1. INTRODUCTION

This Risk Management Policy establishes the framework for identifying, assessing, mitigating, and monitoring risks that may affect the operations, programs, staff, beneficiaries, and reputation of Hikma Charity Association Somalia.

The purpose of this policy is to:

- Protect organizational assets and reputation
- Ensure continuity of operations
- Reduce exposure to financial and operational losses
- Improve decision-making and preparedness
- Strengthen accountability and governance

This policy applies to all Board members, staff, volunteers, consultants, and partners.

2. POLICY STATEMENT

The Association is committed to proactive and systematic risk management to minimize threats and maximize opportunities in achieving its mission.

Risk management shall be integrated into:

- Strategic planning
- Project implementation
- Financial management
- Procurement processes
- Human resource management

3. RISK MANAGEMENT PRINCIPLES

The Association shall:

1. Identify risks early.
2. Assess likelihood and impact.
3. Implement mitigation strategies.
4. Monitor and review risks regularly.
5. Promote a culture of risk awareness.

4. RISK MANAGEMENT RESPONSIBILITIES

4.1 Board of Directors

- Approves risk management framework
- Reviews major risk reports
- Provides oversight

4.2 Executive Director

- Ensures implementation of this policy
- Reports major risks to the Board
- Approves mitigation measures

4.3 Management Team

- Identifies operational risks
- Implements mitigation plans
- Reports emerging risks

4.4 All Staff

- Report risks or incidents immediately
- Comply with safety and internal control procedures

5. RISK MANAGEMENT PROCESS

The risk management cycle shall include:

1. Risk Identification
2. Risk Assessment
3. Risk Mitigation
4. Risk Monitoring
5. Risk Reporting

6. RISK IDENTIFICATION

Risks may arise from:

- Internal operations
- External environment
- Financial management
- Political and security conditions
- Natural disasters
- Reputational issues

Risks shall be identified through:

- Staff meetings
- Project reviews
- Audits
- Field visits
- Stakeholder feedback

7. RISK CATEGORIES

The Association recognizes the following categories of risk:

7.1 Strategic Risk

Risks affecting long-term goals and sustainability.

7.2 Financial Risk

Misuse of funds, fraud, funding shortages, exchange rate fluctuations.

7.3 Operational Risk

Program delays, logistical failures, staff turnover.

7.4 Compliance Risk

Non-compliance with donor rules or Somali laws.

7.5 Reputational Risk

Negative publicity, misconduct allegations.

7.6 Safeguarding Risk

Harm to beneficiaries, especially children and vulnerable groups.

7.7 Security Risk

Threats to staff safety, conflict situations, field security issues.

8. RISK ASSESSMENT

Each identified risk shall be assessed based on:

- Likelihood (Low / Medium / High)
- Impact (Low / Medium / High)

A Risk Register shall be maintained including:

- Risk description
- Risk category

- Likelihood rating
- Impact rating
- Mitigation measures
- Responsible person
- Review date

9. RISK MITIGATION STRATEGIES

Possible mitigation strategies include:

- Strengthening internal controls
- Insurance coverage
- Diversifying funding sources
- Staff training
- Security protocols
- Safeguarding procedures
- Clear documentation and approvals

Mitigation measures must be realistic and documented.

10. RISK REGISTER

The Association shall maintain a Risk Register that is:

- Updated quarterly
- Reviewed by management
- Presented to the Board annually

The Risk Register shall be confidential but accessible to authorized persons.

11. BUSINESS CONTINUITY

The Association shall develop a Business Continuity Plan (BCP) to ensure operations continue during emergencies, including:

- Backup of financial records
- Alternative communication systems
- Remote working procedures
- Emergency contact lists

12. INCIDENT REPORTING

All incidents must be reported immediately, including:

- Fraud or theft
- Security incidents
- Safeguarding concerns
- Data breaches
- Major operational disruptions

Incident reports must be documented and investigated.

13. INSURANCE (WHERE POSSIBLE)

The Association may obtain insurance for:

- Vehicles
- Office property
- Staff medical coverage
- Event liability

Insurance decisions shall be based on financial feasibility.

14. MONITORING AND REVIEW

Risk management shall be reviewed:

- Quarterly by management
- Annually by the Board
- After major incidents

Lessons learned shall be incorporated into policies and procedures.

15. TRAINING AND AWARENESS

The Association shall:

- Provide staff orientation on risk awareness
- Conduct periodic training
- Promote a culture of accountability

16. POLICY REVIEW

This Risk Management Policy shall be reviewed every two years or as necessary.

Amendments must be approved by the Board of Directors.

APPROVAL

Approved by the Board of Directors of
Hikma Charity Association Somalia

Signed on This day 2nd January, 2020