**Council Working Group
on Financial and Human Resources**
Sixteenth meeting - 11 to 13 October 2023

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11 September 2023
English only

**Contribution by the secretariat**

PRESENTATION ON RISK MANAGEMENT AND COMPLIANCE ACTIVITIES

**Purpose**

To present an overview of risk management activities at ITU, including the status of the compliance dashboard.

**Action required**

The CWG-FHR is invited to **note** this contribution.

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References

PP Resolutions 71 (Rev. Bucharest, 2022) and Resolution 217 (Bucharest, 2022); Risk Management Policy – Document C17/74.

# Frameworks in place and recent developments

**Risk and Internal Control Management**
(Parallel)

**ITU risk management framework 2020**
- **Risk Management Policy & First iteration of Corporate Risk Register**

**Working Group on Internal Control 2019**
- **Monitoring of oversight recommendations implementation**

**Recent developments**

**Council 2022: ITU Accountability Framework**
- **Three Lines Model and COSO Framework**

**Council 2023: Strengthening Internal Control**
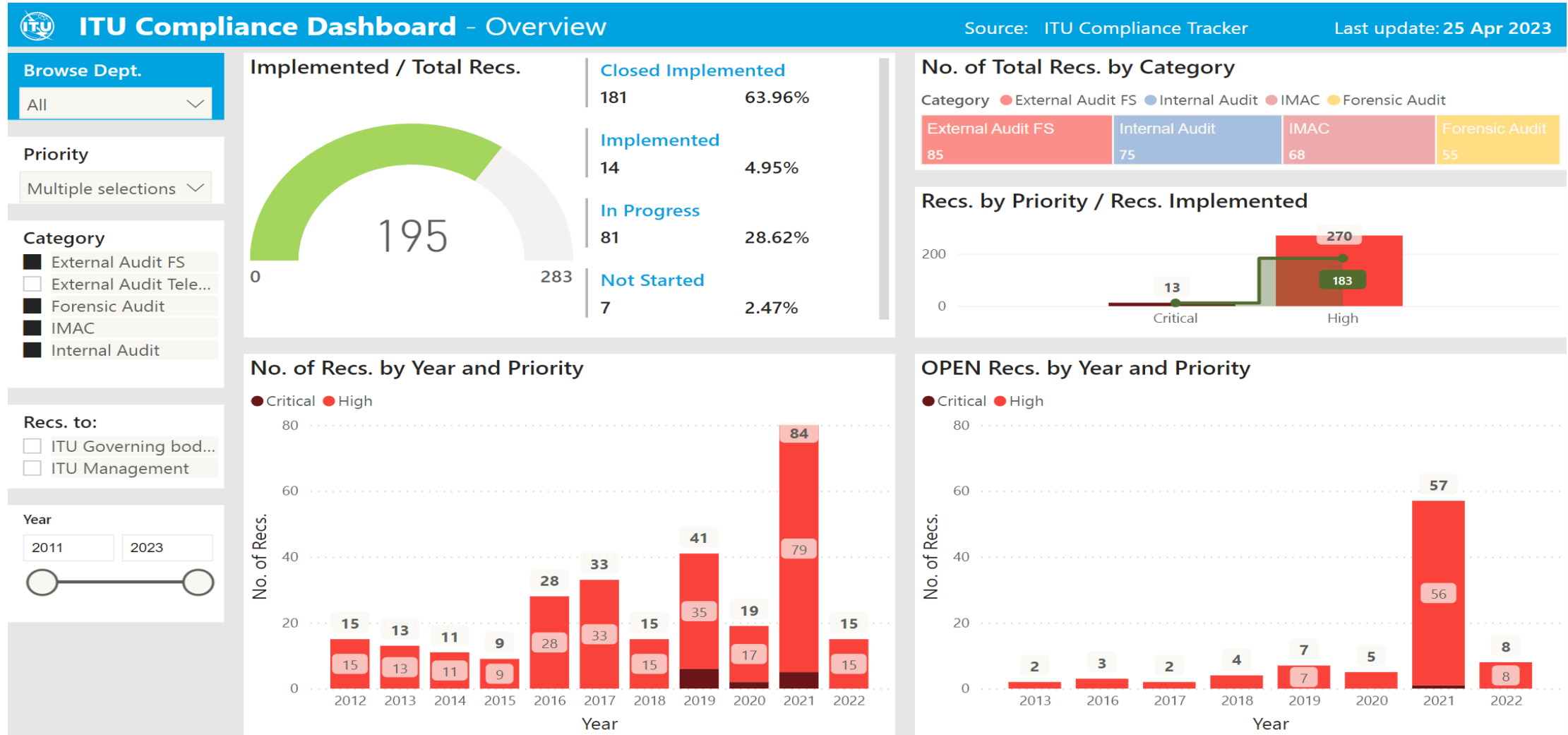- **Senior Management-led governance for continual improvement of risk management activities**

**Senior management & risk escalation: COCO and MCG regular agenda items**
- **Entity-level risks relating to ITU sustainability and attainment of strategic goals, targets and priorities**

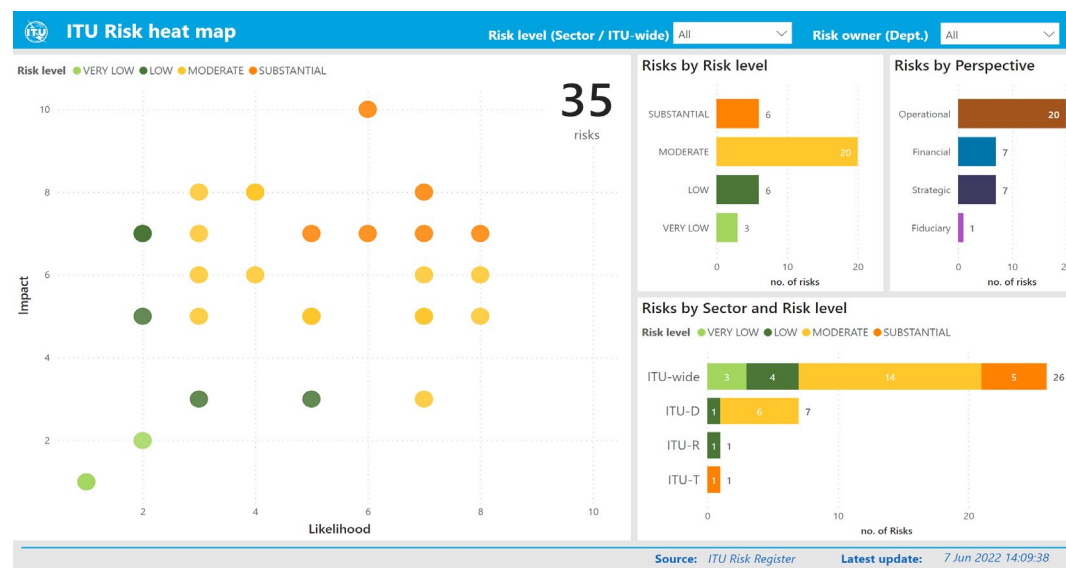# Status of oversight recommendations

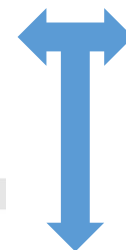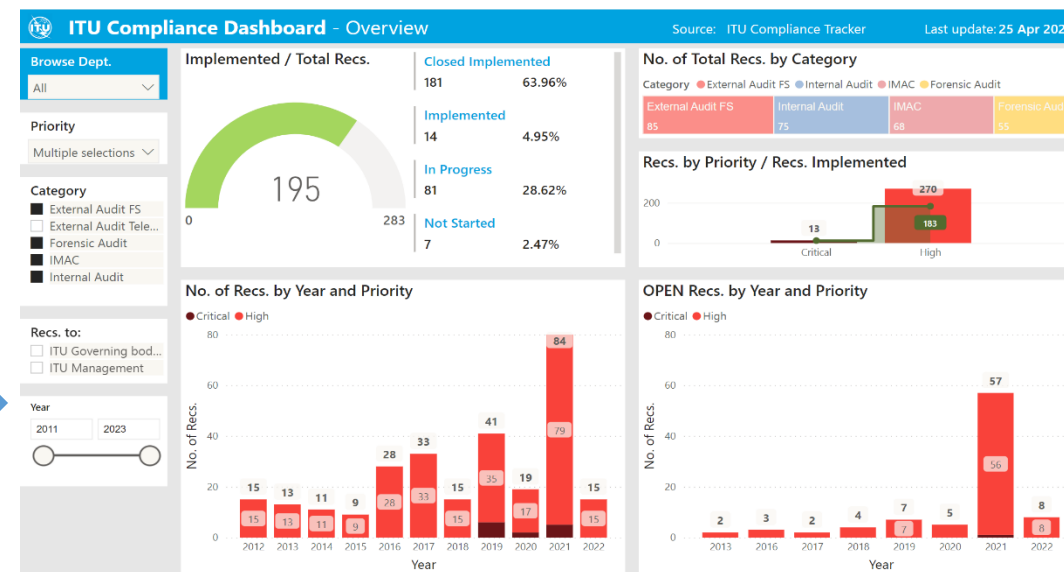# Integration of risk and internal control management activities

## Corporate Risk Register
— **All GS departments, Bureaus**



## Compliance Tracker
— **Outstanding oversight recommendations**



*Best Practice*
- **HLCM Guidelines on Risk Appetites Statements (2019), notably "3.5 Reinforce the link between internal controls and risks"**

☐ **Risk management integrated approach**

- Improve engagement by making risk management part of workplans and ongoing control activities
- Better integration of risk management with key business processes
- Greater assurance of adequate coverage
- More aligned with the Accountability Framework reliance on COSO
- Risk and Control informed escalation to Senior Management

# Integration: First phase completed

**Completed analysis of outstanding oversight recommendations to identify related risk categories**

| Nb. | Risk category | | Sub-category / Area |
|-----|---------------|-----|---------------------|
| 9 | Strategic | 8 | Programme/strategic & operational plan |
| | | 1 | External relations |
| 59 | Operational | 40 | Governance, oversight and accountability |
| | | 13 | Business processes |
| | | 6 | IT and communications |
| 10 | Fiduciary | 9 | Misconduct |
| | | 1 | Breach of obligations |
| 7 | Financial | 3 | Assets & investment |
| | | 3 | Income & expenditure |
| | | 1 | Financial stability/sustainability |

# Integration: Next phase

## Process of updating Risk Register started

- Improve risk identification and better coverage

- Consider risks related to oversight recommendations to better integrate risk management with key business processes

- Improve engagement by making risk management part of ongoing management or work plan activities (less speculative)

- Process completed or ongoing with BR, SPM, HRMD, ISD

*Best practices*
- *JIU Report on ERM (2020), Benchmark: "6. Established systematic, coherent and dynamic risk management processes" notably "simplifying" the process.*
- *HLCM's Guidance Notes (2020) – Embedding Risk Management*

# Continual Improvement

## ITU Risk management and the UN Maturity Model

### Maturity Model for Risk Management in the UN System

| | Initial<br>**LEVEL 1** | Developing<br>**LEVEL 2** | Established<br>**LEVEL 3** | Advanced<br>**LEVEL 4** | Leading<br>**LEVEL 5** |
|---|---|---|---|---|---|
| **ERM Framework & Policy** | - Fragmented/ limited ERM framework | - Framework developed but not approved by appropriate authority | - ERM framework and risk appetite in place | - Escalation processes, ERM integrated in strategic planning<br>- All operational entities<br>- Risk scales for different levels | - ERM framework reflects RBM and addressing all operational elements |
| **Governance and Org. Structure** | - Fragmented and informal structure<br>- Accountability for ERM is informal | - Risk Governance structure (based on Three Lines of Defense) to oversee ERM | - ERM governance structure in place<br>- ERM Committee and entity to oversee is in place | - Fully integrated risk governance structure<br>- Chief Risk Officer | - Structure applied across all operations<br>- Accountability at each level |
| **Process and Integration** | - Inconsistencies in methodology | - Limited process to assess, monitor and report | - Systematic process for risk assessment, response, monitoring, escalation and reporting | - Links between internal controls & risks / control effectiveness & risk assessment<br>- RBM and ERM fully aligned | - Optimized with pre-defined indicators<br>- Fully integrated risk & opportunity analysis |
| **Systems and Tools** | - Risks recorded in various documents | - Manual risk assessment / response (spreadsheet) | - Consolidated risk register<br>- ERM monitoring and reporting capabilities | - Dynamic risk dashboards<br>- Financial risk modelling<br>- Semi-automated operations | - Advanced modelling, forecasting and scenario planning tools |
| **Risk Capabilities** | - Risk competencies perceived to have little value | - Knowledge for certain managers<br>- Indicators presented to senior mgmt. annually | - Recognized mgmt. competency<br>- Accurate risk mgmt. information available | - Core competency for staff<br>- Dynamic risk information reports across organization | - Perfecting risk skills<br>- Dynamic dashboards across organization |
| **Risk Culture** | - Limited commitment | - Partial consideration of risk factors | - Clear expectations, info systematically collected<br>- Risk mgmt. assessed in Staff Performance mgmt. | - Risk mgmt. integrated into strategic activities<br>- Systematically collect and communicate information | - Org.-wide awareness<br>- Dynamic risk information<br>- Learning from success and failures |