



# Risk Management Framework

December 2021

[Largely adapted from Twaweza East Africa (2018) Risk Management Framework)

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# Glossary of Terms

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<b>Risk Assessment</b>	Risk assessment is a process whereby key risks to which Uwezo Uganda is potentially exposed are proactively identified, their potential impact and likelihood of occurrence estimated, the effectiveness of controls assessed, the extent and trend of exposure determined and mitigation plans developed as necessary.
<b>Risk Limits</b>	Based upon risk thresholds and risk tolerance, risk limits are the parameters or boundaries for acceptable risk taking. Risk limits are generally expressed in quantifiable terms, whenever possible.
<b>Risk Categories</b>	Risk categories represent defined risk groupings that help organize consistent identification, assessment, measurement and monitoring across risks.
<b>Consequence</b>	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gains. There may be a range of possible outcomes associated with an event.
<b>Control</b>	Any action taken by Uwezo Uganda management to manage risk and increase the likelihood that established objectives and goals will be achieved.
<b>Likelihood</b>	Used as a qualitative description of probability or frequency of a risk occurring.
<b>Loss</b>	Any negative consequence, financial or otherwise.
<b>Monitor</b>	To check, supervise, observe critically, or record the progress of an activity, action or system on a regular basis in order to identify change.
<b>Probability</b>	The likelihood of a specific event or outcome, measured by the ratio of specific events or outcomes to the total number of possible events or outcomes.
<b>Reasonable Assurance</b>	The concept that enterprise risk management, no matter how well designed and operated, cannot guarantee that an entity's objectives will be met. This is because of inherent limitations in the Risk Management Framework.
<b>Risk</b>	The possibility of an event occurring that will have a positive or negative impact on the achievement of objectives. Risk is measured in terms of consequence and likelihood.
<b>Risk Acceptance</b>	An informed decision to accept the consequences and the likelihood of a particular risk.
<b>Risk Analysis</b>	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
<b>Risk Appetite</b>	The amount of risk that Uwezo Uganda is prepared to accept (tolerate) or be exposed to at any point in time.
<b>Risk Avoidance</b>	An informed decision not to become involved in a risk situation.
<b>Risk Capacity</b>	Refers to the ability to bear risk. This is the ability to manage both current and emerging risks. Risk capacity includes the ability to exploit opportunities as well as

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	resilience to setbacks and catastrophes.
<b>Risk Evaluation</b>	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
<b>Risk Identification</b>	The process of determining what can happen, why and how.
<b>Risk Management</b>	The totality of the structures, methodology, procedures and definitions that a Framework organization has chosen to use to implement its Risk Management Processes.
<b>Risk Management Processes</b>	Processes to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of Uwezo Uganda's objectives.
<b>Risk Plan</b>	The means by which Uwezo Uganda chooses to manage or treat the individual risks. The main categories are to accept the risk; to mitigate it by reducing its consequence or likelihood; to transfer it to another organization or to avoid the activity creating it.
<b>Risk Register</b>	The summary report of all individual risks within each assessment, which include; risk ratings, level of control, risk decision, risk owner and summary of key controls and/or mitigating actions.
<b>Risk Threshold</b>	Refers to defined levels of risk beyond which certain actions are required to be undertaken in terms of response, reporting, monitoring, additional analysis and planning.
<b>Risk Tolerance</b>	The risk exposure that Uwezo Uganda is willing to bear in the pursuit of its mission or objectives.
<b>Vulnerability</b>	The extent to which Uwezo Uganda may be exposed or unprotected because of the nature of its business/ operations after existing risk management has been taken into account.

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# 1. Introduction and Purpose

## 1.1 Purpose of the Risk Management Framework

The Risk Management Framework is intended to provide an overview of the key concepts for managing risk within Uwezo Uganda and guidance on how the risk management processes can be integrated with normal management processes and responsibilities.

Effective risk management processes within Uwezo Uganda will help to:

- a) Provide understanding of the implications of risk exposures, opportunities and risk management in day-to-day activities and in strategic and operational planning activities;
- b) Develop and implement procedures to ensure that risks are identified, assessed against accepted criteria and that appropriate measures are implemented.

## 1.2 Risk Definition

Risk refers to the possibility of an event occurring that will have a positive or negative impact on the achievement of objectives. Risk is measured in terms of consequence and likelihood.

According to Uwezo Uganda's risk definition, there are several events from internal or external sources that might have the potential to affect strategy implementation and achievement of objectives. Events may have a negative impact, a positive impact or both. Events with a potentially negative impact represent risks which require management's assessment and response. Events with a potentially positive impact represent opportunities, or offset the negative impact of risks. Events representing opportunities are channeled back to management's strategy or objective-setting processes, so that actions can be formulated to seize the opportunities. Events potentially offsetting the negative impact of risks are considered in management's risk assessment and response.

## 1.3 Why is Risk Management Important?

An effective Risk Management Framework is not only good business practice but provides organisational resilience and benefits, including, among others:

- a) Provides a rigorous decision-making and planning process;
- b) Provides Uwezo Uganda with the flexibility to respond to unexpected threats;
- c) Equips management and staff with tools to anticipate changes and threats that face Uwezo Uganda and to allocate appropriate resources;
- d) Provides assurance to the board, management and stakeholders that critical risks are being managed appropriately; and
- e) Enables better business resilience and compliance management.

# 2. Risk Management Policy

## 2.1 Purpose of the policy

The risk management policy is a high-level guiding document used in the development of the comprehensive risk management framework for Uwezo Uganda.

The policy defines the roles and responsibilities of senior management in the management of existing and emerging risks. It defines “Sound Practice” in terms of Uwezo Uganda’s risk management and provides high-level guidelines for management to address the risk profile on an ongoing basis. It gives detailed information and various steps among others to:

- a) Establish a comprehensive risk management programme;
- b) Identify, measure and assess the risks facing Uwezo Uganda;
- c) Monitor, test and report risk issues;
- d) Define risk management responsibilities; and
- e) Educate staff and carry out risk awareness programmes.

## 2.2 Policy Statement

- 1. For Uwezo Uganda to effectively conduct its operations in accordance with established guidelines, specifications, or legislation:
  - a) There shall be an appropriate risk management policy in place.
  - b) There shall be an entity wide risk based comprehensive programme that sets out the entity’s planned activities, such as the implementation and review of specific policies and procedures, exposure limits, delegated risk authorities and risk assurance.
  - c) There shall be an independent review of Uwezo Uganda’s risk management activities by the internal audit function at least on an annual basis.
  - d) There shall be proactive recognition and exploitation of opportunities; and
- 2. The procedures described in the risk management framework, are to be applied in all activities to ensure that risks associated with Uwezo Uganda’s strategic and operational objectives are identified and effectively integrated into Uwezo Uganda’s annual planning process.
- 3. The key risk categories Uwezo Uganda is managing will be outlined in section 3 of this risk management framework. Emerging risks will be managed in accordance with Uwezo Uganda’s policy and procedures in place as and when they occur.
- 4. Further and fundamental to the overall success of risk management is the explicit entity’s belief that all employees must support a culture of full risk transparency, disclosure, and open dialogue. Uwezo Uganda expects open, timely, and frank discussions regarding risk, including being more risk-aware, following the risk management program, attending risk management trainings and monitoring risk management practices.
- 5. All risks must be identified, prioritised, aligned with strategic goals, and evaluated. To accomplish this, Uwezo Uganda will follow the governance model and risk management framework that is described in this document.
- 6. Risk assessments shall include an understanding of the context of operations that includes the overall Uwezo Uganda strategy, annual plans as well as the external environment in which the entity operates.
- 7. Uwezo Uganda management must provide the tools necessary to enable staff to fully implement the risk management procedures detailed in the risk management framework.

### 2.3 Uwezo Uganda's Board and Senior Management Responsibility

The Board has the overall responsibility for overseeing the management of Uwezo Uganda's risks. While the Board has delegated this authority to the senior management team, it remains its responsibility to ensure that: -

- a) A risk management policy is developed by senior management and approved by the Board.
- b) Senior management's roles and responsibilities for risk management are clearly specified.

Senior management shall ensure that: -

- a) An effective risk management framework is established, communicated and implemented.
- b) Uwezo Uganda's risks are identified and effectively managed.
- c) They report to the Board on a regular basis, at least bi-annually, on Uwezo Uganda's risks and how they are being managed.

### 2.4 Application of Policy

This policy applies to Uwezo Uganda Board, management and staff.

### 3. Risk Categories

To enhance the understanding of particular sources of risk, their possible consequences, and the practical approaches to managing them, Uwezo Uganda has classified risks into six major categories of risks.

These risk categories are groupings that help Uwezo Uganda to consistently identify, assess, measure, monitor and report across on its overall risk exposure. Using consistent risk categories across the entity enables aggregation and determination of overall risk impact. This enhances the understanding of particular sources of risk, their possible consequences, and the practical approaches to managing them.

Category	Description
<b>Strategic Risk</b>	Risk that Uwezo Uganda does not meet its overall objectives and targets as detailed in its strategy arising from poor business decisions, improper implementation of decisions or lack of adequate response to stakeholders' evolving needs.
<b>Program Risk</b>	The risk that Uwezo Uganda program is not able to meet its objectives due to failure to effectively plan, implement, monitor and evaluate its initiatives and interventions.
<b>Compliance Risk</b>	Risk of legal or regulatory sanctions, material financial loss, or loss to reputation Uwezo Uganda may suffer as a result of failure to comply with laws, regulations, donor requirements and standards, internal policies and procedural guidelines and codes of conduct applicable to its activities.
<b>Reputation Risk</b>	The risk arising from negative public opinion and affects Uwezo Uganda's ability to execute its activities or access to funds from its donors. This can be mainly thought of as publicity or operational inadequacies that would have an adverse effect on the organisation's public image.
<b>Operational Risk</b>	Risk of loss or non-achievement of entity's objectives resulting from inadequate or failed internal processes, people and systems. Operational risks increase the organisation's exposure to other risks by impairing the organisation's ability to adequately assess, monitor and report on other risks. Operational risks cut across all areas and include, but not limited to: <b>Human Resources Risk:</b> The risks arising from inadequate human resources or inappropriate use of available staffing resources. <b>Financial Management Risk:</b> Risks resulting from inappropriate or inadequate accounting and procurement practices. <b>Business Process Risk:</b> The risk arising from inadequate implementation and non-adherence to the program's business processes and operating procedures. <b>Legal Risk:</b> The risk arising from contracts or other arrangements that are not enforceable through available means.
<b>External Risk</b>	External risks come up due to external events or unforeseen catastrophes that arise from outside of an entity. External events that lead to external risk cannot be controlled by any one entity, cannot be forecasted with reliability, and are normally beyond the control of the entity.
<b>Fiduciary Risk</b>	The risk that Uwezo loses income as a result of termination of donor contract(s), foreign exchange losses, using funds for unintended purposes, failure to achieve value for money, funds not properly accounted for and any other actions that may lead to loss of funds.

## 4. Risk Appetite and Tolerance

### 4.1 Risk Appetite

Uwezo Uganda's risk appetite is defined by the extent to which it tolerates risks as described by operational parameters and process controls. It is a concept which is also defined through informal 'custom and practice'.

Once risks are identified, the adequacy of controls must be considered within the context of Uwezo Uganda's risk appetite at the time. This will vary with business and operational strategies, from year to year depending on prevailing circumstances.

### 4.2 Determination of Risk Appetite

To reach a full understanding of risk appetite, there is a need for Uwezo Uganda to assess:

1. Whether all identified risks have been fully considered.
2. The changes required in the management of the entity's operations in order to reflect the overall attitude to risk (the 'true' risk appetite).
3. How management's attitude to risk (through the risk appetite) can be communicated and consistently managed at all levels of the entity.

Uwezo Uganda's risk appetite is reflected by those risks, which are described as "acceptable for Uwezo Uganda to bear". The more a risk is viewed as unacceptable, the more it is at odds with the underlying risk appetite of the entity. By the same principle, all identified risks deemed acceptable can be considered to be within the risk appetite of the entity.

To establish the overall risk appetite, Uwezo Uganda should refer to the risk appetite definitions described in the table below:

Appetite	Descriptions
<b>Averse</b>	Avoidance of risk and uncertainty in achievement of objectives or initiatives is paramount. Activities undertaken will only be those considered to carry virtually no inherent risk.
<b>Minimalist</b>	Prefer to undertake activities considered to be very safe in achievement of objectives or initiatives. Activities will only be undertaken when they have a low degree of inherent risk. The associated potential for reward/ pursuit of opportunity is not a key driver in selecting activities.
<b>Cautious</b>	Willing to accept/ tolerate a degree of risk in selecting which activities to undertake to achieve objectives or initiatives, where ability to achieve significant reward and/or realised opportunity has been projected. Activities undertaken may carry a high degree of inherent risk that is largely deemed controllable.
<b>Open</b>	Undertakes activities by seeking to achieve a balance between a high likelihood of successful achievement of objectives and a high degree of reward and value for money.

Appetite	Descriptions
	Activities themselves may potentially carry, or contribute to a high degree of residual risk.
<b>Hungry</b>	Eager to be innovative and choose activities that focus on maximising opportunities (additional benefits and goals) and offering potentially very high reward, even if these activities carry a very high residual risk.

#### 4.3 Risk Tolerance

As a rule, all identified risks regardless of category will be dealt with adequately and according to the risk management process specified in this framework.

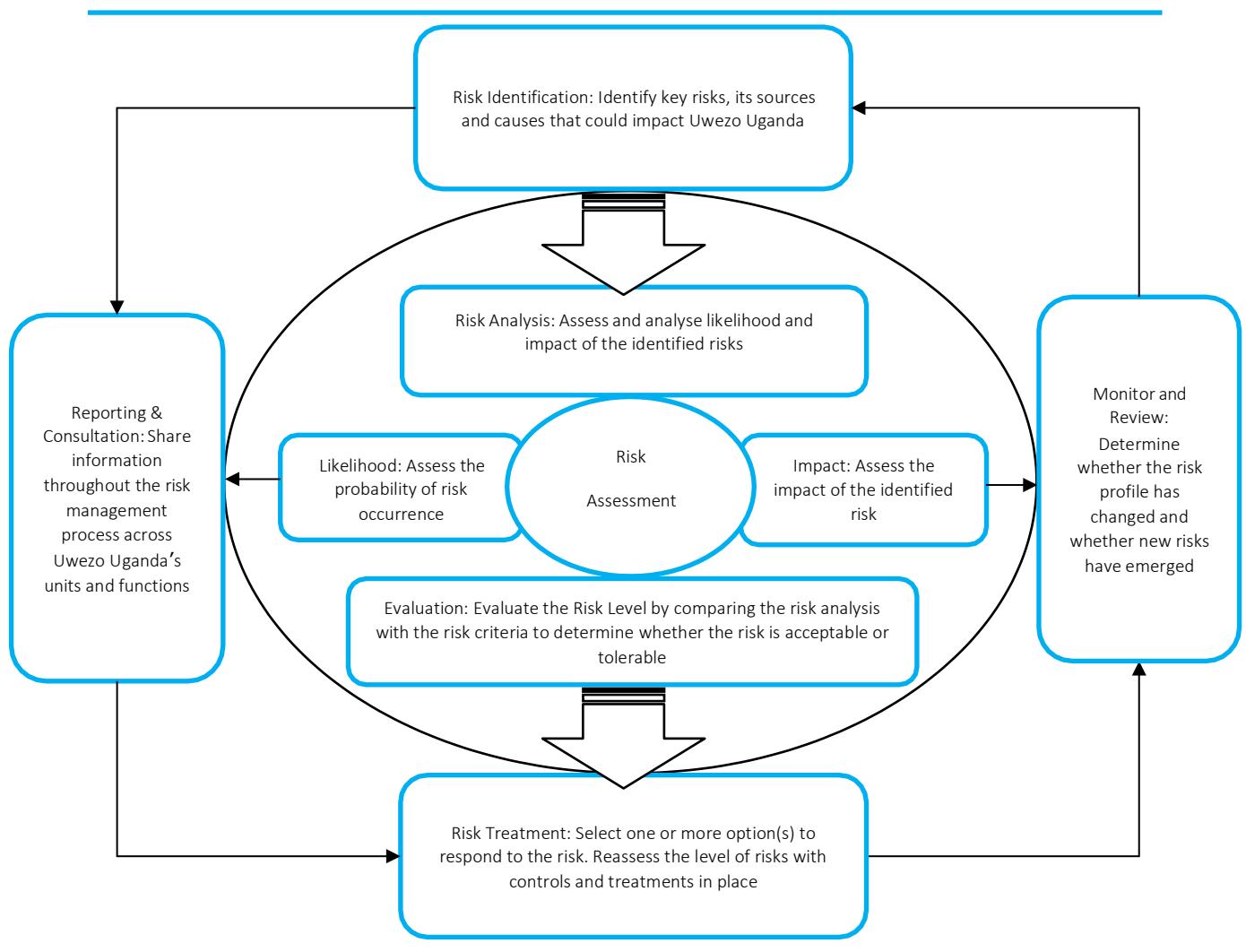
Uwezo Uganda's risk management framework will not be rigid in its approach to managing risks, however for decision making purposes the following should always be observed:

1. Misconduct, which is a broad concept generally referring to violation of rules, regulations and policies, will not be tolerated;
2. Fraud, which refers to a wide range of improper activities including asset misappropriation, bribery and corruption as well as manipulation of financial statements, will not be tolerated regardless of amounts involved.

## 5. Risk Management Approach

The risk management process at Uwezo Uganda shall be embedded in the day to day business and operational processes.

Uwezo Uganda's risk management approach includes processes for identifying, assessing, analysing, evaluating and treating potential risks in its operations. The process adopted is as illustrated in the figure below:



### 5.1 Risk Identification

Risk identification is a critical activity to Uwezo Uganda at both a strategic and operational level. It needs to include all significant sources of risk, including those beyond Uwezo Uganda's control. If a risk/threat is not identified, there can be no strategy to defend against it.

#### 5.1.1 Objective

To identify a comprehensive list of risks and events that might impact the achievement of Uwezo Uganda's strategic objectives and goals.

### **5.1.2 Key Activities**

1. Research and identify emerging risks;
2. Conduct risk and control self-assessments, and take into consideration both internal and external events.
3. Identify entity's activities and risk categories on which to focus the risk identification. Uwezo Uganda management (Risk Owners) will perform this process for their functions and units.
4. Identify corresponding risk factors (what drives the occurrence of the risk, its increase or decrease);
  - a. Engage Uwezo Uganda staff to provide a preliminary list of risk factors for identified risks. The risks and corresponding factors gathered at this stage should be as complete as possible to assist with the risk analysis process in the next section.
  - b. Identify the risk owners for each identified risk.
5. Where feasible, define Key Risk Indicators (KRI) – this is information that would indicate that a risk is starting to unfold or has occurred. The best KRIs provide an early warning system indicating that the risk event is starting to unfold giving both management and staff sufficient time to react and avert the risk event or minimise its impact.
6. Map identified risks to strategic objectives and processes;
  - b. Specify the strategic objective to which the risks apply.
  - c. Map each risk to the business process or processes it resides in.

## 5.2 Risk Assessment

The level of risk is determined by measuring the likelihood of each event arising and the associated impact. The limits contained in the likelihood and impact evaluation criteria are based on Uwezo Uganda management's assessment of entity's ability to continue operation in the event of a risk being realised and are detailed in Impact and Likelihood Assessment criteria included in section 7 of this risk management framework.

The risk assessment process has two key sub process as detailed in the sections that follow:

### 5.2.1 Sub Process 1: Risk Analysis

#### **5.2.1.1 Objective**

To estimate the magnitude of the likelihood and impact of risks using qualitative and quantitative methods.

#### **5.2.1.2 Key Activities**

1. Perform qualitative and quantitative assessment and assign risk ratings;
  - a. Risk owners (Management) lead staff in performing the qualitative assessment of likelihood and impact of risks using their experience and knowledge.
  - b. Risk owners and staff then estimate the quantitative likelihood and impact of risks using the Impact and Likelihood Assessment criteria.

2. For each risk identified, perform an Impact Assessment where an overall rating of either *High, Moderate or Low* will be determined based on the impact rating factors.
3. Each risk will also undergo an Assessment of Likelihood where an overall rating of either *Likely, Probable or Unlikely* will be determined based on the vulnerability rating factors.

During the likelihood assessment, current mitigation strategies and controls must be taken into account.

### 5.2.2 Sub Process 2: Risk Evaluation and Prioritisation

#### 5.2.2.1 Objective

Evaluate the overall risk level by comparing the risk analysis with the risk criteria to determine whether the risk is acceptable or tolerable.

#### 5.2.2.2 Key Activities

1. Aggregate and prioritise risks (Risk Owners, Risk Champions);
  - a. Using the risk rating matrix, as defined under section 7 of this framework, establish the overall risk rating by plotting the risks based on the impact and likelihood as assessed during the risk analysis step.

Impact	Likelihood		
	L	M	H
H	Moderate (LH)	High (MH)	Critical (HH)
M	Low (LM)	Moderate (MM)	High (HM)
L	Low (LL)	Low (ML)	Moderate (HL)

- b. Prioritise risks for risk treatment based on the overall risk rating as follows:

Overall Risk Rating	What should be done
Critical	Immediate and specific action required.
High	Action plan required in the short term; senior management attention needed.
Moderate	Specific monitoring or procedures required; management responsibility must be specified; resolved within the medium term.
Low	Manage through routine procedures. Unlikely to need specific application of resources.

- i. The risks in the upper right section of the matrix would be addressed first. These risks will require Uwezo Uganda to enhance its risk mitigation processes and procedures.
- ii. Risks on the upper left section of the matrix will require the Program to obtain on going assurance of its preparedness to address them.
- iii. The lower left section of the matrix represents low likelihood – low impact risks. Resources should be redeployed to other areas of greater risks.
- iv. Risks falling on the lower right section of the matrix will be assessed for their cumulative impact and appropriate mitigating actions established.

2. Risk owners/champions prepare a report (within their management reports) on the ranked list of risks that will be considered for risk treatment. Guidance should be given on any pending management decisions, planned projects, changes to strategic direction, or other factors that might impact the ranking of the risks.

### 5.3 Risk Treatment

#### **5.3.1 Objective**

The objective of this step to decide how the identified risks will be treated. It involves identifying the options for treating each risk, evaluating those options, assigning accountability and taking relevant action. The following options are available for treating risks and may be applied individually or in combination, with due consideration of Uwezo Uganda's risk tolerance and appetite.

## Risk Treatment Strategies to Consider

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<b>Avoid</b>	Not to proceed with the activity or choosing an alternative approach to achieve the same outcome.
	<ul style="list-style-type: none"><li>• <i>Prohibit</i> unacceptably high-risk activities, transactions, losses and exposures through appropriate policies and standards.</li><li>• <i>Stop</i> specific activities by re-defining objectives, re-focusing strategies and policies or re-directing resources.</li><li>• <i>Eliminate</i> at the source by designing and implementing internal preventive processes.</li></ul>
<b>Accept</b>	Controls are deemed appropriate. These must be monitored and contingency plans developed where appropriate.
	<ul style="list-style-type: none"><li>• <i>Retain</i> risk at its present level, taking no further action.</li></ul>
<b>Transfer</b>	Shifting responsibility for a risk to another party by contract or insurance. Can be transferred as a whole or shared.
	<ul style="list-style-type: none"><li>• <i>Insure</i> through a cost-effective contract with an independent, financially capable party.</li><li>• <i>Reinsure</i> to reduce exposure through contracts with other insurers.</li><li>• <i>Transfer</i> risk and rewards by entering into partnerships and collaborations.</li><li>• <i>Outsource</i> non-core processes (a viable risk transfer option only when risk is contractually transferred).</li></ul>
<b>Mitigate</b>	Reduce the likelihood by improving controls and processes; reduce the impact by implementing strategies to minimise adverse consequences, e.g. contingency planning, and liability cover in contracts.
	<ul style="list-style-type: none"><li>• <i>Control</i> risk through internal processes or actions that reduce Uwezo Uganda's vulnerabilities to an acceptable level (as defined by management's risk tolerance). This includes fraud prevention controls.</li><li>• Strengthen internal capabilities to manage a desired risk exposure.</li><li>• <i>Relocate</i> operations in order to transfer risk locations in which it cannot be well managed, to another location in which it can.</li></ul>

### 5.3.2 Key Activities

1. Identify risk treatment options;
  - a. Identify risk factors that can be mitigated or eliminated to reduce the likelihood and impact.
  - b. Identify consequences that can be mitigated or avoided to reduce the likelihood and impact.
  - c. Review existing risk treatment options, controls and insurance policies and analyse their effectiveness.
  - d. Identify any projects in progress that will influence the existence, vulnerability, or magnitude of the risk.
  - e. Identify and document risk treatment options for those risk factors and consequences selected.
2. Assess risk treatment options;
  - a. Identify the qualitative impacts that would be reduced or eliminated by the various risk treatment options.
  - b. Determine the residual risk (likelihood and impact) after applying the selected risk treatment options/scenarios.

- c. Compare the residual risk exposure to the acceptable risk tolerance levels. If the residual risk still exceeds the risk tolerance level, then consider additional risk treatment options.
- d. Where possible, determine the risk treatment cost and select the most cost-effective combination of risk treatment options.

**Note:** If this cannot be accomplished in a cost-effective manner, then consider eliminating the risk by ceasing to perform the respective business activity, or transferring the risk. It will usually not be cost-effective or even desirable to implement all possible risk treatments. It is, however, necessary to choose, prioritise and implement the most appropriate combination of risk treatments.

3. Develop a risk treatment strategy;
  - a. Develop an overall risk treatment strategy. Treatment of individual risks seldom occurs in isolation. Having a clear understanding of a complete treatment strategy is important to ensure that critical dependencies and linkages are not compromised.
  - b. Present the risk treatment strategy (risk treatment options, costs and benefits) to the Board for their review and approval.
  - c. Obtain approval for any changes to risk tolerance levels.
  - d. Communicate the overall risk treatment strategy to the risk owners and/or champions.
  - e. Identify opportunities to optimise treatment strategies and leverage insurance across Uwezo Uganda.

**Note:** Refer “risk treatment strategies to consider” under section 5.3.1 above

## 5.4 Risk Monitoring and Review

### 5.4.1 Objectives

The objectives for this step include monitoring the effectiveness of the risk treatment strategies and plans as well as ensuring that risk management activities are being performed at the required intervals.

### 5.4.2 Key Activities

Activities undertaken under risk monitoring and review are primarily the responsibility of the risk owners.

1. Develop risk monitoring plans by listing the indicators (KRIs), person responsible for monitoring the indicators, a threshold value, the intervals for monitoring/measurement, and the required action should the KRI breach the threshold, and required alerts and notifications in the event of a breach.
2. Monitor KRIS and respond to changes in risks.
3. Record and analyse risk events including any near misses. Where possible determine trends in loss events that could indicate a need for a broader analysis.
4. Uwezo Uganda management should review the risk event analysis and enforce corrective actions.

**Note:** In developing the risk monitoring plan and executing the monitoring activities, risk owners should endeavor to integrate these activities into the day-to-day business and operational processes. This level of integration improves overall efficiency, helps to identify process bottlenecks and builds a stronger risk management culture in the organisation.

## 5.5 Reporting and Consultation

### **5.5.1 Objectives**

The objectives are to ensure that the varied views of stakeholders are considered and that stakeholders are aware of Uwezo Uganda's activities and progress in managing various risks.

### **5.5.2 Key Activities**

As part of the core function of the framework, the process of identifying and mitigating risks forms an integral component of the Uwezo Uganda's day-to-day operations.

## 6. Risk Governance – Roles and Responsibilities

An effective risk management framework requires the clear setting of roles and responsibilities for the management of risks.

The following details the roles and responsibilities for each of the key stakeholders at Uwezo Uganda.

### 6.1 Roles and Responsibilities

Position	Responsibilities
<b>Board</b>	<ol style="list-style-type: none"><li>1. Approval of the organisation's Risk Management Framework (RMF) and risk management policy.</li><li>2. Perform risk oversight to incorporate consideration of risk into strategic decision-making. They shall ensure that;<ul style="list-style-type: none"><li>• On an annual basis, assess the extent to which Uwezo Uganda is managing its risk profile effectively.</li></ul></li><li>3. Make available the necessary resources to meet the risk management framework's objectives and targets.</li></ol>
<b>Executive Director (ED)</b>	<ol style="list-style-type: none"><li>1. Assume overall responsibility and accountability for the risk management framework.</li><li>2. Ensure a proper balance between risk and returns consistent with Uwezo Uganda's risk tolerances.</li><li>3. Ensure that senior management's roles and responsibilities for risk management are clearly specified.</li><li>4. Maintain senior management commitment to improve the performance of Uwezo Uganda's risk management framework.</li></ol>
<b>Senior Management</b>	<ol style="list-style-type: none"><li>1. Approve the risk assessments, issue directives for risk treatment to maintain risk levels within defined tolerance thresholds, and approve risk treatment expenditures.</li><li>2. Enforcement of risk management framework by ensuring that all activities are carried out consistent with this framework.</li><li>3. Ensure that appropriate processes and capabilities are in place to identify, assess, measure, manage, monitor, and report risks.</li><li>4. During the quarterly reflection meetings, discuss and assess the extent to which Uwezo Uganda is managing its risk profile effectively.</li></ol>
<b>Risk Owner and Champion</b>	<ol style="list-style-type: none"><li>1. Are assigned responsibilities as either Responsible or Accountable for managing specific risks.</li><li>2. Provide overall direction, per unit/department, in risk management.</li><li>3. Identify Key Risk Indicators.</li><li>4. Set direction and monitor the effectiveness of the risk management processes for assigned risks.</li><li>5. Identify risk treatment options and develop risk treatment action plans.</li><li>6. Champion the implementation of risk management framework in their units/departments.</li></ol>
<b>Staff</b>	<ol style="list-style-type: none"><li>1. Operate within established policies and procedures.</li><li>2. Manage risks within their established risk tolerance thresholds.</li><li>3. Obtain management support and authorisation for risks beyond individual tolerance thresholds.</li><li>4. Identify all significant risks generated by their own activities and report them to the risk owners accordingly.</li></ol>

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<b>Internal Audit</b>	<ol style="list-style-type: none"><li>1. Monitor compliance with risk management policies and procedures.</li><li>2. Evaluate the effectiveness of current risk management processes, including the effectiveness of controls and other risk treatment actions.</li><li>3. Provide recommendations for improvement.</li></ol>
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## 7. Risk Assessment Tools

### 7.1 Uwezo Uganda Risk Management - Impact Assessment Criteria

**Impact Criteria** - Impact criteria has been defined as the extent to which risk events can negatively impact the achievement of Uwezo Uganda's strategic objectives. Impact is rated as high, moderate or low based on the following criteria:

Impact Criteria	Financial	Reputation	Legal/Regulatory	Employees	Operations
High	Resulting loss is greater than USD 75,000 or UGX equivalent at the prevailing exchange rate	Major national/international media attention. Significant long term damage to public image. Sustained negative local media attention	Major government or donor actions with significant fines and penalties	Significant loss of staff, critical widespread impact on morale	Significant impact on various Uwezo Uganda's operations such as temporary staffing, fundraising, donations, etc.
Moderate	Resulting loss is greater than USD 20,000 but less than USD 75,000 UGX equivalent at the prevailing exchange rate	Regional media attention. Local media attention longer than 24 hours. Damage is short lived	Government or Donor investigations with potential fines or penalties	Loss of a few staff, or negative impact on morale	Moderate impact on various Uwezo Uganda's operations such as temporary staffing, fundraising, donations, etc.
Low	Resulting loss is less than USD 20,000 UGX equivalent at the prevailing exchange rate	Minimal or no local media attention. Minimal damage to public image	Legal notification requiring administrative actions with no penalties	Minimal impact on staff	Minimal impact on various Uwezo Uganda's operations such as temporary staffing, fundraising, donations, etc.

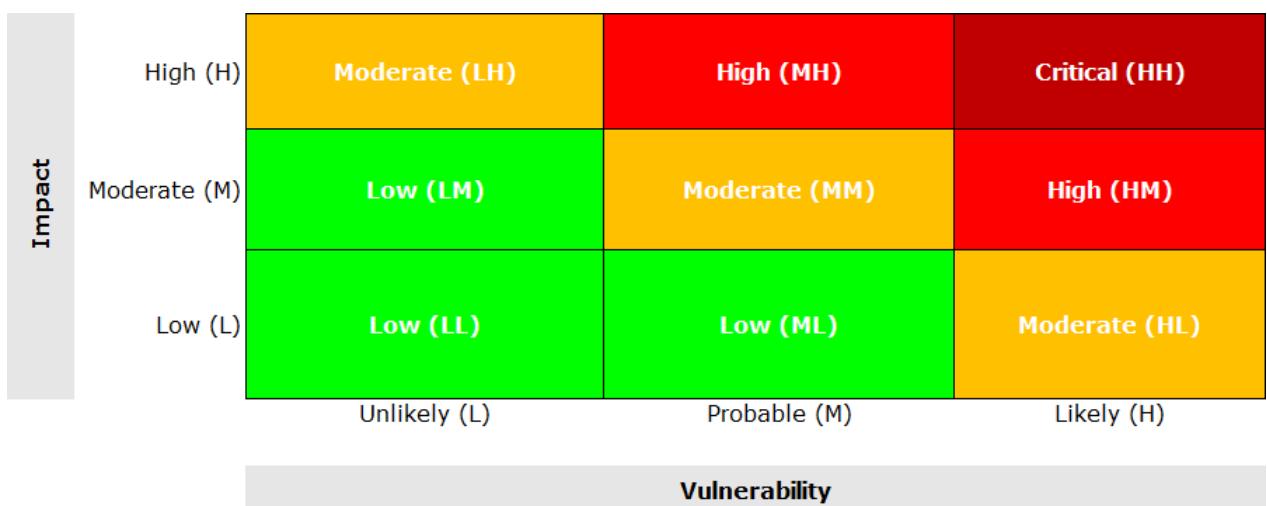
### 7.2 Uwezo Uganda Risk Management – Likelihood Assessment Criteria

**Likelihood Criteria** - Has been defined as the net exposure of Uwezo Uganda to the identified risk after considering existing risk mitigation measures and internal controls. In evaluating the likelihood as likely, probable or unlikely, the following criteria considerations are used:

Likelihood Criteria	Control effectiveness /efficiency		Capability	Previous risk experience Costs, Audit, Regulatory	Rate of change
	Controls / Mitigation	Monitoring/ Testing / Reporting			
Likely (High Vulnerability )	No controls/ mitigation plans exist	Ad hoc and informal risk monitoring, analysis and reporting	Limited levels of knowledgeable internal staff capable of managing risks	Major recent adverse experience resulting in cumulative costs/fines of greater than 10% of Uwezo Uganda's funds	<p>Risk is managed by or directly impacts people, processes, systems or businesses that have experienced a HIGH rate of change over the last 6 months. e.g.</p> <ul style="list-style-type: none"> <li>• Change in senior management personnel.</li> <li>• Introduction of changes in the way a process is implemented.</li> <li>• Implementation of a new system affecting only one or more department(s) or function.</li> <li>• Additional processes requiring additional training which has not taken place.</li> </ul>
Probable (Moderate Vulnerability )	Controls/ mitigation plans need to be updated and improved	Risk sources have been identified and are periodically monitored, analysed and tested	Moderate levels of knowledgeable internal staff capable of managing risks	Moderate recent adverse experience resulting in cumulative costs/fines of 3-5% of Uwezo Uganda's Funds	<p>Risk is managed by or directly impacts people, processes, systems or businesses that have experienced a MODERATE rate of change over the last 6 months. e.g.</p> <ul style="list-style-type: none"> <li>• Change in key staff with experience in undertaking/implementing the process such as Middle level managers.</li> <li>• Additional processes requiring additional training which has not taken place.</li> <li>• Changes to policies and procedures and the organizational structure of one or two departments.</li> </ul>

Likelihood Criteria	Control effectiveness /efficiency		Capability	Previous risk experience Costs, Audit, Regulator y	Rate of change
	Controls / Mitigation	Monitoring/ Testing / Reporting			
<b>Unlikely (Low Vulnerability )</b>	Controls/ mitigation plans are in place and consistently applied	Formal risk monitoring, analysis and reporting embedded in the management process	Sustainable levels of knowledgeable internal staff capable of managing risks	Minor recent adverse experience resulting in cumulative fines of less than 1% of Uwezo Uganda's funds	<p>Risk is managed by or directly impacts people, processes, systems or businesses that have experienced a LOW rate of change over the last 6 months. e.g.</p> <ul style="list-style-type: none"> <li>• No change in staff and/ or partners managing and undertaking the programme.</li> <li>• Changes in the process for which staff have been adequately trained.</li> <li>• There are no changes to Uwezo Uganda's processes.</li> </ul>

7.3 Uwezo Uganda's Risk Rating Matrix



# Appendices

## Appendix 1: Risk and Control Self-Assessment (RCSA)

### A. Internal Risks

No.	Risk Area	Risk Description	Risk Category	Impact	Likelihood	Overall	Mitigating Measures and Controls	Risk Owner
1	Sustainability	<ul style="list-style-type: none"> <li>1. Inability to leverage on existing strategic partnerships with the donors and other stakeholders resulting into shortage of funding for Uwezo's strategy.</li> <li>2. High staff turnover in key positions within the Organisation.</li> <li>3. Delay in submission of project outputs to donors thus impairing ability to receive further funding.</li> </ul>	Strategic	High	Unlikely	Moderate	<ul style="list-style-type: none"> <li>1. Active donor and stakeholder engagement on the progress of the organisation.</li> <li>2. Succession planning in place for all the key roles.</li> <li>3. Project management - timely submission of project outputs to donors.</li> </ul>	Executive Director

N o.	Risk Area	Risk Description	Risk Category	Impact	Likelihood	Overall	Mitigating Measures and Controls	Risk Owner
2	Reputational Damage	<ol style="list-style-type: none"> <li>1. Lawsuits due to;           <ol style="list-style-type: none"> <li>a. Inadequate review of contracts/agreements with third parties.</li> <li>b. Third party (donor, government) dissatisfaction</li> </ol> </li> <li>2. Unethical practises including misuse of funds by Uwezo and/or partners.</li> <li>3. Adverse media publicity due to:           <ol style="list-style-type: none"> <li>a. Inability to achieve the desired effectiveness of the projects (ambitious strategy).</li> <li>b. Staff and third parties disclose confidential and inconclusive information to the public.</li> <li>c. Misappropriation of funds by Uwezo staff and management (fraud).</li> <li>d. Misappropriation of funds by partner organizations (fraud).</li> <li>e. Harm, abuse of children/ respondents by any of our representatives or partners</li> </ol> </li> </ol>	Strategic Reputational Safeguarding	High	Unlikely	Moderate	<ol style="list-style-type: none"> <li>1. Adequate review of contracts by the Company Secretary/retained law firm to ensure all relevant clauses are captured in contracts.</li> <li>2. Project agreements which includes clauses on the usage of project funds as per the agreement, confidentiality and the procurement guideline.</li> <li>3. Uwezo code of conduct which guides staff and management on the agreed ethical practices.</li> <li>4. Outsourced legal counsel in place responsible for review of contracts before sign off.</li> <li>5. A skilled communications team in place that has media and other outside communication.</li> <li>6. We have a rigorous due diligence assessment of our partners.</li> <li>7. Implementing our child protection and safeguarding policy.</li> <li>8. Safeguarding issues incorporated in the training of our partners.</li> <li>9. Strengthening our due diligence on our frontline downstream volunteer partners through at least two reference checks.</li> <li>10. Include a complaint phone number in the materials given to households.</li> </ol>	Executive Director HR Officer Communication Officer
3	Liquidity risk	<ol style="list-style-type: none"> <li>1. Over reliance on a narrow range of development partners .</li> <li>2. Strategy is not aligned to donors' focus/prioritised areas (poor funding strategy).</li> <li>3. Foreign exchange losses arising from currency translations</li> </ol>	Strategic Fiduciary	High	Unlikely	Moderate	<ol style="list-style-type: none"> <li>1. Periodic review of the fundraising &amp; resource mobilisation strategy to ensure sustainability and flow of funds from donors.</li> <li>2. Periodic review of the activities to ensure that they are aligned to strategic objectives.</li> <li>3. Meeting donor expectations by timely delivery of results.</li> <li>4. Bi-annual review of the budget versus actual utilisation is done by Management, reviewed by the Board of directors and results are</li> </ol>	Executive Director

N.o.	Risk Area	Risk Description	Risk Category	Impact	Likelihood	Overall	Mitigating Measures and Controls	Risk Owner
				Red	Green	Yellow	<p>shared with stakeholders within the Mid-Year Progress report.</p> <p>5. Communicate effectively with partner organisations and continuously guide them to ensure they are achieving the best results possible.</p> <p>6. Maintaining regular contact and good relationship with existing funders</p> <p>7. We plan to work closely with our bank to take advantage of foreign exchange fluctuations to the benefit of the organisation. In the likely event that there is depreciation in the local currency, we plan to move fast to seize the advantage by forecasting future local currency needs and making local currency conversions to seize the forex gains.</p>	
4	Governance structure does not support efficient and effective delivery of results	<ol style="list-style-type: none"> <li>1. Poor performance of governance structures and lack of TORs to govern the board and committees.</li> <li>2. Operating in silos and lack of effective engagement of stakeholders.</li> </ol>	Strategic	Yellow	Green	Low	<ol style="list-style-type: none"> <li>1. Simple articulation of governance structures to stakeholders.</li> <li>2. Board charter and TORs for Board committees.</li> <li>3. Constant interactions with the donors to understand expectations and manage accordingly.</li> <li>4. Clear and regular communication to key stakeholders on Uwezo's progress and performance.</li> </ol>	Executive Director
5	Programmes and partnerships fail to deliver expected results on time	<ol style="list-style-type: none"> <li>1. Slow implementation of activities by the partners and subcontractors.</li> <li>2. Non-compliance with terms of contracts and donor agreements.</li> <li>3. Potential fiduciary weaknesses of implementing partners.</li> </ol>	Programme/Delivery	Red	Green	Yellow	<ol style="list-style-type: none"> <li>1. Regular interactions/engagements with the partner organisations and subcontractors.</li> <li>2. Uwezo follows-up on funds which are disbursed to partners and conducts assessments on capacity and capability of partners to execute project activities as well as monitoring and evaluation of these activities.</li> <li>3. Output-based contracts in place with the partner organisations and individual consultants. This is to ensure that Uwezo can only pay the partners as per the completed deliverables.</li> <li>4. Periodic monitoring and evaluation of programme delivery by the programme team</li> <li>5. The agreements/contracts entered with partners and subcontractors are aligned to donor requirements.</li> </ol>	Senior Management Team

N o.	Risk Area	Risk Description	Risk Category	Impact	Likelihood	Overall	Mitigating Measures and Controls	Risk Owner
6	Fraud	<p>1. Misappropriation of funds by the Uwezo staff and partner organisations such as inadequate supporting documentation for the utilised funds.</p> <p>2. Lapses in internal controls at Uwezo and partner organisations.</p> <p>3. Lack of integrity by staff and management in the partner organisations.</p> <p>4. Non-compliance with the terms of agreements and contracts.</p> <p>5. Collusion between Uwezo staff and partner organisations to cause loss of funds.</p> <p>6. Insufficient knowledge/awareness by staff and management on fraud and misconduct may lead to:</p> <ul style="list-style-type: none"> <li>a. Increased lapses in internal controls; and</li> <li>b. Misappropriation of funds by staff.</li> </ul> <p>7. Inadequate screening of staff when being hired.</p> <p>8. Unethical service providers.</p> <p>9. Inappropriate system (i.e. Xero and salesforce) access that defeats the maker-checker controls.</p> <p>10. Insufficient segregation of duties at Uwezo and the respective partner organisations.</p>	Programme Operational Reputation	High	Unlikely	Moderate	<p>1. Regular interactions/engagements with the partner organisations and subcontractors.</p> <p>2. The agreements/contracts entered with partners and subcontractors are aligned to donor requirements.</p> <p>3. Uwezo has a code of conduct which guides staff and management on the organisation's ethical practices.</p> <p>4. Uwezo has a zero tolerance policy on fraud.</p> <p>5. Training and awareness on the risk management process and specifically on fraud risk.</p> <p>6. Screening, background and reference checks of staff prior to recruitment.</p> <p>7. Well established segregation of duties in the system i.e. Xero and salesforce and the online banking platform (Stanbic).</p> <p>8. Ensuring adequate 3<sup>rd</sup> party reporting channels for fraud.</p> <p>9. Whistle-blower policy in place</p> <p>10. Independent internal audits by an outsourced audit firm are periodically conducted</p> <p>11. Emphasise submission of accountability within 7 working days after activity is complete. Ensure no new imprest funds are disbursed before prior imprests are accounted for.</p> <p>12. Output-based contracts in place to guide funds disbursement. Due diligence is made on partner organisation before they are brought on board to support activities.</p>	Executive Director, Accountant

N.o.	Risk Area	Risk Description	Risk Category	Impact	Likelihood	Overall	Mitigating Measures and Controls	Risk Owner
8	Value for Money	<p>Uwezo does not get value for money on procured goods and services due to:</p> <ol style="list-style-type: none"> <li>1. Fraud.</li> <li>2. Adverse economic conditions.</li> <li>3. Inflation of product prices.</li> <li>4. Poor quality of delivered goods/services.</li> <li>5. Policies, procedures and regulations may not be adhered to.</li> <li>6. Misuse of petty cash.</li> </ol>	Operational (Finance)	High	Unlikely	Moderate	<ol style="list-style-type: none"> <li>1. Finance and administration regulations as well as procurement policy are in place and are adhered to by staff and management.</li> <li>2. Segregation of duties and approval requirements are applied during procurement.</li> <li>3. Uwezo has a code of conduct which guides staff and management on the agreed ethical practices.</li> <li>4. Zero tolerance policy on fraud.</li> <li>5. Monthly petty cash counts are conducted.</li> <li>6. Uwezo is fully cashless except for petty cash. Maximum petty cash float is UGX 3,000,000.</li> <li>7. Analysis of contractual outputs before payments are effected.</li> </ol>	Accountant
9	Information Technology	<p>Loss of data through:</p> <ol style="list-style-type: none"> <li>1. Inadequate parameters for password security settings on the Windows domain and system applications.</li> <li>2. System Administrator rights to the Salesforce system are not restricted to IT Personnel.</li> <li>3. Inappropriate user access rights/ privileges to information systems.</li> <li>4. Improper controls on creation of new users on the organisation's systems.</li> <li>5. Non-adherence to the Information Technology (IT) Policy such as laxity in frequent backing up of data on the common folder</li> </ol>	Operational (Information Systems)	High	Unlikely	Moderate	<ol style="list-style-type: none"> <li>1. An Information Technology (IT) Policy is in place to guide use of IT resources and related assets.</li> <li>2. Users are trained on the IT Policy during their induction and regularly thereafter.</li> <li>3. Two-Way-Verification (multi-factor authentication) required to log in systems.</li> <li>4. Password controls reviewed and robust password parameters formally included in the policy and implemented to authenticate and authorise users' access to IT resources.</li> <li>5. Administrator access to systems and applications is restricted to IT personnel only.</li> </ol>	IT Officer

N o.	Risk Area	Risk Description	Risk Category	Impact	Likelihood	Overall	Mitigating Measures and Controls	Risk Owner
10	Data	<p>Information security is not administered appropriately leading to significant information resources disclosed without authorisation resulting in loss of data through:</p> <ol style="list-style-type: none"> <li>1. Advanced malware attacks leading to data corruption.</li> <li>2. Hacking.</li> <li>3. Misconfigurations in the software leading to inadvertent data corruption.</li> <li>4. Inadequate change management procedures leading to data alteration.</li> <li>5. Inadvertent disclosure of data.</li> <li>6. Poor backup regimes.</li> <li>7. Lack of Disaster Recovery Plans (DRP).</li> </ol> <p>Lack of adequate Access Control Management.</p>	Operatio nal (Informat ion Systems)	High	Unlikely	Moderate	<ol style="list-style-type: none"> <li>1. Suitable Information Technology (IT) Policies are implemented to guide usage of IT resources and related assets.</li> <li>2. Users are trained on the IT Policy during their induction and regularly thereafter.</li> <li>3. Leavers are timely deactivated and deleted from the IT systems upon departure from the organisation.</li> <li>4. Uwezo uses cloud and internet based solutions for its financial and business applications such as Xero and Salesforce thus ensuring offsite data backup.</li> <li>5. Uwezo to establish a formal IT Continuity and Recovery Plan to ensure continuity of operations in case of disaster.</li> <li>6. Two-Way-Verification (multi-factor authentication) used to log in all IT systems.</li> <li>7. Strong password policy in place and adhered to by staff.</li> <li>8. Strong and updated antivirus and firewalls in place for protection from external intrusion.</li> </ol>	IT Officer

N o.	Risk Area	Risk Description	Risk Category	Impact	Likelihood	Overall	Mitigating Measures and Controls	Risk Owner
11	Human Resources	<p>High staff turnover and inability to attract and retain skillset due to:</p> <ol style="list-style-type: none"> <li>1. Job dissatisfaction             <ol style="list-style-type: none"> <li>a. Inadequate remuneration and benefits.</li> <li>b. Poor management and leadership practices.</li> <li>c. Failure to identify staff skill gaps and propose adequate training.</li> </ol> </li> <li>2. High demand for similar personnel skills in the market.</li> <li>3. Inadequate performance management systems and mentorship programs.</li> <li>4. Inadequate succession planning.</li> <li>5. Inactive learning agenda limiting learning and staff growth.</li> </ol>	Operatio nal (Human Resource s)	High	Unlikely	Moderate	<ol style="list-style-type: none"> <li>1. Employees' benefits are benchmarked to the industry/market and regularly reviewed.</li> <li>2. Regular team building efforts are performed.</li> <li>3. A formal performance appraisal system is in place and applied.</li> <li>4. Succession planning for the key staff.</li> <li>5. Exit interviews are conducted and retention strategies for key staff in place.</li> <li>6. An effective mentorship programme in place.</li> <li>7. Maintain an active learning agenda</li> </ol>	HR Officer, Executive Director

N.o.	Risk Area	Risk Description	Risk Category	Impact	Likelihood	Overall	Mitigating Measures and Controls	Risk Owner
12	Physical Security	<ol style="list-style-type: none"> <li>1. Staff may neglect controls in place to safe guard office security.</li> <li>2. Inadequate physical security measures in office and in the building e.g. insufficient CCTV cameras.</li> <li>3. Employees may not report or ignore suspicious activities/characters.</li> <li>4. Lack of employee awareness on their personal security.</li> <li>5. Non ethical practises by the security guards.</li> <li>6. Security threat when staff undertake specific research or data collection that may be perceived by government as threatening its interests and exposing weaknesses in governance.</li> </ol>	Operational	High	Unlikely	Moderate	<ol style="list-style-type: none"> <li>1. Safe for money storage and other valuable documents.</li> <li>2. Staff retreats and team building where staff issues can be communicated and dealt with.</li> <li>3. Insurance cover for the office premises and all assets.</li> <li>4. Keys to office restricted to selected members and never allow non-staff members or visitors to be in office without the presence of a Uwezo staff member.</li> <li>5. Strong security systems are in place at the office premises such as use of CCTV cameras in the parking and corridors.</li> <li>6. Credible security companies are contracted by the landlord to provide security guards.</li> <li>7. GPA insurance provided to staff.</li> <li>8. When undertaking a particular assignment or visiting a place that may pose security threat to staff; extra security escort is provided to guarantee safety.</li> </ol>	HR Officer, Administration