



Risk Management

ACFID Code of Conduct Topic Guide

This guide outlines the requirements in the ACFID Code of Conduct related to organisational and programmatic risk management. Additional guidance can be found in the online [Good Practice Toolkit](#).



QUALITY PRINCIPLE 7: GOVERNANCE

Commitment 7.4 We have responsible and independent governance mechanisms.

Compliance Indicator

Verifiers

7.4.5 Members governing body has an organisational-wide risk management approach.

- A documented organisation-wide risk management approach.
- Regular reporting to the governing body of key risks and controls.



QUALITY PRINCIPLE 4: QUALITY AND EFFECTIVENESS

Commitment 4.2 We analyse and understand the contexts in which we work.

Compliance Indicator

Verifier

4.2.2 Members assess and manage risk in their development and humanitarian initiatives.

- A risk framework, risk management plan or approach that assesses and addresses risks for all initiatives including from a protection / safeguarding perspective, and risks associated with climate change (see 1.4.1, 1.5.1, 3.2.1).



QUALITY PRINCIPLE 1: RIGHTS, JUSTICE AND SAFEGUARDING

Commitment 1.2 We prioritise the needs, voice, rights, and inclusion of those who are in vulnerable positions or experiencing marginalisation and exclusion.

Compliance Indicator

Verifier

1.2.4 Members consider the potential impact of their development and humanitarian initiatives with a view to preventing unintended harm.

- Design or planning frameworks, tools, templates which require or approaches that consistently show the consideration of the potential for unintended harm and strategies to mitigate the risk of harm, including for those who are in vulnerable positions or experiencing marginalisation and exclusion.



QUALITY PRINCIPLE 3: SYSTEMIC CHANGE, ENVIRONMENTAL SUSTAINABILITY AND CLIMATE ACTION.

Commitment 3.1 We contribute to systemic change.

Compliance Indicator

3.1.3 Members that undertake advocacy and/or campaigning support initiatives that are evidence-based, accurate and reflect the perspectives of primary stakeholders.

This Indicator and Verifiers are relevant only to members which undertake advocacy and/or campaigning.

Verifier

- Design or planning framework, tools, templates or approaches which show evidence of the analysis of risks associated with advocacy initiatives, with a particular focus on the safety and rights of primary stakeholders.

Commitment 3.2 We promote environmental stewardship, sustainability and climate action.

Compliance Indicator

3.2.1 Members demonstrate an organisational commitment to environmental sustainability, climate action and improved environmental outcomes in their development and humanitarian initiatives.

Verifier

- Design or planning framework, tools, templates which require or approaches which consistently show evidence of the analysis of environmental risk and management, including risks associated with climate change.



QUALITY PRINCIPLE 5: COLLABORATION

Commitment 5.1 We respect and understand those with whom we collaborate.

Compliance Indicator

5.1.2 Members undertake due diligence and capacity assessments of organisations with whom they work in formal partnerships

Verifier

- A documented assessment process that includes:
 - Alignment with members' values and objectives. Governance, legal registration and authority to work in relevant countries.
 - Financial management capacity and systems.
 - Reference checks of partners against prohibited entities listings.
 - Capacity assessment to implement safeguarding practices including child protection and prevention of sexual exploitation, abuse and harassment.
 - Capacity assessment to implement risk management practices, including financial wrongdoing.



QUALITY PRINCIPLE 8: RESOURCE MANAGEMENT

Commitment 8.2 We ensure that funds and resources entrusted to us are properly controlled and managed.

Compliance Indicators

Verifiers

8.2.1 Members effectively control and manage their financial resources and risks.

Members are required to ensure they have appropriate mechanisms to assess, manage and mitigate the risks relevant to the financial wrongdoing requirements of this compliance indicator and verifier when working with partners.

- Policy, procedure or guidance documents that address:
 - Risk management and control mechanisms.
 - Financial wrong-doing, especially fraud, corruption, bribery, terrorism financing and money-laundering and violation of sanctions imposed by the Australian Government.
 - Checks of individuals and organisations receiving funds against the Australian National Security Listed Terrorist Organisations and the DFAT ASO Consolidated List of all persons and entities listed under Australian sanctions laws.
 - Appropriate and effective internal controls.

8.2.5 Members undertake due diligence assessments of partners who manage funds on behalf of the member.

- A documented due diligence process which:
 - Assesses the partner's capacity to apply funds or resources in accordance with the member's charitable purpose, promise to the donor, the member's strategy, and the specific instructions of the member.
 - Includes reference to checking partners against prohibited entities listings.
 - Assesses the partner's capacity to manage and control funds

Good Practice Indicators (not required for compliance)

COMMITMENT 4.2

- Training is provided to key personnel and partners on undertaking contextual, stakeholder and risk analysis, including the analysis of power dynamics and gender.
- Structured processes to periodically re-assess contextual and stakeholder analysis and risk on an ongoing basis are in place.

COMMITMENT 5.1

- Joint capacity assessment and re-assessment is undertaken with partners, extended to areas such as human resources, project cycle management systems, risk management, financial management, policy compliance and safeguarding of children and those vulnerable to sexual exploitation and abuse.

COMMITMENT 8.3

- Member annual report includes risk management reporting.