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High-Level Committee on Management (HLCM)

Cross-functional Task Force on Risk Management

Guidance Notes
Managing Risks in the Field and Decentralized Organizations

(HLCM 40th Session, 13 October 2020)

Table of Contents

1 Introduction

1.1 Background and Purpose

In the United Nations system, organizations have diverse mandates, structures and business models that operating with headquarters, regional and country-based settings, or through decentralized set-ups. The implementation of risk management is thus tailored to the specific needs and contexts of each organization, since there is no one-size-fits-all approach to risk management.

If risk management is to be effective, it is crucial that its processes and practices are cascaded down all levels. Achieving an organizational culture where risk management is firmly embedded into operational, programmatic and performance management cycles, that in turn guide strategic and operational decision-making is a goal which cannot be achieved overnight. Reviewing practices and lessons learned from similar organizations and adapting proven models and initiatives can save time and resources, promulgate better risk-based decision-making and encourage impactful risk management processes.

In view of the above, and in line with other Task Force products, this paper is intended to provide non-prescriptive guidance focusing on the following tasks in the context of field operations or decentralized organizations[1]:

a) Articulating the main challenges and proposed solutions to effectively implementing risk management;
b) Using case studies to demonstrate emerging practice of risk management;
c) Reviewing structures and models to provide risk management support;
d) Providing examples of proven practices to monitor, measure and gain assurance that risk management is effective.

The guidance and examples outlined in this paper aim to provide inspiration and 'food for thought' to organizations to enhance their existing ways of working from a field or decentralized unit-based perspective. A special focus is included regarding the management of risks in the Covid-19 setting, in order that risk management experiences from the global pandemic are captured and shared as part of the work of the Task Force.

1.2 Relation to other Task Force products

This paper is closely linked with the previous guidance documents developed by the Task Force and should be read in concurrence. The Guidance Note on 'Embedding Risk Management' provides useful suggestions on how to effectively integrate risk management in an organization, which are applicable for field or decentralized settings. One of the underlying premises of the Reference Maturity Model for Risk Management is that the more advanced an organization's risk maturity, the better risk management is embedded across all levels and activities of an organization, including in field and decentralized settings. Additionally, finding ways to overcome potential obstacles to effectively implement risk management in the field or decentralized settings, will also help an organization to enhance its overall risk maturity. Furthermore, the Task Force guidance on developing Risk Appetite Statements highlights, how such statements can facilitate the communication of an organization's 'philosophy' on risk

[1] 'Field organization' refers to an operation at the country or multi-country level organization away from headquarters which may also have sub or field offices in remote locations delivering the organization's mandate at the field level. 'Decentralized organization' refers to an operation geographically separate from headquarters but in a location that would not be considered a 'field' location, such as an office away from headquarters but in another UN hub (e.g. Geneva, Nairobi, Bangkok).

to all personnel, thereby helping to bring consistency in risk related decision-making at all levels. This is especially important for organizations operating through decentralized set-ups or in multiple field locations.

1.3 Methodology

Fourteen organizations from the Task Force participated in developing this paper in a two-step process. First, the work stream members conducted a desk review of relevant documentation and information on risk management from their own organizations. This review included information on Covid-19 risk responses, good practices, policies, and tools and processes related to risk information sharing and coordination at/between country and regional levels.

Second, based on the information obtained during the initial desk review, a confidential field-based survey was undertaken to collect information, experiences and thoughts directly from colleagues working in a field or decentralized setting. Sixty-nine responses were received from 12 organizations indicating a 55% response rate, either directly from individuals or consolidated responses from multiple countries at a regional level. Responses were received from colleagues with various roles in risk management, such as risk owners, heads of offices, risk professionals, risk focal points, program officers and technical specialists who work in over 40 different duty stations, including regional offices.

The main themes covered in the survey included:

- Key risks and challenges faced by the respondent in implementing risk management;
- Risk management practices in the respondent's field operation / decentralized entity;
- Level of support from headquarters in risk management;
- Inter-agency risk management practices;
- Covid-19 risks.

The survey consisted of both multiple choice and open questions. Further information on the survey is included in the Annex and information on responses received incorporated throughout this report.

1.4 Intended audience and assumptions

This paper is intended for a wide variety of audiences who are interested in getting the best value out of risk management in field-based or decentralized organizations. This includes risk management experts/practitioners, HLCM members, directors, country representatives, or others who play an important role in leading or developing risk management practices in their organizations or operations. The paper may be most useful for UN organizations that have already begun implementing risk management and have at least a basic framework and processes in place.

2 Options for Risk Management Structures and Models in the Field and Decentralized units

2.1 Why structure matters

For risk management to be effective in field or decentralized settings, it should be tailored to fit the organization's mandate, organizational design, operating context and desired level of risk maturity. As mandates, operating models, resources and risk maturity vary across (and within) UN organizations, there is no one-size-fits-all approach. However, the following fundamental principles are helpful in establishing a sound risk governance structure and are particularly critical for a field based or decentralized organizations:

- A **fully integrated risk governance structure based on the** Institute of Internal Auditors' (IIA) Three Lines Model (TLM) **or similar model** should be applied across the operations (including HQ, field, decentralized unit, program, project) for a clear allocation of responsibilities of taking and managing risks (first line); providing expertise, support, monitoring and challenge on risk related matters (second line); and providing independent assurance (third line) to facilitate action, accountability and assurance. The second line is often represented by functional responsibilities; these are often fulfilled by policy frameworks, guidance to the field, technical support and regular oversight missions.

- An effective and operationalized **risk-based delegation of authority with clearly documented risk roles and responsibilities** included in job descriptions, and selection criteria for staff. When appropriate, authority for managing risks within agreed levels should be delegated to the lowest possible level and aligned to the ability to act on the key risks to the entity objectives.

- Effective and relevant risk management and oversight functions (for example risk committees) with the appropriate organizational position and seniority to promote effective and risk-informed decision-making as well as alignment with the adopted risk appetite, principles, rules and best practices.

- **Risk ownership that is institutionalized and understood** by all staff and senior management across operations at a field or decentralized unit level.

Several survey respondents requested for greater clarity of roles and responsibilities on risk management and responsibilities for program and project risk management, as well as tailored guidance and training to better appreciate its value. Survey respondents also expressed the need for structures that facilitated cross-functional or multidisciplinary approaches to risk management. The ability to understand and analyze the interconnected nature of certain types of risks facilitates the development of more effective risk mitigation and opportunity strategies at a field and decentralized unit level.

A note on Project versus Program-based Organizations

Among the organizations participating in the Task Force, there are two main models of operating in the field and decentralized units – project-based approaches and program-based approaches. These models go beyond risk management and determine the basis on which planning, budgeting, monitoring, fundraising and other activities are undertaken.

With regard to a **project-based approach**, each individual project in a field or decentralized context typically has its own risk register and risk management process. As a result, a single field operation or decentralized unit may have multiple risk registers and parallel risk management processes that are not necessarily consolidated. These field operations or decentralized units may also have a higher-level country or program risk register to which project risks may be elevated if the risk severity warrants doing so. In project-based environments, where risks are often fast moving in nature and driven by the operational context, implementing a project-based approach is particularly helpful in ensuring that the risk 'ownership' is delegated to the appropriate level (e.g. project manager), encouraging timely and effective risk responses.

Under a **program-based approach**, there is typically a single risk register and risk management process per field operation or decentralized unit. In some instances, processes or initiatives may have their own sub-risk registers, but generally risks are managed more centrally. In program-based environments, the existence of a single, consolidated risk register can support capturing and analyzing systemic, pervasive cross-cutting risks.

Survey respondents from project-based organizations identified similar challenges, solutions and key success factors to those working in program-based organizations. For example, under both approaches survey respondents identified challenges in ensuring effective risk management and ownership both within the project or functional unit, at the same time across project portfolios and functional units. In addition, under both approaches survey respondents proposed similar solutions to these problems, such as the establishment of clear roles and responsibilities, appropriate information sharing and escalation mechanisms, such as risk dashboard reporting. In light of the above, this guidance paper does not differentiate between the two approaches.

2.2 Structures for delivering risk management in the field and decentralized units

Based on information provided by Task Force members, several different structures were identified for the management and ownership of risks as summarized in the table 1 below.

As many organizations are in the process of reviewing their existing models, it is intended that the examples provided below may be used as reference points for further review and refinement of structures, depending on the organizational context.

Table 1: Models for delivering risk management for the field and decentralized units

Model	When to consider using it and key success factors	Benefits	Possible drawbacks
Risk Focal Points	***Particularly suitable for larger organizations with a strong field presence or several decentralized units.*** ***Key success factors:*** • Clear terms of reference and sufficient time and to discharge their risk duties. • Suitable seniority, adequate training, support, feedback and tools and guidance from headquarters.	• Fits within existing resourcing structure. • Can be a powerful driver of change and provide mechanisms for sharing good practices. • Typically, close to operations and have a good understanding of the operational context. • Assist in driving consistency across the network of risk focal points. • Act as interlocutors between the field / decentralized unit and the central risk management function.	• May not be able to dedicate enough time for risk management or enough expertise in the discipline. • May lack a broad view of risks leading to a siloed approach or missing of key risks. • If not well established, benefits from sharing of good practice, feedback etc. are not likely to be achieved.
Local Risk Committee	***Particularly useful where there are a broad spectrum of risk areas.*** ***Key success factors:*** • Have sufficiently broad membership with all relevant functions represented. • Clear term of reference and authority to lead risk management.	• Can build consensus on the risk management process. • Multidisciplinary representation can help break down silos, ensure comprehensive identification of risks and development of more effective risk mitigations, especially for cross-cutting risks.	• May become bureaucratic or static. • Could dilute responsibility and accountability for risk management and address issues that should otherwise be addressed by management.
Full time risk experts	***Useful in higher risk operations or units of large organizations.*** ***Key success factors:*** • Be able to deliver tangible, practical actions through strong persuasive interpersonal skills. • Understand the operational context and the organization as well as risk management.	• Have the space and independence needed to offer detached advice on risk management. • If based in regional office or field / decentralized unit, they are closer to field and have a better understanding of the operational and programmatic context. • Can act as interlocutor between the field / decentralized unit and the risk management function.	• Possibility for first line managers and staff to rely and delegate risk management responsibilities to the dedicated expert. • The expert may be pulled into general management and therefore lose their independence and objectivity and ability to see the bigger risk picture.
Risk Mngt Shared Service	***High risk locations where multiple agencies face similar risks.*** ***Key success factors:*** The financing and roles and responsibilities of the shared service provider need to be clear, agreed and stable.	• Enables efficient management of common risks such as partner fraud, or access that are faced by multiple agencies. • Facilitates resource and information sharing across agencies.	• Could delay the strengthening of risk management capabilities within the respective agencies. • Organization specific context can be lost. • Difficulty in agreeing to a common approach.
Inter-agency Risk Mngt Committee	***The approach works in high risk locations where multiple agencies face similar risks.*** ***Key success factors:*** The terms of reference for the working group / committee needs to be clearly defined. Requires joint interest in risk management across several organizations.	• Facilitates sharing of information on key risks linked to a joint operational context. • Enables efficient management of common risks (e.g. avoiding duplication, pooling resources to address common risks). • Can increase trust with donors.	• Some organizations may not have the knowledge or resources to fully participate in the work of the committee / working group. • Difficulty in agreeing a common approach.
Risk Mngt embedded in functional area	***This approach typically works for smaller organizations with higher risk maturity.*** ***Key success factors:*** The approach relies on a high level of risk management skills and knowledge among all personnel.	• Cost effective. • Supports embedded risk management.	• Dependent on well-developed first line with embedded controls and standardized processes. • Danger that cross-cutting risks are not always effectively identified and managed.

Risk focal points were a common feature in organizations that participated in the survey, with six out of the 12 organizations surveyed using some form of focal points. Survey respondents noted that it can be useful to supplement a risk focal point network with local risk committees and / or dedicated risk experts at the field or decentralized level, particularly in more complex and high-risk locations. It is good practice to align the risk focal point network, with the organization's operating model, its attitude to risk, and its risk profile.

Case Study: Full time risk experts

"In approximately a dozen of our highest risk operations, we have a dedicated, full time Senior Risk and Compliance Advisor position at the P5 or D1 level, reporting directly to the Representative, and with a functional reporting line to headquarters Risk Management Unit. The risk advisors are experts who do not have supervisory or managerial responsibilities outside of risk management. They add value by advising the head of the operation on risks and opportunities and how best to respond to them. By not giving them managerial responsibilities, these risk advisors have the space and independence needed to offer objective advice.

The advisors also have the word 'compliance' in their job titles. Although the emphasis is on value-adding risk management advice more than box-ticking compliance checking they still do have a role in ensuring compliance with basic controls and policies. In some cases, the advisors assume responsibility for coordinating or implementing certain key risk treatments so as to demonstrate to management that they actually make things happen rather than purely providing advice. In general though, their role is catalytic and advisory rather than hands-on.

These in-situ risk advisors also build risk management skills and create a strong risk culture in their operations so that sustainable improvements can be made. Over time, the aim is to see the risk advisors work themselves out of a job because they have successfully transferred much of their risk management acumen to other staff who can use these skills seamlessly on a day-to-day basis.

For this role to be successful, there needs to be a full management team in place with appropriate structures and no long-term vacancies in key posts. Otherwise, as a senior member of staff, the risk advisor will invariably be pulled into day-to-day management and lose their added value. The working relationship between the advisor and the rest of the management team is also key. The risk advisor role requires strong soft skills so that they are not seen as a threat by their peers or as a form of oversight, but rather as a trusted proactive advisor to help in the management of risks and opportunities.

Given the resource requirements involved, having such a senior advisor may not be proportionate in medium or smaller field operations, or ones characterized by less uncertainty. However, in the highest risk operations, a dedicated risk advisor can be immensely useful."

It should be stressed that these structural options are not mutually exclusive, and most organizations already deploy different combinations of these models. Further, they should ideally exist in conjunction with i) the first line (operational staff and management); and ii) a dedicated risk management function (second line), that plays a coordinating, monitoring and advisory role across the organization.

Case Study: Combining models in a large, complex field operation

"In our organization, the Head of each Mission is responsible for the effective implementation of risk management. They are required to appoint a Risk Management Committee, endorse the nomination of Enterprise Risk Management Focal Points, and approve the ERM risk register and the risk treatment plan at the Mission level.

The Risk Management Committee comprises of senior representatives of the different components of the Mission as well as representatives of functional areas managing significant operational risks. The Committee serves as a forum for building consensus on the risk assessment and alignment in risk treatment. It performs an ongoing review of the ERM risk register, and the risk treatment measures, following the newly emerging trends and the changes of the risk levels, and validates the final risk register and the risk treatment plan prior to their approval.

In our Mission, we established an extensive network of ERM focal points, employing diverse expertise from the entire range of their activities. The approach ensures completeness, and provides for cross-checks, as well as contributing to the development of the risk culture throughout the operation.

To facilitate mission-wide coordination of the risk management activities, we also established a Risk Management and Compliance Unit, comprising of a Unit Chief and an assistant. In parallel to the compliance-related activities, the unit provides training and consultations to the focal points; coordinates the development of and consolidates the risk register; facilitates the work of the Risk Management Committee; promotes risk culture; and works to improve risk mitigation.

We find this model well suited to our complex environment and the scale of the Mission, and the level of inherent risk we face. The combination creates a broad base and a healthy mix of a bottom-up and top-down approaches to risk management. The Risk Management Committee is a key instrument for alignment and verification with a high level of seniority and expertise."

As shown in the case study above, combining multiple models can help address the shortcomings of the different approaches. However, caution should also be exercised in introducing too many concurrent models. The greater the number of models that are combined in a single field operation or decentralized unit, the greater the potential for confusion or ambiguity over roles and responsibilities, resulting in an increased risk of accountability and responsibility being diluted. These risks can of course themselves be mitigated through clear governance approaches, but it would be over simplistic to assume that effective risk management at the field or decentralized unit level could be achieved by deploying as many risk management models from Table 1 as possible.

Survey respondents noted that when established, inter-agency cooperation and coordination arrangements for knowledge sharing and management of common and/or UN system-wide risks had proven to be useful and resulted in more effective risk management practices.

Case Study: Pooled inter-agency approach

"The UN Somalia Risk Management Unit (RMU) was established in 2011 to support all UN entities and its humanitarian and development partners towards a common approach for risk-informed decision making, do no harm, and increased accountability for better impact. This Unit comprises of nine staff (four International and five National). It is part of the Integrated Office of the Deputy Special Representative of the Secretary-General, Resident and Humanitarian Coordinator (DSRSG/RC/HC), ensuring professional, independent, and impartial services to UN Organizations and its partners. The Somalia RMU is a unique structure, increasingly supporting the UN to establish best practices and tools applicable to a broad range of evolving humanitarian and development challenges.

The Unit provides several services to the UN and its partners, including risk analysis and reporting, risk management capacity building and awareness-raising, establishing common platforms for effective information sharing, facilitating discussions to support better-informed decision-making, and the dissemination of best practices and lessons learned.

The set-up has several advantages. It helps in breaking silos, information sharing, and inter-agency coordination. This includes conducting joint capacity assessment and monitoring of partners and jointly supporting the government in enhancing risk management and internal controls.

Bringing donors and partners to the risk management process is one of the key success factors of the RMU in Somalia. The scope and service offering of the Unit has evolved over time to respond to the UN operational and programmatic needs. The team was also able to extend support, knowledge and expertise to assist UN agencies in other countries upon request in risk assessment and mitigation.

While this model has proven its effectiveness and efficiency specially in high-risk environments, challenges related to contractual arrangements, funding (cost-sharing arrangements), and legal constraints in sharing information remain."

2.3 Structures for supporting risk management in the field and decentralized units

In supporting the delivery of risk management in field or decentralized settings, UN organizations typically follow two main approaches. First, some of the larger organizations with a wide field presence employ a regionalized risk management model. This entails a delegation of responsibility to regional offices to support the field or decentralized units, in addition to support provided by the headquarters risk management function. While the precise division of roles between regional and headquarters risk functions with regards to the field or decentralized units varies, typically the headquarter functions focus more on policy setting and normative work whilst the regional function provides more hands-on support. However, in the survey, organizations stressed that, in reality, there were rarely strict divisions.

Resources and capacity were critical for the success of this regional model. A fully enabled regional role can provide timely and thematic support for the quality review and validation of the country office risk assessments. However, if there is inadequate capacity or expertise at a regional level, this can result in delays, create the perception of an additional administrative burden and be one additional layer that lengthens processes without adding value.

Case Study: Regionally guided approaches

"Our 130 country offices undertake the initial risk assessment, using a corporate online risk assessment tool with a pre-defined corporate risk register. This risk assessment is submitted online with justification for each of the risks to the regional office for their review and validation. The regional validators are staff familiar with the country context, typically relevant desk officers. The regional validators review and validate the country office assessment based on the data inputs and the justification provided. This also serves as the first line of quality review of individual risk assessments by the regional offices. The regional validators also consult relevant thematic focal points within the regional office for different thematic risk factors to take a considered view before rejecting/validating the risk assessment.

Regional offices know the context in the countries of their region well and can therefore provide a much better informed and relevant review than the more distant HQ. As the agency also follows a regional focal point mechanism for other thematic areas, this approach is useful in consolidating other thematic inputs as well during the risk assessment stage. The involvement of the regional offices can also help in planning and taking a regional risk perspective of the organization. The regional office also acts as the first level of support for resolving the risk related issue and presents a bird's eye view of the region in terms of top risk faced by the organization/region. The regional unit can quickly respond and add value through their expertise and knowledge of the countries in their portfolio."

The second approach assigns little to no role for regional bodies and instead consists solely of a central risk management function in headquarters as the primary provider of support. Given the size and number of field or decentralized locations of UN organizations, this approach was invariably combined with high levels of delegation of risk management responsibilities to field or decentralized units. This was because a single centralized function generally lacks the capacity to provide detailed oversight across the organization.

In a highly decentralized organization, there are still some aspects of risk monitoring and reporting that need to be coordinated centrally and by a second line function. However, risk management decisions are generally made by local management with less input from and reference to the central HQ risk function than would be done with regional risk functions under a regionally guided approach. This entails a certain degree of latitude in how the field /decentralized units implement the risk policy set at the institutional level. To make this model effective, it is therefore important to have controls and quality assurance processes over risk management embedded into the operations of the field or decentralized unit.

Whilst most survey respondents considered support from HQ in terms of guidance and tools to be adequate, several survey respondents still requested additional support and guidance in risk management from the support functions at the regional and / or headquarters level. Responses with regards to financial and human resources support and risk management training were less positive, with over 40% of respondents finding support in these areas inadequate.

Another common challenge highlighted by the survey respondents was the level and regularity of communication and risk information sharing between the field, regional and headquarters units. It was noted that while training and written guidance was useful, it did not add the same level of value as regular engagement and an understanding of the operating context at a field and decentralized unit level. Several survey respondents also pointed to the need for more user-friendly tools and software along with practical training (see Section 3).

Case Study: Centralized organizational structure with risk management embedded in programs

"Our agency embeds risk management into its performance management framework, recognizing it as an essential element of delivering expected results. The organization operates a centralized organizational structure; however, the head office is extended through several external offices globally. The organization benefits from a robust IT network infrastructure that permits reliable access to IT systems globally.

Risk management maturity rests between the 'established' and 'advanced' maturity stages according to the Reference Maturity Model. The first line (programs) are empowered to take responsibility for effective risk management, while the second line (including the risk management function) facilitates the integrated process. The external offices are relatively small and not considered large enough to warrant the investment of a dedicated risk management function. Rather, in order to provide universally high-quality risk management oversight and support, the risk management function is led organization-wide out of the head office. It provides risk policy direction, substantive risk guidance and facilitates the risk process support for all units globally.

Specific and direct support and training is provided to the offices. Coupled with the technical tools of remote desktop access, and global risk management systems and reporting tools, the offices can operate like any other organizational entity. Risk focal points are encouraged, in order to help offices, mainstream risk management into their work, with the goal to make managing risks effectively a reflex rather than a process.

A Risk Management Committee oversees all risks globally in line with the established risk appetite, and thus the structure allows easy consolidation of risks, unity in risk management approach and a very cost-effective way to encourage the management of risks organization wide."

3 Key Challenges and Potential Solutions

To contextualize the risk environment in which many organizations are operating, survey respondents were asked about the types of risks they found most challenging and why these risks were difficult to manage. There was a strong overlap between the challenges identified by Task Force members (typically placed in central, headquarters functions) and survey respondents from the field or decentralized units. Commonly, organizations identified several 'pain points', including:

- Shared risks with implementing partners and third parties, especially compliance and reputational risks;
- Human resource risks, particularly relating to recruitment, mobilization, conduct and ethics; and
- Contextual risks, such as insecure environments and political instability.

While different contexts contributed to the severity and complexity of these risks, in general, the respondents pointed to several key reasons explaining why these risks were difficult to manage:

- A dichotomy between increasing expectations, rules and procedures and the impact of these controls on the capacity of organization to deliver results;
- Insufficient capacity and / or knowledge in the field in the area of risk management;
- Inefficient corporate or administrative processes;
- Decisions at a headquarters or regional level that are not coordinated with, or have not adequately considered the context of the field / decentralized units; and
- The nature of contextual risks and that these risks were largely outside of the control of the organization or required of common approach joint action from organizations across the UN system in that location.

A fundamental way to address a wide variety of challenges in field locations is by embedding risk management more effectively in the organization's processes and culture. The Task Force has identified nine enablers to achieve this aim (see Embedding Risk Management [CEB/2020/HLCM/4]):

1. Combine formal and informal mechanisms
2. Strengthen risk capabilities
3. Build a network of risk ambassadors
4. Focus on user experience and value added
5. Reinforce the link between internal controls and risk
6. Consider risks as potential opportunities
7. Focus on new and emerging risks
8. Apply risk data to support change initiatives
9. Strengthen risk culture

These approaches are also applicable to the risk management challenges identified in field or decentralized settings, however, this paper takes a particular focus on enablers identified in the survey. The following case study proposes a set of guiding principles on how to make risk management a reflex.

Case Study: Good practice to make risk management a reflex

"*When risk management was established in our organization, there was pushback. The average awareness of risk management among personnel in our field operation was not high; personnel were unclear about their roles and responsibilities; and risk management was not well-integrated into planning and day-to-day activities of our field operation.*

We wanted risk management to become a reflex – something staff does automatically and without thinking - rather than an add-on administrative process on top of daily work. Building a reflex requires an action to be obvious, attractive, easy and value-adding so that it makes work easier. Building a reflex also takes practice and must be flexible to a changing context. Keeping these principles in mind, we learned some lessons:

1. ***Make the risk management process obvious ('In sight, in mind')***
   - *Risk management is most effective when it is a part of everyday business, not only during dedicated risk assessment sessions, but also during team meetings, discussion with key stakeholders, appraisal missions and other project and programmatic activities where risks are directly or indirectly analyzed.*
   - *Align risk ownership with decision-making authority and management responsibility of middle management – while at the same time ensuring that risk management is everyone's business, and that support is available from risk focal points for appropriate capacity building.*

2. ***Make the risk management process attractive ('Speak my language')***
   - *Establish and maintain regular, consistent, and transparent communication across the different levels of the organization, focusing on standardized policies, systems, and increased awareness.*
   - *Make available organizational risk and issue libraries and standard risk categories (fitting to operational needs) as a sounding board to comprehensive risk identification and treatment.*
   - *Use common risk management standards and taxonomies across all organizational levels to help increase consistency in the way risks are classified, escalated and analyzed across the organization.*
   - *Rely on the guidance of an institutional risk appetite to aid in a consistent approach to risk-taking across locations. Such guidance creates a "lowest common denominator" from which units/locations requiring a more tailored approach can build or adapt.*

3. ***Make the risk management process simple ('Keep it simple')***
   - *Adopt a collaborative and simple risk management online solution, with a focus on key risks, and avoid cumbersome and bureaucratic requirements.*
   - *Integrate enterprise risk management into existing operational processes – for example ERP - rather than as a standalone, extra requirement.*
   - *Embed ERM across the project/program lifespan and inform existing resource allocation (e.g. acceptance of projects and programs), assurance and review processes.*
   - *Make ERM one of the key project/program management standards for full interlinkage with other project management perspectives (e.g. issue and lessons management, budgeting, quality assurance, etc.)*

4. ***Make it satisfying ('What's in it for me?')***
   - *Advocate that ERM facilitates information flow and can bring together key risk information – including internal control framework, cybersecurity, ethics, supply chain risk management, technical review processes, safety, security and environmental screenings, etc.*
   - *Leverage existing controls by incorporating recommendations from reviewers, controllers, advisors into the risk registers and the response plans of the entity in order to foster risk management culture across the organization and to increase risk management quality and homogeneity.*

Keep in mind: *Adopting a common ERM framework does not necessarily mean that all risk management processes should be fully integrated in the ERM, but rather that the ERM can bring common language, principles and rules across all other risk management practices."*

The following sections review in depth the key challenges identified by colleagues implementing risk management in field or decentralized settings through the survey.

3.1 Developing an aligned, consistent risk management process

> **Keep in mind:** Measures easily implemented (and implementable) in one part of the world, may be more challenging in another.

Results of the survey showed that in many organizations, a risk-averse culture, combined with challenges in adopting the corporate risk management policy at the field level, contribute to difficulties in implementing risk management consistently within the organization. Further, as field locations and decentralized units often vary significantly in size and set-up, with differing levels of financial and human resources constraints, offices may or may not have flexibility and capacity to fully adhere to organization-wide risk management approaches. For example, if the risk management process requires every country to report on risk on a monthly basis, this could be overly burdensome for small or low-resourced offices. In contrast, as several field offices noted in the survey responses, sizable field operations often have their own challenges in adapting and implementing universal guidance for many people that ensures coherent risk response.

In some organizations, the level of understanding of risk management processes and its integration with other business processes continues to be a challenge. Similarly, roles and responsibilities at these decentralized locations among field staff (due to staff skill set and considerable variation in staff size) may need more clarity. Ensuring consistency and alignment – of people, processes and terminology – across multiple field operations or decentralized units can prove challenging. A lack of consistency can indicate quality issues in the application of risk management and undermine efforts to analyze risk information in support of decision-making.

Some survey respondents noted that donors and other stakeholders may demand risk management requirements in line with their own systems and processes or request risk management information directly from field offices (for more information on risk information sharing, see CEB/2020/HLCM/6). Competing or differing reporting requirements, as well as the sharing of different types/levels of information, may impact program delivery and have adverse effects on the reputation of the organization. This may also lead to difficulties in comparing countries with one another and in identifying trends and patterns across locations. Therefore, it is key that, in its day-to-day functionality, the risk management process requires limited additional intervention by the user, is as simple as possible (especially in small offices) and is consistent with the organization's established work methods.

Since agencies strive to be collaborative and results-driven, care should generally be taken to engage with internal stakeholders, external partners and member states in order to successfully implement and achieve global objectives. Consulting with relevant stakeholders can facilitate alignment across agencies with regards to policy development and information sharing and can minimize the efforts needed for local adaptations at the field level. Organizations that utilize third party contractors and/or implementing partners may also benefit from developing practical guidance on risk sharing in these types of arrangements.

Other examples of useful practices highlighted by survey respondents include:

- Developing a mandatory training program for all categories of staff to promote a common understanding of risk management practices and policies across the organization (see section 3.3);
- Reflecting risk management responsibilities in harmonized and standardized terms of reference for relevant staff;
- Introducing a mechanism for sharing good practices among field offices to facilitate knowledge sharing and further promote awareness;
- Implementing standardized risk management systems/risk registers agency-wide that satisfy the data requirements for the organization as a whole and are adaptable to specific requirements of field locations; and
- Ensuring regular review of this data by both the field operations and the coordinating risk management function in the regional or Headquarters office.

Case Study: Ensuring consistency across locations through internal communication

"Ensuring that risk management processes are implemented consistently across locations within an organization can be challenging. Building on the recommendation of operationalizing risk management by building a network of risk ambassadors[2], our agency established a compliance and risk management network, chaired by headquarters and comprised of the focal points in each of its regional offices. The purpose of the network is to give a platform to share innovations and challenges, so that practices are consistent across the agency and the whole organization benefits from creative solutions.

The network communicates frequently to ensure that corporate messages are aligned with the needs of each region and vice versa, and to share best practices. Information sharing forms a central pillar of the network. In addition, the members of the network regularly visit different regions to gain a better perspective on different ways of working.

The establishment of the network has been a major success factor for the organization-wide implementation of risk management, and the collaboration across the regions is a key resource in ensuring a consistent approach to risk management across the agency."

3.2 Changing culture and attitudes

Risk culture refers to 'the values, beliefs, knowledge and understanding about risk, shared by a group of people with a common purpose[3]'. It shapes risk decisions taken in an organization at all levels and impacts how risk management is perceived and taken forward. Risk culture is inherently impacted by the broader culture of the organization and should ideally be aligned with it and the selected business model. Like any cultural change, risk culture change does not happen overnight. However, change to a risk culture is possible, and was identified by several of the participating organizations as a goal they are aiming to achieve. At the same time, weak or uneven risk culture was also mentioned as one of the top challenges in ensuring effective implementation of risk management in the field or in decentralized structures. Most survey respondents agreed that their global leadership and the leadership of their operation/unit had a strong level of understanding and commitment to risk management. However, less than half of survey respondents agreed to this statement with regards to staff in general in their operation/unit.

[2] Please also see CEB/2020/HLCM/4, p. 10

[3] Institute of Risk Management

According to the risk maturity model developed by the Task Force[4], a sound risk culture for an organization with an advanced risk maturity is demonstrated, inter alia, through i) tone at the top; ii) transparency; iii) implementing lessons learnt; iv) risk-informed decision-making; and v) accountabilities and ownership.

Fostering a risk culture in which the different elements are well-aligned and 'lived through' is important for successful risk management. Weaknesses or misalignment of key elements of risk culture can promote undesirable behaviors or impair the organization's ability to manage risks. For example, an organization in which senior management promotes the importance of risk management with clear messaging but does not consider risks and rewards in its decision-making or is not willing to discuss 'bad news', is unlikely to succeed in strengthening risk culture.

A strong risk culture is especially important for organizations which have decentralized structures and operate in multiple locations (including in 'deep field' locations), as it facilitates consistent risk behaviors across an organization. Several respondents to the survey, however, mentioned that in their respective organizations, risk culture would require further strengthening for them to obtain maximum benefit out of risk management processes and practices. Areas for improvement were identified with regards to general awareness of risk management amongst staff at large, as well as with clarity of roles and responsibilities in risk management. Another cultural factor – senior management's understanding and commitment to risk management especially at the global level – was also identified as an area for further enhancement by approximately half of the respondents.

Keep in mind:
The quickest way to change attitudes to risk management is to demonstrate it working and adding value in a field/decentralized setting.

Survey respondents pointed to the need to 'make risk management a reflex', as outlined in section 3, and the nine enablers of embedding risk management as ways to change attitudes and culture with regards to risk management. In addition, while the need for standardized processes, comprehensive training and communications at the organizational level was well understood, colleagues implementing risk management in the field or in decentralized units felt it important to have some materials tailored to their specific needs and contexts. As far as risk communications are concerned, it was highlighted that for a true risk culture change, risk management discussions and communications should ideally involve staff from different functions and all levels.

Ultimately, demonstrating that risk management truly adds value through practical application at the field or decentralized level was found to be key for the credibility of the risk management processes. The more colleagues across an organization see risk management working to improve their effectiveness, the more positive they are likely to be with regard to risk management. Support from dedicated risk management professionals or risk management focal points was found to be helpful in achieving this.

[4] CEB/2019/HLCM/25

Case Study: Senior management leadership and advocacy

"*After a period of significant growth in our organization we recognized the need to develop a more robust governance framework with corresponding support mechanisms. Our newly developed internal governance framework was an expanded version of the Three Lines Model. The purpose of the reform is to increase accountability, operating efficiencies, transparency, the impact of project outcomes, consistency and harmonization across the whole organization through the application of a comprehensive risk management-based control framework.*

The Program Executive / Sponsor for the internal governance reform was the Deputy Director General of the organization, supported by a Program Office and Program Board represented by senior management from HQ and the field. This clear and very visible commitment and ownership at an executive management level has resulted in increased awareness of risk management in the organization, particularly as it relates to strategic alignment and the embedding of risk into operational processes.

The communication issued by the executive has placed a strong emphasis on the need for a risk-aware culture that relies on management judgment to make decisions that enhance value, improve performance and encourage innovation throughout the organization. This has provided a sound foundation for the implementation of a more mature risk management process in the organization and has clearly elevated risk management in the organization. The delivery of key messages from the executive level has also been invaluable in communicating that the approach to risk management is value driven and that the process needs to be integrated across all functions, operations, activities, projects, procedures and processes."

3.3 Risk management skills, knowledge and capacity

Effectively managing risks and delivering results in a field or decentralized context, is dependent on the right combination of specialized risk expertise, empowered field and decentralized management that make timely risk-based decisions, and a central risk management system that co-ordinates and underpins the organizational policies, processes, cultures and leadership at all levels.

Organizations need to consider whether risk management is recognized as a management competency across the organization. Senior management has a critical role in signaling the importance of developing risk management as a core competency for itself and all staff, which is part of changing culture and attitudes (see section 3.2).

Survey respondents were asked to identify success factors in implementing risk management practices. In terms of skills, knowledge and capacity, respondents noted that to anticipate and manage risks effectively and consistently, staff in the field and decentralized units should ideally be empowered with the following:

- Easily accessible, context-tailored and comprehensive training and capacity building on risk management;
- Regular meetings, communication and coordination at a field and decentralized level on risk management, with context-specific support and guidance from headquarters or regional offices;
- The inclusion of risk management as a standing agenda item in senior management meetings; and
- Multidisciplinary team discussions on risk identification, severity assessment and mitigation.

The respondents noted that training programs in the form of websites, e-learning courses or communities of practice had proven to be particularly helpful. Some organization have also integrated risk management into existing organizational training programs, which can be viewed as a good practice. Focal points also reported success with integrating risk management basics into their existing country director orientation programs or other training topics such as fraud, project management.

> **Keep in mind:**
> The right mix of risk management knowledge, skills and capacity will vary from one location or unit to another – tailoring is key.

As highlighted throughout section 3, a key success factor to effective risk management is the commitment and engagement of executive management to leading the risk management strategy and implementation process. Survey responses, other Task Force products and the JIU review of Enterprise Risk Management[5] point to a need for adequate investment into risk management capabilities for this to be a reality. When organizations are at an initial or developing stage of risk management maturity, there is often the need for additional investment in specialist risk management skills and capacity to deliver an effective training and communication plan. As the organization's risk maturity develops and the risk management processes become more embedded, these skills may no longer be required, and could be repurposed to provide assurance or perform more value adding activities such as dynamic risk reporting and analytics.

Case Study: Internal communications strategy for risk management

"*Our agency is developing and internal communications strategy on risk management that will build knowledge and awareness globally and encourage behavioral changes – with the aim of better risk management and a stronger risk culture.*

As part of the strategy development, colleagues in the field have been consulted widely to understand their current knowledge of, and attitude towards, risk management. We investigated what matters to them and what messages and communication channels would be most effective. These discussions helped to refine the plan for strategic internal communications by identifying knowledge and behavioral outcomes we wanted to see. The project has also helped us to identify additional tools and guidance on risk management.

Some specific insights from the strategy in our agency include:

- *Colleagues value hearing stories about the real risk management experiences of other colleagues;*
- *There is still a need to explain concretely to colleagues how risk management can help them in their daily work. Colleagues crave practical and useful information to help concretely manage risks they are facing rather than theoretical or abstract communication;*
- *Messages that strongly link risk management to our mandate, mission and values are the most impactful;*
- *Colleagues respond better to risk management when it is framed as something that is empowering, positive and purposeful."*

[5] JIU/REP/2020/5 Enterprise risk management: approaches and uses in United Nations system organizations

3.4 Fragile and volatile operational contexts

Engaging in fragile and conflict-affected states inevitably involves risk on several levels. Some of these risks can be reduced and mitigated, but others cannot be avoided if organizations are to deliver their mandates. Organizations need to address risks in their programming and take steps to mitigate them, rather than developing programs that are based on risk avoidance. The risks of not engaging, of only working in areas that are easiest to access and of only tackling issues where short-term results are guaranteed – can exacerbate fragility in the long-run and is unlikely to serve the organization's mandate.

While the risks faced differ from country to country and require context-specific mitigation measures, there are several fundamentals that can help manage risk in fragile or volatile operational contexts more effectively.

> **Keep in mind:**
> Risk management should run at the speed of the risks that need to be managed – fast changing risks (such as Covid-19 pandemic) may require a more dynamic or dedicated process.

First, understanding of risk needs to be grounded in 'country realities'. When the country context is less well understood, there can be a greater chance of lapsing into programming based on risk avoidance rather than working to understand the root cause of risks. When the operating context is better understood, an agency can feel more comfortable taking and managing risks. Risk management can subsequently be better integrated into daily activities, even when those activities carry significant risk.

Second, it is important to strike the right balance between the different types of risks, and to understand the interaction and dependency between different risks and mitigation measures taken to address them. For example, if the controls put in place to mitigate a fiduciary risk limit the flexibility to deliver in a high-risk environment, an operation may fail to deliver results. Alternatively, measures taken to limit programmatic risk (e.g. by only partnering with tried and tested institutions), may contribute to marginalization of target populations and ultimately undermine the higher goals of the organization.

Case Study: Risk management during a natural disaster
"*In early 2019, a cyclone devastated large areas of three countries where we operate. After the initial emergency response through food distribution, field operations with scaled-up programs had to consider the long-term effects and associated risks. A few months after the emergency, one of the offices reached out to our Enterprise Risk Management Division in headquarters to advise on how to best manage risks after the immediate response.* *A comprehensive risk monitoring plan was subsequently developed by the operation in the face of heightened risks (lack of availability of food in the market, hyperinflation, failure of financial service providers) and the cash transfers operation was expanded. The plan included key performance indicators/risk metrics to reflect the altered risk appetite and established a regular process for reviewing these risks. The operation subsequently updated the plan to include additional compliance and safeguard measures. This left the operation well equipped to monitor and manage the risks caused by the cyclone over time.*"

Third, organizations need to be aware that they are not the only players in the risk environment. Competing agendas, interests and perspectives among local, regional and international stakeholders are characteristic of fragile or volatile environments. To manage this reality, organizations may consider the joint management of common contextual risks – including ongoing strategic communication, information sharing and clear ownership of risk response actions – especially at the level of the United Nations Country Team (UNCT), as a strategic way to build cooperative response strategies. Nearly half of survey respondents noted that risk management is discussed at UNCT meetings (either regularly or *ad hoc*), although there is still much room for cross-agency risks to be better managed. Where risk management did feature in UNCT discussions, survey respondents reported that they found this useful in managing shared risks such as those related to Covid-19. As some respondents noted, joint risk assessments provide an opportunity to improve understanding of contextual risks, avoid duplication, and pool resources to more effectively manage common risks.

Case Study: Lessons in risk management cooperation learnt from Covid-19

"In responding to the Covid-19 pandemic, the experience of field offices was mixed. Some field colleagues reported that risk management was hardly considered in country operations during the Covid-19 pandemic, while others found it be crucial to the operational response. New opportunities emerged also: for example, despite travel prohibitions, some field operations reported improved coordination between field offices and regional/headquarters operations, especially in terms of procurement and communication. Other key messages emerged that could be considered to improve risk management practices:

- *Decision-making must be data-driven and proactive, taking into consideration quantifiable risks. Having relevant, accurate and timely data to inform decisions is key;*
- *Field offices benefitted from up-to-date and comprehensive business continuity plans;*
- *There is a huge appetite for risk-based guidance and tailoring of 'business as usual' risk management processes to help cope with more volatile situations like Covid-19. This guidance may include provisions for local-level building capacity, rather than relying on support from regional or headquarters. Relatedly, field operations need to be empowered with the delegated authority to allow for flexible, rapid response;*
- *The pandemic has in many cases improved cooperation with other UN agencies. However, risk management was rarely an explicit agenda item in UNCT meetings, even during the height of the operational response;*
- *The pandemic offered many field operations the opportunity to clarify business objectives and hone the areas of priority.*

The extreme level of uncertainty has impacted the weighing of different risks, requiring a judgement call on decisive action (clearly prioritizing certain risks over others, e.g. beneficiary/staff health versus accountability/fraud/corruption)."

Fourth, risk management should depend on the ability to combine long-term programming (grounded in an understanding of contextual risks) with the flexibility to prepare for and respond to opportunities, threats and events. A new threat (for example, Covid-19) can be at least partially be mitigated thought a business continuity plan, or during the design stage of a project through the inclusion of an emergency preparedness and response component. An event-specific risk register, either built into an existing risk management tool or created in parallel using similar terminology and categories of risk, can draw on good organizational practice and facilitate a quicker response to changing circumstances. Lessons learnt from the event can then be built into the 'business as usual' approach to risk management once the emerging threat has lessened.

Case Study: Managing the risk of Covid-19 in General Food Assistance
"With the arrival of Covid-19, one of our Country Offices established a crisis management team (CMT) to ensure business continuity at all organizational levels, specifically concerning staff health and wellbeing, operational and programmatic continuity, and the provision of services to partners. A key objective of the CMT was to manage critical risks and risk incidents. *Business continuity for critical lifesaving operations, including general food assistance to refugees was prioritized. Under the guidance of the CMT, operational guidelines were issued to mitigate the risk of Covid-19 transmission at all stages of the distribution process. UN, government and donor partners were consulted to ensure co-ownership of the revised processes that included trade-offs between accountability and Covid-19 transmission. Critical issues were managed as they arose through the daily CMT meetings, especially around ensuring movement of humanitarian staff and goods.* *Following this immediate step, an* ad hoc *risk assessment was undertaken to inform the design of medium-term operations to adjust the general food assistance program to the new context. Based on this risk assessment and consultations with donors, the decision was taken to significantly expand the cash modality in one part of the country. The Country Office's plan includes the full risk register and mitigation actions identified for the chosen options, with mitigation actions progressively implemented.* *The Country Office is now regularizing its* ad hoc *risk assessments across different areas by merging their outcomes into the Country Office risk register. At the same time, with a view to establishing a contingency plan for the 'worst-case', i.e. operations being (partially) paralyzed by an outbreak, the Country Office is undertaking an* ad-hoc *risk assessment to inform preparatory measures."*

More than anything, organizations must be adaptable to ensure successful risk management in fragile and volatile operational contexts. As program implementation gets underway, organizations need the capacity and flexibility to adapt their risk frameworks and their program design to changing conditions on the ground. This requires both innovative thinking about risk and the right incentives amongst staff to manage them as they emerge.

4 Assurance and Monitoring

4.1 Objectives of risk management assurance

In order to ensure that risk management is effective, at any level, it is necessary to conduct monitoring and assurance over the processes and outcomes of risk management. In the TLM, the second line is charged with providing expertise, support, monitoring and challenge to management over risk related matters. Central risk management functions are part of the second line and work in conjunction with other second line functions with other specific responsibilities to support the field and decentralized units in risk management. In the field or in a decentralized unit, assurance and monitoring activities are initially undertaken by operational management, the first line. Almost all UN organizations now have a dedicated central function with responsibilities for risk management as well, as part of the second line. This risk management function should ideally undertake its own monitoring and assurance activities to confirm whether risk management is being implemented as intended and delivering the expected benefits in the field/decentralized units. Finally, in the third line independent assurance providers such as internal audit, or evaluation functions will also likely conduct assurance activities of risk management at the field or decentralized level.

The objective of these various assurance and monitoring activities conducted at different levels is to understand whether risk management is being implemented as intended, and whether this is having the intended benefits. Where this is not happening, the monitoring and assurance activities aim to understand why, and to identify corrective action that can address the root causes of inadequate risk management at the field/decentralized level and ultimately lead to improved organizational performance.

4.2 Second line: Options and good practices

Survey respondents identified several different monitoring and assurance mechanisms that they used concerning risk management. Such mechanisms included: regular, standardized quality controls/spot-checks over the implementation of the risk management process; control self-assessments; peer-reviews; donor reports; and tracking the outcomes of risk management through key performance indicators. A smaller number of respondents also had key risk indicators in place to allow them to track how a particular risk was developing over time. One good practice identified at the field/decentralized unit level was to develop concrete, specific, time-bound action plans to implement planned risk responses. Progress against such plans could therefore then be monitored to support overall assurance. On the other hand, several survey respondents flagged that they had few mechanisms in place to assure themselves of the quality of risk management, or that they relied on the third line for their risk management assurance.

From the second line perspective, it is essential to establish quality assurance over the different phases of the risk management process. When it comes to providing quality assurance and monitoring over risk management in the field or decentralized units, challenges identified by Taskforce members included: (i) inconsistent approaches in the auditing of risk management in the field; (ii) quality assurance of risk registers and reporting is labor-intensive and time-consuming; (iii) a lack of shared understanding of risk management procedures across the organization; and (iv) insufficient numbers of staff dedicated to risk management.

Depending upon the skill sets and capacity available, the second line risk function may undertake quality assurance of risk registers and risk management processes at the field or decentralized level directly. This can provide assurance over the quality of risk management processes across the organization, identify weak areas or good practices, and prompt corrective action from the central and/or regional risk management functions.

Case Study: Quality assurance of field risk registers

"Risk assessment at our organization is primarily done via risk registers that are mandated to be completed at least twice a year and are collected in a central repository maintained by HQ. In late 2019, the Enterprise Risk Management Division at HQ launched a QA exercise on risk registers submitted by field offices. The objectives of the QA were to: i) assess the knowledge of the field on the updated ERM framework; and ii) check readiness of the content for transfer to the new risk system.

Sixty-five risk registers were reviewed, and the reviewers challenged some country offices on the clarity of risk descriptions, seriousness rating and selection of mitigating actions. As follow-up, the offices were provided feedback on the process as well as additional guidance, where needed. Post completion of the quality assurance process, risk registers were uploaded to the risk system, which allowed the division to perform additional analytics to identify common themes within regions as well as top field risks based on seriousness and frequency. This QA exercise is now conducted annually, and we are seeing progressive improvements in the quality of risk discussion and analysis across countries and functions, and much better prioritization of risks and mitigating actions."

However, in many organizations the regional and/or central risk management functions lack resources to conduct comprehensive monitoring of risk management at the field or decentralized level. Whilst other second line functions may separately monitor other internal controls and processes with implications for risk management, their focus may not necessarily be primarily on risk management itself. In such circumstances an alternative model can be to conduct assurance and monitoring activities over risk management processes through forming quality assurance teams with membership from other subject matter experts. In other instances, the senior management within specific large field organizations or decentralized units set up their own risk management assurance processes as demonstrated by the case study overleaf.

Online web-based tools can be employed to help automate and systematize the monitoring of different risk management stages. Such tools can include dashboards, red flags, alerts, and notifications to the different actors involved in the ERM monitoring process. For example, the tool of one agency monitored completion of the risk review by the deadline, sent reminders to personnel responsible for risk response implementation when due, and produced statistical reports of the rates of treatment completion. Automating monitoring and quality assurance to some extent can allow a level of assurance even where capacity in the second line is constrained.

Case Study: Establishment of a local Assurance Committee

One of our country operations established an Assurance Committee to consolidate, track and follow up implementation of key risk, integrity, anti-fraud and anti-corruption, and compliance actions. The key objectives for the Committee include:

- *Review of the risk register of the operation, ensuring that there is a consistent framework through which risks will be identified, analyzed and addressed, and accountability and responsibility for management assigned;*
- *Support proactive, rather than reactive, risk management by encouraging well-planned risk assessment and mitigation actions, and their timely implementation;*
- *Provide the management of the country operation with periodical status updates about assurance issues, ensuring the proper execution of planned actions; and*
- *Facilitate continuous improvement in performance and achievement of necessary changes in corporate procedures.*

The Chair of the Assurance Committee is the risk expert in the operation, and the Committee membership involves senior colleagues both at the capital and sub-office level, covering a wide range of functions (program, protection, finance, administration, HR, supply, etc.). The committee meets on a monthly basis.

While the Committee has functioned for only a few months so far, it has already shown its value in enabling the operation to promote open discussion regarding risk, thereby integrating risk management more firmly into the operation's goals. An assurance inventory covering the scope of the operation's risk management portfolio is being developed and the operation's risk profile is being closely monitored.

The Committee continued regular meetings during the Covid-19 crisis and governed the development and internal application of an internal control checklist to address Covid-19-specific fraud and corruption risk.

4.3 Third line: Options and good practices

As noted above, internal audit and other third line actors provide independent assurance to senior management regarding the effectiveness of, amongst other things, risk management at the field and decentralized unit level. This can typically take the form of either country/unit specific audits or evaluations which explicitly assess the effectiveness of risk management, or of thematic audits or evaluations that look at the effectiveness of risk management across multiple field locations or decentralized units.

Many UN organizations reported a high level of reliance upon internal audit to provide assurance over the effectiveness of risk management at the field/decentralized level. However, ideally the second line should provide the initial substantive monitoring and assurance of risk management. In turn, the third line provides independent assurance concerning the overall effectiveness of the first and second lines together regarding risk management.

In addition to internal audit, investigators may identify and flag to senior management implications for, or weaknesses in, risk management in the field/decentralized units which they identify during their investigations. However, this is typically a byproduct of the work of investigators rather than a primary focus. Finally, external audit providers may also assess and make recommendations on risk management at the field/decentralized unit level. The United Nations Board of Auditors regularly reviews risk management as part of its annual audits of UN organizations and has raised several recommendations related to risk management at the field/decentralized level in recent years.

Case Study: Evolving internal audit of field operations

"In our field-based agency, the internal audit team worked with the risk management function to evolve the auditing of risk management in the field over time. When we first introduced ERM, the internal auditors initially conducted a separate compliance assessment alongside their audits of field operations. The results of these assessments were shared with management at the field level and consolidated results were shared with the risk management function centrally. Results were not published in final audit reports. The aim was to provide assurance but without 'scaring' field operations or pushing them to see ERM as a tick-box exercise to 'keep the auditors happy'.

As the risk maturity of the organization grew, the internal auditors began to routinely assess and report the application of the enterprise risk management process in their audits of field operations. The focus was still procedural but now recommendations were made, and findings published in the full audit reports. As the risk maturity grew further, the internal auditors again adapted their approach, to focus on the overall effectiveness of risk management – looking not just at the process but also the outcomes. The final stage, for which the organization is still developing a framework for, will be for internal auditors to assess not just the effectiveness of risk management in each field operation but also the overall risk culture.

By gradually strengthening the rigor and standards expected by internal audits with regard to risk management over time, we were able to ensure that audits made realistic recommendations and that operations were being held to challenging but achievable standards in line with our overall risk maturity."

5 Conclusion

Owing to the diversity of country conditions and operating modalities of UN organizations, different recommendations in this guidance will apply in different contexts. Approaches to risk management need to be guided by a complete assessment of the country context and informed discussions of the appropriate level of risk across the agency's portfolios. In some cases, UN organizations in field or decentralized settings may need to be bold to deliver their mandate and to accept the higher programmatic, institutional and reputational risks this entails. In other cases, they may already be taking on sufficient (or possibly excessive) risk, in relation to their appetite and capacity. Effective risk management requires each organization to identify these solutions, to strike the appropriate balance between risks and rewards, and to develop strategies for addressing these risks and opportunities.

The guidance has highlighted numerous practices that can help UN organizations to manage risks more effectively in field or decentralized settings. There will often be scope to transfer good practice from one setting to another, and for agencies in one country to reflect on practices used elsewhere and by other agencies. As a result, UN organizations should build on universal notions of 'good practice', and from among those identify and adapt risk management practices so as to provide a 'good fit' based on a detailed understanding of its own operating model and the local context.

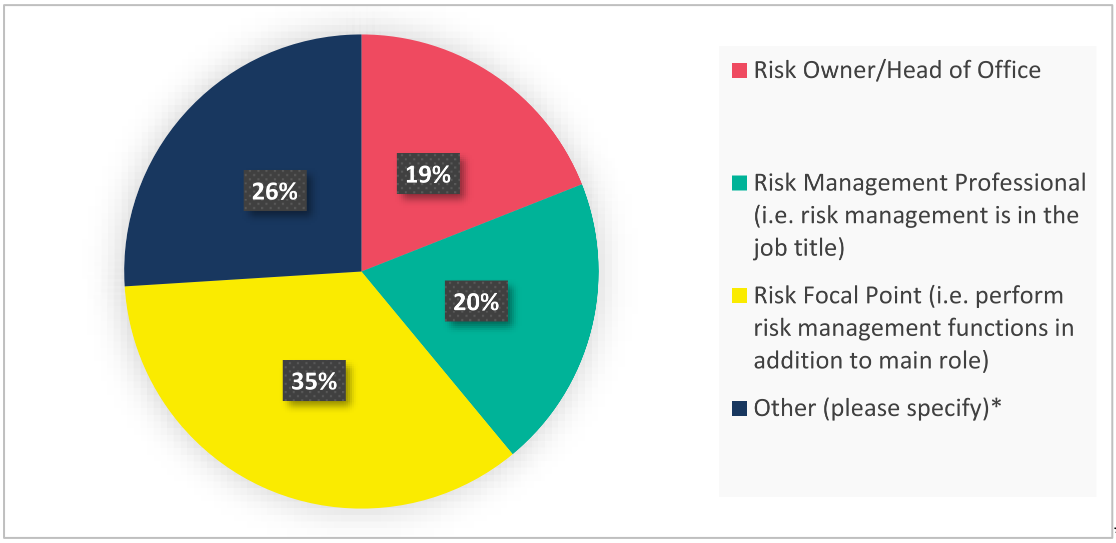
Managing Risks in the Field and Decentralized Organizations

Annex – Breakdown of Field Survey Respondents

I. Organizations that participated in the survey

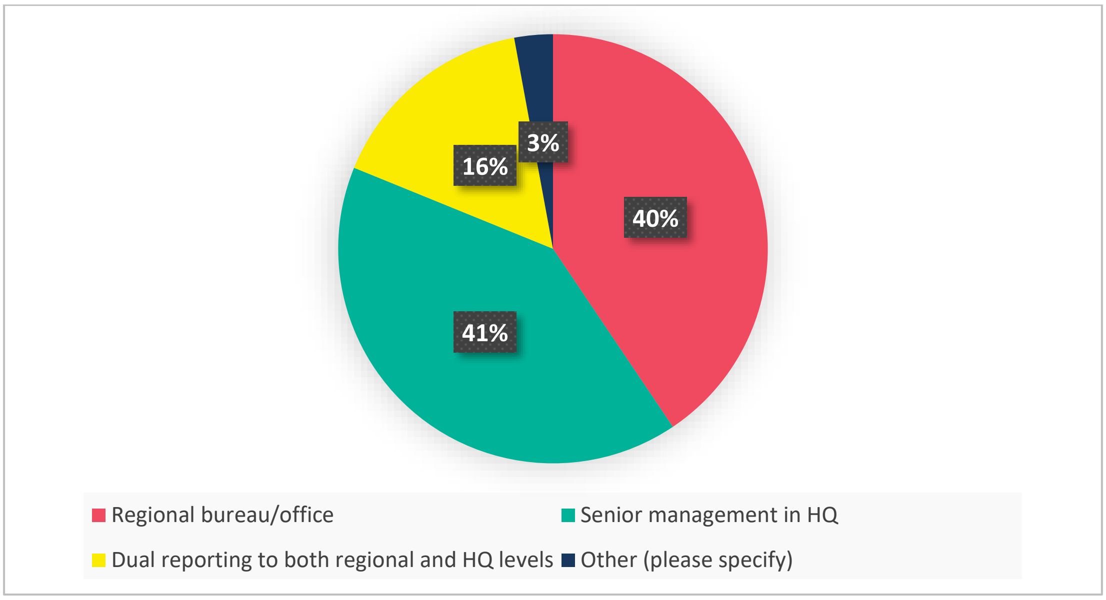
FAO	UN Women	UNESCO	UNOPS
IFAD	UNAIDS	UNHCR	WFP
IOM	UNDP	UNICEF	WHO

II. Profile of survey respondents (risk role)



* *Other respondents include: Deputy Representatives, Program/ Technical Specialists, Regional Advisors, Risk owners for selected risks only, Risk Support, Quality assurance specialists, staff at Regional Office and those currently in roles that provides support to operations in the matter.*

III. Direct reporting line of field operation/decentralised unit



IV. List of countries/hubs where respondents were based

Responses from staff in specific countries (some locations had multiple responses from staff from different organizations)	
Afghanistan	Mali
Albania	Nigeria
Armenia	Panama
Bosnia & Herzegovina	Papua New Guinea
Brazil	Philippines
Cameroon	Russian Federation
Chile	Senegal
Copenhagen	Sudan
Egypt	Switzerland
Eritrea	Tanzania
Ethiopia	Thailand
Georgia	Thailand - Regional Hub
Ghana	Timor Leste
Greece	Turkey
Iraq	Uganda
Italy	United States
Kenya	Viet Nam
Kazakhstan	Yemen
Lebanon	Zambia
Liberia	Zimbabwe
Consolidated responses from regional offices/hubs (in these responses multiple inputs from different countries in the region were consolidated into a single survey response)	
African Region	European Region
African Bureau	South-East Asian Region
Eastern Mediterranean Region	Western Pacific Region

V. Other questions in survey asked

1. What do you consider the greatest challenges to implementing risk management in your field/decentralized unit to be, and why?
2. What are the three types of risks that you find most challenging to effectively manage in your field operation/decentralised unit, and why?
3. To what extent to you agree with the following statements apply to your field operation/decentralised unit?
    - The average level of understanding of and commitment to risk management of leadership in my field operation/ decentralized is strong
    - The average awareness of risk management among personnel in my field operation/ decentralized unit is at a good level
    - Personnel in my field operation/ decentralized unit are clear about their respective roles and responsibilities with regards to risk management
    - Risk management is integrated in the planning and day to day activities of my field operation/ decentralized unit
4. What steps have you found effective or would suggest in raising awareness of risk management among personnel?

5. What steps have you found effective or would suggest for clarifying risk management roles and responsibilities among personnel in your field operation/decentralised unit?
6. What processes or approaches have you found particularly useful in embedding risk in day to day operations in your field operation/decentralised unit?
7. Where do you see the most added value from the application of risk management in your in your field operation/decentralised unit?
8. What steps, if any, do you take to make sure you know whether risk management is being effective or not in your field operation/decentralised unit (such as assurance activities)?
9. On a scale of 1 to 5, how would you assess the average level of understanding of and commitment to risk management of your organisation's global leadership team?
10. On a scale of 1 to 5, to what extent do you consider that you are adequately supported in the following ways.
11. What additional guidance or resources do you feel would have the most positive impact on the effectiveness of risk management in your field operation/decentralised unit if they were made available to you?
12. What, if any, risk information do you receive from HQ and how useful is this in your country operation/decentralised unit?
13. What key changes would you like to suggest to tools and software provided by HQ to increase their usefulness in managing risks in your operation/decentralised unit? Also, are there any good practices you feel should be replicated in other organisations with regards to tools?
14. On a scale of 1 to 5, to what extent do the risk processes and categories used in your organisation's risk management framework align with and make sense for your work in your field operation/decentralised unit?
15. What would you recommend being changed in the risk processes and categories to better align with your work?
16. On what basis do you decide whether and how to escalate risks from country operation/decentralised unit?
17. Do you feel that the escalation process for risks from country operation/ decentralised unit to a higher level is effective, and if not, how should it be changed?
18. In your country, is risk management regularly discussed at United Nations Country Team (UNCT) Meetings?
19. In your field operation/decentralised unit, is risk management regularly discussed at management meetings?
20. In your country, how are cross-agency risks managed through the UNCT?
21. In responding to the COVID-19 epidemic, what role is risk management playing in your country operation/decentralised unit?
22. Are there any lessons learnt or insights with regards to risk management that you have gained in response to the COVID-19 epidemic?
23. What have been the success factors in implementing risk management practices?
24. Do you have any other good practices or issues concerning risk management in the field operations and/or decentralised units that you wish to raise?