UNITED NATIONS SYSTEM

CEB

**Chief Executives Board
for Coordination**

CEB/2019/HLCM/25
30 September 2019

HIGH-LEVEL COMMITTEE ON MANAGEMENT (HLCM)
Thirty-Eighth Session, 15-16 October 2019
UN System Staff College, Turin

Reference Maturity Model for Risk Management (Final)

Table of Contents

Background

1.   At its 35th session, 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)[1], to be co-chaired by WIPO and WFP.

2.   Those TOR described the need for '*The definition of a multiple stage maturity model that exhibits the characteristics and features of an organisation deemed to be in each defined stage of organisational risk management maturity. The model may include maturity dimensions of, for example, risk culture, process and integration, policy framework, governance and organisational*

---

[1] CEB/2018/HLCM/15

structure, system and tools, and risk capabilities. The model may serve as both a benchmarking tool to provide consistent comparison of UN system organisations' risk management maturity, and also as an implementation guide to advance risk management in the organisation.'

3.   The TF included those organisations who responded to a call for nominations, and by October 2019 included FAO, IAEA, IFAD, ILO, IOM, OECD, UN Secretariat (including DSS and OCHA), UNAIDS, UNDP, UNEP, UNFPA, UNHCR, UNICEF, UNIDO, UNRWA, UNWOMEN, WFP, WHO and WIPO.

4.   A survey was conducted in December 2018 with the purpose of identifying the areas of interest for the TF's work, this survey was summarized at the HLCM's 37th session.

5.   The TF began its work on Reference Maturity Model (RMM) for Risk Management in October 2018 and at the37th session of HLCM, a Co-Chair presentation was made together with the draft RMM. At this session it was proposed to run a limited pilot with UN organisations to validate the RMM.

6.   The report at the 37th session also noted that: *'From the outset, the model was conceived to be a management improvement initiative, to be non-prescriptive, scalable, applicable to all UN entities, and not a compliance initiative. It was recognized that the model should present indicative characteristics, and to be applicable to a broad range of operating environments and mandates, including HQ-based organisations, as well as organisations with multiple field / country office structures. It is thus anticipated that entities will in practice adapt this model to fit their mission and mandate, and their vision for how risk management contributes to improved performance and the delivery of stakeholder value.*'

7.   This report provides information to the HLCM on the finalized RMM for Risk Management, and proposes its endorsement. Organisations may choose to plan their own risk maturity assessment using the model, and subsequently develop a road map to strengthen risk management as guided by the RMM.

Pilot of the RMM for Risk Management

8.   A sub-group was self-selected to consider the most effective questions to ask in order to validate the comprehensiveness and suitability of the RMM. A survey was developed with the intention to solicit candid and relevant feedback on the usage and output of the RMM. It was decided to ensure full anonymity of survey respondents, in order to garner honest, critical advice.

9.   The survey was sent to all TF members on July 12, 2019 indicating a deadline for responses by September 6, 2019. In actuality, all responses provided up to and including September 13, 2019 have been included in this report. An online tool guaranteed responses remained anonymous, questions relating to the organisation type were minimal and optional. The full survey questions and responses can be found in the report Reference Maturity Model (RMM) for Risk Management Survey Findings (attached as Annex I).

10.   In summary, eight organisations undertook a self-assessment using the RMM, and reported their findings. The basic organisational information indicated a good spread of larger and smaller UN organisations both HQ-based and field-based.

11.   Regarding the spread of maturity reported in the responses, level '2-Developing' and '3-Established' were most commonly selected across all dimensions, except for ERM Framework and Policy, where '3-Established' and '4-Advanced' were the two most popular selections.

12.   Regarding the perceived usefulness of the RMM, on a scale of 'not at all useful', 'quite useful', 'very useful' and 'extremely useful', the most popular response was 'very useful' for the establishment of (i) an organisation's current maturity level (ii) an organisation's target maturity level; and (iii) an organisation's risk management roadmap to achieve its target maturity level.

13.   A number of pertinent and constructive comments were made concerning refinements that could be made in light of experiences of using the model. In general, these comments related to the following refinements: (i) adding greater granularity and clarity to the detail question sheets; and (ii) Clarifying more precisely maturity at initial and leading levels. A number of modifications were subsequently made to the model and detailed question sheets to incorporate this feedback.

RMM for Risk Management (final)

14.   The RMM comprises three principal elements, attached as Annex II.
   (i)   Usage Guidelines that detail how the model was designed to be used;
   (ii)   A summary matrix, which presents the key aspects of the reference model on one page; and
   (iii)   The evidence checklists, which help provide clarity and propose evidence that would confirm an organisation's assessment of its maturity.

15.   The RMM maturity levels are defined as follows:
   (i)   **Initial**: Unstructured, managed informally/ inconsistently, ad hoc, reactive;

   (ii)   **Developing**: Structured implementation, basic architecture, some reporting and repeatable management processes;

   (iii)   **Established**: Defined/documented and standardized processes, good organisational coverage, some evidence of use and embedding. Regular reporting and escalation, information used in operational decision making;

   (iv)   **Advanced**: Well structured, strong evidence of embedding. Standardized reporting and thresholds for escalation and management action. Information used in strategic decision making; and

   (v)   **Leading**: Fully embedded risk management processes; escalation mechanisms well understood and used at all levels of the organisation. Innovative/creative approach delivers continuous improvement and is able to adapt as the organisation changes.

16.   The RMM substantive dimensions are defined as follows:

(i) **Enterprise Risk Management (ERM) Framework and Policy:** are the collection of policies, procedures and other documents that together describe how the organisation undertakes its risk management;

(ii) **Governance and Organisational Structure:** sets out the internal risk governance structure, the appropriate delegated authority, roles and responsibilities, and organisational entities to assure the effective management of risk;

(iii) **Process and Integration:** "Process" ensures that risks and opportunities that may affect the delivery of organisational results are effectively identified, assessed, responded to, communicated and monitored as per the ERM framework. "Integration" ensures that the interaction / interlinkages with related risk sub-processes or other organisational processes are clearly established;

(iv) **Systems and Tools:** are the IT components used to record, analyse, integrate and communicate/report on risk information;

(v) **Risk Capabilities:** are the skills, ability, knowledge and capacity that an organisation has to effectively manage risks to delivery of its results; and

(vi) **Risk Culture:** is evidenced by the shared values, beliefs, and behaviours of the staff and senior management, together with the organisation's demonstrated attitude to risk.

17. The RMM is now considered final, and ready for use should organisations wish to undertake a maturity assessment. The time required for a maturity assessment is largely a function of the size and complexity of the organisation, the scope of the assessment, and the level of detail assessed (e.g. per location, or one overall). Some task force pilot organisations reported undertaking a basic assessment within a work day, whereas others used the services of an external consultant to undertake a detailed assessment of a number of work areas over an extended period.

18. Once an organisation has undertaken a maturity self-assessment, the RMM is intended to guide the organisation to develop a risk management roadmap, to strengthen those areas that have fallen behind other maturity elements.

Proposed Decision

19. The HLCM is invited to consider and endorse the RMM and its related documents (as presented in Annex II), to be used as an internal benchmarking and planning tool to help UN organisations identify, for their own needs, (i) their current maturity stage (ii) their target maturity stage; and (iii) to provide a basis for continual improvement.