. General Responsibilities

- (a) Every CIRDDOC volunteer, staff member, downstream partner, Board member and beneficiary of project activity is responsible for effective management of risk including the identification of potential risks.
- (b) The CIRDDOC Executive Team is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management administrative and project activities.
- (c) Where there is any legislation in place, Federal or any State where CIRDDOC has an operational office, for the management of specific risks (such as Occupational Health and Safety), this Risk Management policy does not relieve CIRDDOC of its responsibility to comply with that legislation.
- (d) Heads of Departments are accountable for strategic risk management within areas under their control, including the promotion and training of staff and volunteers under such departments on risk management processes.

J. RISK MANAGEMENT PROCESS

The risk management system is dynamic and is designed to adapt to CIRDDOC's developments and any changes in the risk profile over time. Compliance measures are used as a tool to address identified risks.

The risk management system is based on a structured and systemic process which considers CIRDDOC's internal and external risks.

The main elements of the risk management process are as follows:

- (a) Communicate and consult – communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.
- (b) Establish the context – establish the external, internal and risk management context in which the rest of the process will take place – the criteria against which risk will be evaluated should be established and the structure of the analysis defined.

- (c) Identify risks – identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of CIRDDOC’s objectives.
- (d) Record risks – document the risks that have been identified in the risk register.
- (e) Analyze risks – identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk by analyzing the range of potential consequences and how these could occur.
- (f) Evaluate risks – compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and priorities.
- (g) Treat risks – develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.
- (h) Monitor and review – it is necessary to monitor the effectiveness of all steps of the risk management process. This is important for continuous improvement. Risks and effectiveness of treatment measures need to be monitored so that changing circumstances do not alter priorities.

CIRDDOC’s risks may come from any internal or external event which, may affect the ability to efficiently and effectively operate in line with the organisation's goal:

- (a) Internal risks – These are risks that specifically relate to CIRDDOC’s operation itself and as such as generally within its control. They include risks such as employee related risks, strategic risks, and financial risks.
- (b) External risks – These are risks that are outside the control of CIRDDOC. They include risks such as market conditions with respect to the execution of projects and legislative change.

Risks are effectively managed by CIRDDOC through the effective implementation of various controls, which include:

- (a) Board of Trustees' approved risk management framework;
- (b) Maintenance of risk register; and
- (c) Regular review of risks and controls, particularly as the activities change.

K. RISK MANAGEMENT METHODOLOGY

The methodology adopted by CIRDDOC for managing and treating its risks can be defined as follows:

1. Document a risk management framework.
2. Identify the general activities involved in running and executing the organisation's activities (i.e. risk categories)
3. Identify the risks involved in undertaking the specific project activity by asking the following questions:
 - i. What could happen?
 - ii. How and why could it happen?

4. Rate the likelihood of the project activity not being properly implemented.

Likelihood is assessed with the assumption that there are no existing risk management and compliance processes in place.

It is assessed as either Almost Certain, Likely, Possible, Unlikely and Rare.

5. Rate the consequence of not properly implementing the project activity - damage can be quantified in terms of financial loss to funder and/or CIRDDOC itself.

It is assessed as Catastrophic, Major, Severe, Serious and Minor.

6. Assign the inherent risk rating based on a combination of the risk rating. Low and medium risks may be considered acceptable and therefore minimal further work on these risks may be required.

The rating may be assessed as Critical, High, Significant, Medium and Low.

7. Decide whether a control (e.g. policy, procedure, checklist, reporting mechanism or account reconciliation) is necessary given the level of risk, based on likelihood and consequences and if so, identify control.
8. Assess whether the existing controls are adequate and allocate the responsibility of monitoring the control to treat the risk. This will integrate risk management and compliance to daily activities and facilitate appropriate control of operational risk.
9. Raise awareness about managing risks across the organisation through communicating the policy and responsibilities.
10. Routinely monitor and review ongoing risks so that risk can be effectively managed

L. RISK STRATEGY

The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

a) Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

b) Risk Transfer: Mitigation by having another party accept the risk, either partial or total, typically by contract or by hedging.

c) Risk Reduction: Employing methods/solutions that reduce the severity of the loss.

d) Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default.

This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would not be feasible.

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November 13, 2019

Barrister (Mrs.) Ral Nwankwo-Obioha
Executive Director,
CIRDDOC Nigeria