

**DRAFT RISK MANAGEMENT POLICY
KIRYANDONGO DISTRICT**



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LIST OF ACRONYMS

- CAO: Chief Administrative Officer
- DEC: District Executive Committee
- RMC: Risk Management Committee
- TPC : Technical planning Committee

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EXECUTIVE SUMMARY

This document outlines the first edition of the risk management policy and procedures for Kiryandongo district local government for the year 2016 2017.

The rapid growth in innovations and technology has changed the way the way we look at process and opportunities in an attempt to meet the district vision and mission thus presenting risks and threats.

Kiryandongo district vision

To transform Kiryandongo district to predominantly rural agricultural entity to industrialized entity with reputable leadership and quality life for all by year 2040.

Kiryandongo district Mission

To serve the people of Kiryandongo District with Coordinated Service Delivery phenomenon with focus on National and Local priorities for sustainable District Development.

The objective of the risk management policy is to protect the district's reputation and image by ensuring regulatory compliance through best practice.



1.0 INTRODUCTION

Risk is the potential of gaining or losing something of value. Values (such as physical health, social status, emotional well-being, or financial wealth) can be gained or lost when taking risk resulting from a given action or inaction, foreseen or unforeseen. (<https://en.wikipedia.org/wiki/Risk>)

Risk can also be defined as the intentional interaction with uncertainty. Uncertainty is a potential, unpredictable, and uncontrollable outcome; risk is a consequence of action taken in spite of uncertainty. (<https://en.wikipedia.org/wiki/Risk>)

Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings.

Bank of Uganda in the risk management guidelines of 2010; defines operational risk as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems or from the external events or unforeseen catastrophes. It includes the exposure to loss resulting from the failure of a manual or automated system to process, produce, or analyze transactions in an accurate, timely, and secure manner.

1.2 EMERGING RISKS

The accelerated rapid growth in innovations and technology has necessitated changes in operational risk management in line with best practices and regulatory requirements.

The need for timely decisions making, quick turnarounds coupled with frequent technology changes and growth has brought with it increased risks.

Highly automated processes which if not properly controlled will magnify the manual processing errors into system failure risk due to greater systems integration thus more fraud .

Increased outsourcing may bring significant reputational risk as more services are outsourced.



2.0 POLICY OWNERSHIP AND MANAGEMENT

The Risk management team shared by the Head of finance shall have the primary responsibility to develop and maintain the risk Management policy and procedure for any likely event.

The oversight responsibility for the management of risk shall be the office of the Chief Administrative Office.

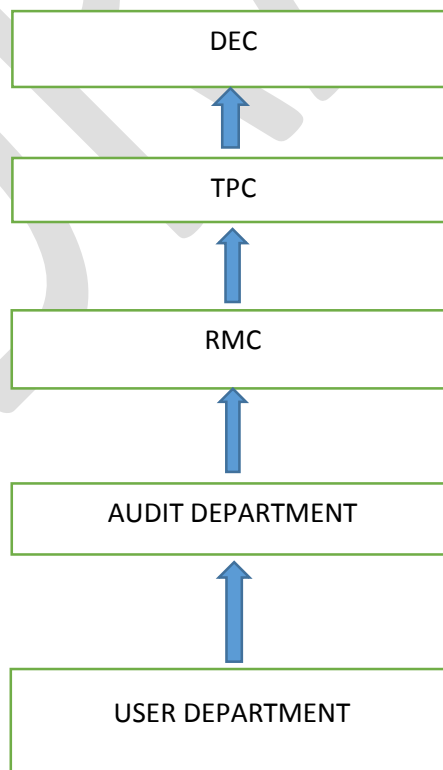
The risk management procedure for any likely event shall be approved by the District Executive committee.

All employees are expected to consider themselves as co-owners of this policy manual and are expected to abide by the policies defined in the manual. No employee shall deliberately breach the guidelines set forth in this manual.

All suggestions for improvement of this policy manual shall be forwarded to the Head of Finance who shall table before the technical planning committee and to the District Executive Committee for approval.

2.1 RISK GOVERNANCE STRUCTURE

The risk governance structure refers to all the levels of organization involved in risk management strategy from formulation, approval, implementation, reporting and monitoring and oversight responsibilities.





2.3 THE RISK MANAGEMENT CYCLE AND FUNCTIONS

2.3.1 USER DEPARTMENT

1. Identify risks along process areas for all activities in their respective department and Support Units.
2. Answer risk control self-assessment questions to confirm perceptions and awareness
3. Report all loss incidents, including near misses and other vulnerabilities to Audit department
4. Appoint a Risk champion who shall act as a Coordinator between the Head of Department and Risk Management Committee on matter regarding risk Management.
5. Document and implement corrective action plans to mitigate risk

2.3.2 AUDIT DEPARTMENT

1. Identify and document user department risk
2. Ensure policy and guidelines are followed by the different user department
3. Enforce risk management policies drafted by the Risk management team
4. Ensure timely reporting of losses and loss events
5. Ensure traditional internal control are followed
6. Prevention and detection of irregularities on an on-going basis

2.3.3 RISK MANAGEMENT COMMITTEE (RMC)

1. Calculate the financial implication of the identified risk
2. Come up and document with risk management measure to reduce the financial implication
3. Ensure performance of regular reviews to ensure regular compliance
4. Develop and continuously maintain the Risk management policies and procedures.
5. Provide periodic reports on management risk to the DEC AND TPC
6. Promote a risk awareness culture with in all department and sections
7. Develop and implement methodologies for identifying, assessing, and controlling Risks, including methodologies for Risk-Assessment and Measurement.



2.3.4 TECHNICAL PLANNING COMMITTEE (TPC)

1. Discuss the risk management measure submit by the risk management committee
2. Submit committee resolutions to District Executive Committee for approval.

2.3.5 BUSINESS UNITS RISK CHAMPIONS

Shall unlike otherwise be Heads of department or section will be responsible for supporting the Risk management team. The Heads of department of section may as an internal arrangement appoint Risk Champion who will support the risk management team in ensuring that the controls are in place. These appointed champions will continue with their usual functions in addition to their delegated roles within the of a risk champion.

Risk Champions shall:

1. Monitor and report loss incidents within their respective department and section on a daily basis, to Risk Management team.
2. Monitor implementation of preventive action plans for losses and loss events reported.
3. Create a risk awareness culture within the department or section
4. Assessment process in the department.
5. Ensure that all controls are in place and functioning.
6. Ensure that all approved policies and procedures are consistently implemented within their respective department and sections,
7. Monitor the execution of action plans for addressing the likely event developed by the department and sections.
8. Answer Risk control self-assessment questions to confirm perceptions and awareness on risks facing department and sections.



2.5 Steps taken in risk management

2.5.1 Risk Identification

A risk is identified by the user department, section or audit team using the risk control self-assessment.

Risk control self-assessment is a questionnaire documenting the business flow of department process.

2.5.2 Risk reporting

A detailed report is then written by the audit team in regards the irregularities in the department or section and copied to the Risk Management team.

2.5.3 Risk Assessment

The risk Management team assess the risk for any losses be it financial, physical, and reputational.

The risk Management team then comes up with a business continuity plan to mitigate the loss and it is tabled to the Technical planning committee.

2.5.4 Risk control assessment and review

The Technical planning committee then review the applicability of the business continuity plan tabled by the risk management committee before it is approved by the district Executive committee.

2.5.5 Approval of the business continuity plan

This is done by the District Executive Committee with guidance from the technical planning committee.



3.0 IMPLEMENTATION AND REVIEW

All Heads of a Departments and sections, Town clerks, SAS are responsible for the implementation of this Policy in their respective areas.

The Risk management committee is responsible for the regularly reviewing the Practical Application of this Policy and advising the CAO of the need for the Modification to any aspect of the document. All new Employees must be provided with a copy of this policy as part of their induction Information package.

Drawn by ICT Officer

Isingoma Julius

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Revised by the acting Principle Internal Auditor

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Revised by the acting Chief Finance officer

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This Risk management place policy is written for Kiryandongo District Local Government

And has been presented to the District Executive Council and approved

Signed: Date:

Chief administrative officer - Kiryandongo District

Signed: Date:

Chair DEC - Kiryandongo District



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