

Finance Risk Management Policy

Document Number: FRM-001

Effective Date: [Insert Date]

Review Date: [Insert Date]

Approved By: [Insert Authority]

1. Purpose

This policy establishes a framework for identifying, assessing, monitoring, and managing financial risks that may affect the organization's objectives and operations.

2. Scope

This policy applies to all business units, employees, and processes involved in financial management and reporting.

3. Definitions

Term	Definition
Financial Risk	Any risk that arises due to financial transactions or the state of the organization's finances.
Risk Assessment	A systematic process to evaluate potential risks and their impacts.
Risk Appetite	The level of risk the organization is willing to accept in pursuit of its objectives.

4. Policy Statement

The organization is committed to managing financial risks in a proactive and consistent manner to minimize negative impacts and support informed decision-making.

5. Types of Financial Risks

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk
- Foreign Exchange Risk
- Fraud Risk

6. Risk Management Process

1. Risk Identification
2. Risk Assessment and Evaluation
3. Risk Response and Mitigation
4. Risk Monitoring and Reporting

7. Responsibilities

- **Board of Directors:** Oversee financial risk management strategy.
- **Finance Department:** Implement risk management activities and monitor risks.
- **All Employees:** Report any suspected financial risk to the appropriate authority.

8. Review and Reporting

This policy shall be reviewed annually and updated as necessary to ensure its continued relevance and effectiveness. All significant risks must be reported to management promptly.

9. Policy Approval

This policy is approved by [Insert Approving Authority] and is effective as of [Insert Date].