



ENTERPRISE RISK MANAGEMENT & PENSION AUDIT PROGRAMME

DATE: 10TH – 13TH MARCH, 2026

GOVERNANCE . TRAINING . EMPLOYEE BENEFITS . TECHNOLOGY

RISK MANAGEMENT POLICY FOR MURBS

- ❖ Introduction To Pension Risk Management
- ❖ Objectives Of The Risk Management Policy
- ❖ Risk Management Framework
- ❖ Graph Of Key Pension Risk Categories
- ❖ Risk Heat Map (Likelihood Vs Impact Matrix)
- ❖ Risk Governance Structure Diagram
- ❖ Investment Risk Analysis
- ❖ Operational Risk Management
- ❖ Compliance And Legal Risk Controls
- ❖ Risk Monitoring And Reporting Framework
- ❖ Conclusion On Sustainability Of The Pension Scheme

1. INTRODUCTION

The **Maseno University Retirement Benefits Scheme (MURBS)** exists to provide retirement benefits to employees of Maseno University. The scheme manages member contributions, investments, and retirement benefits over long periods, which exposes it to a wide range of financial, operational, regulatory, and strategic risks.

This Risk Management Policy establishes a structured framework to ensure that risks affecting the scheme are systematically identified, assessed, controlled, and monitored to safeguard members' funds and ensure sustainability

The Purpose Of This Policy Is To:



3. SCOPE



The key objectives are



5. RISK MANAGEMENT PRINCIPLES

Risk management within the scheme shall be guided by the following principles:

1. Prudence

Decisions must prioritize the protection of members' funds.

2. Transparency

Risk management processes must be transparent and well documented.

3. Accountability

Clear responsibilities must be assigned for risk management activities.

5. RISK MANAGEMENT PRINCIPLES

Risk management within the scheme shall be guided by the following principles:

5.4 Compliance

All activities must comply with regulatory requirements and scheme rules.

5.5 Continuous Monitoring

Risks must be continuously reviewed and monitored

6. RISK MANAGEMENT FRAMEWORK

The scheme adopts a structured framework based on international best practices.

Step 1: Risk Identification

- Identify all potential risks that may affect scheme operations.

Step 2: Risk Assessment

- Assess the likelihood and impact of each risk.

Step 3: Risk Mitigation

- Implement controls to reduce the risks.

Step 4: Risk Monitoring

- Continuously monitor and review risks.

Step 5: Risk Reporting

- Report risks to the Board of Trustees and relevant stakeholders.

7. CATEGORIES OF RISKS

1. Investment Risk

Investment risk arises from fluctuations in financial markets that may affect returns.

Examples include:

- Market volatility
- Poor asset allocation
- Interest rate fluctuations
- Inflation risk
- Credit risk from investment instruments

Mitigation strategies include:

- Diversified investment portfolio
- Professional fund management
- Regular investment performance reviews
- Compliance with investment guidelines

7. CATEGORIES OF RISKS

7.2 Liquidity Risk

Liquidity risk arises when the scheme cannot meet its financial obligations when they fall due.

Examples:

- Increased retirement claims
- Delayed contributions from employers

Mitigation measures:

- Maintaining adequate liquid assets
- Cash flow forecasting
- Regular monitoring of contributions

7. CATEGORIES OF RISKS

7.3 Operational Risk

Operational risk arises from failures in internal processes, systems, or human errors.

Examples include:

- Errors in benefit calculations
- Administrative failures
- Fraud or internal misconduct

Mitigation strategies:

- Strong internal controls
- Staff training
- Regular audits
- Segregation of duties

7. CATEGORIES OF RISKS

7.4 Compliance and Legal Risk

This risk arises from failure to comply with applicable laws and regulations.

Examples include:

- Violation of pension regulations
- Failure to submit statutory reports
- Breach of scheme rules

Mitigation strategies include:

- Compliance monitoring
- Regular regulatory reporting
- Legal advisory services

7. CATEGORIES OF RISKS

7.5 Governance Risk

Governance risk arises from ineffective leadership or poor decision-making by trustees.

Examples:

- Conflicts of interest
- Poor oversight of service providers
- Weak governance structures

Mitigation strategies:

- Trustee training programs
- Clear governance policies
- Independent oversight mechanisms

7. CATEGORIES OF RISKS

7.6 Technology and Data Risk

Technology risks affect the management of scheme records and data.

Examples:

- Data breaches
- Loss of member records
- System failures

Mitigation measures:

- Secure IT systems
- Data backup procedures
- Cybersecurity controls

7. CATEGORIES OF RISKS

7.7 Reputational Risk

Reputational risk arises from negative publicity or loss of trust among members.

Examples:

- Poor service delivery
- Delays in benefit payments
- Mismanagement of funds

Mitigation strategies include:

- Transparent communication with members
- Efficient service delivery
- Strong governance practices

8. RISK ASSESSMENT PROCESS

Risks Will Be Evaluated Using Two Criteria:

- **Likelihood**
 - Rare
 - Unlikely
 - Possible
 - Likely
 - Almost Certain
- **Impact**
 - Insignificant
 - Minor
 - Moderate
 - Major
 - Catastrophic

A **risk matrix** will be used to determine the overall risk level.

9. RISK MITIGATION STRATEGIES



- **Risk Avoidance** – Eliminating activities that expose the scheme to unacceptable risk.
- **Risk Reduction** – Implementing controls to reduce risks.
- **Risk Transfer** – Using insurance or outsourcing certain risks.
- **Risk Acceptance** – Accepting risks that are within tolerance levels.

10. RISK REGISTER

The scheme shall maintain a Risk Register documenting:

- Identified risks
- Root cause
- Risk category
- Risk owner
- Likelihood and impact ratings
- Mitigation actions
- Monitoring status

The risk register shall be reviewed regularly.

1. Board of Trustees

The Board of Trustees is responsible for:

- Oversight of the risk management framework
- Approving risk management policies
- Monitoring key risks affecting the scheme

11.2 Scheme Administrator

Responsible for:

- Implementing risk management processes
- Maintaining risk registers
- Reporting risks to the Board

11.3 Fund Managers

Responsible for:

- Managing investment risks
- Ensuring compliance investment guidelines
- Reporting investment with performance

11.4 Custodian

Responsible for:

- Safeguarding scheme assets
- Ensuring proper settlement of transactions

11.5 Internal and External Auditors

Responsible for:

- Independent assessment of risk management practices
- Evaluating internal controls

12. RISK MONITORING AND REPORTING

Risk monitoring shall include:

- Quarterly risk reviews
- Investment performance monitoring
- Compliance checks
- Internal and external audits

Risk reports shall be submitted regularly to the Board of Trustees.

13. INCIDENT MANAGEMENT

All incidents affecting the scheme must be reported immediately.

The incident management process includes:

- ❖ Incident identification
- ❖ Investigation
- ❖ Corrective action
- ❖ Reporting and documentation

14. TRAINING AND AWARENESS

Trustees and staff involved in scheme management shall receive regular training on:

- ❖ Pension governance
- ❖ Investment risk management
- ❖ Regulatory compliance
- ❖ Fraud prevention

15. POLICY REVIEW

This policy shall be reviewed every three years or earlier if required due to:

- ❖ Regulatory changes
- ❖ Changes in scheme operations
- ❖ Emerging risks

16. BENEFITS OF THE POLICY

Implementation of this policy will:

- ❖ Strengthen governance of the retirement scheme
- ❖ Protect members' retirement savings
- ❖ Improve decision-making by trustees
- ❖ Enhance compliance with pension regulations
- ❖ Build trust among scheme members

CONCLUSION

Effective risk management is essential for safeguarding the financial sustainability of the **Maseno University Retirement Benefits Scheme**. By implementing this policy, the scheme will enhance governance, protect member assets, and ensure long-term stability

THANK YOU



“The essence of investment management is the management of risks, not the management of returns.”
Benjamin Graham

THANK YOU
ANY QUESTION?



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