

RISK MANAGEMENT POLICY

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POLICY AND INTRODUCTION

Cambodian Kids Foundation (CKF) may be exposed to certain risks therefore, specific governance measures and accountabilities have been adopted to mitigate risks. CKF recognises that inadequate management of risks can jeopardise the achievement of our results. When risks are well managed, CKF recognises that extraordinary results can be achieved.

To fully understand such risks, this Risk Management Policy outlines our framework for how risk will be managed within the foundation. The purpose of this policy is to outline a systematic and consistent approach to identifying, assessing and managing risks across CKF. Risks are required to be managed systematically with the adoption of a comprehensive, transparent process for identifying, assessing, mitigating and evaluating all risks. Risks may also include potential threats to achieving CKF objectives (adverse risk).

Risk requires input from all levels of our foundation with direction from the CKF Board and Cambodian Leadership Team. CKF recognises that all required procedures and mitigations must be in place to identify risks arising out of the day-to-day operation and, in the likelihood and consequences of such risks occurring, that steps are taken to minimise, eliminate or transfer that risk. The aim of this policy is not to eliminate risk but to instead manage and minimise the risks involved in all of our activities, and to maximise opportunities.

Implementation of this policy will ultimately:

- Facilitate risk-informed decisions when setting objectives, selecting and managing the most appropriate course of action, and evaluating results.



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- Maintain a proactive approach to risk rather than a reactive risk management approach.
- Assure all stakeholders that CKF's objectives will be met, key risks would be better managed, and results be demonstrated.
- Provide all internal stakeholders with the necessary tools and framework to manage risk.

CKF engages in several activities to achieve its mission and purpose. The activities include, but not limited to:

- Building partnerships and relationships with local communities, grassroots not-for- profits, large non-governmental organisations and Cambodian Government to provide preschool to primary education
- Providing education materials
- Transferring funds overseas to conduct activities
- Sending volunteers from Australia to support, manage, conduct and evaluate overseas activities
- Conducting fundraising activities in Australia

PRINCIPLES

CKF's risk management principles guide all actions of CKF Board Members and staff and are reflected in the following principles:

- Risk management is everyone's responsibility: All members of CKF are expected to identify, assess and manage risks related to their area of work and as necessary.
- Accept no unnecessary risk: There is no benefit in accepting any risk if it does not help to advance towards CKF objectives.
- Anticipate and manage risk by planning: In all aspects of preparation, including creating strategies and operational plans and designing programs, risks are more easily mitigated when they are identified during planning.
- Accept risk when benefits outweigh costs: The aim is not necessarily to eliminate risk as total risk elimination would involve extensive controls and is extremely costly.
- Embed risk management: Risk management is a practice embedded into existing activity processes and future projects.
- Review and adopt risk policies and procedures day to day: Ensure that all practices and activities of CKF consider a risk perspective.



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RISK TOLERANCE

Our tolerance for adverse risks will be used to determine which risks are treated through the development of risk treatment actions to manage risks to an acceptable level. During this process we will consider additional control measures to manage the risks to acceptable levels.

INTEGRATION WITH GOVERNANCE AND STRATEGIC PLANNING

The Risk Management Policy forms part of the governance framework and integrates with the strategic planning process. The Policy addresses both strategic and operational risks and the requirement of the organisation to operate in its regulatory environment.

RISK MANAGEMENT RESPONSIBILITY

Ownership of risks and risk treatment actions will be assigned to relevant roles within the organisation. CKF has incorporated risk management accountability in executive, management and supervisory roles which are required to report on risks and risk treatment actions.

Board Members

CKF Board Members are responsible for Risk Management in respect to:

- Establishing and implementing the risk management system to identify, control and manage strategic, technical, operational and other material risks.
- Identifying, reporting and monitoring risks.
- Setting the approach to risk and overseeing the risk management framework and ensuring that the framework is sound.
- Approve and monitor the risk management system and policy.
- Identify and agree on the critical risks that have the potential to impact the achievement of CKF's objectives.
- Approve and monitor risk mitigation strategies.
- Accountability for internal controls and delegations.
- Ensure that adequate risk management procedures are adopted to protect the assets and undertaking of CKF.



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- Promote effective risk management and innovation, which encourages informed and intelligent risk-taking by setting a tone at the top.

Cambodian Management Team

While risk management remains a direct responsibility of the Board of Management, the Cambodian Leadership Team will ensure the effectiveness of risk management processes and activities for primary stakeholders. The Cambodian Leadership and management team is responsible for Risk Management in respect to:

- Supporting and advising the Board on all matters about risk management.
- Reviewing that risk controls and mitigations are effectively applied.
- Monitoring and reporting to the Board on the effectiveness of these systems.
- Implementation of the risk management framework and to ensure that CKF operates within the risk management set by the Board.
- Ensure that necessary resources are available to assist volunteers in managing risk effectively.

Volunteers

All volunteers are responsible for Risk Management in respect to:

- Actively supporting and contributing to risk management initiatives.
- Advising leadership and management of any issues.
- Acting in accordance with all policies and procedures.
- Supporting the identification and management of risks in their activities.
- Balancing risk avoidance and avoiding unnecessary risk.



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RISK MANAGEMENT PROCESSES

Risk Identification

Risk identification involves the collation of a comprehensive list of risks based on events which may impact the achievement of CKF's objectives. CKF records and frequently updates risk management within our *Operations Manual* and *Operational Plan*. Refer to our Fraud and Corruption Policy for financial risk management. The data contained in these documents incorporates, but is not limited to, the following categories:

- Core operations
- Governance and leadership
- Strategic planning
- Human resources
- Organisational systems, policies and procedures
- Financial systems and management: Segregation of duties, budgeting, cash flow management, financial monitoring and reporting, procurement, anti-fraud and corruption, counter-terrorism, financial statement preparation and monitoring
- Partners and stakeholders
- Safeguards and risk policies: Child protection, risk management, counter-terrorism, health and safety and environmental management
- Asset management
- Reputational
- Political/economic



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Risk Assessment

Assessing risk is necessary to establish the likelihood of impact on CKF's objectives. This is determined by existing controls and analysis of risks within our *Operations Manual*, *Operational Plan*, our [Financial Risk Management Framework](#) and [Fraud and Corruption Policy](#).

Risk Mitigation

Risk mitigation involves selecting a mitigation option, assessing the appropriateness and effectiveness of the mitigation option, and preparing mitigation plans to implement them. The mitigation options are:

- Avoid the risk
- Reduce the likelihood of occurrence
- Reduce the consequences
- Transfer the risk
- Retain the risk

Risk monitoring and evaluation

Risk monitoring and evaluation is based on the outcome of analysis and designed to determine which risks need mitigation and the priority for mitigation implementation. CKF will monitor risks and mitigation actions on an ongoing basis. Performance of the risk management system and outstanding risk mitigation actions will be reported to the Board on a regular basis. Formal reviews of both the risk management system and the risk register will take place on an annual basis, with the Board assessing the effectiveness of the risk management policy annually.

See [Operational Plan 2021-2022](#) for the *Risk Assessment Framework* and the [Financial Risk Management Framework](#).