



CEB
Chief Executives Board
for Coordination

High-Level Committee on Management (HLCM)

Cross-functional Task Force on Risk Management

Guidance Notes
Managing Fraud Risk
Managing Risks in the Field and Decentralized Organizations

(HLCM 40th Session, 13 October 2020)

Background

1. At its 39th session in March 2020, the HLCM endorsed the terms of reference for the Cross-functional Task Force (TF) on Risk Management for 2020. The terms of reference for 2020 focused on researching and developing guidance in two key areas of interest:
 - A. Managing Fraud Risk;
 - B. Managing Risks in the Field and Decentralized Organizations.

Working Modalities

2. Plenary meetings of the full TF were held regularly, to ensure broad engagement on the individual work streams, and also to share insights into risk management in the context of the Covid-19 pandemic. UN RIAS was represented at TF plenary meetings and provided valuable input on specific matters, which were taken duly into account in finalizing the guidance.
3. The globally located TF operated has always operated without any formally allocated budget, working via remote working modalities (videoconference, email, etc.). As the impact of the global Covid-19 pandemic took hold, the TF was largely unaffected, since it already operated in a virtual environment.
4. Two separate work streams, as noted in the sections below, undertook surveys, analyzed the responses and developed the proposed guidance notes.

Managing Fraud Risk Guidance Note

5. This work stream was co-led by IFAD and WFP. All other TF members were invited to join and 18 member organizations were active on the work stream, including fraud specialists as well as risk management specialists.
6. This document provides an overview of leading practices in the following areas for UN Agencies to consider and apply as appropriate for their context.
 - (i) AFAC Policy and organizational responsibilities;
Includes descriptions of key components typically included in AFAC policies.
 - (ii) Prevention and detection measures;
Includes descriptions of key components of a Fraud Prevention Toolkit.
 - (iii) Fraud response and sanctions.
Includes descriptions of key elements including sanctions and recovery of losses.
7. The following focus areas were reviewed at a high level and may be examined further in future.
 - (i) Toolkits and training;
 - (ii) Assessing exposure to fraud and corruption;
 - (iii) Reporting fraud.
8. The full survey results complement the guidance, and are presented in the Annex. A redacted version of the Annex is planned to be uploaded to the public area of the TF information sharing site.

Managing Risks in the Field and Decentralized Organizations Guidance Note

9. This work stream was co-led by IOM and UNHCR. All other TF members were invited to join and 14 member organizations were active on the work stream from various cross-functional backgrounds.
10. This document presents a non-prescriptive toolkit/paper for Managing Risk in the Field or Decentralized Organisations covering the following topics:
 - (i) Review of structures and models to provide risk management support to the field or decentralized locations, including benefits and potential drawbacks of each;
 - (ii) Review of the main challenges and proposed solutions to effectively implementing risk management in the field and decentralised organizations;
 - (iii) Case studies of risk management emerging practice in field and decentralized organizations;
 - (iv) The importance of assurance and monitoring of risk management.
11. A summary of the survey respondents and survey questions are presented in the Annex.

Future of the Task Force

12. Since its inception following the decision of the HLCM at its 35th session in April 2018, the TF has developed and issued a (i) Reference Maturity Model for Risk Management; guidance papers on (ii) risk appetite; (iii) embedding risk management; (iv) managing fraud risk; and (v) managing risk in the field and decentralized organizations. It has further established (vi) a risk management information sharing mechanism and provided proposals on the sharing of risk information, both between organizations, and with donors, member states and partners. All work that was planned has been effectively undertaken and the present documents and deliverables represent the completion of the mandates work as per the terms of reference for the TF endorsed by the HLCM.

13. Risk management remains a discipline in development in many organizations, and opportunities continue to exist with respect to sharing of risk management successful approaches. The TF has worked effectively owing to the dedication and considerable contributions of its Co-Chairs and members.
14. It is proposed to transform the TF into a more sustainable Forum in order to focus more on an ongoing overall scope, with potentially its own targeted deliverables. Such a scope would likely include subject matter sharing on matters of mutual interest, risk specialist networking and the development of guidance notes or other documents as considered worth the time investment. To this end, it is proposed to provide to the HLCM a terms of Reference for a Risk Management Forum at its 41st session.

Proposed Decision

15. The HLCM is invited to consider and endorse the practical non-prescriptive guides (i) Managing Fraud Risk Guidance Note; and (ii) Managing Risks in the Field and Decentralized Organizations Guidance Note. The HLCM is also invited to consider and endorse the proposal for the TF to develop terms of reference for a Risk Management Forum, to replace the current TF, for consideration at its 41st session.