



## **INTERNATIONAL ISLAMIC YOUTH LEAGUE AFRICAN YOUTH DEVELOPMENT CENTER**

### **PROCUREMENT POLICY**

**INTERNATIONAL ISLAMIC YOUTH LEAGUE  
AFRICAN YOUTH DEVELOPMENT CENTRE  
GLOBAL HEAD OFFICE  
P.O. BOX 1240, FREETOWN  
REPUBLIC OF SIERRA LEONE**

## **THE POLICY STATEMENT:**

In our work to achieve our ambition, four risks stand out. The first concerns our reputation. Our Mission centers on creating and sharing knowledge and delivering projects that have a real impact. So we must undertake research and knowledge work of the highest quality and secure maximum impact and influence for our activities. As such, our reputation for the quality of our work, our autonomy and ethical and intellectual integrity are of paramount importance. We will be bold in the nature of our work, in our technical thinking, in our methodologies and we will be innovative in how we seek to impact and influence. We will do everything we can to mitigate risks to our reputation

The second concerns our people. Much of our work takes place overseas in locations that are inherently risky. We are responsible for the well-being of our staff. We, therefore, seek to ensure that work with partners overseas and in particular, overseas travel for our own staff is informed by robust risk assessments and that travelling staff are trained and supported in their individual journeys. We will not require staff to travel or work in areas where we assess the risks to be excessive

The third concerns our financial position. As an independent nongovernmental organization, we are dependent on securing externally funded projects and programmes from a range of offenders and we do so in an increasingly competitive environment. We will manage our income and control our costs, remain competitive whilst delivering well-managed projects and programmes on time and on budget. We will seek to minimize our financial exposure. We will not compromise our ethical standards to secure funding. We will not undertake work that compromises our financial solvency.

The fourth concerns the impact of our projects and programmes. We are entrusted with funding to generate positive change in the lives of vulnerable people in resource-constrained environments. Because we work on complex problems, that is far from guaranteed. Many of our programmes involve partners and collaborators often based overseas and/or operating in challenging environments. To do this well, we need to anticipate and manage all project and programme risks at the pre-proposal, proposal and inception stages. We need to make decisions about when to bid for funding and with whom, in good time but often on the basis of

imperfect information. We need to be prepared to decide when we will take well-judged risks. When we will support responsible risk-taking and when we will not submit a funding proposal because of the risks. When we do, we must use relevant management information to track progress and identify difficulties. We will support our staff to do this well. We will not undertake work where we assess the financial or delivery risks to be too high. We will not compromise our ethical standards in delivering our work

### **PRINCIPLES AND GOVERNANCE**

Our risk management approach will reflect the following principles:

- Addressing both value protection and value creation;
- Ensuring that roles and responsibilities are explicit and clear;
- Ensuring that the process for managing risk is fit for purpose;
- Establishing legal compliance as a minimum standard.

And will be embedded in our governance structures as follows:

- As the principal executive and policy-making body of IIYL, the Board of Directors is responsible for the risk management policy and for assuring itself of the policies
- . The Board is also responsible for defining our risk appetite and risk tolerance, ensuring that a sound system of internal control is in place that supports the achievement of policies, aims and objectives while safeguarding the public and other funds and assets for which it is responsible.

### **RISK MANAGEMENT OBJECTIVES**

IIYL's objectives in relation to risk management are to:

- Develop an appropriate risk appetite
- Adopt good practice in the anticipation, timely identification, evaluation and cost-effective control of risk in carrying out both normal and extraordinary business activities
- Ensure that adverse risks are avoided, reduced to an acceptable level, or managed and contained; and to do so in good time and on a continuous basis.
- Support individual members of staff and teams to take appropriate risk-based decisions, encouraging responsible intellectual risk-taking, informed by an understanding of risk and reward and supported by senior colleagues where necessary

- Ensure business continuity wherever possible and respond effectively when this is threatened
- Enable a robust audit trail to demonstrate that we are capable of managing risk
- Focus risk assessment and management on the highest level of threats to our ability to achieve our strategic objectives; and opportunities to promote them
- Assure funders/investors that there is a robust approach in place to assess and manage risk

## **ASSESSING RISKS**

Effective risk management requires risks to be anticipated, identified and assessed regularly, and actions are taken to manage the risks, whether these are positive or negative.

To support risk assessment and actions to be identified, IIYL will develop documentation about each project/programme specifying the country of operation, partner exposure, any key risks (e.g. foreign exchange). It will also develop training and communications tools to support project managers to manage risk

We face specific operating risks that inform our approach to assessing risks as follows:

- ❖ We hold investments and a minimum financial reserve to enable us to manage cash flow and other uncertainties. We will not undertake activities that compromise these.
- ❖ We work with and through partners. The quality of our work and our reputation can be affected adversely or positively by the activities of our partners. We will, therefore, select our partners carefully and we will develop a set of partnership principles and criteria to assist in this.
- ❖ We work in countries with different regulatory and accounting requirements for INGOs. We will always ensure that we understand these requirements in order to maintain our license to operate to the benefit of our ultimate beneficiaries

Details of IIYL's approach to assessing risks are set out in the Appendix.

## **RISK MANAGEMENT FRAMEWORK**

Our approach to risk management reflects sector guidance and aims to clearly locate responsibility for identifying and managing different levels and types of risk in a structured way

In each case, the “owner” of the risk should have in place early warning mechanisms to alert IIYL so that remedial action can be taken to manage any potential hazards

## **8. MANAGING RISKS**

Risks regarded as high or very high in impact and probability should be identified in advance and a decision taken about whether to continue with the activity and if so, how to manage it to either realize the potential benefits or avoid the potential downsides. Risks change and evolve as projects develop, before bidding and throughout their funded life. Different risks will be managed with a particular focus. Some will be addressed through routine management, supported by IIYL's systems, procedures and policies. The QUAD has a particular role to play here in providing the forum for regular review of project implementation, including emerging issues that threaten successful delivery

## **9. MONITORING AND LEARNING**

We will monitor the risks on the Strategic Risk Register, especially those with a “High” risk score. Clusters/units and departments will be asked to review the operational risks captured in their Registers termly. The Strategic Risk List is kept under review by the Finance and Audit Committee, which meets regularly. It is reported to the Board

We will learn from our experience of risk management and seek to share issues and ideas with staff to enable them to work effectively in a risk-based manner. This will include learning from those risks that we take on knowingly, where we believe that we could secure significant benefits if the risks are handled responsibly

## **10. ROLES AND RESPONSIBILITIES**

The Board is responsible for overseeing risk management with a scheme of delegation to the Finance Resources and Audit Committee and policy implementation by the Director and senior staff. All senior staff are responsible for encouraging good risk management practice within their

areas of responsibility and all project managers (researchers and professionals) will need to have regard to risk for the projects that they lead or support

**The Board will:**

- Approve the overall policy statement;
- Offer periodic advice on risk appetite and risk tolerance
- Satisfy itself about the assessment of strategic risks via annual consideration of the Strategic Risk List
- Monitor the management of significant risks to ensure that appropriate controls are in place;
- Identify any strategic risks that require inclusion or updating in the Strategic Risk List to ensure that it reflects IIYL's overall strategy and operating context
- Approve major decisions, taking into account IIYL's risk profile or exposure;
- Satisfy itself that less significant risks are being actively managed, and that appropriate controls are in place and working effectively to ensure the implementation of policies approved by the Board
- Review regularly the Institute's approach to risk management and approve changes where necessary to key elements of its processes and procedures

**The Finance and Audit Committee will:**

- Ensure the implementation of the risk management policy and advise on any modifications to the policy
- Receive advice from the Board on the need for inclusion or amendment of strategic risks in the Strategic Risk List
- Ensure that adequate information is provided for the Board and its committees, as appropriate, on the status of risks and controls
- Ensure that an annual report is provided to the Board on the effectiveness of the system of internal controls;
- Ensure that local risk registers in the country offices are reviewed regularly

**The Strategic Management Team will:**

- Regularly review the Strategic Risk List and submit this to the F&A committee quarterly and thence bi-annually, to the Board;
- Advise on modifications to the policy;

- Assess the adequacy of internal controls and advise the Board as necessary;
- Decide on risk mitigation where Board or FAC action is not required
- Advise on IIYL's appetite for risk and its tolerance of risk;
- Inform all its strategic decisions with considerations of risk;
- Ensure other Sub Committees take appropriate steps in respect of risk
- Keep the overall Strategic framework under review;
- Advise on thresholds for risk assessment in proposals and projects;
- Engage with the Institute's internal and external auditors on internal controls;
- Ensure appropriate training is available for staff;
- Advise on any supporting policies;
- Advise on thresholds for risk-based decisions;
- Ensure appropriate insurance cover is in place to mitigate risks.

**Country Directors, Cluster Directors and Heads of Professional Function will:**

- Implement policies on risk management;
- Identify particular risks that arise in their area of responsibility e.g. a data protection breach; an employment relations challenge;
- Develop and maintain a local Risk Register and forward a copy of the Register annually to the CFO and Head of Finance;
- Support their staff to develop and apply risk management principles and tools for individual projects;
- Regularly view risks with their staff and help Project Managers identify and manage risks appropriately.

**Project Managers will:**

- Identify and manage risks in individual projects;
- Provide input to the local Risk Register and report on progress;
- Support their staff to apply good risk management principles.

**Individual members of staff will:**

- Take care to apply good risk management practice in their day-to-day work;
- Follow the principles and objectives set out in this policy;
- Follow other policies that contribute to managing risks such as the Social Media Policy and Travel Policy;
- Draw on the guidance from the QUAD process when development project proposals;
- Take part in relevant training where this will help with confidence and capacity in risk management.

## **11. INTERNAL CONTROLS**

Internal controls encompass a review of the risks inherent in each activity. The Finance and Audit Committee report to the Board on the adequacy of internal controls. As part of its remit, the

Committee reviews the work of the Internal and External Auditors and of IIYL's management. The Committee is therefore well placed to advise the Board on the effectiveness of the internal control system.

Currently IIYL has an external consultant which it contracts to review and report the effectiveness and reliability of the internal control system.

As part of the annual audit, IIYL's External Auditors will advise the Finance and Audit Committee on the operation of the internal financial controls.

## **12. PERIODIC REVIEW**

The Board will periodically review its risk appetite and risk tolerance.

The Board will also periodically review the effectiveness of the internal control system and in doing so will:

- Review the previous year and examine the Institute's track record on risk management;
- Consider whether IIYL has made the right decisions on risks that are value enhancing and value protecting;
- Consider the internal and external risk profiles of the coming year;
- Consider whether the current internal control arrangements are likely to be effective.

As part of its review, the Board will consider:

- IIYL'S objectives and its financial and non-financial targets;
- IIYL's strategic ambitions and progress towards them;
- The management approach to risk;
- The appropriateness of the level of delegation of authority;
- Public reporting;
- Prioritization of risks;
- Timely identification and assessment of risks;
- The ability of IIYL to learn from its problems and apply its learning.

## **APPENDIX**

### **ASSESSING RISKS**

1. Most relevant authorities on risk management advocate two main parameters for assessing risks. The parameters are:

2. Likelihood, i.e. how likely is it to happen
3. Impact, i.e. how significant might the consequences be
4. These almost always focus on risk mitigation and management of the possible/likely
5. “Downsides” rather than of the possible/likely “upsides” although the idea of focusing
6. GAIN will use a traffic light system as illustrated below to assess risk.

I	Yellow	Yellow	Yellow	Red	Red
m	Green	Yellow	Yellow	Red	Red
p	Green	Yellow	Yellow	Yellow	Yellow
a	Green	Green	Yellow	Yellow	Yellow
c	Green	Green	Green	Yellow	Yellow
t					
Likelihood					

#### Impact:

- . **Very low** - no significant disruption, adverse publicity unlikely, litigation unlikely financial loss modest; funder/partner relations unaffected.
- . **Low** - short term disruption; careful PR required; litigation unlikely; moderate financial loss; funder/partner relations unaffected.
- . **Moderate** - short term disruption; reputational damage; litigation possible; significant financial loss; funder/partner relations may be affected.
- . **High** - medium-term disruption; adverse publicity; probable litigation and difficult to defend; significant financial loss; funder/partner relations affected.
- . **Very high** - sustained disruption; significant reputational damage; litigation highly likely and costly; significant financial loss; funder/partner relations seriously affected.

#### Likelihood:

- |    |                              |
|----|------------------------------|
| vl | very low                     |
| l  | low                          |
| m  | moderate                     |
| h  | high                         |
| vh | very high (as likely as not) |