HEALTH RESEARCH CAPACITY STRENGTHENING INITIATIVE

Program Risk
Management Policy

September 2012

Appendix II: Final Rating

The rating for the Likelihood shall be multiplied by the rating for the Impact to come up with the Final Risk Rating. The table below shows the possible number of outcomes:

Final Rating	Category	Colour Coding
1-3	Acceptable	
4-6	Watch	
7-9	Unacceptable	

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APPENDIX

Appendix I: Risk Scoring

Likelihood

During the risk assessment process, the scale of Least Likely, Likely and Most Likely shall be used to rate the Likelihood of an event occurring that will impact on the achievement of a Key Output. The meaning of each score for Likelihood is expounded below:

Score	Numeric Value	Likelihood
Least Likely	1	There is a low probability of the event occurring in the life of the Program
Likely	2	There is a medium probability of the event occurring in the life of the Program
Most Likely	3	There is a highly probability of the event occurring in the life of the Program

The factors to consider when evaluating the probability of an event occuring in the life of the Program are:

- Past experience on the occurance of the event.
- Complexity of the processes supporting the achievement of the Key Output being evaluated.
- Rate of change in the Political, Economical, Social, Technical, Environmental and Legal factors in the life of the Program.
- Capability of:
  - Program Staff: their number, skills and experience.
  - The processes: how well the processes supporting the achievement of the Key Output being evaluated have been defined.
  - The systems: if the systems supporting the achievement of the Key Output are manual, automated or semi-automated.

Impact

HRCSI has defined tolerance levels for the achievement of its Key Outputs. A tolerance level is an acceptable deviation from the set objective. During the risk assessment process, the scale of Low, Medium and High shall be used to rate the impact of an event towards the achievement of a Key Output. The meaning of each score for Impact is expounded below:

Score	Numeric Value	Impact
Low	1	Occurrence of an event will lead to at least 75% of the Key Output being achieved
Medium	2	Occurrence of an event will lead to between 50% and 75% of the Key Output being achieved
High	3	Occurrence of an event will lead to below 50% of the Key Output being achieved

The factors to consider when evaluating the impact of an event to the achievement of a Key Output are:
- Existence of controls and the effectivness of such controls.
- The financial, reputation and legal & regulatory implications of the event occuring.

Director General

The DG shall ensure that the various program managers have developed and implement appropriate risk management strategies for their programmes.

Program Manager

The Program Manager shall be responsible for the implementation of this Policy and reporting to the Board (through FAC) on the effectiveness of HRCSI Risk Management strategies. The Program Manager shall be the Program Risk Champion and shall coordinate HRCSI risk management activities on a day-to-day basis. Specifically the Program Manager's role is to:

• Facilitate risk identification and evaluation.
• Ensure PRM process identifies new opportunities.
• Creating a culture of risk awareness and embedding risk management in the day-to-day activities of the Program.
• Implement systems, processes, controls and people to manage risk down to an acceptable level.
• Educate Program staff about the PRM process.
• Monitoring and report the status of key risks.
• Provide status updates to the DG on the Program PRM activities.

Internal Audit Function

Internal Audit Function (IAF) shall be primarily responsible for providing assurance on the effectiveness of HRCSI PRM process. In addition, IAF shall ensure that the HRCSI's Risk Registers forms input in the development of the Risk Based Annual Audit Plan.

IAF shall be responsible for:

• Providing assurance on the design and effectiveness of the PRM processes.
• Providing assurance that risks are correctly evaluated.
• Evaluating the risk management processes.
• Evaluating the reporting on the status of key risks and controls.
• Reviewing the management of key risks, including the effectiveness of controls and other responses to them.

Internal Audit Function shall not be involved in undertaking risk management activities in the functions they audit so as to maintain their independence. However, IAF may undertake the following roles but with safeguards so as to maintain their independence:

• Facilitating the identification and evaluation of risks.
• Coaching Program Manager and Program Staff on responding to risks.
• Coordinating PRM activities.
• Consolidating the reporting of risks.
• Continuous review and updating of this Policy and issuing the same to the FAC for approval.

All Program Staff

All Program staff members shall have a role in building a robust PRM process in HRCSI especially in:

• Communicating information known to them in the course of their work that is useful in identification and evaluation of threats and opportunities.
• Effectively carrying out risk mitigation / control measures in their area of responsibility.
• Providing feedback on the effectiveness of the PRM process and how to improve it.
• Maintenances of the risk register

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ACKNOWLEDGEMENTS

Risk Response

Risk response shall involve developing strategies for responding to the events identified to ensure they are within the acceptable risk tolerance set by the Board. The four main types of risk responses adopted by HRCSI are:

- **Reduction**   - Action shall be taken to reduce the risk likelihood or impact, or both.
- **Transfer**   - Action shall be taken to reduce risk likelihood or impact by transferring or otherwise sharing a portion of the risk with another institution.
- **Acceptance**   - No action shall be taken to affect the event's likelihood or impact.
- **Avoidance**   - Action shall be taken to exit the strategies/activities giving rise to event.

Control Activities

This shall involve the implementation of HRCSI Policies and Procedures approved by Management and adopted by the Board that ensure risk responses are effectively carried out.

Information and Communication

Information on the risk maters shall be reported on regular basis. This communication shall be done across, down and up the Program Organisation Structure. Key Risk Indicators (KRI) shall be identified during the risk identification and assessment process. KRI shall be captured and communicated during Program quarterly progress meetings.

Monitoring

On an on-going basis, the HRCSI PRM process shall be monitored by the Program Manager. The PRM process shall be reviewed by Internal Audit Function to obtain assurance that it is working as intended. Where areas of improvement are noted, corrective measures are taken to strengthen the process.

ROLES AND RESPONSIBILITIES

Clear assignment of PRM roles and responsibilities is critical in ensuring the continuous implementation and improvement of HRCSI PRM. PRM shall be everyone's responsibility at HRCSI. The following specific roles and responsibilities have been assigned.

The Board

The Board shall be responsible for NCST (including its activities and programs) risk governance. In relation to HRCSI, the Board shall be responsible for ensuring that this Policy is integrated with NCST risk management strategies.

The Finance and Audit Committee

The FAC shall assist the Board to manage risks that impact HRCSI through:
- Assisting the Board determine HRCSI risk appetite
- Overseeing the process of designing, implementing and monitoring systems that are to manage Program's risks to be within HRCSI risk appetite
- Ensuring that Program risk assessments are undertaken annually.
- Ensuring risks are prioritized and ranked to focus risk management initiatives to those risks that are outside Board's risk appetite
- Ensuring that the Program Manager (through the DG) implements appropriate risk management strategies.
- Ensuring continuous risk monitoring by the Program Manager.
- Obtaining feedback from internal and external auditors on the effectiveness on HRCSI risk management process.
- Informing the management of any risks they are aware of.

- **National health policies and programmes formulated utilising research findings:**
  - National health research agenda i.e. national health priorities.
  - Training on use of research data.

- **Scientific knowledge more effectively shared across international organisations and knowledge networks.**
  - Conduct gap analysis of research institutions to manage and disseminate research information.
  - Support of collaborative mechanisms and signing of MOUs on sharing of resources.
  - Establishment of a Multidisciplinary Research Committee.

- **Improved regulation and coordination of the national research environment:**
  - National Health Policy especially the health research component.
  - Improving the capacity of national research coordinating institutions to ensure they can monitor how research institutions are complying with legislation.
  - Linking researchers and policy makers.

Event Identification

In the development of HRCSI Vision, Overall Purpose and Long Term goal internal and external events that may affect their achievement were identified. On a day-to-day management of the Program, these events are re-evaluated and updated (i.e. new ones identified and irrelevant ones discarded). The process of updating risks shall require access to reliable and up to date information.

The internal factors to consider shall include: NCST Strategic Plan, HRCSI Strategy, Culture, Policies, ICT Technology, Delegation of Authority, Program Organisation Structure, Program Values, operations and infrastructure (i.e. people processes and systems)

The external factors considered shall include: Political, Economical, Social, Technological, Environmental and Legal factors/trends.

The various events identified shall be classified into the following key risk categories:

- **Strategic** : this shall consider the Political, Economical, Social, Technical and Environmental events/risks
- **Operational** : shall consider the factors that may make the Program not implement its working plans.
- **Reporting** : this shall look at factors that may make the Program not meet its reporting obligations to the funders and to NCST.
- **Compliance** : this shall consider the legal risks/events that may affect the implementation of HRCSI activities

Risk Assessment

The events identified shall be assessed on a regular basis (at least annually) using two key parameters:

- Likelihood: probability of an event occurring during the life of the Programme, that is, within the life of the approved programme funding. .
- Impact: to the achievement of HRCSI Key Outputs should the event materialise.

More details are provided in Risk Scoring and Final Rating under Appendix I and Appendix II respectively.

ACRONYMS

TERMS	DESCRIPTION
Board	NCST Board of Commissioners
DG	Director General
DFID	Department For International Development
Funders	DFID and Wellcome Trust
FAC	Finance and Audit Committee of the Board
HRCSI	Health Research Capacity Strengthening Initiative
HRCSI Strategy	HRCSI Vision, Overall Purpose and Long Term Aim
KRI	Key Risk Indicators
IAF	Internal Audit Function
ICT	Information Communication Technology
PRM/Risk Management	Programme Risk Management
Management	NCST Management
MHRC	Multi-Disciplinary Health Research Committee
MOU	Memorandum of Understanding
NCST/Organisation	National Commission for Science and Technology
Policy	HRSCI Programme Risk Management Policy
Program Manager	HRCSI Program Manager
SAC	Scientific and Awards Committee of the Board
Secretariat	Management of NCST led by the Director General

FOREWORD

National Commission for Science and Technology Board of Commissioners (through the Finance and Audit Committee); NCST Management; and the Health Research Capacity Strengthening Initiative, Program Manager have idenitified that there is a strong link between effective risk management and the achievement of HRCSI's Vision, Overall Purpose and Long Term Aim. To ensure a coordinated and structured way of identifying and managing risks impacting on HRCSI, the Board, Management and Program Manager have established the Health Research Capacity Strengthening Initiative Programme Risk Management (PRM) Policy.

PRM was applied during the development of HRCSI Vision, Overall Purpose and Long Term Aim. PRM is also being applied in the day-to-day running of the Program. PRM has been designed to continuously identify potential events (opportunities and threats) that may affect the achievement of HRCSI key outputs. PRM is designed to manage these potential events to be within HRCSI risk appetite established by the Board and provide a reasonable assurance regarding the achievement of the Program's Vision, Overall Purpose and Long Term Aim.

Everyone working in the Program shall be required to participate fully in the risk management process so as to ensure HRCSI maximises its opportunities and minimizes its threats. Board, Management and staff members working on the Program are thus required to familiarise themselves with the contents of this Policy.

PRM will be an on-going activity as the internal and external environment in which HRCSI operates keeps on changing and likewise the risks it faces. The FAC has noted the importance of implementing this Policy as it will:

• Align Risk Appetite and HRCSI Vision, Overall Purpose and Long Term Aim – PRM shall enable the Board, Management and Program Manager to evaluate the objectives that HRCSI is pursuing after factoring in the level of risk it is willing to accept i.e. risk tolerance.

• **Enhance Risk Response Decisions** – PRM shall provide a structured guidance on how HRCSI selects risk responses across the Program.

• **Reduce Operational Surprises and Losses** – PRM shall ensure that the Board, Management and Program Manager can anticipate risks, put measures in place to mitigate the risks and continuously monitor the effectiveness of the measures implemented by the Program.

• **Identify and Manage Multiple and Cross-Program Risks** – PRM shall enable HRCSI to deal with risks that cut across the Program. Such risks may not be effectively managed if each function of HRCSI decides to manage their risks separately.

• **Seize Opportunities** – by considering potential events during the identification of risks, HRCSI may also identify opportunities which the Program shall maximize on.

• **Improve Deployment of Program Funding** – with a robust PRM process in place, HRCSI shall have more reliable information on how to deploy funding received from funders, towards the achievement of its Vision, Overall Purpose and Long Term Aim.

The Board in fulfilling its risk management oversight responsibility shall support the implementation of this Policy and shall ensure it is integrated with NCST Risk Management Policy.

Chairperson
Finance and Audit Board Committee

PROGRAMME RISK MANAGEMENT PROCESS

HRCSI PRM process has the following activities:

Governance
The Board has established a Governance Structure through which NCST sets its strategies and monitors its performance in order to achieve its mandate of advising the Government of Malawi and other key stakeholders on all Science and Technology matters in order to achieve a science and technology - led development. All NCST activities (including Programs) shall be aligned to NCST Governance Structure.

The Board has established the Multi-Disciplinary Health Research Committee which is a Working (adhoc) Committees of the Board to oversee the implementation of the following tasks of HRCSI:

• Review research grant applications.
• Review training fellowship applications.
• Review small grant applications.
• Shortlist applicants for interviews.
• Conduct interviews.
• Participate in monitoring of HRCSI-funded projects.
• Support the dissemination of the National Research Agenda of Malawi. Participate in HRCSI review meetings

HRCSI shall ensure it has personnel with adequate skills to achieve the Program's Outputs. The Board expects all Staff to act ethically at all times and to adhere to the policies set forth in NCST Code of Ethical Conduct.

Objective Setting
HRCSI Vision is to foster the conduct and utilisation of high quality research that addresses the priority health needs of Malawians, through the creation/support of an enabling research environment and through supporting stronger linkages between researcher results and research users.

HRCSI Overall Purpose is to strengthen the health research capacity for the generation of scientific knowledge within Malawi, and improve its use in evidence-based decision-making, policy formulation and implementation.

In the long term HRCSI aims at improving the quality of interventions impacting the health of Malawians and strengthen the Malawi health system. This will ensure that Malawi is able to respond to future challenges through the generation and use of health-research evidence. This would improve health and boost socio-economic development that in turn would lead to better health, reversing the cycle of poverty and disease.

For HRCSI to achieve its vision, Overall Purpose and Long Term Aim it has adopted the following Strategies or Key Outputs that are within the Program's risk appetite:

• **Enhanced institutional capacity for high-quality multi-disciplinary health-related research studies-both people and infrastructure:**
  - **People:** training grants, fellowships, re-entry grants & career development grants, grants to district based health workers, senior researcher grants, institutional grants for collaborative research initiatives.
  - **Infrastructure:** equipment, suppliers, institutional infrastructure improvement & working environment. Strengthening current and developing new Demographic Surveillance Sites.