

STANDING COMMITTEE ON PROGRAMMES AND FINANCE

Twenty-fifth Session

RISK MANAGEMENT UPDATE

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Introduction

1. In 2019, IOM has continued to dedicate additional resources and provide strong leadership support for the establishment of a more pragmatic, dynamic and integrated approach to identifying and managing risks throughout the Organization. This is a continuation of the efforts that have been made since the risk management function was established in 2014, and with the renewed focus and approach presented last year. The foundations have been laid for a more mature risk management approach that provides processes for managers and staff to anticipate potential future events, to learn from past experiences and to adequately balance risk and opportunity, in order to achieve the Organization's mandate, strategic vision and objectives.

2. The new Risk Management Framework is more closely aligned with the achievement of the Organization's strategic objectives and, as a foundational component of the Internal Governance Framework (IGF), enhances transparency, accountability and performance. The IGF provides mechanisms for the integration of risk management processes across the Organization, underlining the idea that risk needs to be managed by everyone.

Risk management objectives

3. A set of risk management objectives has been established to guide the Organization's work and has also been integrated into the IGF. These objectives are: aligned with strong direction and leadership; integrated and dynamic; and coherent and transparent. They also foster risk awareness and enhance accountability. The objectives aim to:

- (a) Establish a culture where risk management is linked to delivering on IOM's mandate, strategic vision and objectives and is considered proactively in operational decision-making;
- (b) Maintain a consistent risk management approach and process across the Organization through which risks can be identified, analysed, addressed and escalated, and accountability assigned in an integrated and dynamic manner;
- (c) Achieve a common understanding of the relationship between IOM's exposure to risk and its appetite for risk, to be able to articulate and communicate the Organization's risk profile coherently internally as well as to donors and external stakeholders;
- (d) Encourage and contribute to developing a culture of learning by creating an environment that encourages staff and stakeholders to be risk-aware in delivering on IOM's mandate, strategic vision and objectives, while also recognizing and accepting that success will not always be achieved, therefore providing a mechanism for the Organization to learn from both positive and negative results;
- (e) Use a systematic approach and process to drive accountability and improve the integrity of operations at all levels of the Organization, as well as systematically identifying and addressing the root causes of errors, misconduct, corruption and fraud.

4. The IGF will systematically strengthen risk management at IOM and allow for the rationalization of controls based on risk level and risk appetite. It will:

- (a) Streamline processes by eliminating duplicate or ineffective controls that impede the Organization's ability to remain responsive and agile;
- (b) Establish clear processes for well-informed risk-sensitive decision-making, supported by real-time reporting and analytics;

- (c) Improve transparency, accountability and integrity by informing risk-based control design in processes and functions throughout the Organization that are more automated, in order to drive accuracy and efficiency, and provide data for oversight;
- (d) Systematically capture lessons learned for knowledge management;
- (e) Demonstrate due diligence, transparency and accountability to stakeholders with regard to the Organization's commitment and capacity to effectively manage risk at all levels.

Achievements in 2019

5. The Risk Management Framework has been updated. The key enhancements include: the introduction of a multilayered and dynamic approach for how risk is assessed and managed; the updating of risk categories and reporting templates; and a clearer assignment of roles and responsibilities.

6. Senior management at Headquarters, Regional Directors and Chiefs of Mission have clear responsibilities for owning and managing risk within their respective remits. The concept of Functional Risk Leads has also been introduced, meaning that technical specialists are expected to determine the boundaries of risk appetite and engage with managers who are responsible for decisions relating to risks in their areas of specialization.

7. The complex contexts in which IOM operates mean that management and field staff have to make difficult decisions in uncertain circumstances that require weighing opportunity and risk, and in certain instances, offsetting one type of risk against another. The question is often not whether to engage, but how to engage in a way that minimizes and contains risk while upholding the Organization's values and principles. To assist this process and provide clear guidance, IOM has articulated its risk appetite in a series of statements linked to risk categories. These statements will be further refined in line with the Organization's strategic objectives and application of the IGF. Achieving a common understanding, both internally and externally, of what level and type of risks IOM is willing to accommodate is central to the implementation of a more mature risk management process: where IOM is operating within its risk appetite, it may wish to assume more risk, within the appropriate authority; in circumstances where the level of risk falls outside its risk appetite, prompt and effective action to reduce exposure or mitigate risk will be required.

8. IOM has selected a Risk Management Information System in coordination with other agencies that are members of the High-level Committee on Management task force on risk management. By coordinating with other organizations, it is envisaged that cost savings can potentially be made across the system, by increasing efficiencies, sharing information and having a common approach in field locations. The System will:

- (a) Streamline the input of information into risk registers and generate dashboards to show the distribution of risks, enabling prioritization;
- (b) Aggregate, analyse and communicate risk information to the individuals responsible for risk management, or to those who have risk management oversight and assurance responsibilities;
- (c) Monitor progress and record actions taken with respect to the treatment plans so that the relevant managers can effectively manage the risks impacting their offices, programmes and projects;
- (d) Systematically capture lessons learned for knowledge management;
- (e) Demonstrate due diligence, transparency and accountability to stakeholders about IOM's commitment to and capacity for effective risk management.

Key advances planned for 2020

9. The following key advances are planned for the coming year:
- (a) The risk review process will be embedded into the strategic and annual planning processes.
 - (b) Training on the new Risk Management Framework will be incorporated into revisions of the training packages for Chiefs of Mission and project managers.
 - (c) The Risk Management Information System will be rolled out and real-time risk reports for pilot country offices, regional offices and institutional processes will go live as part of the IGF.
 - (d) Guidance on escalation/de-escalation protocols for sharing risk information will be refined.
 - (e) Incident management and reporting from other areas of the Organization – including the Office of Staff Security, the Information and Communications Technology Division, and the Migration Health Division – will be integrated into the risk reporting process.