

TSC STAFF SUPERANNUATION SCHEME



RISK REGISTER

2024

VISION

An exceptional pension scheme offering comfort in retirement

MISSION

To ensure prudent utilization of Scheme Funds and provide timely benefits to members and their beneficiaries

CORE VALUES

- **Integrity**
- **Equity and fairness**
- **Respect for members**
- **Accountability**
- **Innovativeness**

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1.0 Introduction

The Risk Register for the Board of Trustees of the Teachers Service Commission Staff Superannuation Scheme is a critical tool for identifying, assessing, and managing risks that could impact the Scheme's operations, governance, and achievement of strategic objectives. This document serves as the primary record of all identified risks and the corresponding mitigation measures.

This Policy should be read with reference to the Policy and Procedures of Audit, Assurance and Risk Management and the Risk Management Policy.

2.0 Purpose and Scope

The purpose of this Risk Register is to provide a comprehensive overview of the risks facing the TSC SSS Scheme and to outline the strategies in place to manage these risks. The Risk Register is a dynamic document that will be regularly updated to reflect the evolving risk landscape. It applies to all risks identified by the Board of Trustees, the Audit and Risk Management Committee, and other relevant stakeholders.

3.0 Structure of the Risk Register

The Risk Register is structured to capture the following information for each identified risk:

- **Risk ID:** A unique identifier may be assigned to each risk.
- **Risk Description:** A brief description of the risk, including its potential causes and effects.
- **Risk Category:** The category to which the risk belongs (e.g., operational, financial, compliance, strategic).
- **Likelihood:** An assessment of the probability that the risk will materialize.
- **Impact:** An assessment of the potential consequences of the risk if it were to materialize.
- **Risk Rating:** A combined score of likelihood and impact, indicating the overall severity of the risk.
- **Mitigation Measures:** The actions and controls in place to manage or reduce the risk.

- **Risk Owner:** The individual or committee responsible for managing the risk.
- **Review Date:** The date on which the risk and its mitigation measures were last reviewed.

4.0 Risk Categories

The following risk categories are used in the Risk Register to classify risks:

- **Operational Risks:** Risks related to the day-to-day operations of the Scheme, including administrative errors, system failures, and process inefficiencies.
- **Financial Risks:** Risks related to the financial management of the Scheme, including investment risks, liquidity risks, and fraud.
- **Compliance Risks:** Risks related to non-compliance with legal and regulatory requirements.
- **Strategic Risks:** Risks that could impact the long-term strategic objectives of the Scheme, including changes in the regulatory environment or shifts in member demographics.
- **Reputational Risks:** Risks that could damage the reputation of the Scheme or the Board of Trustees, including negative publicity or stakeholder dissatisfaction.
- **Safety and Health risk :** to staff
- Other risks will be incorporated as they arise.

5.0 Risk Identification Process

Risks are identified through a systematic process involving input from all relevant stakeholders, including:

- **Internal Assessments:** Regular reviews of internal processes, financial statements, and operational activities.
- **External Assessments:** Input from external auditors, regulatory authorities, and industry benchmarks including horizon scanning,
- **Feedback from Stakeholders:** Input from scheme members, scheme secretariat, service providers, and other stakeholders who interact with the Scheme.

6.0 Risk Assessment Criteria

6.1. Likelihood

- **Scale:** Likelihood is assessed on a scale from 1 (almost never), 2 (possible but unlikely), 3 (possible), 4 (high probable) to 5 (almost certain), based on historical data, industry benchmarks, and expert judgment.
- **Criteria:** The likelihood scale is determined by factors such as the frequency of similar events in the past, the effectiveness of existing controls, and external conditions.

6.2. Impact

- **Scale:** Impact is assessed on a scale from 1 (minimal), 2 (minor), 3 (moderate), 4 (significant) to 5 (severe), based on the potential consequences of the risk materializing.
- **Criteria:** The impact scale is determined by factors such as the financial cost, reputational damage, regulatory penalties, and operational disruption.

6.3. Risk Rating

- **Risk Level:** The risk rating is calculated by multiplying the likelihood score by the impact score. The resulting risk rating is used to prioritize risks for management and mitigation.
- **Risk Rating:** Risks are categorized as low, medium, or high based on their risk rating.

7.0 Risk Mitigation and Control Measures

For each identified risk, the Risk Register outlines the specific actions and control measures in place to mitigate or manage the risk. These may include:

- **Preventive Measures:** Actions taken to prevent the risk from occurring, such as implementing internal controls, conducting training, and maintaining compliance with regulations.
- **Detective Measures:** Actions taken to detect the risk if it occurs, such as regular audits, monitoring systems, and reporting mechanisms.

- **Corrective Measures:** Actions taken to correct the risk if it materializes, such as implementing contingency plans, conducting investigations, and taking disciplinary actions.

8.0 Monitoring and Review of the Risk Register

The Risk Register is a living document that shall be regularly updated to reflect changes in the Scheme's risk environment. The monitoring and review process include:

- **Regular Updates:** The Risk Register shall be reviewed and updated at least quarterly, or more frequently if significant changes occur in the risk environment.
- **Audit and Risk Management Committee Review:** The Audit and Risk Management Committee shall review the Risk Register at each of its meetings and provide recommendations for updates or changes.
- **Board of Trustees Oversight:** The Board of Trustees shall receive regular reports on the Risk Register and shall have the final approval of any significant changes to the risk management strategy.

9.0 Roles and Responsibilities

- **Board of Trustees:** The Board is responsible for the overall governance of risk management and for approving the Risk Register.
- **Audit and Risk Management Committee:** The Committee is responsible for maintaining and reviewing the Risk Register, ensuring that it accurately reflects the Scheme's risk profile.
- **Risk Owners:** Risk owners are responsible for managing their assigned risks, implementing mitigation measures, and reporting on the status of their risks.
- **Trust Secretary:** The Trust Secretary is responsible for maintaining the Risk Register, coordinating risk assessments, and ensuring that all documentation is properly filed.

10.0 Review and Revision of Policy

This policy shall be reviewed every three years or as required by changes in legal, regulatory, or business requirements. Any revisions shall be approved by the Board of Trustees.

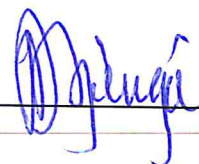
11.0 Adoption and Sign Off

This policy is adopted by the Teachers Service Commission Staff Superannuation Scheme and is effective from the date of approval by the Board of Trustees.

Signed by the Trustees of **Teachers Service Commission Staff**

Superannuation Scheme on this...^{20TH}...day of SEPTEMBER...2024

COMMISSIONER MBAGE NJUGUNA NG'ANG'A



MR. FRANKLIN KIPRONO CHOGE



MR. GEORGE MUNENE GICHONJO



MS. JENNIFER WAITHIRA NDEGE



MS. ERICA KIPSOISOI RUTTO



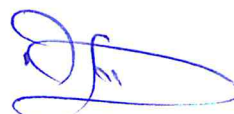
MR. GEORGE ONYANGO ODAWO



MR. SAMUEL MWENDA KITHINJI



MR. JOSHUA KITHUNU KAMANA



In the presence of the Trust Secretary

MRS. SALOME KARAMBURI MWITI



Annexure: Risk Assessment Register

Ref	Risk	Risk Category	Cause	Impact	Risk owner	Existing Controls	Current risk rating				Further actions	Date Complete	Target risk rating				Next Review Date
							L	I	RL	Level of risk			L	I	RL	Level of risk	
	Noncompliance with the law	Operational	incapacity	Penalty for breaches of the law.	Trust Secretary	Training of staff and Trustees	3	3	9	High	Engage a legal consultant	Ongoing	2	2	4	Low	April 2024