RTB RISK MANAGEMENT POLICY & FRAMEWORK

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RISK MANAGEMENT STATEMENT

Rwanda Technical and Vocational Education Training Board (RTB) as key player in education sector and a public entity bound by Public Finance Management laws and regulations is committed to implementing a comprehensive risk management framework that can identify potential risks, assess their impact, and develop strategies to mitigate or minimize them in pursuit of its objectives. This policy outlines our commitment to managing risks and fostering a culture of proactive risk management within the RTB.

The Board of Directors and RTB senior management will oversee the implementation of the risk management framework while the Chief Budget Manager (CBM) shall take responsibility of ensuring its implementation in the institution. The Risk Management Committee is responsible for monitoring risk-related activities, providing guidance, and ensuring compliance with the policy.

Our risk management framework will follow international best practices, our laws and regulations as well as guidelines issued by MINECOFIN.

RTB recognises **15** risk categories and commits to establish systems to manage them and be held accountable. RTB will apply best practise on each of the recognised risk categories and the most suited function within RTB will take leadership by integrating in their management approach.

RTB shall use the Risk Management tools to actualise a practical application of Risk Management. The Risk & Controls Self-Assessment tool shall be the basis of identifying, analysing, evaluating and treating risks. The risk monitoring tools to be used are Key Risk Indicators, Compliance Management, Incident Management and Action Tracking. The review and improvement of risk management shall apply the Risk-Based Internal Audit tool to provide independent assurance on effectiveness of Risk Management.

The various risk owners shall be providing their risk reports based on these tools. The risk reporting shall be against the approved Risk Criteria and shall form basis of escalation and actions being taken.

By adopting this Risk Management Policy, RTB reaffirms its dedication to effectively managing risks and safeguarding our operations and the policy will serve as a guiding framework for all risk-related activities within RTB.

Dipl.-Ing. Paul UMUKUNZI
Director General of RTB

1. Acronyms and Glossary of Terms

1.1 Acronyms

RTB	Rwanda TVET Board
ALARP	As Low As Reasonably Practicable
BAC	Board Audit Committee
DG	Director General
ERM	Enterprise Risk Management
HoD	Head of Department
IRL	Inherent Risk Level
ISO	International Standards Organisation
KRI	Key Risk Indicator
OSH	Occupational Safety and Health
PFM	Public Finance Management
RAG	Red, Amber and Green
RBIA	Risk-based internal audit
RC	Risk Champion
RCSA	Risk and Control Self-Assessment
RM	Risk management
RMC	Risk management committee
RRL	Residual Risk Level
SP	Strategic Plan
TVET	Technical and vocational education and training
Qtr	Quarter

1.2 Glossary of Terms

Business unit
Refers to a department, division, unit, programme or project of RTB.

Control
Any measure or action that modifies or maintains risk, which may include; any policy, procedure, practice, process, technology, technique, method, or device. Risk treatments become controls, or modify existing controls, once they are implemented.

Control effectiveness
The extent to which a control is fit for purpose, well designed, consistent, complete, reliable and timely operated in risk mitigation.

Critical success factor
The resources, inputs and capabilities that must be present in order to achieve an objective.

Enterprise risk management (ERM)
ERM is "a process, effected by an entity's directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk criteria, to provide reasonable assurance regarding the achievement of entity objectives"

Event
An occurrence or incident, from external or internal sources, that affects the achievement of RTB's objectives. Events can have negative consequences, positive consequences, or both. Events with negative consequences represent threats. Events with positive consequences represent opportunities.

Inherent (gross) risk

The exposure arising from a specific risk before any action or control has been put in to manage it.

RTB Senior Management

Refers to members of the Senior Management (Director General, Heads of Department, Division Managers, Directors, SPIU Coordinator, Program Managers and Project Managers) of RTB.

Near miss

An incident that didn't evolve into a consequence.

Process

Refers to a set of interrelated or interacting activities which transform inputs into outputs in order to achieve desired results.

Residual (net) risk

The exposure arising from a specific risk after an action or control has been put in place to manage it and making the assumption that the action or control is effective.

Risk

Risk is the effect of uncertainty of objectives.

Risk and control self-assessment (RCSA)

A process used by management to identify, measure and evaluate risks and controls.

Risk bow tie analysis

A graphical presentation of the risk event, the causes and consequences.

Risk champion

An officer who supports and defends risk management cause. Therefore, a champion of risk management will promote its benefits, educate the business unit's management and staff in the actions they need to take to implement it and will encourage them and support them in taking those actions.

Risk impact

The outcome of an event affecting objectives.

Risk likelihood

The chance of a risk event happening.

Risk matrix

A tool for ranking and displaying risks by defining ranges for consequences and likelihood.

Root cause analysis

Refers to the identification of underlying causes of identified risk events or incidents, so that the most effective control measures can be identified and implemented.

Risk criteria

Are the terms of reference against which the significance of risk is evaluated. The criteria can be derived from standards, laws, policies and other requirements.

Risk assessment

The overall process of analysis and evaluation of a risk with regard to its consequence and the likelihood of being realized, and the selection of an appropriate risk response by RTB.

Risk culture

The set of shared attitudes, values and practices that characterize how RTB considers risks in its day-to-day activities

Risk drivers

These are the causes of risk events.

Risk indicator

These are measurements or parameters used by management to show how risky an event or activity is. They warn of the most obvious areas where problems may arise, thus the term Key Risk Indicators.

Risk profile/register

A documented and prioritized assessment of the range of specific risks faced by RTB.

Risk management framework

The totality of the structures, methodologies, procedures and definitions that RTB has chosen to use to implement its risk management processes.

Risk owner

Is the individual, mostly at senior leadership level, who is ultimately accountable and authority for ensuring risk is managed appropriately. There may be multiple personnel who have direct responsibility for, or oversight of, activities to manage each identified risk, and who collaborate with the accountable risk owner in his/her risk management efforts.

Risk treatment

The set of actions that may be taken in response to a risk, which may include:
- **Transfer the risk:** This may be done by RTB asking a third party to take on the risk.
- **Accept/tolerate the risk:** Decision not to put in place further mitigation measures due to the fact that the ability to take effective action is limited, or the cost of taking action may be disproportionate to the potential benefit gained.
- **Treat the risk:** Taking direct action to reduce either its potential impact or its likelihood of occurrence.
- **Terminate the underlying activity:** This is a variation of the "treat" approach, and involves quick and decisive action to eliminate or avoid a risk altogether.
- **Exploit the risk:** Opportunities can be exploited in a positive manner.
- **Risk transformation:** Transforming one risk type into another. For example, this will occur when a process is automated.

Stakeholders
The person(s) or organisation(s) that can affect, be affected or perceive themselves to be affected by a decision or activity of RTB.

Upside of risk
The potential of a risk event to generate a positive impact to the organisation.

2. Preamble

2.1 Background

Rwanda TVET Board (RTB) is a government institution established in 2020 by the presidential order No N° 123/01 of 15/10/2020 published in Official Gazette N° 32 bis of 19/10/2020. It was established under the Ministry of Education, to be at the forefront of all efforts to promote TVET from level one (1) to level (5) of the Rwanda TVET Qualification Framework.

RTB Mandate and Objectives

RTB has the following core responsibilities:

1) To design and distribute curricula, teaching materials, trainer's guides, methodologies and establish training methods for technical and vocation education and training from level one (1) to five (5);

2) To promote the use of information and communication technology in technical and vocation education and training from level one (1) to five (5);

3) To coordinate and fast track technical and vocation education and training programs and activities;

4) To coordinate programs and activities to ensure trainers development, build their capacities and monitor their management;

5) To advise the Government on all activities which can fast track technical and vocation education and training development in Rwanda.

Vision:

Provision of high quality and demand driven TVET system responsive to emerging skills shortages in higher value-added industries aimed at delivering a high quality competent workforce and self-reliant citizens for sustainable economic, social and environmental development.

Mission:

a. To design and distribute curricula, teaching materials, trainer's guides, methodologies and establish training methods for technical and vocational education and training from level one (1) to five (5);

b. To promote the use of information and communication technology in technical and vocation education and training from level one (1) to five (5);

c. To coordinate and fast track technical and vocation education and training programs and activities;

d. coordinate programs and activities to ensure trainers development, build their capacities and monitor their management among others.

e. to promote quality education in technical and vocation education and training from level one (1) to five (5) aimed at fast tracking socio-economic development of the country.

f. To advise the Government on all activities which can fast track technical and vocation education and training development in Rwanda.

Core Values:

➢ Integrity
➢ Professionalism
➢ Accountability
➢ Loyalty
➢ Competitiveness & Creativity
➢ Efficiency
➢ Team Work

Background of Risk Management in RTB

In alignment with the Risk Management Guidelines issued by the Ministry of Finance and Economic Planning (MINECOFIN), which emphasize that each entity must assign risk management roles and responsibilities according to its structure, mission, mandate, and nature of activities, RTB has established a dedicated Risk Management Committee. This committee, which has been operational since November 2022, comprises five members who serve as risk management champions across all departments and units.

To date, RTB has produced several reports on risk management, focused on minimizing and preventing potential risks that could negatively impact the organization's performance. These efforts include implementing safety measures and securing insurance coverage for its assets, ensuring a proactive approach to risk mitigation in RTB's daily operations.

Methodology of Preparing the Policy

This policy was developed through reviewing procedures, benchmarking to Risk Management best industry practices, and consultative engagement with the Management and the office of the Internal General Auditor under the Ministry of Finance and Economic Planning.

2.2 RTB Risk Management Policy Statement

RTB recognises risk management as an integral part of its governance responsibility and commits to implement effective risk management in all its activities, by allocating necessary resources and offering strategic leadership, which will ensure, among others;

- Effective delivery on its mandate,
- Safety and security of its staff members, TVET beneficiaries and other stakeholders,
- Protection of its assets,
- Continuity of its business operations.

3. Objectives, Scope and References of RTB Risk Management Policy

3.1 Objectives of the Policy

The specific objectives of this policy are:

i.   To establish and integrate effective risk management practices in all aspects of RTB activities.
ii. To establish a framework of early identification and alignment of risks to the respective RTB's objectives they are affecting.
iii. To establish objective tools of assessing, measuring and monitoring of all RTB's risks.
iv. To establish a risk criteria and tolerance levels against which RTB risks will be evaluated.
v.   To establish adoption of risk treatment strategies that are cost effective and efficient in reducing RTB's risks to acceptable levels.
vi. To establish provision of accurate risk information through timely reporting for effective decision making.
vii. To establish an appropriate risk governance and management structure for supporting the risk function in RTB.

3.2 Scope of the Risk Management Policy

This policy shall cover:

i.   All processes, functions and programmes/projects within RTB operations
ii. Strategic planning, monitoring and evaluation processes
iii. Reporting lines and timelines
iv. Decision making processes and hierarchies
v.   Training, Curriculum & instructional materials development, digital technologies, and schools' equipment & infrastructure activities.

3.3 References for the Risk Management Policy

The policy has been framed in line with the following risk management and governance standards, directives and guidelines:

i. Most current Ministry of Finance and Economic Planning Risk Management Guidelines: provides risk management guidelines for the public sector in Rwanda;

ii. Most current ISO 31000, *Risk management – Principles and guidelines*: provides principles, framework, and a process for managing risk.

4. Principles of Risk Management at RTB

The Risk Management practices at RTB are based on the following principles.

i. Integration

RTB adopts a risk-based approach that will cut across and integrate all its activities including but not limited to processes, projects, programmes, decision making, reporting, training, curriculum & instructional materials development, digital technologies and schools' equipment & infrastructure activities and strategic planning.

ii. Structured

RTB shall adopt a systematic approach to risk management that contributes to consistent and comparable results.

iii. Comprehensive

RTB shall adopt a complete and exhaustive approach to risk management that shall be applied in all areas under the scope.

iv. Customized

RTB Management shall customize risk management framework and processes to fit the organization — in particular, its risk profile, culture and risk criteria taking into consideration its external and internal context related to its objectives.

v. Inclusive

RTB shall adopt a decentralized approach to risk management that advances appropriate and timely engagement of all stakeholders and partners by enabling their knowledge, views, and perceptions to be considered. The institution recognizes that risk management is the responsibility of everyone in the institution.

vi. Dynamic

RTB recognizes that risks can emerge, change, or disappear as an

organization's external and internal context changes. As such, the institution shall develop a risk management framework that expects, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.

vii. **Best available information**

The inputs to RTB risk management approach are based on the best available historical and current information, as well as on future expectations. RTB's Risk Management Framework shall clearly take into account any limits and uncertainties associated with such information and expectations and ensure information is timely, clear, and available to relevant stakeholders and partners.

viii. **Human and cultural factors**

RTB recognizes human behaviour as an essential aspect of organizational culture that significantly influences risk management at all levels and stages, hence it shall consider the effects of such aspects in RTB risk management processes.

ix. **Continual improvement**

RTB commits to a continuous learning, review and improvement of its risk management framework and process, so as to maintain a strong, relevant and best practice risk management framework.

5. Risk Management Framework

The purpose of the risk management framework is to assist RTB to integrate risk management into its activities and functions. The effectiveness of risk management depends on its integration into the governance of RTB including decision-making which requires support from stakeholders.

5.1 Risk and Risk Management as it applies to RTB
5.1.1 Risk

Risk is the effect of uncertainty on RTB objectives.

An **effect** is a deviation from the expected. It can be positive, negative or both and can address, create or result in opportunities and threats.

Uncertainty is the state, even partial, of deficiency of information related to understanding or knowledge of an event, its consequence of likelihood.

Objectives can have different aspects (such as financial, safety or environmental goals) and can apply at different levels (such as strategic, project, process, etc.).

5.1.2 Risk Management

Risk Management refers to coordinated activities to manage the effect of uncertainty on RTB objectives.

Risk Management and Enterprise Risk Management (ERM) shall be used interchangeably at RTB.

5.2 RTB Risk Management Framework

RTB risk management framework is anchored on Leadership and Commitment based on ISO 31000: 2018 Risk Management Standard. This is to ensure its integration into the governance of RTB including the decision-making process. The components of RTB framework shall encompass integrating, designing, implementing, evaluating and improving risk management across the organisation as depicted in *figure 1* below.

Figure 1. *RTB Risk Management Framework*

5.2.1   Leadership and Commitment

RTB Board of Directors shall ensure that risk management is integrated into all its activities and shall be accountable for overseeing risk management and shall demonstrate leadership and commitment by:

i.   Issuing a policy that establishes a risk management approach, plan or course of action;

ii.   Ensuring that the necessary resources are allocated to managing risk;

iii. Assigning authority, responsibility and accountability at appropriate levels within RTB;

iv.   Ensuring that risks are adequately considered when setting RTB's objectives; and

v.   Understanding the risks facing RTB in pursuit of its objectives.

RTB Senior Management is accountable for managing risks and shall demonstrate leadership and commitment by:

i.   Customising and implementing all the components of this framework;

ii.   Ensuring that systems to manage such risks are implemented and operating effectively;

iii. Ensuring such risks are appropriate in the context of RTB's objectives; and

iv.   Ensuring that information about such risks and their management is properly communicated.

5.2.2   Integration

Integrating risk management into RTB should be a dynamic, adaptive, and customized process that aligns with the organization's specific needs and culture. It must be embedded within, rather than separate from, the core elements of RTB, including its purpose, governance, leadership commitment, and strategy. Risk management should also be integrated into RTB's objectives, programs, projects, training, curriculum and instructional materials development, digital technologies, as well as schools' equipment and infrastructure activities.

Additionally, risk management should be embedded within the organizational structure, becoming an integral part of accountability and oversight roles within the governance processes.

5.2.3   Design

RTB risk management framework shall be designed by thorough examination and understanding its external and internal context such as contractual relationships, interdependencies, organisational structure, information flow among others.

The RTB Board of Directors shall ensure the design of the risk management framework is documented in the risk management policy with clear assigned roles, authorities, responsibilities and accountabilities at all levels of management. Individuals who have accountability and authority to manage risks must be identified.

RTB Board of Directors and Senior Management shall ensure allocation of appropriate resources for risk management every year through budgetary allocation to cover:
  i.   Development of people, skills, experience and competence in risk management;
  ii.   Tools, Information and knowledge management system to support risk management;
  iii. Professional development and training of the core team.

RTB Senior Management shall develop and adopt a Risk Communication and Consultation plan to ensure timely and relevant risk information collection, collating, synthesising and sharing as appropriate and that feedback is provided and improvements made.

5.2.4   Implementation

RTB Senior Management shall implement the risk management framework by:

i.   Developing an appropriate plan including time and resources;
ii. Identifying where, when and how different types of decisions are made across RTB, and by whom;
iii. Modifying the applicable decision-making processes where necessary;
iv. Ensuring that arrangements for managing risk are clearly understood and practised within RTB.

5.2.5   Evaluation

RTB Senior Management shall evaluate the effectiveness of the risk management framework by:

i. Periodically measuring risk management framework performance against its purpose, implementation plans, indicators and expected behaviour;
ii. Determining whether the Risk Management framework remains suitable to support achieving RTB objectives.

5.2.6   Improvement

RTB Senior Management is committed to maintaining robust, relevant and good practice risk management principles adapting to internal and external changes. As such, it is committed to continually improving the suitability, adequacy and effectiveness of the Risk Management Framework and the way risk management processes are integrated.

Through a Plan–Do–Check–Act model of continual improvement, RTB Senior Management shall be undertaking, gap analysis, benchmarking exercises, routine reviews and comparative analysis to enhance efficiency and effectiveness of risk management in RTB.

5.3. RTB Risk Management Process

RTB risk management process as illustrated in figure 2 below, shall involve systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context, risk assessment, risk treatment, monitoring and review, and recording and reporting. The risk management process shall be an integral part of management and decision-making and shall be integrated into the structure, all operations and all processes of RTB either at strategic, operational, programme or project levels.

Figure 2. RTB Risk management process

5.3.1   Communication and consultation

Communication and consultation with external and internal stakeholders should take place during all stages of the risk management process. Therefore, plans for communication and consultation should be developed at an early stage. These should address issues relating to the risk itself, its causes, its consequences (if known), and the measures being taken to treat it.

The RTB risk management process of communication and consultation have to establish the context appropriately and ensure to bring different areas of expertise together for analyzing risks for each step of the risk management process by considering the different views when defining risk criteria and when evaluating risks.

Communication and consultation with stakeholders are important as they make judgements about risk based on their perceptions of risk. These perceptions can vary due to differences in values, needs, assumptions, concepts, and concerns of stakeholders. As their views can have a significant impact on the decisions made, the stakeholders' perceptions should be identified, recorded, and considered in the decision-making process. Communication and consultation should facilitate truthful, relevant, accurate and understandable exchanges of information, considering confidential and personal integrity aspects.

5.3.2 Scope, Context, Criteria

The first step of the RTB's risk management is to understand the objectives, scope, context of its operations customized and structured in all activities by considering different levels of application such as strategic, operational, programme, project or other levels and clearly define relevant objectives at the various levels while ensuring their alignment with institution's objectives.

The RTB risk management process shall specify the amount and type of risk that the RTB may or may not take relative to its objectives and shall define the criteria to evaluate the significance of risk to support decision making process. This shall be defined in the RTB's risk Criteria. The risk criteria shall be customized with the institution's threat and opportunities and shall reflect its values, objectives and resources taking into consideration its obligations and views of stakeholders.

There are two elements that are important to consider when establishing the context for a risk assessment within the institution:

- ➢ **The external context:**
  - the social, cultural, political, legal, regulatory, financial, technological, economic and environmental factors, whether international, national, regional or local;
  - key drivers and trends affecting the objectives of the organization;
  - external stakeholders' relationships, perceptions, values, needs and expectations;
  - contractual relationships and commitments;
  - the complexity of networks and dependencies.
- ➢ **The internal context:**
  - vision, mission and values;
  - governance, organizational structure, roles and accountabilities;
  - strategy, objectives and policies;
  - the organization's culture;
  - standards, guidelines and models adopted by the organization;
  - capabilities, understood in terms of resources and knowledge (e.g. time, people, intellectual property, processes, systems and technologies);
  - data, information systems and information flows;
  - relationships with internal stakeholders, taking into account their perceptions and values;

- contractual relationships and commitments;
- outsourced solutions and supply chain systems;
- interdependencies and interconnections.

5.3.3 Risk assessment

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation.

i. Risk identification:

The institution to find out the risks within the project, activity, operation, etc..., identifies where, when, why, and how events could prevent, degrade, delay, or enhance the achievement of the intended objectives. Risk identification covers all risks whether their sources are under the institution control or not.

ii. Risk analysis:

The institution will analyze risks identified to comprehend their nature, characteristic and level of risk. Risk analysis is done by using a risk register which is a register designed to record all risks within the institution and contain implementation action plan with proposed actions. This risk register is updated regularly with new emerging risk because of different reasons such as change of a process, technology, leadership structure, etc.

iii. Risk evaluation:

The RTB senior management shall evaluate risks in order to support decisions by comparing the results of the risk analysis with the established risk criteria to determine whether the risk is acceptable or unacceptable and if additional action is required.

The decisions available to the risk owners are:

a) Do nothing further: Mean not to undertake or proceed with the event, activity, project or initiative;

b) Consider risk treatment options: Mean actively treat the risk by prioritizing the actions needed, if the risk is complex and treatment is required with quick actions;

c) Accepting the risk: a risk is acceptable or unacceptable relates to a willingness to tolerate the risk; that is, the willingness to bear the risk after it is treated in order to achieve the desired objectives.

The risk criteria is likely to vary over time, across the institution, program, department or activity and for individual process.

d) Maintain existing controls,

e) Reconsider objectives.

5.3.4 Risk Treatment

Risk treatment involves identifying and implementing actions to eliminate risks or reduce their impacts. In treating risk, RTB Senior Management, the Chief Budget Manager, Risk Management Committee and staff members ensure that:

- Knowingly accept the risk as it falls within the institution's risk tolerance, in other words management deems the risk acceptable, compared to the cost of implementing or improving controls to mitigate it.
- Implement a suitable control or combination of controls to reduce the risk to a more acceptable level, controls may be selected from the best practices and/or from other sources.
- Avoid the risk i.e do not undertake the associated institution's activity.
- Transfer the risk to another organization/Mitigation (e.g through insurance or by contractual arrangements with a business partner)

RTB Senior Management shall ensure adequate monitoring and review of treatment implementation to give assurance that the different forms of treatment become and remain effective and shall monitor any new risks that may arise from treatment. This shall be achieved by preparing and implementing a Risk Treatment Plan. The latter shall specify how the chosen treatment options will be implemented and shall be integrated into the management plans and processes.

Mitigation includes reduction of the likelihood that a risk event will occur and/or reduction of the effect of a risk if it does occur.

For risk mitigation the following steps are followed:

- Characterize the root causes of risks that have been identified and quantified in earlier steps of the risk management process;

- Evaluate risk interactions and Common causes;
- Identify the alternative mitigation strategies, methods and tools for each major risk;
- Assess and prioritize mitigation alternatives;
- Select and commit the resources required for specific risk mitigation alternatives;
- Communicate planning results to all concerned participants for implementation.

5.3.5 Monitoring and Reviewing

RTB Senior Management, to ensure structured and regular monitoring and review, each department monitors and reviews risks and their treatment strategies as part of effective risk management and ongoing quality improvement.

The purpose of monitoring and review is to ensure and improve the quality and effectiveness of the risk management process design, implementation and outcomes.

Risk monitoring and review entails measuring how well the institution has performed against a set of predefined objectives or targets.

Monitoring and reviewing activities include:

- Re-consideration of the contexts, rating, treatment and responsibilities;
- Risks identified through the organisation's risk register;
- Determine the effective and compliance register are reviewed and updated;
- The Risk Management Committee and Internal Auditor review the RTB's risk register and propose recommendations to the Board of Directors.

The RTB management must implement a monitoring and review process including planning, gathering and analyzing information, recording results and providing feedback throughout all the stages of the risk management process.

The results of monitoring and review shall be incorporated throughout the institution's performance management, measurement, and reporting activities.

5.4 Recording and Reporting

The RTB Management shall implement an appropriate management information system of recording and reporting risk management process and outcomes. The system shall:

- Communicate risk management activities and outcomes across the organization;
- Provide timely information for decision-making;
- Improve risk management activities;
- Assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

6.   Risk Criteria

RTB Board of Directors or in their absence, the Senior Management shall specify the amount and type of risk that it may or may not take, relative to the objectives and define criteria to evaluate the significance of risk and to support decision making process. The risk criteria shall reflect the RTB's values, objectives and resources and be consistent with policies and statements on risk management.

The risk criteria will be determined for each major risk category. The risk criteria shall be dynamic and shall be continually reviewed and amended if necessary.

The risk criteria of RTB shall use a combination of Likelihood and Consequence of risks in a 5x5 matrix (heat map) and risk indicators of major risk categories. The impact and likelihood are each assessed on the scale of 1 to 5 by referring to the descriptions shown on the RTB risk matrix while the risk level of these two numbers will range from 1 to 25.

The Risk Criteria has been developed as a separate detailed document, and shall be read/ applied together with RM Policy. The components of the Risk Criteria document are:

    i.   Define 3 colour codes of Red, Amber, Green (RAG), which will be used to determine whether a risk at RTB is acceptable or not, whether it will be treated and to what level it should escalate.

    ii.   **Likelihood scale** which is a tool to measure and rank the probability of a risk occurring at RTB, on a scale of 1 to 5.

    iii.   **Impact scale** which is a tool to measure and rank the impact a risk would have if it occurred at RTB, on a scale of 1 to 5.

    iv.   A 5x5 matrix which displays and positions RTB risks in terms of likelihood and impact.

    v.   Risk tolerance which is articulated by way of key risk indicators for each of the major RTB risk categories. RTB Senior Management shall set quantitative triggers for acceptable (tolerated) levels for each risk indicator, and unacceptable levels that cannot be tolerated.

6.1 Factors to be considered in setting risk criteria

When setting the risk criteria for RTB, the Board of Directors or in their absence, the Senior Management shall consider the following:

    i.   The nature and type of uncertainties that can affect outcomes and objectives: this shall be done by defining and categorizing the various risk types RTB is exposed to;

ii. Consequences and likelihood of risks: this shall be done by using and considering appropriate scaling tools and levels to determine and measure the impacts and probabilities of risks;

iii. Time-related factors: the age, periods, cycles, frequencies, shelf-lives, seasons, past, present and future aspects of risks and its associated treatment controls shall be considered in the Risk Criteria;

iv. Consistency in use of measurements: to ensure reliability and uniformity when reporting on risk matters, a consistent measurement approach shall be adopted, and any exemptions and exclusions shall be expressly stated;

v. Determination of risk levels: the Risk Levels shall be determined by defining the appropriate risk zoning / ranking rules and appropriate risk matrix.

vi. Multifaceted risk approach: a compound approach, interlinking and combining various risk sources and risk effects shall be considered to define the overall risk levels;

vii. RTB's capacity: the risk criteria shall consider RTB's overall capacity on its ability to manage risks and this shall not be limited to financial, staff, policies, processes and equipment.

6.2 Steps for setting risk criteria

When setting the risk criteria for RTB, the Board of Directors or in their absence, the Senior Management shall consider the following:

Step 1: Risk Zones:

RTB shall adopt Red, Amber and Green colour codes to describe risk zones and define the escalation and response for risks in each zone.

Step 2: Setting a boundary on the risk matrix (likelihood and consequence):

RTB shall use a 5 x 5 matrix to identify risk ratings. The Red, Amber and Green areas in the matrix shall be established and this shall determine the risk boundary based on color zone (as described in clause 5).

Step 3: Likelihood scale:

RTB shall articulate meaning and representative measures to a scale of 1 to 5 to reflect the ranking of probability of a risk occurring. The likelihood of the risk occurring will be described as rare, unlikely, possible, likely, or almost certain and will have the following meaning and probabilities in RTB:

Step 4: Impact scale:

RTB shall articulate meaning and representative measures to a scale of 1 to 5 to reflect the ranking of a risk impact if it occurred at RTB. Therefore, the consequences or potential impact if the risk event occurred shall be described in RTB as insignificant, minor, moderate, major or catastrophic.

The Risk Management Coordinator shall determine the levels of risk exposure to business units if the risk is materialized. This will be measured in terms of loss of monetary value to the extent possible to determine such amount or it can be measured in terms of effect on reputation to the business units' achievement against the objectives.

It is important to note that the level of impact sensitivity will depend among others on the size of the business units, their nature and operations. For instance, a loss of 10 million may be insignificant in one program while it is significant in another program.

Step 5: Risk Categories Tolerable limits:

RTB shall articulate this by way of Key Risk Indicators for each of the major risk categories identified in the Risk Management Policy. RTB shall set quantitative triggers for the lowest acceptable (tolerated) level for each risk indicator, and the unacceptable levels that cannot be tolerated.

Step 6: Performance indicators:

The performance indicators set in the Strategic Plan shall be scaled by setting quantitative triggers for lowest acceptable (tolerated) performance level, and the unacceptable performance levels that cannot be tolerated. Alternatively, this can be by defining the maximum acceptable variation on strategic objectives of RTB. The risk zone scale is defined as the correlation between likelihood and impact matrix (Table 3).

Table 3. ***RTB Risk Matrix***

RAB Risk Matrix

Impact	5	5*1=5	5*2=10	5*3=15	5*4=20	5*5=25
	4	4*1=4	4*2=8	4*3=12	4*4=16	4*5=20
	3	3*1=3	3*2=6	3*3=9	3*4=12	3*5=15
	2	2*1=2	2*2=4	2*3=6	2*4=8	2*5=10
	1	1*1=1	1*2=2	1*3=3	1*4=4	1*5=5
		1	2	3	4	5

.........Likelihood..........

In nutshell, the assessment of likelihood and impact is mostly subjective, but can be informed by data or information collected, previous audits, inspections, personal experience, corporate knowledge or institutional memory of previous events, insurance claims, surveys and a range of other available internal and external information.

6.3 Risk Criteria Zones

RTB shall use the 3-colour concept, Red, Amber and Green (RAG) for measuring and monitoring risks and determining levels of escalation and the urgency of actions that are required.

The required escalation and actions required for each zone are as indicated in the following table.

Table 4. ***Risk Actions and Escalations Points***

Risk Actions and Escalation Points				
Risk Zone	**Zone**	**Meaning**	**Action required for risk**	**Risk Escalation**
15-25	**Red - High / Extreme**	**Unacceptable Risks** that require urgent or immediate attention	**Immediate/Urgent action** required. Investigate and take steps to mitigate or avoid within a specified **short-term** period, **i.e. 1 Month**	Escalate Red risks from the Director General to the Board of Directors then to the MoS in charge of Education and/or Minister of Education.
6-12	**Amber- Medium**	**Tolerable Risks** but action required to avoid a red status	**Weighted action** required- Risks will be treated as long as the costs do not outweigh the benefits. As Low As Reasonably Practicable (ALARP)* Investigate and take steps to mitigate or avoid within a specified **medium-term** period, **i.e. 3 Months**	Escalate Red and Amber risks to the relevant Risk Owner (Heads of Department, Division Managers, Directors of unit, SPIU Coordinator, Program manager or Project Manager) then to the Risk Management Committee and then to the Director General.
1 – 5	**Green – Low**	**Acceptable risks**	**No action** required. May only require periodic **monitoring.**	Monitoring within the department/division, unit, program, project.

*ALARP stands for 'As Low as Reasonably Practicable' refer to ISO 31010 (Risk Assessment)

7. RTB Risk Categorisation

RTB is exposed to a wide range of risks, which can fit into any of the risk categories below:

i. **Operational Risk**: – It is the risk of loss resulting from inadequate or failed internal process, people, system, technology or from external events.

ii. **Strategic Risk**: - The risk of
   a. Strategic decision risk: Choosing and continuing to follow sub optimal strategies to meet objectives,
   b. Strategic execution risk: Not executing the strategies successfully, and
   c. Strategic delivered risk: Changing the business-as-usual risks differently from expected.

iii. **Political Risk: -** is the risk arising from political decisions, events, or conditions that significantly affect the RTB.

iv. **Fraud/corruption Risk:** - the risk that a perpetrator commits an act using deception and/or acts contrary to the interest of RTB and abuses position of trust in order to achieve some personal gain.

v. **Information Security Risk**: - is the potential that a given threat will exploit vulnerabilities to cause loss or damage to an information asset or group of information assets and hence directly or indirectly to RTB. This risk includes Cyber risk (the potential for unauthorised use, disclosure, damage, or disruption to assets through the use of technology).

vi. **Compliance risk**: is the exposure to legal penalties, financial forfeiture, and material loss that RTB faces when it fails to act in accordance with laws, regulations & standards, internal policies or prescribed best practices as set forth by the competent authority.

vii. **Business Continuity Risk:** - these are extreme risk events that sets the stage for the likelihood of an extended disruption to the delivery of RTB core services.

viii. **Financial Risk**
   1. **Liquidity Risk:** - the risk that RTB may not meet its financial obligations as and when they fall due.
   2. **Market Risk**: - the risk that RTB may meet due to fluctuations in market rates being:
      a. **Price risk**: the fluctuation of commodity prices pertaining TVET sector.
      b. **Forex exchange risk**: financial losses that may arise from fluctuation in foreign currency against Rwanda francs.
   3. **Credit Risk**: - failure of Students in the RTB support program to meet their repayment financial obligations to RTB when they fall due.

ix. **Project Risk:** - is an uncertain event or condition that, if occurred, has an effect on at least one RTB project objective throughout the project life cycle.

x. **Occupational Safety & health (OSH) risk:** - is the potential of hazards that could harm staff, students, teachers, affect their health, or create unsafe working environments in both RTB and in TVET schools.

xi. **Curriculum quality risk:**- is the potential factors that can negatively affect the effectiveness, relevance, and delivery of TVET educational and training program impacting on the learning outcomes, student satisfaction, and overall success of the curriculum arising from outdated content, poor alignment of learning objectives, inadequate structural design, insufficient resources and materials, poor teaching practices, non-interactive content, inflexibility, inadequate assessment and feedback, mismatch of industry needs among others.

xii. **Technology risk:** - mismatch/inadequate digital transformation to train youth effectively for occupations requiring digital skills, as well as structure the digitalization of tools and training modes associated with inadequate ICT infrastructure, inaccessibility of digital platforms to learners and inadequate digitalization of content.

xiii. **Reputational risk:** - poor perception of TVET education among the public. Decision makers and career guides in education sector failure to appreciate TVET education in favor of mainstream education.

xiv. **Demand/Youth employability risk:** - weak technical and vocational training through the employment continuum owing to skills mismatch and misalignment with economic realities.

xv. **TVET Stakeholder risk:** - potential issues arising from the interests, expectations, or involvement of various stakeholders in the program. TVET involves multiple stakeholders such as students/trainees, educators/trainers, youth & vulnerable groups, industry partners, government bodies, other countries, informal sector, TVET public & private schools — each with unique needs and influences. Misalignment or poor management of these relationships can affect the success and sustainability of TVET programs.

NB: The precise slotting of individual factors under each category is less important than the recognition that Risk Management covers all categories and all material risk factors that can influence the organization's value.

8. RTB Risk Management Policy Framework

RTB principle on integration of risk management requires that risk management be integrated in all management practices. Whereas this overall policy provides the risk methodology to be applied in each of the risk categories, the uniqueness of risks requires that each risk category be addressed considering specific best practices standards and guidelines but within the overall methodology.

Figure 3 below provides the policy framework for RTB. Each of the risk categories shall be assigned a function to integrate in their management practice. The management function shall develop a stand-alone policy or incorporate the specific risk management methodology in its already existing policies and take into consideration best practice standards and guidelines to address the specific risk category.
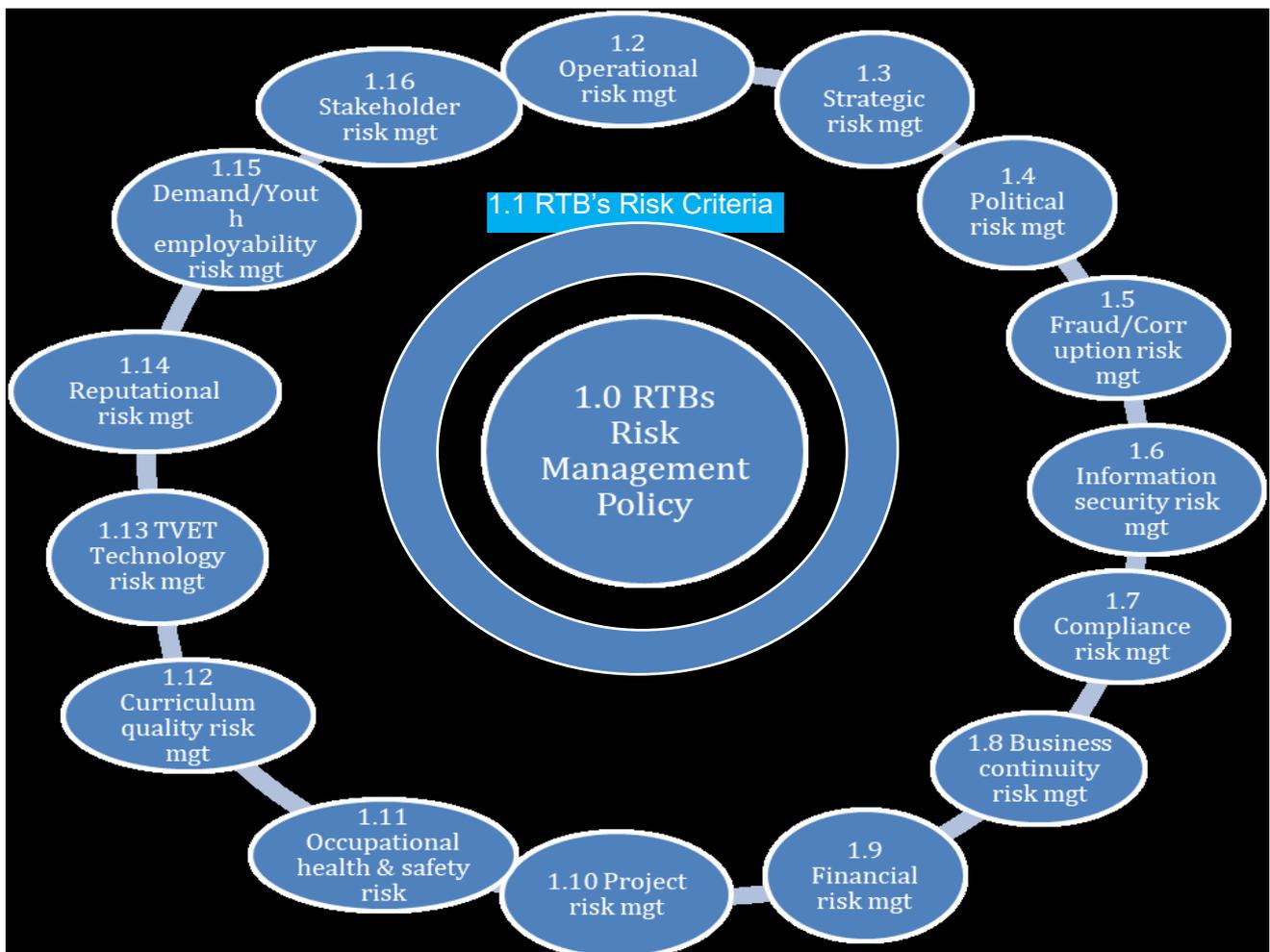

Figure 3. RTB Risk Management Policy Framework

9.   RTB Risk Management Methodology

RTB Risk Management methodology seeks to operationalise the RTB Risk Management process as adopted under ISO 31000: 2018 Risk Management standard. It also seeks to achieve the structured, comprehensive, and customised principles of Risk Management in RTB by developing standard and practical tools that provide the how to implement RTB Risk Management process.

The Risk Manager (Coordinator) in liaison with the process owners shall operationalise risk management by applying the following risk management tools:

1. Risk and Controls Self-Assessment (RCSA)
2. Key Risk Indicators
3. Incident Management
4. Action Tracking
5. Compliance Management
6. Risk-based Internal Audit

These tools are explained in section 9.1 below. The frequency of review of RCSA outcomes will be risk-driven, responsive to business change and consider any regulatory or RTB specific requirements. RTB will review RCSA outcomes and monitoring tools at least annually, with Quarterly review and Periodic review depending on major emerging risks or requests or new significant projects.

Steps followed in risk management process through applying the RM tools:

1. Risk champions will conduct risk assessments by applying Risk Management tools for documentation, through a systematic process;
2. Senior Management (Head of Programmes, Heads of Departments, Division Managers, Directors of Units, SPIU Coordinator, Program managers and Project managers), who are the risk owners, will review the output of what is developed to validate, and sign off on the risks identified, key risk indicator monitoring levels, compliance monitoring, action plans, implementation timelines and assigned responsibilities;
3. Once the RCSAs are adopted, all staff members with an assigned monitoring responsibility will be required to provide the actual data or status for the item being monitored. The data will be collected through templates or through system alerts (if automated).
4. Risk monitoring reports will be sent to the Risk Manager/Coordinator for review and consolidation.
5. The Risk Manager/Coordinator will generate a quarterly RTB Risk Management Report (Appendix 1: 7 Risk Management Report), overall, department and directorate-wise.
6. The Risk Manager/Coordinator will present the RTB Risk Management Report on a quarterly basis to the Risk Management Committee (RMC).
7. The Chairperson of the RMC will present the report to the Board of Directors on a quarterly basis.

9.1 Risk Management Operationalisation Tools

RTB shall apply the following tools to operationalize the risk management process:

9.1.1 Risk and Control Self-Assessment (RCSA)

See Appendix 1:1. Risk Register

RCSA is used to conduct adequate risk assessment consistent with the Risk Assessment (Identification, Analysis and Evaluation) and Treatment stage of the risk management process. The risk and control self-assessment specific steps will be designed to suit the risk category under consideration and shall apply the overall risk assessment and treatment process. These steps shall be included in the respective risk management sub-policies.

9.1.2 Key Risk Indicators

See – Appendix 1: 2. Key Risk Indicators

Key risk indicators shall be used to operationalise the Monitoring and review stage of the ISO31000 Risk management process. Key risk indicators shall be developed for all risks that require monitoring consistent with the risk criteria and results applied in decision making.

9.1.3 Incident Management

See Appendix 1: 5. Sample Incident register

Incident management shall be used to operationalise the monitoring and review stage of the risk management process. The Incident management tool shall act as a central system to record and manage risk incidents for detailed analysis, follow up and as a basis of data for future analysis across all functions of RTB.

9.1.4 Action Tracking

See Appendix 1: 6. Action tracking

Action tracking shall be used as central systems to record, analyse and monitor all risk management actions in RTB. This includes but not limited to:

   a) Risk treatment actions;
   b) Key risk indicators actions;
   c) Non-compliance actions;
   d) Audit actions;
   e) Incidents, actions, etc.

9.1.5 Compliance Management

See Appendix 1: 3&4. Internal & External Compliance

RTB Compliance Management is a proactive system to monitor Internal Compliance (compliance with internal controls) and External Compliance (compliance with external laws and regulations). It shall be used to empower risk owners to monitor compliance with risk mitigation strategies within their function.

9.1.6 Risk-based Internal Audit (RBIA)

Risk-based internal audit shall be used to operationalise the Review stage of ISO 31000 Risk management process.

RBIA shall provide **assurance** to the Board of Directors that risk management processes are managing risks effectively, i.e. risks are being managed to be within RTB's **risk criteria**. The RBIA shall:

i. Give assurance that the **processes** used by management to **identify** all significant risks are effective;

ii. Give assurance that risks are **correctly assessed** by management, in order to prioritize them;

iii. Evaluate risk management processes, to ensure the **response** to any risk is appropriate and conforms to the RTB's policies;

iv. Evaluate the **reporting** of key risks, by Executive Management to the Board of Directors;

v. Review the management of key risks by managers to ensure **controls** have been put into operation and are being **monitored**.

Risk-based internal audit shall be applied based on the following criteria:

N	Maturity level	Key characteristics	Audit approach
1	**Risk naïve**	No formal approach developed for risk management	Promote risk management and rely on alternative audit planning method
2	**Risk aware**	Scattered silo-based approach to risk management	Promote enterprise-wide approach to risk management and rely on alternative audit planning method

3	**Risk defined**	Strategy and policies in place and communicated. Risk criteria defined	Facilitate risk management/ liaise with risk management and use management assessment of risk where appropriate
4	**Risk managed**	Enterprise approach to risk management developed and communicated	Audit risk management processes and use management assessment of risk as appropriate
5	**Risk enabled**	Risk management and internal controls fully embedded into the operations	Audit risk management processes and use management assessment of risk as appropriate

10. Risk Management Governance, Roles & Responsibilities

Risk governance is the system for directing and controlling the management of risk at RTB. It sets out the risk management structure and defines clear responsibilities and expectations for risk for RTB Board of Directors, Executive Management and staff.

10.1 Risk Management Governance Structure

Risk Management Governance consists of a 3-Lines of defenses concept, as follows:

(i) First line of defense involves Culture, Chief Budget Manager, Management (Heads of Departments, Division Managers, Directors, Programme managers, Project managers), Risk Champions, all Staff members and Internal controls. All Management and staff operate RTB's business processes and therefore hold primary responsibility for the risks the business/functional unit faces. Risk is managed in each business unit by a range of controls and risk treatments. The tone of management which significantly influences RTB culture and positions each of the lines of defence, to function effectively.

3rd line of defense: Risk Governance & Auditing

2nd line of defense: Risk Coordination

1st line of defense: Risk ownership & championship

Spearheaded by the Technical & Fiduciary aspects such as Technical Directorates, Departments/Divisions/Programs, Administration Units (Stations, F&A) Risk Champions & Staff
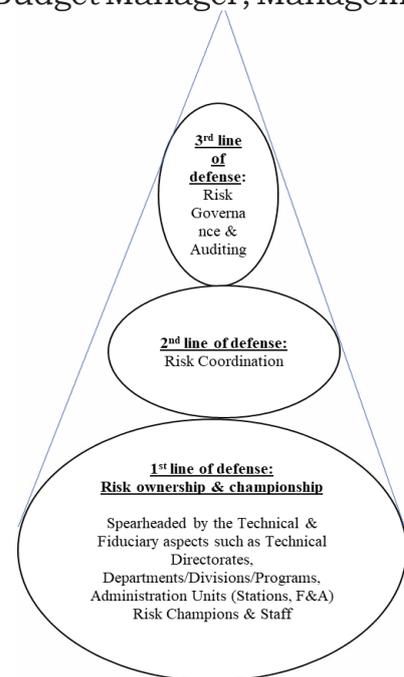
Figure 4. **3-Lines of defense concept for Risk Management Governance in RTB**

(ii) **Second line of defense** coordinating Risk Management for the first line to ensure risks are being appropriately identified, analysed, evaluated, treated, monitored and reported.

(iii) **Third line of defense** dedicated to Risk Governance and Auditing undertaken by Internal Audit, Audit & Risk Committee and the Board of Directors. Internal audit through application of Risk-based Internal Audit shall provide assurance to the Board of Directors on effectiveness of Risk Management. The Board of Directors risk oversight comprises the last line of defence, as significant issues are escalated upwards and should therefore

ensure appropriate reporting and review structure is established in order to ensure that risks are effectively identified, assessed and appropriate controls and responses put in place. The RTB Board Audit & Risk Committee shall ensure an effective risk management function is in place and obtain an independent assurance on its effectiveness from Internal Audit.

The figure below illustrates RTB's Risk Management governance structure. The detailed roles and responsibilities are documented in Section 10.2 of this policy.

Figure 5. Risk Management Governance Structure

10.2 Risk Management Roles & Responsibilities
10.2.1 Board of Directors

The Board of Directors recognise that they are ultimately responsible for the sound and judicious management of RTB and ensuring that an adequate and effective system of risk management and internal controls is established and maintained.

Specifically, the responsibilities of the Board of Directors include:

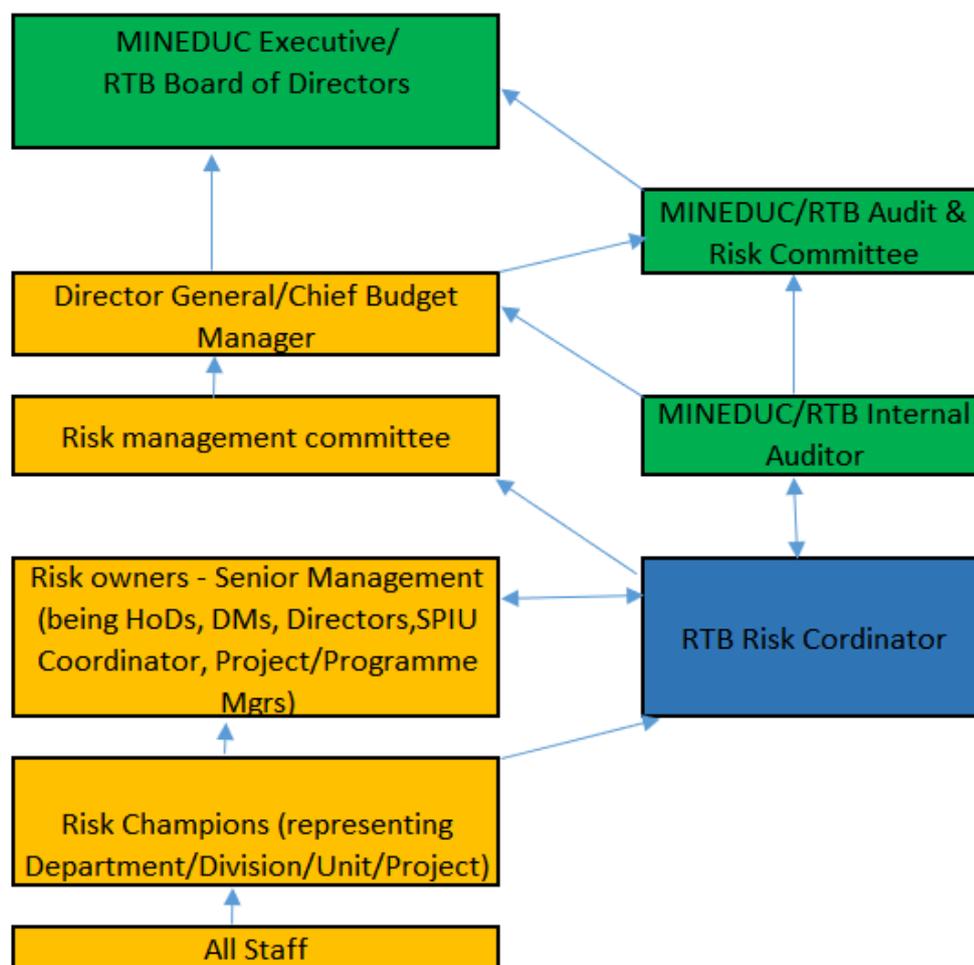i. Ensure the development of a policy on risk management, which should consider sustainability, ethics and compliance risks;
ii. Set out responsibilities for risk management;
iii. Approve the risk management policy and the risk management framework;
iv. Delegate to management the responsibility to implement the risk management plan;
v. Set risk criteria.
vi. Monitor that risks taken are within the set risk criteria;
vii. Review the implementation of the risk management framework on a quarterly basis;
viii. Appoint a Committee responsible for risk management in RTB;
ix. Ensure that the Committee obtains relevant technical advice where necessary;
x. Establish a risk management function within RTB;
xi. Ensure that risk assessment is carried out on a continuous basis;
xii. Receive from the Internal Audit function, assurance on the effectiveness of the system of internal controls and risk management;
xiii. Receive from Management the quarterly risk management reports; and
xiv. Evaluate the performance of the Risk Committee once a year.

10.2.2   The RTB Audit & Risk Committee

The Audit & Risk Committee shall meet at least once every quarter of the financial year to review the adequacy of the risk management processes in place and approve reports to the Board of Directors. The Committee should also meet on a need basis to address an urgent matter arising.

Key Risk Management related roles and responsibilities of the Committee include but not limited to:

i. Reviewing the RTB Risk Management Policy/Framework;
ii. Reviewing the risk management framework and effectiveness of getting management assurance that material risks are identified and appropriate risk management processes are in place, including formulation and subsequent updating of appropriate RTB policies;
iii. Review whether a sound and effective approach has been followed in developing a strategic risk management plan for major projects and undertakings;

iv.   Evaluating the efficiency and effectiveness of administrative, operating and accounting controls used by RTB to manage risks. Review actual and potential material risk exposures;

v.   Monitoring changes anticipated for agriculture and related business environment, including consideration of emerging trends and other factors relevant to RTB risk profile;

vi.   Sponsor risk management initiatives and support the communication of the risk management approach adopted by the organization;

vii. Oversee development and participate in the RTB annual risk plan and strategy;

viii. Provide direction and oversight to RTB Risk Manager;

ix.   Ensure that RTB is managing risk effectively and efficiently;

x.   Ensure that RTB's risk management and corporate governance practices are in line with best practice and meet good practice requirements.

Key Audit related roles and responsibilities of the Committee include but not limited to:

xi.   Review risk areas of RTB operations to be covered in the scope of Internal Audit;

xii. Monitoring changes anticipated for TVET sector and related business environment, including consideration of emerging trends and other factors relevant to RTB risk profile;

xiii. Sponsor risk management initiatives and support the communication of the risk management approach adopted by the organization;

xiv. Oversee development and participate in the RTB annual risk plan and strategy;

xv.   Provide direction and oversight to RTB Internal Audit adoption and implementation of risk-based internal audit;

xvi. Develop and approve RTB annual risk-based audit plan;

xvii. Obtains assurance on the RTB's risk management framework and internal control environment and provides advice on its effectiveness;

xviii. Ensure that RTB's risk-based internal audit practices are in line with best practice as defined in International Professional Practise Framework (IPPF).

10.2.3   Chief Budget Manager/Director General

The CBM of RTB, is:

i.   Accountable to the Board of Directors for the implementation of risk management framework;

ii.   Responsible for implementing the risk framework, including the establishment and maintenance of key controls and approval processes on all major business processes and functions;

iii. To assume ownership of Risk Management, providing leadership and direction to senior management and setting the "tone at the top";

iv. To actively promote and be an advocate of a Risk Culture in RTB;

v. Responsible for embedding risk management in RTB processes in such a way that risks are effectively managed across RTB;

vi. Responsible for systematically reviewing the underlying risks and assigning appropriate accountability to senior management.

10.2.4   Risk Management Committee (RMC)

The DG shall appoint 5 members to the Committee from the Senior Management team. The Committee shall be chaired by the CBM and the Risk Coordinator acts as the Secretary and not necessarily a voting member.

The RMC should meet at least once every Quarter of the financial year to review the adequacy of the risk management processes in place and approve reports to the Board of Directors on a **Quarterly** basis. The RMC should also meet on a need basis to address an urgent matter arising.

The following are the main responsibilities of the Risk Management Committee:

i. Reviewing the risk management policy, strategy and implementation plan;

ii. Reviewing the entity's risk criteria.

iii. Ensuring the entity has appropriate risk identification and assessment methodologies, arrangements and tools;

iv. Developing risk treatment plans to address the significant risks of the entity;

v. Assessing implementation of the risk management policy and strategy and integration of risk management within the entity operations;

vi. Review and approve **Quarterly** risk reports from the risk management coordinating function.

The Risk Coordinator is the Secretary of the Risk Management Committee. The Committee shall develop and adopt a Risk Management Committee charter to govern its operations consistent with this policy.

10.2.5   Risk Coordinator

The Risk Coordinator shall:

i. Coordinate management of risks and ensuring compliance to the relevant provisions;

ii. Conduct impact assessment of RTB's interventions;

iii. Assist in identifying, documenting and managing risks in RTB and specific departments;

iv. Ensure adequate budget and resources for risk management are provided;

v. Identify RTB-wide risk training needs and mentor and coach departmental staff;

vi. Prepare and present RTB risk reports;

vii. Identify risk management staff establishment and capacity needs and propose remedies.

viii. Develop, enhance and implement appropriate risk management Frameworks, procedures and systems;

ix. Co-ordinate and monitor the implementation of risk management initiatives within RTB;

x. Work with risk owners to ensure that the risk management processes are implemented in accordance with agreed risk management policy and strategy;

xi. Collate and review all risk registers for consistency and completeness;

xii. Provide advice and tools to Staff, Executive Management and the Board of Directors on risk management issues within RTB, including facilitating workshops in risk identification;

xiii. Promote understanding of and support for risk management, including delivery of risk management training;

xiv. Oversee and update RTB-wide risk profiles, with input from risk owners.

xv. Ensure that relevant risk information is reported and escalated or cascaded, as the case may be, in a timely manner that supports organisational requirements; and

xvi. Attendance at the risk committee where risk management issues are discussed, and keep minutes.

10.2.6 Senior Management

Senior Management shall comprise of Director General, Heads of Department, Division Managers, Directors, SPIU Coordinator, Program Managers and Project Managers.

These are the risk owners and required to ensure compliance with the RTB risk management policy/framework, and their roles and responsibilities are as follows:

i. Implementing the risk management framework;

ii. Own risks and controls in their respective Departments/Divisions thus ultimately accountable for the management of risk;

iii. Integrate risk categories relevant to their departments/directorates in their day-to-day management practice and develop appropriate policies/Framework.

iv. Ensure that all corrective actions against any areas of weakness are effectively and are expeditiously implemented;

v. Ensure required risk information is reported and that it meets all established standards for timelines and integrity;

vi. Ensuring that the risk management processes are followed on a continual and timely basis;

vii. Ensuring that RTB complies with all external and internal rules, regulations, standards, policies and controls;

viii. Fostering a risk management culture in their respective departments and Divisions;

ix. Ensuring appropriate implementation of policies and procedures;

x. Taking appropriate measures to manage risks consistently and proactively;

xi. Preparing reports on risk management activities in their respective business departments/Divisions and presenting them to the RMC on a quarterly basis with copies of the reports to the Risk coordinator.

10.2.7   RTB Internal Audit

Internal Audit takes a vital role in the risk management process as an independent function that is not involved in the business and risk management process.

The roles and responsibilities of internal Audit include:

i. Independent assessment and evaluation of the business/function unit compliance with this policy/Framework;

ii. Assessing adequacy and effectiveness of the risk management and control process for risks;

iii. Review of the Business – assigned risk levels, overall risk and control ratings and operational risk management methodology and systems;

iv. Reviewing the management of key risks by managers to ensure controls have been put into operation and are being monitored;

v. Evaluating risk management processes, to ensure the response to any risk is appropriate and conforms to the organisation's policies/framework.

vi. Evaluating the reporting of key risks, by Risk Owners to BRMC;

vii. Report the result of its assessment to appropriate management, including Risk Manager and Board of Directors; and

viii. Ensure that the RTB risk policy/framework is working as designed, and noting any shortcomings thereon to the Board of Directors.

10.2.8   Risk Champions (RCs)

RCs are typically line managers, or functional specialists who assume responsibility for designing, implementing, and/or monitoring risk treatments. RCs may be responsible for the following:

i. Assist the Risk Owner (Department/Division/Programe/Project/Unit Head) in managing risks within the Department/Division/Program/Unit;

ii. Oversee the recording of risk data on a frequency established by RTB;

iii. Promote risk discussions and awareness within the Department/ Division/ Program/Unit;
iv. Identify where current control deficiencies may exist;
v. Update risk information pertaining to the risk;
vi. Escalate the risk where the risk is increasing in likelihood or consequence;
vii. Provide information about the risk when it is requested.

10.2.9   All Staff Members

All staff are responsible for:

i. Contributing to and being responsible for risk management and internal control processes in their respective areas;
ii. Supporting the development and updating of the documentation of risks, identifying and assessing risks in their areas, and contributing to risk mitigation; and
iii. Effective management of risk including the identification of potential risks.

11. Risk Management Performance Review

RTB Board of Directors and Executive Management shall ensure allocation of appropriate resources for risk management every year through budgetary allocation to cover:

- Development of people, skills, experience and competence in risk management;
- Tools, Information and knowledge management system to support risk management;
- Professional development and training of the core team.

Risk Coordinator in liaison with the CBM and the Executive Management will at least annually identify and reward Risk champion of the year. A policy will be developed and communicated to all staff members on that regard.

12. Interpretation of the Policy

The overall responsibility for interpreting this policy/framework lies with the Risk Coordinator - or equivalent at RTB.

13. Applicability and Adoption

This risk policy/framework will be applicable upon approval by the Board of Directors or in their absence, the Director General.

The policy shall be reviewed every three (3) years or when changes in the environment require such changes.

14. Policy Approval

This policy is subject to review to ensure that it meets the evolving needs of RTB and changes in the corporate governance environment. Any changes to the contents of this document will require the approval of the Board of Directors or in their absence, the Director General.

This risk policy and framework was considered and approved by the Senior Management on behalf of the Board of Directors of RTB in its session of 14/10/2024.

Done at Kigali on 21st October, 2024

Dipl.-Ing. Paul UMUKUNZI

Director General of RTB on behalf of the Board of Directors

Appendix 1: ERM Templates

1. Risk register

Assessed Unit	Objectives	Critical success factors	Risk event	Risk source	Risk effect	Inherent risk level	Controls	Residual risk level	Improvement action

1. Key Risk Indicator monitoring

Business Unit	Objectives	Risk event	Residual risk level	Key Risk Indicator	Green/ Amber	Amber/ Green	Month/ Qtr 1	Month/ Qtr 2	Month/ Qtr 3

2. Internal Compliance monitoring

Business Unit	Objectives	Risk event	Residual risk level	Compliance Question	Green/ Amber	Amber/ Green	Month/ Qtr 1	Month/ Qtr 2	Month/ Qtr 3

3. External Compliance monitoring

Business Unit	Objectives	Risk event	Residual risk level	External Compliance Question	Green/ Amber	Amber/ Green	Month/ Qtr 1	Month/ Qtr 2	Month/ Qtr 3

4. Incident Management

Business Unit	Date of	Location	Incident detail	Risk event	Control	Root cause	Corrective action	Status of action taken

	incident			that failed			

5. Action tracking System

Business Unit	Objectives	Risk event	Residual risk level	Improvement action	Due date	Responsibility	Status Month/ Qtr 1	Status Month/ Qtr 2

6.   Risk Management Report

A. HIGHLIGHTS.

- Brief on top risk(s)
- Major risk incidents during the quarter
- Key actions taken
- Risk Management activities overview
- Conclusion on status of integration of RM
- Key Recommendations

B. Risk Treatment Plan

The essence of this section is to ensure that the department is able to provide key information of actions taken towards key risk events.

	RISK EVENT	Residual Risk	Improvement Actions	Status
1				

C. COMPLIANCE MONITORING

The essence of having this section is for the department to demonstrate how they are monitoring compliance with controls of their risks and compliance with laws and regulations

Internal Controls

Risk	Attestation question	Qtr 1	Actions	Status

Laws & Regulations

Risk	Attestation Question	Qtr 1	Action	Status

D. KEY RISK INDICATORS

The essence of having this section is for the department to demonstrate how they are monitoring KRI of their risks and application in decision

Risk	Key Risk Indicator	Qtr 1	Action	Status

E. INCIDENT MANAGEMENT

Demonstrate how your department is monitoring risk incidents analysing what went wrong and taking corrective actions

Risk	Incident	Resolution Rating	Action	Status

F. ACTION POINTS TRACKING

Summary of outstanding, overdue action and closed action points by the department

Risk	Actions	Qtr 1	Comment on Status (why red or amber and what are you doing about it)

Risk	Actions	Qtr 1	Comment on Status (why red or amber and what are you doing about it)

G. KEY PERFORMANCE INDICATORS

The essence of having this section is for the department to demonstrate how they are meeting their objectives in light of the risks they are exposed to.

Objective	Key Performance Indicator	Residual risk level	Qtr 1	Action	Status

Appendix 2: Risk maturity assessment

	Risk naive	Risk aware	Risk defined	Risk managed	Risk enabled	Audit Test
Key characteristics	No formal approach developed for risk management	Scattered silo based approach to risk management	Strategy and policies in place and communicated. Risk appetite defined	Enterprise approach to risk management developed and communicated	Risk management and internal controls fully embedded into the operations	
Process						
The organization's objectives are defined						Check the organization's objectives are determined by the board and have been communicated to all staff. Check other objectives and targets are consistent with the organization's objectives
Management have been trained to understand what risks are, and their responsibility for them						Interview managers to confirm their understanding of risk and the extent to which they manage it
A scoring system for assessing risks has been defined						Check the scoring system has been approved, communicated and is used
The risk criteria of the organization has been defined in terms of the scoring system						Check the document on which the controlling body has approved the risk appetite. Ensure it is consistent with the scoring system and has been communicated

	Risk naive	Risk aware	Risk defined	Risk managed	Risk enabled	Audit Test
Processes have been defined to determine risks, and these have been followed						Examine the processes to ensure they are sufficient to ensure identification of all risks. Check they are in use, by examining the output from any workshops
All risks have been collected into one list. Risks have been allocated to specific job titles.						Examine the Risk Register. Ensure it is complete, regularly reviewed, assessed and used to manage risks. Confirm that risks are allocated to managers
All risks have been assessed in accordance with the defined scoring system						Check the scoring applied to a selection of risks is consistent with the policy. Look for consistency (that is, similar risks have similar scores)
Responses to the risks have been selected and implemented						Examine the Risk Register to ensure appropriate responses have been identified
Management have set up methods to monitor the proper operation of key processes, responses and action plans ('monitoring controls')						For a selection of responses, processes and actions, examine the monitoring control(s) and ensure management would know if the responses or processes were not working or if the actions were not implemented

	Risk naive	Risk aware	Risk defined	Risk managed	Risk enabled	Audit Test
Risks are regularly reviewed by the organisation						Check for evidence that a thorough review process is regularly carried out
Management report risks to directors where responses have not managed the risks to a level acceptable to the board.						For risks above the risk appetite, check that the board has been formally informed of their existence
All significant new projects are routinely assessed for risk						Examine project proposals for an analysis of the risks which might threaten them
Responsibility for the determination, assessment, and management of risks is included in job descriptions						Examine job descriptions. Check the instructions for setting up job descriptions
Managers provide assurance on the effectiveness of their risk management						Examine the assurance provided. For key risks, check that controls and the management system of monitoring, are operating
Managers are assessed on their risk management performance						Examine a sample of appraisals for evidence that risks management was properly assessed for performance
Internal Audit approach	Promote risk management and rely on alternative audit planning method	Promote enterprise-wide approach to risk management and rely on alternative audit planning method	Facilitate risk management/ liaise with risk management and use management assessment of risk where appropriate	Audit risk management processes and use management assessment of risk as appropriate	Audit risk management processes and use management assessment of risk as appropriate	

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