

# Financial Risk Management policy



DECISION DATE: 20/01/2022

DECISION BY: Concrete Jungle Foundation's Board

APPLICABLE FROM: 20/01/2022

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This policy contains an overarching framework for the management of financial risks that arise when managing the Concrete Jungle Foundation's assets and liabilities. The regulation shows which principles are guiding, what applies as regards risk tolerance, what is to be monitored, reported and measured and what is required in connection with decisions that involve significant changes in asset and liability management.

## **1. Purpose and validity**

1.1. The purpose of this policy is to set the outer limits for the risk that the Concrete Jungle Foundation is prepared to take with regard to all the Concrete Jungle Foundation's financial assets and liabilities. The policy is complemented by risk regulations within each type of risk respectively and by investment regulations.

1.2. This policy and underlying risk regulations describe the lowest acceptable level for risk management and control. These minimum standards do not cover all possible situations and do not limit the responsibility of the heads of department for identifying, measuring, managing, monitoring and reporting financial risks within their departments.

1.3. This policy is valid for all the Concrete Jungle Foundation's financial assets and liabilities.

## **2. Definitions**

2.1. Risk is uncertainty about future events and their negative effects on the operations, assets or reputation of the Concrete Jungle Foundation.

2.2. Concrete Jungle Foundation's financial risks consist of loss of money at our project locations and management of our finance. These types of risk are defined in more detail in the underlying risk regulations.

2.3. The risk management of financial risks entails identifying, measuring, monitoring and reporting the risks.

### 3. Risk management

3.1. The management of financial risks at the Concrete Jungle Foundation shall aim to limit potential losses on the Concrete Jungle Foundation's financial assets so that the Concrete Jungle Foundation is always able to perform its tasks and meet its commitments.

3.2. All financial risks shall be quantified using the measurements that are most appropriate for the management and control of the respective types of risk. The principles governing these measurements are defined in the underlying risk regulations.

3.3. Stress tests and scenario analyses shall be used to identify high-risk areas and concentration risks, and to evaluate the combined effects of financial stress.

### 4. Organisation, reporting and control

4.1. Concrete Jungle Foundation has an organisation, a working method and systems that ensures good risk management:

#### 4.1.1. Organisation

- Concrete Jungle Foundation is using an internal document that regroups all its financial activities.
- The document must be updated every 15 days
- A rotation system is in place so that the document is updated every month by a different Director.
- Every 1st of each month, the person in charge of the finance must send a detailed summary of the finance of the month to [finance@concretejunglefoundation.org](mailto:finance@concretejunglefoundation.org). Email address that is accessible to the Board and Directors for transparency.
- At the end of every month the Executive Director must review the account to ensure there is no unapproved spending.

#### 4.1.2. Transparency

All transactions must be pre-approved by

- A) The Directors in their weekly meeting if under \$1000 USD
- B) The Board in the quarterly meeting or special meeting if above \$1000 USD.

All transactions must be recorded through the central [finance@concretejunglefoundation.org](mailto:finance@concretejunglefoundation.org) email address, email address accessible by the Board and Directors at any time.

#### 4.1.3. Reimbursement

- In case a staff member up-front money to the NGO and need reimbursement, the following steps must be followed in order to receive reimbursement:
  - Eligibility: Project base expenses under \$100 can happen without approval from the director if it is in Concrete Jungle Foundation best interest or in the interest of fundraising, and requires immediate action.
  - Condition: Receipts need to be kept by the purchaser in order to get reimbursed. If no receipts, no reimbursement.
  - Reimbursement: reimbursement will be made every 15th day.

#### 4.1.4. Project based cash: construction

- While on the ground at a project location, a limited amount of cash (\$2,000 max.) can be kept by the Directors in order to execute spending that may occur.
- When taking cash out of an ATM, a minimum of 2 people must be present.
- Money must be kept in a safe box.
- None of the staff nor the director can discuss the amount of cash they have in public.
- None of the staff nor the director can carry more cash than necessary.
- Any loss encountered during a project must be reported to the relevant authorities.

#### 4.1.5. Project based cash: programmes

- Sending funds to the local entity:
  - The Director or direct Manager must write and sign an internal invoice to CJF global to authorize the programmes fund transfer
  - Invoice must state the projected spending
  - Invoice must use a unique number
  - Invoice must be provided with the current Balance Sheet of the project
  - Invoice must be sent within the last week of the month
- Local spending:
  - Only the local manager can make and authorize payment
  - The local manager cannot discuss the amount of cash they have in public.
  - A system of invoice and tracking sheets is in place.
    - Tracker must be filled every last business day of the month
    - All expense must be complemented by a receipt, invoice or note by the Manager (if no proof of payment is available at the time of purchase)
- Any loss encountered during a project must be reported to the relevant authorities.

4.2. The Director is responsible for ensuring that the financial risks relating to the operations of his department are identified, followed up and reported to the Executive Director.

4.3. Concrete Jungle Foundation is responsible for the independent control and reporting of the Concrete Jungle Foundation's financial risks.

### **5. Risk tolerance**

5.1. Concrete Jungle Foundation manages financial assets primarily to ensure that the Concrete Jungle Foundation can perform its tasks and meet its commitments.

5.2. Concrete Jungle Foundation's risk tolerance level shall be set annually by the Board.

### **6. Basic principles**

6.1. The management of the Concrete Jungle Foundation's total financial assets and liabilities shall be conducted efficiently and in such a way that it will not damage the reputation of the Concrete Jungle Foundation.

6.2. Transactions and business relationships shall be documented in the manner and form that is the best standard in the Charity sector.

## **7. Decision**

7.1. All decisions based on this policy and underlying risk regulations shall be documented and communicated internally.

7.2. Decisions on departures from this policy are taken by the Board.