

**HIGH-LEVEL COMMITTEE ON MANAGEMENT (HLCM)**

Thirty-Ninth Session

TERMS OF REFERENCE FOR 2020 for THE HLCM CROSS-FUNCTIONAL TASK FORCE ON RISK MANAGEMENT

Background

1. At its 35th session in April 2018, HLCM examined how United Nations system organisations have been developing and putting in place risk management tools and frameworks to reform management processes, improve efficiency and bring greater value in support of the 2030 Agenda for Sustainable Development. The Committee agreed on the need for joint, cross-functional engagement towards the system-wide harmonisation of risk management practices and endorsed the attached Terms of Reference (TOR) for a Task Force (TF), to be co-chaired by WIPO and WFP.
2. The original scope of work as identified in CEB/2018/HLCM/15 included workstreams for phase 2 focusing on four areas for guidance. Guidance on Risk Appetite Statements was presented at the HLCM's 38th session in October 2019, which guidance on Embedding risk management is presented at this current session. At its 38th session, the HLCM endorsed that co-chairs to undertake a reprioritisation of the future areas of work to reflect the current collective interest of the TF.
3. To this end, the TF supported the 2020 work plan to focus on two areas, to complement existing TF guidance:
 - A. Guidance on Managing Fraud Risk;
 - B. Guidance on Managing Risks in the Field and for Decentralized Organizations.

Working Modalities

4. The membership of the TF has continued to expand through 2019, now including representation from FAO, IAEA, ICAO, IMF, IFAD, ILO, IOM, OCHA, OECD, UN Secretariat, UN DSS, UNAIDS, UNDP, UNEP, UNFPA, UNHCR, UNICEF, UNIDO, UNOPS, UNRWA, UN WOMEN, WFP, WHO and WIPO. The TF is also committed to continue to interact and consult with UN Representatives of Internal Audit Services (UN-RIAS).
5. The TF would continue to operate under the leadership of the Co-Chairs without a central budget and would principally meet through video-conferencing to minimise any travel costs.

6. The two deliverables described below are planned for completion and submission to the HLCM deadlines for the October 2020 meeting. The Co-Chairs plan to conclude the group as a TF in October 2020, and would present any follow-on proposals for a risk community of practice at that time.

Managing Fraud Risk

7. This work stream would be co-led by WFP and IFAD, with the active participation of other TF member organizations.
8. The key objective of this work stream is to develop guidance on how to best manage fraud risk.
9. Following an initial scoping exercise conducted by the work stream co-leads six topics were identified, which are aligned with the proposed direction provided by the HLCM. Members of the stream assisted in the prioritisation of the topics to be addressed by the group. Following the assessment, the TF proposes the following deliverables:
 - A. An in-depth review and development of a paper, in the context of Enterprise Risk Management, on the following three topics:
 - i) Anti-Fraud / Corruption and other prohibited acts policies and Three Lines of Defence organisational responsibilities;
 - ii) The implementation and recording of prevention and detection measures against fraud and corruption and other prohibited acts;
 - iii) Fraud response and sanctions including recovery of losses.
 - B. The remaining three topics that were identified, in the context of Enterprise Risk Management, will be addressed through other means such as a risk survey to the TF members. Relevant outputs of the survey results will be included in the paper noted above as supporting information of current practices.
 - i) Toolkits and training, including their collection on the Risk Management Information Sharing platform;
 - ii) Assessing exposure to fraud and corruption;
 - iii) Reporting fraud.

Managing Risks in the Field and for Decentralized Organisations

10. This work stream would be co-led by UNHCR and IOM, with the active participation of other TF member organizations.
11. The key objective of this work stream is to collect good practices and guidance to facilitate the effective implementation of risk management in the field and decentralized UN organisations.

12. Following an initial scoping exercise conducted by the work stream co-leads, topics were identified, which are aligned with the proposed direction provided by the HLCM. Members of the stream assisted in the prioritisation of the topics to be addressed by the group. Following the assessment, the TF proposes the following deliverables:
- A. Collation and review of relevant documentation and information on risk management in field and decentralized contexts, to identify key challenges and emerging practice, the process will include:
 - i) A review of relevant internal policy documents and practices, including *inter alia* guidance, tools, tolerances and appetite, metrics, frameworks and other supporting documents pertaining to risk management in field and decentralized contexts;
 - ii) A review of already existing tools/practices for information sharing, coordinated actions/response and related bodies and systems at Country level and Regional/sub-regional Level;
 - iii) A survey of the work stream members and targeted interviews with practitioners based in the field and decentralized locations.

 - B. Development of a non-prescriptive toolkit/paper for Managing Risk in the Field or Decentralized Organisations covering the following topics:
 - i) Review of the main challenges and proposed solutions to effectively implementing risk management in the field and decentralised organizations;
 - ii) Case studies of risk management emerging practice in field and decentralized organizations;
 - iii) Review of structures and models to provide risk management support to the field or decentralized locations, including benefits and potential drawbacks of each;
 - iv) Examples of effective practices on how to monitor, measure and gain assurance that risk management is truly working in the field or decentralized contexts.

Proposed Decision

13. The HLCM is invited to consider and endorse the TF's work plan for 2020, to be completed and presented at the 40th session in September 2020.