RISK
MANAGEMENT

POLICY

2023

المجلس الفلسطيني للإسكان
Palestinian Housing Council

The strength of the Palestinian Housing Council (PHC) relies deeply on our steadfast commitment to implement all policies and guidelines throughout the execution of PHC's programs and projects. It is our endeavors that form the foundation of our enduring success, and strive to embody the highest ethical and professional standards. This commitment is essential to accomplishing our humanitarian and societal goals and mission. We emphasize the commitment of all PHC employees, across various administrative levels, to adhere to specific policies and frameworks applicable to their respective domains.

These policies and guidelines, signify our complete involvement in building a sustainable and equitable community. They express our fervor in delivering optimal housing services to the community in which we live and operate. The application of these policies is a fundamental pillar in building the PHC's reputation as a trusted entity, committed to sustainable development and earnest work.

Dr. Samieh Al-Abed

Chairman

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Introduction

PHC defines risk as 'the chance of something happening that will have an impact on PHC objectives. Risk is an inherent part of service delivery. Whilst it is impossible to operate in an environment devoid of risk. To ensure that risks are being managed consistently, PHC departments and units' Managers are required to attest in annual reports that:

- Units have risk management processes in place consistent with the standard (or equivalent standard);
- These processes are effective in controlling the risks to a satisfactory level; and
- A responsible body or audit committee verifies that view.

The Risk Management Policy also promotes the need to address unit risks when developing and implementing risk management processes. Increasingly the PHC is operating in an environment of shared accountabilities to achieve outcomes that cut across specific departmental responsibilities. In this context, risks with the potential to impact across departments or at a whole-of-PHC level are communicated or escalated through to potentially affected units to enable a coordinated, effective, and timely approach to risk management.

Purpose

The purpose of the risk management policy is to guide the management of risk to support the achievement of corporate objectives, protect staff and business assets and ensure financial sustainability.

Scope

This policy applies to all PHC activities. It forms part of the PHC governance framework and is applied to all employees, stakeholders, and volunteers.

Risk Governance

Table 1 Owners Risks and Responsibilities

	Risk Owners	Responsibility
1.	Board of Directors	Provides policy, oversight, and review of risk management.
2.	Audit and Risk Committee	Overseas regular review of risk management activities.
3.	Chief Executive Officer	Drives a culture of risk management and signs off on annual risk attestation.
4.	Risk Manager	Continuously improving risk management policy, strategy, and supporting framework.
5.	Managers	Ensure staff in their units comply with the risk management policy and foster a culture where risks can be identified and escalated.
6.	Staff	Comply with risk management policies and procedures.
7.	Contractors	Comply with risk management policies and procedures.
8.	Beneficiaries	Comply with risk management policies and procedures.

Risk Management Process

When undertaking a risk management process the following steps must be taken: Establish the context; Identify the risk; Analyze the risk; Evaluate the risk; Treat the risk, and monitor and review the risk. Refer to the following risk management guidance for details on how to perform each step in the process.

1. **Integration with other systems and processes:** Risk management is factored into business planning, performance management, audit and assurance, business continuity management, and project management.
2. **Risk Categories:** Risk categories may include strategic, political, financial, environmental, safety, people, and reputation.
3. **Risk Register:** Specify the purpose of the risk register. Include details on the types of risks to be included on the risk register (e.g., operational or strategic), the criterion for adding and removing risks from the register, who will review the risk register, and how often it will be reviewed.
4. **Risk Reporting:** The strategic risk register is prepared by the Chief Risk Officer and reviewed by the Audit Committee quarterly.
5. **Risk Management Performance:** Risk management performance indicators may include the number of internal audits completed per annum, the number of internal audit findings accepted by the management, the timeliness of remediating internal audit findings, and the reduction in the number of extreme risks in the risk register.
6. **Risk Appetite:** Articulate the PHC risk appetite through a risk appetite statement. The risk appetite statement influences and guides decision-making clarifies strategic intent and ensures choices align with the capacities and capabilities of the PHC.
7. **Interagency and prioritize Significant Risks:** PHC will identify and manage Interagency and prioritize significant risks every 2 years.
8. **Accountability: Compliance with common risk management:** CEO and Department Managers are required to provide annual reports — as part of the report of operations — that departments understand, manage and control key risk exposure consistent with the PHC Risk Management Policy, and that a responsible body or audit committee verifies that view. Departments Managers are primarily responsible for the development and implementation of risk management policies and processes for managing risk at the department and unit level; however, the risk is also the responsibility of each individual within PHC. PHC guides risk management responsibilities associated with various roles and functions:
   - The Board or executive should define and document its policy for managing risk, including objectives for and its commitment to risk management;
   - Departments Managers are ultimately responsible for managing risk in the organization;
   - All personnel is responsible for managing risks in their areas of control;
   - An awareness of and commitment to risk management at senior management levels is important.

This may be achieved by:
1. Obtaining the active, ongoing support of the PHC's Managers and senior executives for risk management and development and implementation of the risk management policy and plan;
2. Appointing a senior manager or similar 'champion' (or team) to lead and sponsor initiatives;
3. Obtaining the commitment and support of all senior managers for the execution of the risk management plan.

9. **Review and approval:** PHC will review the risk management policy every 2 years. A review of the risk management policy should take into account the progress made against the risk management improvement plan, which is a blueprint for how the risk management policy is implemented across the organization.

Guidance to support good practice risk management

1. **Risk Evaluation:** Risk Evaluation is completed to support decisions including whether to accept the risk (particularly if it falls within the PHC's risk appetite) or whether to mitigate the risk through further treatment and prioritize those treatments.

   Factors to use in evaluating a risk shall include:
   - Comparing the level of the risk against the PHC's view of the level of acceptable risk;
   - Determining a low level of risk, that treatment is not appropriate;
   - Assessing the opportunities outweigh the threats to such a degree that the risk is justified;
   - Considering the cost of further treatment is excessive compared to the benefit and checking to ensure there is an available treatment.

   The risk evaluation should be conducted by the risk owner, and may lead to a decision that either:
   - Accepts the risk:
     - ✓ Further treatment may be applied but will be a lower priority; or
     - ✓ If no further treatment, ongoing monitoring of the risk and controls are required to ensure the risk remains acceptable.
   - Does not accept the risk:
     - ✓ Further treatment will be required to bring the risk within the PHC's risk appetite;
     - ✓ The risk owner may be required to undertake further analysis to better understand the risk; or
     - ✓ The PHC may need to reconsider its objectives.

2. **Key Risk Indicators:** Key Risk Indicators (KRIs) provide insight into the possibility of future adverse likelihood of risks and can identify potential events that may cause harm. KRIs are typically leading or predictive and are used to signal changes in the likelihood of a risk event.

They aid management in taking action in advance of risks materializing. As the PHC's access to data to measure its reform and service activities improve, both KRIs and risk Key Performance Indicators KPIs become more accessible tools to effectively manage risk. Data analytics uses the information to form a view as to whether that risk severity is increasing or decreasing. Monitoring and measurement of KRIs and risk KPIs are powerful ways of keeping track of efforts and alerting management to important changes (both positive and negative) in risk management initiatives through a data-driven approach. PHC can utilize KRIs as an early warning of increased risk, which can be achieved through:

- Data-driven risk assessments – use of data analytics to aid in the identification of risk, fraud, error, or misuse or the early identification of a control breakdown or verification of control effectiveness.
- Working with other organizations to agree with KPIs and KRIs; and
- Establishing data analytics networks to:
  - ✓ Share success stories and provide a process for agencies to identify data sources across PHC units; and
  - ✓ Compile and maintain a risk register detailing the data sources utilized for risk management across the PHC units.

3. **Risk Maturity:** Risk maturity describes risk capability and the level of sophistication PHC operates in terms of its risk processes and procedures. Risk maturity is not a static concept and should be tailored to reflect how risk can best support the delivery of the PHC strategic objectives. As agencies and their environments change, risk management evolves to ensure that it continues to support PHC units in achieving their objectives. PHC considers developing and implementing strategies to improve its risk maturity (or maintain it at the desired level) to ensure it supports effective risk management.

4. **Control Effectiveness Testing:** Control effectiveness testing involves regular reviews of PHC controls to ensure they are designed and operating effectively to minimize the risks they are intended to mitigate. This technique is best suited for use in PHC with stable control environments, mature risk management frameworks, and resources able to perform the work involved. Control testing and validation are important in ensuring the PHC is reviewing its risks and developing effective methods to minimize these where possible. It is beneficial for PHC units to develop their controls framework more effectively to mitigate risk. The establishment of effective controls includes:

- Defining a controls library: A controls library contains common controls testing examples, including what is considered to be a key control. Key control can provide reasonable assurance that material errors may be detected and prevented in a timely manner. This could include policies and procedures, embedded authorizations and approval processes, training, and clear descriptions or segregation of duties.
- Identifying control ownership: Control owners identified and designate roles and responsibilities defined. It may also be beneficial to focus on accountability and the

consequences of a failure to control and mitigate the risk as part of the risk owner's performance reviews.

- Control testing and validation: Controls are regularly reviewed to ensure they are designed and operating effectively to minimize the risks they are intended to mitigate. Control testing and validation could include:
  - ✓ Control self-assessments by control owners.
  - ✓ Consideration of breaches, internal audit findings, and/or any process issues identified during the year as part of the annual review of the risk profile.
  - ✓ Regular review and testing of key controls by either re-performing the control, or observing/inspecting that the control is working.

5. **Additional guidance and risk management support:** PHC conducts training to build risk management capability and maturity across PHC units to ensure sound practice in implementing an effective risk management framework and complying with risk management policy. PHC update guidelines and information, including:
   - Upcoming learning and development programs and risk events;
   - Risk management information and updates.

Risk Management and mitigation

Risk Management and Mitigation		
Sector	**Risks**	**Risk Reduction Measures**
Operational:	Occupational risk: 1. Access to project locations 2. Provision of building materials to project locations. Others: 3. Restriction on movement related to COVID-19 pandemic 4. Fluctuation of building material cost.	1. PHC team can access Jerusalem, whoever are holding Jerusalem IDs and others have permits to enter the city. 2. PHC will coordinate with the beneficiaries, the local community, and the related institutions working in Jerusalem to easily implement the project with no obstacles and build on their related experience. especially for the best timing and mechanism of getting the building materials through the Old City of Jerusalem. The project team will encourage the beneficiaries in sensitive areas to provide materials and work in low visibility. 3. COVID-19 pandemic will not affect the progress of the project due to vaccination 4. PC revise the approved price list and recommend remedial actions to be approved by the AC.
Security:	Provision of beneficiaries' documents required for signing the agreements (ownership, tenure, IDs)	Connect the beneficiaries with a legal entity to help them in providing the required documents. Project team guarantees that personal information collected by fair and lawful means

Logistics:	Dealing with Physically Mentally and disabled needs	The project team further cooperates with CBOs and local community to facilitate and support the disabled in the implementation of their shelters. In some cases, contractors will be hired to do the job. Furthermore, the project team links the beneficiaries with social and economic institutions to leverage their benefits.
Finance:	Currency exchange rate, there is no national currency.	From PHC experience, the USD currency will be used, since the differentiation is tolerable.
Safeguarding and protection:	1. Protection for vulnerable groups, elderly, PWDs. 2. Risk of GBV and PSEA. 3. Protection against Israeli measures	The project team conducts workshops with beneficiaries to expose them to protection measures and procedures, the project team also binds the beneficiaries with covenants and regulations concerning violations and abuse. The project team coordinates with the protection cluster focal point in case of any protection issue arise. Also, beneficiaries' BOQs may include items for rearrangements of rooms to improve security and privacy. The project team takes into consideration accountability, meaningful access, and the beneficiaries' involvement throughout the project cycle. And finally, the project team advocate beneficiaries legally to avoid exposing them to further risks.
Environmental:	This project has no negative impact on the environment	The project team will take into consideration measures to promote more environmentally friendly housing, and cost and energy-efficient practices.
Other:	Beneficiaries' commitment and effective involvement	High mutual communications with beneficiaries directly and transparently to respond to their needs and get their feedback.