General Assembly

Seventy-fifth session
Agenda item 147
Joint Inspection Unit

Enterprise risk management: approaches and uses in United Nations system organizations

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly his comments and those of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled "Enterprise risk management: approaches and uses in United Nations system organizations" (see A/75/718).

I. Introduction

1.   In its report entitled "Enterprise risk management: approaches and uses in United Nations system organizations" (A/75/718), the Joint Inspection Unit reviews the status of implementation, utilization and integration of enterprise risk management practices across all Joint Inspection Unit participating organizations since the previous review (A/65/788) and identifies good practices and lessons learned to guide ongoing and future initiatives. The review has four focus areas: (a) the status of current risk management practices, including compared with the previous review; (b) the integration of risk management into management practices and decision-making; (c) potential and actual uses and benefits of risk management practices within the organization; and (d) the status of risk management usage by legislative/governing bodies in fulfilling their oversight and accountability roles.

General comments

2.   Organizations welcome the review, consider it relevant to their enterprise risk management processes and support its findings.

3.   Organizations note that the enterprise risk management benchmarks of the Joint Inspection Unit correlate with a dimension of the High-level Committee on Management reference maturity model for risk management, which provides organizations with a road map for maturing enterprise risk management.

4.   Organizations support the recommendations in the review.

II. Comments on specific recommendations

Recommendation 1

In order to fulfil their oversight roles and responsibilities, legislative/governing bodies should incorporate enterprise risk management into their meetings at least annually, with substantive coverage determined by the organization's mandate, field network and risk exposure.

5.   Organizations note that the recommendation is addressed to the legislative/governing bodies.

6.   In cases in which the proposed approach is not already in place, entities highlight the prerogative of the legislative/governing bodies to decide their agenda, considering competing priorities and limited time.

7.   Governing body meetings are not the only events during which risk management is being discussed with Member States.

Recommendation 2

By the end of 2021, executive heads should undertake a comprehensive review of their enterprise risk management implementation against Joint Inspection Unit benchmarks 1 to 9, as outlined in the report.

8.   Organizations support the recommendation.

9.   Although the High-level Committee on Management reference maturity model for risk management is not explicitly aligned with the Joint Inspection Unit benchmarks, entities acknowledge the correlation between Joint Inspection Unit benchmarks 1 to 9 and the elements of the reference maturity model, as summarized in the table below.

Nine Joint Inspection Unit benchmarks for enterprise risk management	*Reference maturity model for risk management in the United Nations system*
1. Adoption of a systematic and organization-wide risk management policy and/or framework linked to the organization's strategic plan.	I. Enterprise risk management framework and policy: the collection of policies, procedures and other documents that together describe how the organization undertakes its risk management.
2. Formally defined internal organizational structure for enterprise risk management with assigned roles and responsibilities.	II. Governance and organizational structure: this sets out the internal risk governance structure, the appropriate delegated authority, roles and responsibilities and organizational entities to assure the effective management of risk.
3. Risk culture fostered by the "tone at the top" with full commitment from all organizational levels.	VI. Risk culture: this is evidenced by the shared values, beliefs, and behaviours of the staff and senior management, together with the organization's demonstrated attitude to risk. Subdimension: tone at the top.
4. Legislative/governing body engaged with enterprise risk management at the appropriate levels.	II. Governance and organizational structure: Subdimension: delegation of authority. Checklist question (various responses according to maturity): does your organization have a governance structure assigning enterprise risk management framework roles and responsibilities to a governing body (e.g., board, management), management and other personnel?
5. Integration of risk management with key strategic and operational business processes.	III. Process and integration: integration ensures that the interaction and interlinkages with related risk subprocesses or other organizational processes are clearly established.
6. Established systematic, coherent and dynamic risk management processes.	III. 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 enterprise risk management framework.
7. Effective use of information technology systems and tools for enterprise risk management.	IV. Systems and tools: the information technology components used to record, analyse, integrate and communicate/report on risk information.
8. Communication and training plans to create risk awareness, promote risk policy and establish risk capabilities for the implementation of enterprise risk management.	V. Risk capabilities: the skills, ability, knowledge and capacity that an organization has to effectively manage risks to delivery of its results.
9. Periodic and structured review of effectiveness of enterprise risk management implementation for continuous improvement.	Level 5 maturity: fully embedded risk management processes; escalation mechanisms well understood and used at all levels of the organization. Innovative/ creative approach delivers continuous improvement and can adapt as the organization changes.

10.   Some entities find the target date potentially too tight and suggest they could possibly benefit more from a comprehensive review if it was conducted before the end of 2022, in order to give a longer time gap from the previous review so as to see what has changed (i.e., a three-year gap rather than a two-year gap).

Recommendation 3

By the end of 2021, members of the High-level Committee on Management of the Chief Executives Board for Coordination should ensure that its cross-functional task force on risk management is continued as a viable mechanism to further promote and facilitate inter-agency cooperation, coordination and knowledge-sharing and to explore shared risks associated with United Nations reform efforts.

11.   Organizations acknowledge the inspectors' recognition of the role of the High-level Committee on Management cross-functional task force on risk management and stand ready to continue to support and contribute to its work.

12.   In October 2020, the Task Force, on the basis of strong and wide interest among its member organizations, proposed to the High-level Committee on Management the prospect of transforming itself into a more sustainable forum. This is presently under consideration by the High-level Committee on Management.

Recommendation 4

By the end of 2022, legislative/governing bodies of participating organizations should request executive heads to report on the outcomes of a comprehensive review of the organization's implementation of enterprise risk management against Joint Inspection Unit benchmarks 1 to 9, as outlined in the report.

13.   Organizations note that the recommendation is addressed to the legislative/governing bodies.

14.   As noted in the response to recommendation 2, Joint Inspection Unit benchmarks 1 to 9 can be mapped directly to the dimensions of the reference maturity model, which also provides a road map for comprehensive enterprise risk management implementation.

15.   Some organizations argue that preparing a separate report on enterprise risk management defeats the integrated enterprise risk management approach to the organization's strategic plan and risk-informed decision-making.

16.   Lastly, entities reaffirm their commitment to the existing reporting mechanisms for the implementation of Joint Inspection Unit report recommendations.

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