IOM INTERNATIONAL ORGANIZATION FOR MIGRATION

STANDING COMMITTEE ON PROGRAMMES AND FINANCE

Twenty-third Session

RISK MANAGEMENT UPDATE

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Background

1.   In 2014, IOM initiated the process to implement a more structured, consistent and integrated approach to managing risk, based on the relevant standard of the International Organization for Standardization, ISO 31000. A risk management framework was developed and an instruction on managing risk was issued in October 2015 (IN/213), compliance with which is mandatory.

2.   The aim of all organizations – including non-profit organizations – is to realize value for their stakeholders. Management decisions in all areas of activity, from formulating policies to running the organization on a day-to-day basis, result in, preserve or erode value. Effective risk management helps organizations to perform well in environments of uncertainty and safeguards and creates value by:

(a)   Providing better information that supports improved risk-aware decision-making and leads to enhanced performance;

(b)   Anticipating risks earlier or more clearly, thus making a wider range of options available to manage them;

(c)   Responding to deviations in performance in a quick and consistent manner;

(d)   Pursuing existing opportunities and identifying new ones;

(e)   Developing a more comprehensive and consistent portfolio approach to risk;

(f)   Enhancing trust, collaboration and information-sharing.

3.   Implementation of the Organization's risk management plan commenced with the carrying out of risk assessments at the Regional Offices, the Administrative Centres and several key Country Offices. In 2017, the second edition of the *IOM Project Handbook* was also released, mandating the integration of risk management in all phases of the project cycle.

4.   In 2018, IOM has continued to roll out its risk management process and to integrate risk management into key decision-making and business processes. Thirty-one IOM offices conducted a country-level risk assessment and followed up on the treatment plans for priority risks and updated the country risk register. Over 130 offices analysed and recorded project risks at the project development stage for further monitoring and management during implementation, and 127 of them reported that monitoring was being done throughout the project.

5.   Key activities commenced and completed in 2018, along with a road map to further develop the risk management process, is outlined below.

Current context of risk management in IOM

6.   IOM, similarly to other agencies, has experienced a significant change in the risk context in the last few years and faced challenges in implementing effective risk management. In view of this change, ISO published an updated version of ISO 31000, Risk management, in 2018. This followed the publishing of *Enterprise Risk Management – Integrating with Strategy and Performance* by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2017. These internationally recognized standards and guidance are a benchmark against which organizations can compare their own risk management practices and provide sound principles for implementing effective risk management in the current environment of uncertainty and growing risk.

7.   In response to these developments, and as part of increased scrutiny of the effectiveness of risk management, IOM has reviewed the existing risk management framework to ensure it is aligned to the latest ISO standard and guidance issued by COSO. Work on updating the framework has included a review of the risk governance structures, culture, information, communication and reporting within the Organization. The aim is to develop a framework that is practical and fit for purpose and allows for scaled implementation focusing on promoting efficiency by breaking down silos to achieve integration and leveraging existing resources.

8.   Significant progress has been made in the past few years in the number of risk assessments performed at the country-office and project level. However, the number of assessments performed still needs to be increased to obtain the required level of risk coverage to present a comprehensive view of the Organization's portfolio of risk and degree of exposure. The objective is for Regional/Country Offices and project managers/coordinators to become the owners of these processes. Since risk cannot be managed by a central function alone, the aim is to create a culture in which risk is managed primarily by these front-line staff, who are supported by risk management structures. The aim is to mainstream risk management into the day-to-day work of the Organization. Accordingly, the 2018–2019 risk management plan includes an assessment of how consistently the guidance given to staff (e.g. in IN/213, the *IOM Project Handbook* and other training materials) is applied across a sample of projects.

9.   In addition to identifying risk, programme and project managers need to monitor and manage risk on a continual basis. One-off assessments of risk cannot be the norm. A project development training course has been established which includes a specific module on risk management. Training courses have been delivered in 2018, and this is planned to be continued in 2019 and 2020. In addition to training, IOM will further build the capacity of the risk management function to provide the required support to Country Offices and project managers to fully implement the risk management framework.

10.   In prior years, risk assessments were performed only at Headquarters, Regional Offices or Country Offices. In 2018, the risk management function started to complete detailed risk assessments for key functions that cut across these offices, for example procurement and supply chain management. These assessments include a review of the existing controls and mitigations. The aim of performing assessments at a functional level – rather than solely at an office level – is to strengthen the control environment by identifying areas with limited key controls and to foster synergies and efficiencies by identifying duplicate or ineffective controls and processes. These types of detailed assessments further assist with mainstreaming risk management within the Organization and demonstrate its value in a practical manner.

Future enhancements

11.   To continue the effort to establish an effective risk management system and create a risk-aware culture, it is necessary to understand the importance of risk management being embedded in decision-making processes and ensuring that risk is managed by front-line staff.

12.   In addition to continuing to embed risk management in decision-making processes, there is a need for the appropriate level of participation in risk assessment and response across various functions and levels of the Organization when risks are identified. Risks are cross-cutting, so effective and action-orientated risk responses cannot be developed if risks are assessed and managed in isolation. To address this challenge, the Administration is reviewing the risk focal point community of practice to ensure the appropriate level of participation in risk assessment and response across functions, with a view to enhancing trust, collaboration and information-sharing.

13.   Another key priority is the establishment of risk reporting mechanisms for sharing risk information with the right people at the right time. Emerging and critical risks need to be prioritized and escalated up the management chain, but it is important to ensure that low-level risks do not dilute the message and create distractions. In 2018, IOM implemented a new risk reporting template. The planned implementation of a risk information system in 2019 will provide a real-time consolidated view of the Organization's risk portfolio, allowing for a more robust analysis of risks. The aim is to provide better information that supports improved risk-aware decision-making that will enable IOM to anticipate risks earlier or more clearly, thus making a wider range of options available to manage them. Effective risk reporting is an important component of mainstreaming risk management into the work of the Organization and is critical to ensure that the required institutional oversight is in place.

14.   Lastly, IOM is implementing various initiatives relating to risk management, results-based management, monitoring and evaluation, internal control, among others. Recognizing that these initiatives are interconnected, IOM staff who previously worked separately in their respective areas are now collaborating and leveraging their capacities. Working in a collaborative manner should lead to consistency in messaging. Implementing these initiatives in a coordinated manner will also improve understanding of the bigger picture at all levels of the Organization and make it easier for field staff to integrate risk management into their work.