|  |  |
| --- | --- |
| **Council Working Group on  Financial and Human Resources**  **Eleventh meeting – Geneva, 3-4 February 2020** |  |
|  |  |
|  | **Document CWG-FHR-11/12** |
| **10 January 2020** |
| **English only** |

**Contribution by the Secretariat**

PROGRESS REPORT ON  
STRENGTHENING ITU RISK MANAGEMENT FRAMEWORK: ACTION PLAN

|  |
| --- |
| Summary  This document provides a detailed action plan on ITU secretariat efforts to strengthen the ITU Risk Management framework, as requested in document CWG-FHR 10/9.  Action required  The Council Working Group is invited **to take note** of the progress made.  References  [*CWG-FHR 10/8*](https://www.itu.int/md/S19-CWGFHR10-C-0008/en) *(Strengthening ITU Risk management framework),* [*C17/74*](https://www.itu.int/md/S17-CL-C-0074/en) *(ITU Risk management policy),* [*C17/73*](https://www.itu.int/md/S17-CL-C-0073/en) *(ITU risk appetite statement)* |

# Introduction

The 2017 Session of Council adopted documents [C17/74](https://www.itu.int/md/S17-CL-C-0074/en) (ITU Risk management policy) and [C17/73](https://www.itu.int/md/S17-CL-C-0073/en) (ITU risk appetite statement). The *ITU Risk Management Policy* outlines the ITU approach towards strategic and operational risks, and defines principles, risk categorization and assessment, monitoring and reviewing, and roles and responsibilities in the risk management arrangement in the organization. The *ITU Risk Appetite Statement* illustrates the amount of risk ITU is willing to take to attain its goals and objective (e.g.: high appetite for risks related to innovation and technological advancement / no appetite -i.e. zero tolerance in the areas of fraud, corruption, illegal acts, and misconduct).

The ITU Risk Management Policy states that it will be reviewed and updated to draw from emerging best practices and lessons learned every two years after its inception. Following the 2019 Session of Council, the secretariat initiated a process to review and strengthen the risk management framework.

# Background – Developments at the UN level on Risk Management

The High-Level Committee on Management (HLCM), at its 37th session, mandated a Cross-Functional Task Force on Risk Management to develop guidance for UN organizations to truly embed risk management into their respective organization, including the benefits and practicalities of integrating with the programme/project management cycle.

## Reference Maturity Model for Risk Management

The HLCM endorsed a Reference Maturity Model for Risk Management at its 38th session, which identified six dimensions of risk maturity (Enterprise Risk Management Framework and Policy, Governance and Organizational Structure, Process and Integration, Systems and Tools, Risk Capabilities, and Risk Culture) each of which could be rated against a five level maturity scale (Initial, Developing, Established, Advanced or Leading).

The dimensions of the Risk Maturity Model (RMM) include:

* **Enterprise Risk Management (ERM) Framework and Policy**: the collection of policies, procedures and other documents that together describe how the organization undertakes its risk management;
* **Governance and Organizational Structure**: the internal risk governance structure, the appropriate delegated authority, roles and responsibilities, and organizational entities to assure the effective management of risk;
* **Process and Integration**: Process ensures that risks and opportunities that may affect the delivery of organizational 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 organizational processes are clearly established;
* **Systems and Tools**: the IT components used to record, analyze, integrate and communicate/report on risk information;
* **Risk Capabilities**: the skills, ability, knowledge and capacity that an organization has to effectively manage risks to delivery of its results;
* **Risk Culture**: evidenced by the shared values, beliefs, and behaviors of the staff and senior management, together with the organization’s demonstrated attitude to risk.

The RMM provides a framework for evidence-based self-assessment. Through a gap analysis, organizations can then develop a roadmap to reach their target state. The approaches described in this document necessarily have dependencies on other elements from the RMM, such as culture, capacity (tools/knowledge, expertise, time), tone at the top, learning and continuous improvement.

## Self-assessment and roadmap

The Secretariat presented in [CWG-FHR 10/8](https://www.itu.int/md/S19-CWGFHR10-C-0008/en) the recommended actions and high level roadmap to be implemented at the ITU, in order to advance in the RMM and improve the risk management arrangements in the organization (see figure below).



# Action plan to strengthen ITU risk management framework

Based on the document presented to CWG-FHR and considering the contributions and feedback from Member States, the following detailed action plan has been developed.

|  |  |
| --- | --- |
| Action item / proposed approach | Timeline |
| 1. All organizational and operational entities to be involved in Risk Management  * Risk management will be integrated in the business processes of all organizational entities, including the 3 Bureaux and the General Secretariat, the programmes and projects, ITU Headquarters and Regional/Area Offices. * All focal points from respective organizational entities to be involved. | By end of 2020 |
| 1. Risk registers to be developed for the whole organization and have those risks assessed and rated  * Risk registers will be developed for all the organizational entities, and risk will be identified and assessed as part of the development of the ITU Operational Plans for 2021. | By Council 2020 |
| 1. Set up an internal risk governance structure  * Currently, the Inter-Sectoral Coordination Task Force (ISC-TF) is following issues related to Risk Management. Arrangements related to a more formal risk governance structure, and respective roles and responsibilities will be further elaborated and discussed internally via the ISC-TF. | By Council 2020 |
| 1. Aim to improve staff accountability at all levels for managing risks  * Trainings and risk management workshops on how to integrate risk management in the business processes of the organization will be conducted. | By end of 2020 |
| 1. Establish a more systematic risk management process  * The Risk Management Policy and Risk Appetite Statement will be reviewed to ensure a more systematic process to identify, assess and manage risks. | By Council 2020 |
| 1. Review the effectiveness of the internal controls  * As an ongoing process, Internal Controls are being reviewed and remedial actions being undertaken to strengthen organization’s resilience to risk exposure. | By Council 2020 |
| 1. Develop a risk management dashboard utilizing the new risk register  * A risk management dashboard will be implemented (using business intelligence tools) to monitor and communicate information related to risk management, providing a visual interface to navigate the risk registers of the organization. | By Q3 2020 |
| 1. Strengthen the capacity of staff to manage risks  * Action item will be implemented in combination with point 4 above, leveraging training and risk management workshops to raise awareness and strengthen the capacity of managers to manage risks. | By end of 2020 |
| 1. Aim to embed risk management in the staff performance management system  * Developing integrated processes, systems and tools that enable the operational teams to feel empowered and in control of their risks will support embedding risk management into the organisation. * Risk accountability and the ability to factor risk management into day-to-day decision-making in operations, should be a core aspect of all individual performance management processes. | By end of 2020 |
| 1. Systematically communicate and report on risk information to membership  * The secretariat will continue reporting on risk management arrangements to CWG-FHR, while reports on the updated risk register and the risk management dashboard will be presented to membership. | Ongoing – Council 2020 |

Critical Success Factor

Risk management, and its associated policies and procedures may appear administrative in nature -therefore a critical success factor in embedding risk management into the ITU business processes, is demonstrating its practical application and benefits in contributing to increasing the probability of achieving the organizational results.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_