

# PROCESS FOR CONDUCT OF THE ANNUAL RISK ASSESSMENT (ARA)

| No. | Activity  | Step No.                           | Instructions  |  |                          |  | Responsible Person                      |   |
|-----|---|------------------------------------|---|--|--------------------------|--|---|---|
| 1   | Login using LAN credentials:<br><a href="https://10.32.1.102:3000/login">https://10.32.1.102:3000/login</a> | 1                                  | You will need to acknowledge the confirmation statement in order to proceed to log in.  |  |                          |  | 1. Control Reviewer<br>2. Control Owner |   |
| 2   | Navigate to:  | 2                                  | n/a   |  |                          |  |   | 1. Control Reviewer<br>2. Control Owner |
|     | ◆ Risk & Compliance Tools<br>◆ ARA 2019   |                                    |   |  |                          |  |   |   |
| 3   | Select any Risk & Control and click "Review"  | 3                                  | At this stage, the Risk & Control status is "Pending". You will be able to view the details of the Key Process, Risk & Control. |  |                          |  | Control Reviewer                        |   |
| 4   | Review the details of the Risk & Control  | Review the Process, Risk & Control |   |  |                          |  |   |   |
|     |   | No                                 | Item  | Definition   | Requirement              |  | Responsibility                          |   |
|     |   | 4.1                                | Summary Process Description   | This field captures a summarized description of the key process/activity.  | <input type="checkbox"/> | Capture the details of the Key Process- maximum 120 characters   | Control Reviewer                        |   |
|     |   | 4.3                                | Detailed Process Description  | This field captures a detailed description of the process/activity. Process should be detailed to prevent any ambiguity.   | <input type="checkbox"/> | Describe the key Process in detail- maximum 2000 characters  | Control Reviewer                        |   |
|     |   | 4.5                                | Causal Category 1   | This field captures the general cause of the risk in line with the Basel causal categories. This is a dropdown and values should only be from the list provided.   | <input type="checkbox"/> | Select the correct Basel Category  | Control Reviewer                        |   |
|     |   | 4.6                                | Causal Category 2   | This field captures the general cause of the risk in line with the Basel causal sub-categories. This is a dropdown and values should only be from the list provided.   | <input type="checkbox"/> | Select the correct Basel Sub-Category  | Control Reviewer                        |   |
|     |   | 4.7                                | Risk Category   | This field captures the main category of the risk in line with the Bank's approved risk categories. This is a dropdown and values should only be from the list provided.   | <input type="checkbox"/> | Select the appropriate risk category   | Control Reviewer                        |   |
|     |   | 4.8                                | Risk Sub-Category   | This field captures the sub-category of the risk. This is a dropdown and values should only be from the list provided.   | <input type="checkbox"/> | Select the appropriate risk sub-category   | Control Reviewer                        |   |
|     |   | 4.9                                | Key Risk Summary  | This field captures a summary of the Risk. This summary should not be more than 100 characters.  | <input type="checkbox"/> | Summarize the risk - maximum 120 characters  | Control Reviewer                        |   |
|     |   | 4.10                               | Key Risk Description  | This field captures the detailed description of the risk. Risks should be clearly described ensure ease of understanding and avoid ambiguity.  | <input type="checkbox"/> | Describe the risk in detail- maximum 2000 characters   | Control Reviewer                        |   |
|     |   | 4.11                               | Key Control Summary   | Key Controls are those controls that mitigate the probability and/or impact of inherent key risks identified in an RCSA Unit to an acceptable level of residual risk. This field captures a summary of mitigative controls. This summary should not be more than 120 characters.   | <input type="checkbox"/> | Summarize the control - maximum 120 characters   | Control Reviewer                        |   |
|     |   | 4.12                               | Key Control Description   | This field captures the detailed description of mitigative controls. Controls should be effective at dealing with the risk identified and should be clear described to ensure ease of application avoid ambiguity.   | <input type="checkbox"/> | Describe the control in detail- maximum 2000 characters  | Control Reviewer                        |   |
|     |   | 4.13                               | Confirm if the above process, risk & control is still applicable**  | This field captures the current relevance of the control   | <input type="checkbox"/> | Use the options to update the details of the control. If a control is obsolete, indicate as "Not Applicable" and capture the reason why                                    | Control Reviewer                        |   |
|     |   | 4.14                               | Control Preventive/ Detective   | This field captures the type of control. Only dropdown values should be used   | <input type="checkbox"/> | Select the appropriate control type from the drop down list  | Control Reviewer                        |   |
|     |   | 4.15                               | Control Reference   | This field captures the controls reference as currently provided in RCSA. Newly captured processes will not have this reference.   | <input type="checkbox"/> | No action  | n/a                                     |   |
|     |   | 4.16                               | Control Monitoring Methodology Description (Test Plan)  | This field captures the test steps/plan for assessing the performance of the control. Steps should be action oriented and designed to ensure control is properly assessed. Where sample data is to be tested, sample size should be in line with sampling methodology as defined in Section 3.6 of RCSA and KRI procedures | <input type="checkbox"/> | Capture the steps to be adopted in testing whether or not the control is working. Itemize the steps as below ensuring that each step is action oriented:<br>1.<br>2.<br>3. | Control Reviewer                        |   |
|     |   | 4.17                               | Control Testing Frequency   | This field captures the frequency for testing the performance of the control   | <input type="checkbox"/> | Select the appropriate frequency from the drop down list   | Control Reviewer                        |   |
|     |   | 4.18                               | Source of Monitoring Documents  | This field captures the source documents and records to be used in assessing the performance of the control  | <input type="checkbox"/> | Indicate the name of the source documents to be used in testing the control and their source   | Control Reviewer                        |   |
|     |   | 4.19                               | Likelihood (where 1=Lowest, 5= Highest) <input type="checkbox"/>  | This field captures likelihood of the risk occurring   | <input type="checkbox"/> | Refer to the Risk Assessment Matrix and select appropriately   | Control Reviewer                        |   |
|     |   | 4.20                               | Impact (where 1=Lowest, 5= Highest)   | This field captures impact of the risk should it occur   | <input type="checkbox"/> | Refer to the Risk Assessment Matrix and select appropriately   | Control Reviewer                        |   |

|   |                                      |                                      |   |  |                          |   |                  |
|---|--------------------------------------|--------------------------------------|---|--|--------------------------|---|------------------|
|   |                                      | 4.21                                 | Total   | This field captures a Formula: Likelihood*Impact   | <input type="checkbox"/> | This field will compute automatically   | n/a              |
|   |                                      | 4.22                                 | Risk Rating                                       | This field captures the overall risk rating based on the above formula   | <input type="checkbox"/> | This will display automatically   | n/a              |
|   |                                      | 4.23                                 | Is this a Key Control?                            | This field captures assesses whether or not this is a key control  | <input type="checkbox"/> | Select YES or NO  | Control Reviewer |
|   |                                      | 4.24                                 | Select size of Population to be tested            | This field captures  | <input type="checkbox"/> | Select the population category  | Control Reviewer |
|   |                                      | 4.25                                 | Sample size                                       | The standard minimum requirement for sampling is 10% of the population to be reviewed. However, for very large populations, it may be deemed impractical or inefficient to apply the 10% sampling requirement. | <input type="checkbox"/> | The field populates automatically based on the size of the population   | n/a              |
| 5 | Capture the Key Risk Indicators      | Complete the Key Risk Indicator      |   |  |                          |   |                  |
|   |                                      | No.                                  | Item  | Definition   | Requirement              |   | Responsibility   |
|   |                                      | 5.1                                  | Name of Key Risk Indicator (KRI)                  | This field captures the title of the KRI as will be captured in the Risk Register  | <input type="checkbox"/> | Capture the name of the KRI   | Control Reviewer |
|   |                                      | 5.2                                  | Description of KRI                                | This field captures the detailed description of the Risk Indicator   | <input type="checkbox"/> | Capture the description of the KRI  | Control Reviewer |
|   |                                      | 5.3                                  | KRI Measure                                       | This field captures the measuring metric (Number, Percentage etc.)   | <input type="checkbox"/> | Capture the unit of measure of the KRI from the drop down list provided   | Control Reviewer |
|   |                                      | 5.4                                  | Frequency of measuring the KRI                    | This field captures how often the Risk Indicator is measured   | <input type="checkbox"/> | Capture the frequency of measuring the KRI from the drop down list provided   | Control Reviewer |
|   |                                      | 5.5                                  | Tolerance (Green)                                 | This field captures the tolerance limit for the Risk Indicator   | <input type="checkbox"/> | Here a numerical value must be captured. The value here shows the level at which the KRI measure is within tolerance limits.  | Control Reviewer |
|   |                                      | 5.6                                  | Threshold (Amber)                                 | This field captures the threshold limit for the Risk Indicator   | <input type="checkbox"/> | Here a numerical value must be captured. The value here shows the level at which the KRI measure is approaching the tolerance limits.   | Control Reviewer |
|   |                                      | 5.7                                  | Escalation (Red)                                  | This field captures the escalation limit for the Risk Indicator  | <input type="checkbox"/> | Here a numerical value must be captured. The value here shows the level at which the KRI measure has exceeded tolerance limits and must be escalated  | Control Reviewer |
|   |                                      | 5.8                                  | Describe how the KRI is calculated                | This field captures how the Risk Indicator is calculated   | <input type="checkbox"/> | Describe how to measure the KRI e.g count the number of....   | Control Reviewer |
| 6 | Submission & Approval                | Submission & Approval Process        |   |  |                          |   |                  |
|   |                                      | No.                                  | Item  | Definition   | Requirement              |   | Responsibility   |
|   |                                      | 6.1                                  | Submission to Control Owner for review & approval | Once the Control Reviewer has completed the process above, click <b>"Submit"</b> .   | <input type="checkbox"/> | This action will submit the record to the Control Owner   | Control Reviewer |
|   |                                      | 6.2                                  | Review & Approval by Control Owner                | Open the record and view the details captured. The record is editable and the Control Owner can make the necessary amendments.   | <input type="checkbox"/> | Confirm accuracy & completeness before clicking the <b>"Approve"</b> tab. This will submit the record to Internal Control for Validation.   | Control Owner    |
|   |                                      | 6.3                                  | Review & Approval by Internal Control             | Once approved by the Control Owner, the record will drop on the Internal Control queue for Validation  | <input type="checkbox"/> | Review the details captured. If satisfactory, <b>"Approve"</b> the record. If not, <b>"Reject"</b> the record capturing the reason for the rejection. An e-mail notification will be sent to the Control Reviewer | Internal Control |
|   |                                      | 6.4                                  | Approval by Internal Control                      | An e-mail notification will be sent to the Control Reviewer.   | <input type="checkbox"/> | If record is approved by ICC, the status will change to <b>"Completed"</b>  | n/a              |
| 7 | Adding a New Process, Risk & Control | Adding a New Process, Risk & Control |   |  |                          |   |                  |
|   |                                      | No.                                  | Item  | Definition   | Requirement              |   | Responsibility   |
|   |                                      | 7.1                                  | Creating a New Process, Risk & Control            | Once the Control Reviewer has completed the review of the existing Processes, Risks & Controls, the system will prompt you to add a <b>"NEW"</b> Process, Risk & Control                                       | <input type="checkbox"/> | Click <b>"NEW"</b> and capture the details. All fields are mandatory  | Control Reviewer |
|   |                                      | 7.2                                  | Submission to Control Owner for review & approval | Once the Control Reviewer has completed the process above, click <b>"Submit"</b> .   | <input type="checkbox"/> | This action will submit the record to the Control Owner   | Control Reviewer |
|   |                                      | 7.3                                  | Review & Approval by Control Owner                | Open the record and view the details captured. The record is editable and the Control Owner can make the necessary amendments.   | <input type="checkbox"/> | Confirm accuracy & completeness before clicking the <b>"Approve"</b> tab. This will submit the record to Internal Control for Validation.   | Control Owner    |
|   |                                      | 7.4                                  | Review & Approval by Internal Control             | Once approved by the Control Owner, the record will drop on the Internal Control queue for Validation  | <input type="checkbox"/> | Review the details captured. If satisfactory, <b>"Approve"</b> the record. If not, <b>"Reject"</b> the record capturing the reason for the rejection. An e-mail notification will be sent to the Control Reviewer | Internal Control |
|   |                                      | 7.5                                  | Approval by Internal Control                      | An e-mail notification will be sent to the Control Reviewer.   | <input type="checkbox"/> | If record is approved by ICC, the status will change to <b>"Completed"</b>  | n/a              |

|  |  |            |                               |   |                          |                              |                  |
|--|--|------------|-------------------------------|---|--------------------------|------------------------------|------------------|
|  |  | <b>7.6</b> | Rejection by Internal Control | An e-mail notification will be sent to the Control Reviewer. If record is rejected by ICC, the status will change to <b>"Amend"</b> . Upon receipt, go to the record and make the necessary correction and submit to the Control Owner. | <input type="checkbox"/> | Be guided by steps 7.1 - 7.6 | Control Reviewer |
|--|--|------------|-------------------------------|---|--------------------------|------------------------------|------------------|