

**ACAL**

# **RISK MANAGEMENT PROCEDURES MANUAL**

2019

# PROCEDURE FOR RISK AND OPPORTUNITY ASSESSMENT

## GENERAL INFORMATION

### PURPOSE

To ensure timely, effective and consistent management of all risks and opportunities identified in the ACAL. All activities undertaken by the company are prone to exposure to one form of risk or the other and as such every single staff is responsible to manage risks associated with the activities they undertake within the company.

### SCOPE

This procedure applies to all risks and opportunities associated with all consultancy projects and all process operations within ACAL.

### REFERENCES

- a) ISO 9001:2015 standard
- b) ISO 31000:2009 Standard
- c) Risk Matrix

### TERMS AND DEFINITIONS

- a) **Senior Management** – Chief Executive Officer/ Country Director/Director Finance and Operations and Directors
- b) **CD** – Country Director
- c) **DFO**- Director Finance and Operations
- d) **CEO**-Chief Executive Officer
- e) **HOD** – Head of Directorate
- f) **Risk** – effect of uncertainty on objectives.
- g) **Risk management** covers risk *identification, analysis, evaluation* and *treatment* to reduce their impact on the Quality of services and products.
- h) **Risk assessment** – the overall process of risk identification, risk analysis and risk evaluation.
- i) **Risk Owner** – A person or entity with the accountability and authority to manage a risk.
- j) **Consequence/ Impact** – Outcome of an event affecting objectives. Extent to which a risk event might affect the organization.
- k) **Likelihood** – Possibility that a given event will occur.

- l) **Risk Level** – A multiple of the Likelihood and Consequence

## PRINCIPAL RESPONSIBILITY

The DFO shall ensure that this procedure is implemented, adhered to and maintained. The CEO and CD will have oversight over the risk management within ACAL.

## INTERFACES/INTERACTIONS

- a) Directors and Heads of Departments for risk identification, risk ownership and implementation of risk mitigations measures
- b) DFO for facilitation of resources necessary to implement required mitigation measures and monitoring
- c) Country Director for information on the results of risk assessment and report of findings of the company’s risk management
- d) Management Team for further review of the risk management reports and direction on the risk management framework of the company.

## PERFORMANCE TARGET

The performance shall be measured through the overall performance of the Department basing on;

PERFORMANCE TARGET	MONITORING AND MEASUREMENT
Timely assessment of risks	Review risk assessment and completeness of risk registers
Completeness of risk assessments	Review risk assessment report against the risk assessment guidelines
Timely mitigation of risks	Confirm risk reduction by reviewing residual risks
Effectiveness of action taken to address risks and opportunities identified	Review the action taken and the improvement in service provision Review the level of customer satisfaction based on customer feedback

## RESOURCES

The resources to be used in the process are listed below: -

- a) Computers
- b) Printers and Printing Papers
- c) Stationery; - pens, notebooks, audit working papers

## INPUTS AND OUTPUTS

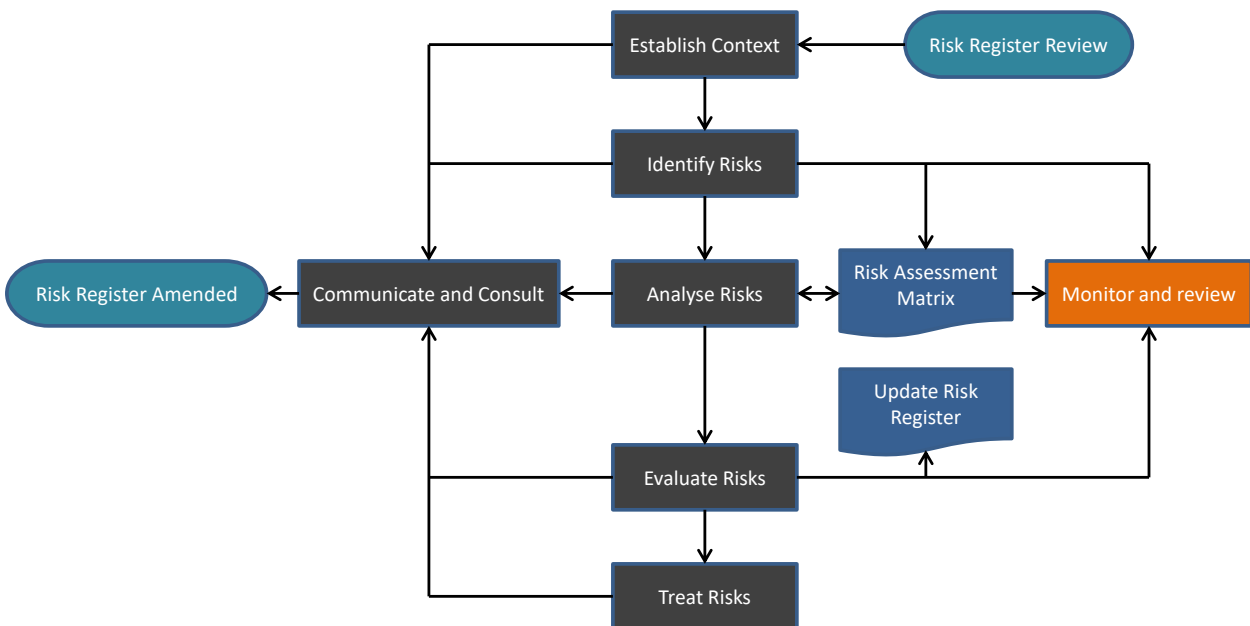
INPUTS	OUTPUTS
Departmental risk registers	Client satisfaction
Relevant departmental policies and procedure manuals	Filled risk registers
Risk assessment matrix	Risk assessment report

## METHOD

The management shall endeavor to maintain an elaborate risk management process at all times and in all facets of the enterprise. In particular this shall mostly involve contractual and operation risks, these emanate from the enterprise contractual engagement with clients in the course of offering the contracted consultancy services/project, engagement with associates and enterprise processes.

ACAL risk management system is designed to identify the risks that it faces and has measures in place to maintain the risks so identified at acceptable minimum level.

The Risk Management framework.



Every project undertaken is executed in accordance to the ACAL project management handbook and service delivery procedures , this outline have the project is initiated, executed and closed out.

## RISK IDENTIFICATION

At least on a bi-annual basis and/ as need arises especially when new projects, processes & functions are introduced, the Country Director shall engage the DFO to facilitate Risk identification exercise.

Upon getting the information from the Country Director, the DFO shall request all Directors to identify all risks that affect the quality of services and products in their respective directorates

The Directors shall undertake a risk identification exercise together with their managers by employing the following techniques to ensure effectiveness:-

### **Brainstorming**

This involves sessions with the Risk Owners/ staff who fully understand the operations in their respective functions by encouraging free-flowing conversation amongst them to identify potential risks and options for treatment.

### **Business Impact Analysis**

In undertaking risk identification, the Risk Owners/staff shall analyze how key risks could affect business and operations.

After risk identification, the risks shall be recorded in the departmental/project risk register under risk description (see attached risk register and opportunity assessment template).

## **RISK ANALYSIS & EVALUATION**

After confirming that all risks have been identified, The Director together with his/her managers and or relevant staff shall undertake a risk assessment and evaluation guided by the risk matrix (see copy attached) and complete the risk register by filling the following columns

- a) **The process:** This is the process out of the directorate's processes whose performance targets would be affected should the identified risk materialize
- b) **Interested parties:** These are persons/ person/ entity/organizations whose interests (expectations/needs) may not be fully met should the identified risk materialize
- c) **Causes:** These are all the factors that would make the identified risk to occur
- d) **Risk Owner:** This is the title of the officer who has the primary responsibility and accountability of ensuring that the identified risk is effectively managed/controlled
- e) **Area of impact:** This is the category on which the risk impacts. Examples include financial, operational, environmental, reputational, Health, Safety and Security
- f) **Likelihood:** This is a number that is obtained from the vertical scale of the risk matrix to indicate the frequency/possibility of occurrence of the identified risk
- g) **Impact:** This is a number that is obtained from the horizontal scale of the risk matrix alongside the identified area of impact to indicate the magnitude of (extent) of the identified risk in terms of the consequence should it occur/materialize
- h) **Risk level:** This is a number obtained by multiplying the impact No and the Likelihood No ( $RL = I \times L$ ) to give the overall weight of the risk. This is to enable the risk owner to prioritize risks for purposes of management
- i) **Strategy:** This is the intention of the risk owner in terms of what he/she would want to achieve after a period of time as an indication of effective management/control of the risk. Examples of strategies include, reduce, avoid, share/transfer, retain/accept
- j) **Existing Controls:** These are mitigation measures that have already been put in place to manage/control the risk
- k) **Additional controls:** These are mitigation measures that the risk owner suggests/recommends with the hope that if they are implemented in addition to the already existing controls, they would address the causes of the risk and enable him/her to achieve his/her strategy.
- l) **Resources:** These are the support required by the risk owner to implement his/her additional controls

- m) **Target date:** This is a date that the risk owner indicates with the hope that by the time it expires. He/she would have implemented his/her additional controls and achieved his/her strategy. Upon the expiry of this date the risk owner is supposed to evaluate the effectiveness of the suggested additional controls and determine the residual risk if any
- n) **Residual risk:** These are the risks that remain after treatment. What remains after implementing the additional controls for a particular period of time

Once the directors are through with their respective risk registers, they shall be submitted to the DFO for presentation to the Senior Management Team for input and approval.

## RISK MITIGATION

The Senior Management Team shall approve the mitigation activities proposed for the respective risks identified and the respective responsibilities.

Once approved, the Country director shall ensure that the DFO facilitates risk owners with the necessary resources and develops the Risk mitigation monitoring tools including duration of reporting on the implementation.

The risk owner shall ensure that during service provision and especially during planning for the service, the process owner reviews the risk register to identify any risk that might materialize and ensure that proper mitigation measures are undertaken in liaison with respective directors and DFO before proceeding with the service

## RISK MONITORING AND REPORTING

On an annual basis, the DFO shall ensure that;

- a) Additional controls are followed up to determine the status of their implementation and their effectiveness and prepare a risk management performance report;
- b) Respective Directors update risk registers for their directorates as part of the process of implementing the Organization's Risk Treatment plans.

## OPPORTUNITIES ASSESSMENT

1. On an annual basis, the DFO shall ensure that Directors together with their heads of departments identify opportunities that could improve the performance of the directorate and the organization by assessing the internal and external issues/factors, risks as well as by assessing the market, product, service, system or processes.
2. The Directors shall record the identified opportunities in their departmental risk register and opportunity assessment document under the opportunity section and indicate the action required to convert the identified issue into an opportunity (benefit) to the directorate or the organization
3. The directors shall then present the identified opportunities to the Senior Management Team through management meetings for review and guidance on what is to be undertaken.
4. The DFO shall follow up on the opportunities selected for implementation to ensure they are implemented and present a report to the Senior Management Team on a monthly basis

# LIST OF DOCUMENTED INFORMATION TO BE RETAINED AS EVIDENCE

- a) Evidence of communications.
- b) Evidence of meetings held (minutes)
- c) Updated Risk registers and opportunity assessment document
- d) Risk mitigation strategy/Plans.
- e) Performance reports

ACAL RISK MATRIX

Likelihood of the Event	Almost Certain: Event could occur more than once every month	5					
	Likely: Event could occur once every quarter	4					
	Probable: Event could occur once every year	3					
	Unlikely: Event could occur once in five (5) years	2					
	Rare: Event may only occur in only exceptional circumstances	1					
		Scale	1	2	3	4	5
Impact	Loss of funds as a result responding to an incident/loss of funds	Financial	KES 10,000.00	KES 50,000.00	KES 200,000.00	KES 500,000.00	KES> 1000,000.00



	Non compliance with any legislation/regulations	Legal/Regulatory	Issues that can be handled at a Departmental level.	Issues that can be handled at the CEO/ Internal management Level	Issues leading to alternative dispute resolution methods.	Issues leading to arrest of Senior Management and/or hefty fines levied	Any issue leading to closure of the organization
	Issues leading to the image the Commission being tainted	Reputational	Minor issues resolved within the departments or sections	Issues that can be resolved at CEO/ Internal Management Level	Stakeholders and or heavy local media coverage	Embarrassment of the organization including heavy media coverage Nationally	Reputation and standing of the organization affected nationally
	Disruption of Company's programmes	Operational	An issue leading to less than a day disruption of operations	An issue leading to 2 days to a week disruption of operations	An issue leading to disruption of operations for more than a week but less than a month	An issue leading to disruption of operations for less than a month	An issue leading to disruption of operations for more than a month
	Effect on the surrounding environment	Environmental	An issue affecting a section of the organization	An issue affecting the entire organization	An issue affecting the organization's neighbourhood	An issue affecting the Company and could lead to payment of fines	An issue affecting the Nation and leading to payment of fines
	Effect on the well being of stakeholders	Health	An issue that those affected can be treated	An issue that those affected will be referred for specialized treatment	An issue that leads to admission of those affected	An issue that would lead to disability	An issue that is fatal

	Physical harm to people and loss of property	Safety & Security	An issue leading to loss of individual property	An issue leading to loss of the organization's property	An issue leading to loss of property and/or minor injuries of stakeholders	An issue leading to loss of property and/or severe injuries of stakeholders	An issue leading to loss of life and/or massive loss of property
			Impact of the event occurring				

## KEY

< 12	Further action required with urgency and Senior Management escalation
5 – 11	Further action required with medium urgency and escalation to the BUH
1 – 4	No action required. Only monitoring at a functional level
<p>Risk Level is equal to Impact Likelihood</p> <p>Any risk whose level is = or &lt;4 is acceptable</p> <p>Categorize processes in the broad sense. Financial, safety, and security etc. are called areas of impact</p>	

# RISK REGISTER

SNO	PROCESS	INTERESTED PARTIES & REQUIREMENTS	RISK DESCRIPTION	CAUSES	AREA OF IMPACT	RISK OWNER	IMPACT	LIKELIHOOD	RISK LEVEL	STRATEGY	EXISTING CONTROLS	ADDITIONAL CONTROLS	RESOURCES	TARGET DATE	RESIDUAL RISK			RESPONSIBILITY
															IMPACT	LIKELIHOOD	RISK LEVEL	