



UGANDA MANAGEMENT INSTITUTE



RISK MANAGEMENT POLICY FOR UGANDA MANAGEMENT INSTITUTE

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FOREWORD

Uganda Management Institute was established as an autonomous agency by the Uganda Management Institute Statute of 1992. The Institute has evolved from the Uganda Institute of Public Administration which was opened on 7th October 1969. The Institute has therefore experienced a range of changes over the years in respect to its legal status, internal organization and the resource base. The main governing law is the Universities and Other Tertiary Institutions (UOTIA) Act 2001, as amended by Act 3 of 2006, and modified by Statutory Instrument No. 22 of 2006. Like any other public organization, Uganda Management Institute experiences risks in the execution of her mandate. The management of risk is therefore is part and parcel of integral of the effective and efficient organizational and Corporate Governance.

In order to embed the good practice principles, the Institute needs to formulate and implement a Risk Management policy. The risk management policy therefore seeks to align business opportunities and the taking of risks to the present challenges that the Institute faces in achieving its mission and core objectives. It encompasses the whole spectrum of risk ranging from the high level Institute's wide strategic business risks to individual departments/sections, operational risks including identification of risks at the project level. The policy should be integrated with other planning, budgetary and management activities. In particular, the policy is intrinsically linked to the strategic and operational planning processes. It is hoped that, the policy will go a long way in guiding and shaping the Institute work. I am glad to introduce this policy to the UMI community, and hope that it will help us achieve our mission: "To Excel in Developing practical and sustainable administration, leadership and management Capacity". The Governing Council is committed to support the implementation and operationalization of this policy.

Chev.F.X.Lubanga

Chairperson Governing Council

June 2018

ACKNOWLEDGEMENTS

I wish to extend my appreciation to Management and staff of UMI for having contributed greatly in shaping this Risk Management Policy. Special thanks go to the Risk Management Committee that coordinated all the activities and drafted the policy. You did an invaluable job with dedication and enthusiasm. Your efforts are not only commendable, but also make it a document produced and owned by all of us. It is a benchmark for policy support and sustainability. Special thanks go to the Risk Management Policy Committee. You did a wonderful job with dedication and enthusiasm.

This Policy will help the Institute to have frameworks and plans to proactively manage potential risks at all management and operational levels. The policy will equally facilitate strategic decision making by having best understanding of the potential problems before they happen and enable staff to take preventive action. This will lead to cost effective actions to manage and control risk to acceptable levels.

Lastly, I call upon all stake holders in the Institute to embrace this policy and actively participate in its implementation and operationalization. Together, we shall manage risks and achieve our dream of being “a World Class Management Development Institute”.

James. L. Nkata, PhD

Director General

June 2018

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PREAMBLE

Uganda Management Institute's vision is to be "A World Class Management Development Institute" and the Mission is "To Excel in Developing practical and sustainable administration, leadership and management Capacity". The achievement of the above mission and vision necessitates efficiency and effectiveness through a robust framework for management of risks. This can only be achieved through:

- Proactive development and maintenance of a Risk Management Plan to ensure strategic, operational, contractual and business risks impacting on the whole Institute.
- Undertaking cost effective actions to manage and control risk to acceptable levels, through everyone in the Institute.
- Creation of a culture of risk management in day to day activities in a convenient and cost effective manner.
- Development of Monitoring and Evaluation framework that provides for continuous prediction and management of risks.

The achievement of the above objectives requires comprehensive policies, procedures, and practices. This Risk Management Policy which covers the areas of guiding principles, policy objectives, policy strategic actions, policy implementation planning, coordination and due diligence shall act as a guide and tool for the best practices and procedures.

ACRONYMS AND ABBREVIATIONS

DG	-	Director General
HODs	-	Head of Departments
IPA	-	Institute of Public Administration
PPDA	-	Public Procurement and Disposal of Public Assets Authority
TMT	-	Top Management Team
UMI	-	Uganda Management Institute
UOTIA	-	Universities and Other Tertiary Institutions Act
VFM	-	Value for Money

DEFINITIONS OF KEY CONCEPTS

Risk: A threat or possibility that an action or event will adversely or beneficially affect an organization's ability to achieve its objectives. It is an uncertainty of an outcome either from pursuing a future positive opportunity, or an existing negative threat to achieve a current objective. According to the British standards, the term risk is referred to as a chance of something happening, that will have an impact on the set objectives. Webster Dictionary defines a risk as the exposure to chance of injury or loss, a hazard or a dangerous chance.

Risk management: A process of identifying, assessing, evaluation, prioritization of risks and controlling the uncertainties which may impact on the Institute's abilities to achieve its aims, objectives and opportunities.

Risk Management Framework: Set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the Institute.

Risk Management Plan: A document within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk. Management components including procedures, practices, assignment of responsibilities, and may be applied to a particular product, process and project.

Risk Evaluation: Risk evaluation stage involves considering if the risk found in the risk assessment stage can be tolerated.

1.0 POLICY BACKGROUND AND SITUATIONAL ANALYSIS

1.1 Introduction

Identification, analysis, prioritization and planned management of risks and uncertainties in most organizations especially institutions of higher learning are an emerging issue in management. Uganda Management Institute is not an exception. Most Internal Audit, Auditor General and PPDA reports for over the last five years have pointed to the need to have risk management policy and plan in place. The major risks were identified in the areas of finance, procurement, examination management, records management and staff travels. Top management constituted a Risk Management committee to draft an Institute Risk Management Policy to help in management of risks in the said areas. Although this policy is long overdue, management is ready to support all stakeholders in their various roles and responsibilities in the management of various risks.

1.2 Background and Policy Challenge

The uncertain economic times of the past few years have had a major effect on how organizations operate these days. Many organizations that used to operate smoothly with the help of forecasts and projections now refrain from making business judgements that are set in stone. All businesses and non-profit organizations face the risk unexpected events, such as a natural disaster, loss of funds through theft, or injury to staff, customers, or visitors on your premises, could impact operations. Any of these events can cost organizations money or cause an organization to permanently close.

Nowadays, organizations have a renewed focus: to manage risk. Risk is the main cause of uncertainty in any organisation. Thus, companies increasingly focus more on identifying risks

and managing them before they even affect the business. The ability to manage risk will help companies act more confidently on future business decisions. Their knowledge of the risks they are facing will give them various options on how to deal with potential problems. Risk can come from both internal and external sources. The external risks are those that are not in direct control of the management.

Risk management is important in an organisation because without it, the organization cannot possibly define its objectives for the future. If a company defines objectives without taking the risks into consideration, chances are that they will lose direction once any of these risks hit home. A risk management plan can enable one prepare for the unexpected, minimizing risks and extra costs before they happen. By considering potential risks or events before they happen and having a risk management plan in place, you can save money and protect your organization's future. The purpose of risk management is to identify potential problems before they occur so that risk-handling activities may be planned and invoked as needed across the life of the product or project to mitigate adverse impacts on achieving objectives.

2.0 POLICY STATEMENT AND SCOPE OF APPLICATION

2.1 Policy Statement

Uganda Management Institute recognizes that risk management is an integral part of Corporate and Good management practice. The Institute is committed to the protection and promotion of her resources and strategic opportunities through a comprehensive Risk Management Plan and Risk Management Framework. The Institute recognizes that management of risk is not only an operational function, but is also a fundamental component of institutional, strategic, budget and project planning.

The Institute develops and deploys effective risk management practice to improve corporate governance and establish a reliable basis for decision-making and planning. To support Uganda Management Institute's ongoing commitment to achieving best practice in the area of risk management, the Management will communicate and implement its principles and practices throughout the Institute and all branches in a timely, consistent and user-friendly manner. It is committed to demonstrating the achievement of this policy through investment of resources to allow implementation, regular monitoring, audit, and reporting. This Risk Management Policy addresses Institute wide risk areas of Duty of care, Managing Resources, Relationship management, Compliance to legal and institutional provisions, Health, Safety and Hygiene, Examinations management, Research, Procurement management, Travel and movements of stakeholders, Financial fraud, Fire, ICT, Cyber-crime, Cash management and Records management.

2.2 Scope of policy application

The application of this policy shall extend to all key stakeholders in the Institute business and these are but not limited to the Institute Governing Council, Council Committees, Senate and Senate Committees, Director General, all line managers Staff, Participants and Service providers at all branches. The level of engagement in the Institute day to day business shall determine the extent to which the policy applies to the stated categories.

2.3 Guiding Principles

The policy will be guided by the following principles:

Value for money: “an independent appraisal of an audit entity to determine the extent to which resources were managed with due regard to economy, efficiency and effectiveness and in conformity with applicable regulations, rules and procedures.

Equity and equality: Equity will refer to justice according to natural law or right; specifically: freedom from bias or favoritism, the quality of being fair or impartial; fairness; impartiality, equitableness, impartiality, fair-mindedness, fairness, justness, evenhandedness, objectivity; justice. Equality will refer to the state or quality of being equal, a state of being essentially equal or equivalent; equally balanced; "on a par with the best".

Professionalism: Professionalism demands, inter alia; a thorough knowledge of one’s field of endeavor as well as demonstration of skill, high ethical standards, and respect for the clients and other stakeholders.

Transparency: Transparency is about sharing of information about government decisions and it implies that the procedures and methods of decision making is open and visible to all.

Value for money: Value for Money (VFM) is the term used to assess whether or not an organization has obtained the maximum benefit from the goods and services it acquires and/ or provides, within the resources available to it. It takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness and convenience to judge whether or not, when taken together, they constitute good value. Achieving VFM may be described in terms of the 'three Es' - economy, efficiency and effectiveness.

Fairness: Fairness will mean "pleasing, attractive." In terms of making a decision, such a decision will be pleasing all parties involved and offering a solution that is attractive to everyone.

Efficiency and Effectiveness: Efficiency is the degree to which the actual outputs of the system correspond to its desired or planned outputs. Measuring how far the organization has fulfilled its key objectives. Effectiveness refers to doing the right things. It constantly measures if the actual output meets the desired output. It is how well the process actually accomplishes its intended purpose.

Accountability: In this, the Institute ensures that there is responsibility, answerability, blameworthiness, liability, and issues of account-giving. We shall strive to ensure responsibility for our individual actions, products, decisions, and policies taken and shall bear the consequences thereupon.

2.4 POLICY INTENTION AND OBJECTIVES

2.4.1 Policy Intention

This policy is intended to provide a framework for the management of risk and also to increase overall awareness of risk throughout the Institute and to enable managers and those responsible for risk reporting, to better identify, assess and control risks within their areas.

2.4.2 General objectives

- To assist the Institute proactively develop and maintain an organization-wide Risk Management Plan to ensure strategic, operational, contractual and business risks impacting on the whole

Institute, including regional and international operations, at all operational levels, are identified and managed.

- To ensure that the Institute undertakes cost effective actions to manage and control risk to acceptable levels, through everyone in the organization following a well-defined and structured process.
- To create a culture of risk management in day to day activities in a convenient and cost effective manner.

2.4.3 Specific Objectives

- a) To safeguard the Institute's assets that include: human, financial, reputational, physical, and information;
- b) To create an environment where members of the Institute community assume responsibility for risk management;
- c) To promote proactive management rather than reactive with the early identification and treatment of risks leading to:-
 - (i) a more sound basis for strategic planning as key elements of risk have been identified;
 - (ii) more effective allocation of resources to key services and areas of high risk improving service delivery;
 - (iii) an improved level of accountability and responsibility;
 - (iv) better informed decisions about opportunities and new initiatives/projects;
 - (v) the avoidance of taking unnecessary opportunistic risks and,
 - (vi) an acceptance of the changing patterns of risk and opportunity in an increasingly competitive environment.

3.0 RISK AREAS AND STRATEGIC ACTIONS

RISK GROUP	RISK AREA	EXAMPLES	RECOMMENDED STRATEGY ACTIONS
Duty of Care	Participants, Staff and Visitors	Duty of care owed by the Institute to all students in respect of their personal safety and learning activities both on and off campus	Insurance policy
		Duty of care owed by the Institute to all employees including protecting them from adverse actions by third parties.	Insurance policy
		Duty of care owed by the Institute to all persons on and in the reasonable vicinity of the Institute including visitors, contractors and interns.	Insurance policy
Institute's objectives	Strategic objectives	The risk of not achieving the Institute's strategic objectives as stipulated in the Aligned Institute's strategic plan for 2017 – 2022	<ul style="list-style-type: none"> • Cascading the Objectives to lower levels of management/Units and setting targets • Constant Monitoring & Evaluation
Managing Resources	Human	Risks associated with managing human resources including single-person dependency for critical functions, ageing workforce, lack of succession plans, loss of corporate expertise, failure to attract high caliber staff, failure to develop and retain high quality staff	<ul style="list-style-type: none"> • Strengthen the Human Resource Policy • Put in place a proper reward management and Retention policy
	Information	Risks associated with the provision of information including failure of major IT systems, lack or failure of back-up systems, loss of access to information	<ul style="list-style-type: none"> • Provide for Backup systems • Information Security Management Policy

		due to upgrade of technologies and ageing equipment and IT infrastructure.	
	Financial	Risks associated with the provision of financial services and program funding, including insufficient funds to meet Government objectives, misappropriation of funds, lack of understanding of financial transactions and purchasing requirements, change in Government funding policy. Inability to meet targets, failure of departments to exercise budgetary control.	<ul style="list-style-type: none"> • Financial management policy to address issues of prioritization, finance discipline and avoidance of wasteful expenditure • Implementation of the Resource mobilization policy
	Property, Assets & Facilities	Risks associated with managing property and assets including ageing infrastructure and costs of upkeep or redundant facilities, destruction of library and archival material by fire or flood, not maintaining and protecting records, lack of or inadequate security systems on the Institute's facilities.	<ul style="list-style-type: none"> • Ensure proper security management. • Continuous Inventory audits and assets management. Insurance policy to handle calamities
	External legal	Risks of failure to manage relationship with external solicitors, in particular, delays and costs.	<ul style="list-style-type: none"> • Supplier relationship management training
Managing Relationships	Government	Risks associated with managing communication with all levels of Government including failure to recognize politically sensitive issues, ineffective handling of the media.	Training and Management commitment
	Community	Risks associated with the Institute's involvement in the community including	Management commitment

		social activities and loss of community support.	
	Key Stakeholders	Risks such as non-recognition of stakeholders, non-compliance with statutory requirements imposed by government authorities, failure donor organization's funding prerequisites.	Management commitment
	Internal	Risks associated with internal management processes including insufficient and inappropriate communication strategies within and between the outreach centers and lack of consistency of processes throughout the Institute	Management commitment
Compliance	Records	Failure to comply with statutory archiving legislation; failure to adequately save, record and store the Institute's records;	Enforcement of the statutory legal provisions
	Taxation	Failure to comply with statutory requirements.	Enforcement of the statutory legal provisions
	Workers compensation	Failure to comply with statutory requirements.	Enforcement of the statutory legal provisions
	Environmental laws	Failure to comply with statutory requirements	Enforcement of the statutory legal provisions
	Procurement	Failure to comply with statutory requirements	Enforcement of the statutory legal provisions
	Quality standards	Failure to comply with statutory requirements	Enforcement of the statutory legal provisions
Procurement related risk	Procurement and Contracts management	Over and Understatement of the needs of user departments	<ul style="list-style-type: none"> • Obtain appropriate approvals before undertaking process
		Purchase of unsuitable product or service	

areas (Process)		Insufficient funding	<ul style="list-style-type: none"> • Improve planning • Improve forecasting, planning and consultation with users • Improve communication with potential tenderers • Implement best practice policies, guidelines and practices. • Be familiar with requirements & use functional and performance specifications • Provide staff with appropriate tender assessment and evaluation training and experience • Develop systematic evaluation methods, techniques and evaluation criteria • Ensure good contract administration and performance management • Hold regular inspections / meetings and ensure progress reports • Ensure all staff know responsibilities and conditions • Ensure good record keeping and documentation
		Lack of Procurement plans	
		Increased procurement costs	
		Inadequate statement of requirements	
		Failure to follow effective evaluation procedures	
		Delays in delivery	
		Failure of either party to fulfil the conditions of the contract	
		Delays in Disposal management	
		Failure of suppliers and service providers to meet required statement of requirements	
Travel of staff within and outside the country	Life insurance/Assurance	Possible accidents: <ul style="list-style-type: none"> • Road • Air 	<ul style="list-style-type: none"> • Insurance policy • Workman's Compensation

Movement of visitors, participants and staff to and outside the Institute.	Security Accidents	<ul style="list-style-type: none"> • Thefts, terrorism activities • Fatal accidents 	<ul style="list-style-type: none"> • Strengthen security (training and equipment) • Construction of flyover from the Institute to the main road
Financial Fraud	Financial	Embezzlement, Theft and collusion	Finance management policy, Rotational deployment, Surprise audits
Fire	Fire	Burning down buildings and equipment	<ul style="list-style-type: none"> • Train staff and participants in fire management annually (Fire Brigade) • Increase on firefighting equipment
ICT risks	Technology	Loss, Hacking information, Loss of information	Backups, Firewalls, Anti-virus updates
Human Resource management	Human Resource	Managing exits	Conduct Exit interviews and Pre-Retirement Training
Cash movement and management	Financial	<ul style="list-style-type: none"> • The risk of Bank agents moving with huge sums of money from banks in their pockets/bags. • Payments made in the open space in the cash office with many clients present and without any protection. 	<ul style="list-style-type: none"> • Provide Security • Burglar proof and separation of cashiers from the public
Records management and storage.	Records management	<ul style="list-style-type: none"> • Storage of examination scripts before, during and after marking • Storage of examination answer booklets before, during and after examinations • No specific store for examination records 	<ul style="list-style-type: none"> • Gazette specific rooms for marking exams and restrict taking the scripts away. • Get a specific store for examination answer booklets/records • Training in security of records

		<ul style="list-style-type: none"> • Inadequate space for all institute records • Movement and exposure/security of Institute records 	Increase staffing in the records unit.
Outsourcing of service provision	Procurement	Outsourcing core and vital Institute business areas leading to high overhead costs	Management to put in place a Procurement/Outsourcing policy
Health, Safety and Hygiene	Illness, Death	Illness and/or death of staff or participant or service provider	<ul style="list-style-type: none"> • Comprehensive insurance/Life insurance • Operationalize Health and Safety policy
Research	Plagiarism	Researchers plagiarizing other research works and producing poor quality outputs	Strengthen and operationalize Anti-Plagiarism policy from class work (coursework) to research dissertations and research publications
Terrorism and Cyber Security	Information security	Risk of penetrating/hacking into Institute information/information system and using/diverting it to cause crime.	Put in place Information Security Management policy

4.0 IMPLEMENTATION, ROLES AND RESPONSIBILITIES

4.1 Policy Implementation and Coordination

The policy will be approved by the Governing Council. The policy shall be hosted in the Directorate of Finance and Administration. Top management (TMT) and other key stakeholders shall be responsible for implementation as follows:

4.1.1 Risk Management Committee

Responsible for the development, review and reporting of risk management at the Institute, development and maintenance of the Institute's Risk Register, and for acting as the steering committee for the business continuity management programme. The Risk management committee will evaluate the effectiveness of the Institute's risk management process. This committee

provides bottom up comments on the effectiveness of the process and makes recommendations on further improvements for consideration by the management team and the DG. Members on this committee shall be experienced staff with knowledge on the Institute's risk management process. The scope of the risk management committee would include:

- i. Assessing the effectiveness of the risk process
- ii. Specifying ideas for improvements to the risk management process and policy of the Institute
- iii. Reviewing the Institute-level risk register and make recommendations for any changes if any.
- iv. Arbitrate in differences caused by the various risk perceptions between management and staff
- v. Advise on the appropriateness of the risk appetite.

The role of the risk management committee:

- a) To ensure that the identification and evaluation of key risks that threaten achievement of the Institute's objectives is carried out, and that a register of these risks is maintained.
- b) Identify the strategy in place to manage risks, including identification of appropriate risk owners, and monitoring the satisfactory operation of the management strategy;
- c) Satisfy itself that other risks are being actively managed, with the appropriate strategies in place and working effectively.
- d) Reporting regularly to management and audit committee
- e) Contribute to raising awareness of risk generally across the Institute and to maintaining the profile of risk management.

- f) Address such other matters related to risk as may arise from time to time.

4.1.2 Top Management Team

The Top Management Team is responsible for ensuring that risk management activities are carried out effectively within the Institute. Responsible for leadership in the implementation of risk management in the Institute and for responding to and reporting on significant risks which may emerge from time to time. The Top Management Team will monitor and provide direction on the Institute's risks and the Institute's key risks as defined in the Institute's risk register. The key risk register is linked into the strategic plan and objectives for the Institute. TMT shall communicate changes in the Institute key risks to Council.

The key responsibilities of the TMT are:

- a) To implement policies on risk management and internal control
- b) To evaluate and ensure effective action is taken to mitigate the key risks faced by the Institute
- c) To provide adequate information in a timely manner to Council on the status of the Institute's key risks
- d) Assist the risk steering committee to undertake an annual review of effectiveness of the system of risk management and provide an assurance report to Council.
- e) Embedding risk management as part of the system of internal control

4.1.3 Head of Departments (HODs)

HoDs will act effectively as risk managers for the Institute's risks within their departments.

- a) Owning all risks within their area of responsibility

- b) Ensuring the effective management of all risks within their area of responsibility
- c) Championing risk management and ensuring risk awareness is promoted within their area.
- d) Creating and implementing appropriate systems within their areas to ensure that all risks to achieving objectives or realizing opportunities are identified, assessed, managed and reviewed on a regular basis.
- e) Getting the relevant internal and external key people involved in identifying, monitoring and managing risks within agreed tolerance levels.
- f) Updating the Institute-level risk register for their appropriate area of risk, both annually and adhoc in light of changing circumstances.
- g) Updating and submitting their risk registers alongside their planned objectives and business plans, during their respective annual planning process.
- h) Ensuring the effective management of the risks in all projects within their areas, and that new and changing project risks are reflected in the department risk registers.
- i) HoDs will ensure their staff are adequately trained in risk assessment and are acquainted with the Institute's risk management policies and procedures.

4.1.4 UMI Staff

All staff will diligently identify risks and report them to their supervisor, especially during periods of change to processes or operational practice. Staff will comply with all risk treatments.

4.1.5 Internal Audit department

Internal audit is responsible for independently and regularly reviewing the operation of the overall risk management process in the Institute. In doing this it has regard to best practice as recommended by professional institutes and other relevant organizations. Internal audit will

report its findings to the audit committee and advise and make recommendations to the risk management committee and management.

4.1.6 UMI Participants

Responsible for the development of an understanding of, and subsequent implementation of, sound risk management practice within their study environment.

4.1.7 Planning, Monitoring and Evaluation Department

The role of the department shall be:

- a) Setting the tone and influencing the culture of risk management within the Institute at a general level. This includes:
 - (i) whether the Institute is risk taking or risk averse
 - (ii) determining which types of risk are acceptable or not,
 - (iii) Setting the standards and expectation of staff with respect to conduct and probity.
- b) Determining the risk appetite or agreed level of exposure for the Institute.
- c) Monitoring the key risks to and striving to reduce the likelihood of unwelcome surprises.
- d) Annually reviewing the Institute's approach to risk management to ensure adequate process and procedures.

4.1.8 Joint Quality Assurance Committee

The Committee will liaise with management in monitoring key risks and, where appropriate, will report to Council to provide assurances concerning the management of risks within the Institute. The committee shall be responsible for monitoring the Institute's general arrangements for risk management, and specifically for:

- a) Advising Council on the effectiveness of policies and procedures for risk assessment and risk management.
- b) Annually reviewing the Institute's approach to risk management and, if appropriate, recommending changes or improvements to key elements of its processes and procedures.

5.0 DUE DILIGENCE

Policy Due diligence is an investigation of a policy prior to implementation, or an act with a certain standard of care. It takes care of avoidance of harm to other persons as the policy is implemented. It measures Prudence, Acceptability and Responsibility in the policy implementation. This policy will be implemented in line with the National laws, Institute's policies and procedures. Any contradiction with existing laws and policies shall cause amendment of the policy.

6.0 POLICY VIOLATION

All stakeholders here in mentioned in the policy shall be expected to respect and abide by the policy. Any violation of provisions of this policy will be dealt with as per laws and regulations and any other frameworks approved by the Governing Council from time to time.