INTERNAL AUDIT DIVISION

REPORT 2019/089

Audit of the enterprise risk management process in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

The Mission needed to improve enterprise risk management governance and be more effective and systematic in managing its risks

09 October 2019
Assignment No. AP2019/637/09

Audit of the enterprise risk management process in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the enterprise risk management (ERM) process in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA). The objective of the audit was to assess the adequacy and effectiveness of the ERM process in MINUSCA. The audit covered the period from 1 January 2018 to 31 March 2019 and included a review of: ERM governance and organizational structure; implementation of the ERM process; management of risks and opportunities related to the new delegation of authorities to the Special Representative of the Secretary-General (SRSG); and monitoring and reporting of risks.

MINUSCA had developed a Mission-wide risk register in October 2018. However, the Mission needed to improve ERM governance and be more effective and systematic in managing its risk.

OIOS made eight recommendations. To address issues identified in the audit, MINUSCA needed to:

- Enhance its Senior Leadership Team's involvement in and oversight of the ERM process through the establishment of a Risk Management Committee or use of an alternative risk governance mechanism to ensure that ERM is embedded into strategic planning and decision-making;
- Ensure adequate organizational placement and staffing of the Risk Management and Compliance Unit and clarify and strengthen its role in accordance with the three lines of defence model; and ensure that risk management focal points are appointed to support risk identification, assessment, monitoring and reporting;
- Conduct a training needs assessment for risk management and encourage staff to complete the online course on risk management, as well as seek assistance of the Department of Management Strategy, Policy and Compliance to conduct risk awareness sessions and training on ERM for MINUSCA management and staff;
- Develop and implement an ERM implementation plan that utilizes the Organization's approved framework and methodology to ensure a holistic and coordinated process for identifying, assessing, validation and treatment of risks that threaten the achievement of its mandated objectives;
- Identify Mission components that should develop operational level risk registers and ensure that such registers support the Mission-wide risk register;
- Identify and assess risks and opportunities related to the exercise of increased authorities delegated to the SRSG and implement appropriate mitigating measures;
- Develop and implement ERM monitoring tools to ensure that the MINUSCA risk register remains up-to-date and risk treatment and response plans are regularly re-assessed for relevance and effectiveness; and
- Implement an appropriate reporting mechanism for the Risk Management and Compliance Officer to provide quarterly briefings to the SRSG and senior management on the status of risk management in the Mission and seek clarification from DMSPC on any future reporting requirements to Headquarters regarding risk management.

MINUSCA accepted the recommendations and has initiated action to implement them.

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Audit of the enterprise risk management process in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

I.   BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the enterprise risk management (ERM) process in the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA).

2.   The United Nations faces high risks owing to the complexity of its operations and mandates. A comprehensive risk management and internal control system is critical to MINUSCA's ability to deliver on its mandate, especially due to ongoing management reforms intended to improve effectiveness and strengthen accountability by aligning responsibilities for mandate implementation with the authority to manage resources.

3.   ERM is a systematic and holistic approach to risk management that supports an organization's achievement of strategic and operational objectives by proactively identifying, assessing, evaluating, prioritizing and controlling risks across the organization.[1] Risk management is a core responsibility of management.

4.   General Assembly resolution 64/259 of 5 May 2010 requested the Secretary-General to enhance the Organization's capabilities for risk assessment and mitigation and associated internal controls. In May 2011, the Management Committee approved the Organization's ERM and Internal Control Policy and Methodology (the ERM framework) which provided a systematic and common approach for assessing, treating, monitoring and communicating strategic and operational risks. Security Council resolution 71/283 of 20 April 2017 required the Secretary-General to ensure comprehensive implementation of ERM in all peacekeeping operations. Also, to support the new management paradigm and enhanced accountability system, the Secretary-General in his report A/72/773 on 1 March 2018 called for enhanced risk management systems, including implementation of ERM by all departments, offices and missions.

5.   The MINUSCA Special Representative of the Secretary-General (SRSG) has overall responsibility for effective implementation of risk management and internal control practices in the Mission. The Risk Management and Compliance Unit (RMCU) is responsible for coordinating the implementation of a systematic approach to ERM and internal control in MINUSCA. RMCU has a Risk Management and Compliance Officer (Risk Officer) at the P-3 level. Effective 1 February 2019, the Unit was placed within the Operations and Resources Management Pillar of the Mission Support Division, reporting to the Chief of Financial Resourcing and Performance Section. Prior to that, RMCU reported to the Director of Mission Support (DMS) through the Senior Administrative Officer.

6.   Comments provided by MINUSCA are incorporated in italics.

II.   AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7.   The objective of the audit was to assess the adequacy and effectiveness of the ERM process in MINUSCA.

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[1] JIU/REP/2010/4

8.   This audit was included in the 2019 risk-based work plan of OIOS due to the risk that potential weaknesses in the ERM process may impair the achievement of MINUSCA's mandate and objectives.

9.   OIOS conducted this audit in March and April 2019. The audit covered the period from 1 January 2018 to 31 March 2019. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the ERM process, which included: ERM governance and organizational structure; implementation of the ERM process; management of risks and opportunities related to the new delegation of authority (DoA); and monitoring and reporting of risks.

10.   The audit methodology included: (a) interviews of key personnel involved in the ERM process; (b) reviews of relevant documentation; and (c) analytical review of data.

11.   The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III.   AUDIT RESULTS

A.   Governance and organizational structure

Need for commitment of senior leadership to effectively implement ERM

12.   Clearly defined and appropriate ERM governance and oversight mechanisms, including commitment and involvement of senior leadership, are needed to ensure risks are effectively managed to achieve strategic and operational objectives, and that the ERM process is adequately embedded into the Mission's strategic planning and decision-making processes. Instructions issued by the erstwhile Department of Field Support (DFS)[2] in 2016 require the establishment of a Risk Management Committee (RMC) to oversee and monitor the overall effectiveness of the ERM process. The RMC should include representation from across the Mission to ensure proper alignment and coordination of risk management activities, including assessment of Mission-wide risks and implementation of risk responses.

13.   MINUSCA did not establish an RMC or integrate risk management activities, as the former SRSG decided to use existing structures to carry out the risk oversight and governance responsibilities. Consequently, the Joint Operations Planning Team (JOPT), responsible for the joint operational planning process, was tasked with oversight of the ERM process. However, this did not ensure a systematic and holistic approach to addressing and managing Mission-wide risks. For instance, risk management was not a regular agenda item on the JOPT quarterly meetings, and there was no established schedule to review and validate risks and risk response strategies. The composition of JOPT did not include representation from all key substantive and support components, such as the Service Delivery and Supply Chain Management pillars, the Field Technology Section, and the Safety and Security Section to ensure integrated consideration of MINUSCA risks. The Risk Officer, with a key role in risk management coordination in the Mission, was also not part of the JOPT.

14.   MINUSCA leadership had yet to ensure effective implementation of ERM in the Mission as noted throughout this report. During the audit period, there were no specific meetings by the Senior Leadership Team to discuss implementation of ERM. MINUSCA explained that it had established a range of mechanisms to keep the SRSG and the Senior Leadership Team informed about the status of identified and

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[2] Effective 1 January 2019 the Department of Management Strategy, Policy and Compliance assumed all risk management functions previously carried out by DFS and is responsible for the dissemination of ERM guidance and best practices to enhance the United Nations Secretariat's risk management culture.

emerging risks and related mitigating measures. These included regular senior management meetings where they were updated on emerging issues and a Crisis Management Team and a Security Management Team for managing key safety and security risks. However, no minutes were maintained for these meetings. In OIOS view, while senior leadership meetings and the JOPT included deliberation on some risks, these meetings were not sufficient for the Senior Leadership Team to review its overall risk profile and the adequacy of risk response strategies.

15. An integrated ERM process with an effective governance and oversight mechanism and senior leadership involvement would strengthen strategic planning and decision-making by ensuring a comprehensive understanding and management of risks and opportunities to the achievement of intended objectives and planned activities.

> **(1) MINUSCA should enhance its Senior Leadership Team's involvement in and oversight of the enterprise risk management (ERM) process through the establishment of a Risk Management Committee or use of an alternative risk governance mechanism to ensure that ERM is embedded into strategic planning and decision-making.**
>
> *MINUSCA accepted recommendation 1 and stated that the Mission would endeavor to establish the RMC or incorporate it in one of the already existing committees with the Risk Management and Compliance Officer (RMCO) as the Secretary. Also, Mission senior leadership would enhance and be actively engaged in the management of risk and the oversight of the ERM process within the range of the Mission leadership and management structures.* Recommendation 1 remains open pending receipt of evidence that an appropriate mechanism is in place to provide overall guidance and direction regarding the implementation of ERM in the Mission.

Need for adequate risk management operating structures

16. To ensure a coordinated and effective ERM process that covers both substantive and mission support components, DFS in 2016 had instructed missions to have an adequately staffed and independent risk management function distinct from operational management, to coordinate the integration of risk management into all aspects of strategic and operational planning and day-to-day operations.

17. MINUSCA had a dedicated unit, the RMCU, that was tasked with coordinating the implementation of a systematic approach to ERM and internal control in the Mission. However, with just one staff, a Risk Officer at the P-3 level, the Unit was not able to effectively coordinate the implementation of ERM across MINUSCA. Additionally, the Unit was embedded within the mission support component, reporting to the Chief Financial Resourcing and Performance Section and therefore, did not have direct access to the substantive sections and the Strategic Planning Officer who reported to the Chief of Staff. With different reporting lines for the Risk Officer and the Strategic Planning Officer, and in absence of a collaborative mechanism to ensure regular interactions between both officers for risk management activities, there was no evidence that the ERM process was embedded into the Mission's strategic planning and decision-making processes. As a result, the Mission-wide risk register did not address some key mandated objectives of MINUSCA. The organizational placement/reporting line of the RMCU within the Mission Support Division also did not provide for sufficient independence to effectively coordinate ERM in all substantive and support sections and units of the Mission. A 2018 cable issued by DFS to missions stressed the importance of interactions between the Risk Officer and the Strategic Planning Officer both within the Office of the Chief of Staff, for the success of the ERM process, with both officers having equal access to all relevant stakeholders in substantive and mission support components.

18.	Also, in line with the Organization's three lines of defence model[3], there was a need for MINUSCA to clearly define and strengthen the capacity of RMCU as a second line of defence to ensure that the increased delegations of authority, following the Secretary-General's management reform, are adequately managed using an ERM approach and that risk management is effectively integrated into all processes, including strategy-setting and decision-making.

19.	In addition, MINUSCA did not clearly articulate which mission components should appoint risk management focal points and did not prioritize the appointment of these focal points. As a result, only 16 of 33 components in the Mission Support Division and none of the 39 substantive and field office components had focal points to support risk identification, assessment, monitoring and reporting activities at the time of the audit. In the absence of focal points, the Chief of Strategic Planning Unit was handling ERM-related issues for all substantive and field office components, while the Risk Officer handled ERM-related issues for components in the Mission Support Division without focal points.

20.	The absence of appropriate and fully functioning ERM operating structures impacted the Mission's ability to effectively implement and manage a coordinated and comprehensive ERM process.

> **(2)	MINUSCA should: (a) ensure adequate organizational placement and staffing of the Risk Management and Compliance Unit, with direct access to the Special Representative of the Secretary-General or Chief of Staff; (b) clarify and strengthen the role of the Mission's risk management function in accordance with the Organization's three lines of defence model; and (c) ensure risk management focal points are appointed to support risk identification, assessment, monitoring and reporting activities.**
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> *MINUSCA accepted recommendation 2 and stated that the SRSG had requested the establishment of a Risk Management Unit (RMU) under the purview of the Chief of Staff. The Office of SRSG would loan a P-4 post to the Office of the Chief of Staff and has requested the redeployment of the P-3 Risk and Compliance/Administrative Officer from the Mission Support Division to the Office of the Chief of Staff. The Mission would establish an appropriate and fully functional ERM organizational structure to identify key mission elements to effectively implement and manage a coordinated and comprehensive ERM process. RMU would be supporting the Head of Mission in the monitoring of the delegation of authority, performing compliance assessments of exceptions and reporting on key performance indicators.* Recommendation 2 remains open pending receipt of evidence that actions have been taken to: (a) ensure adequate organizational placement and staffing of RMCU or an equivalent unit; (b) clarify and strengthen the role of the risk management function in accordance with the Organization's three lines of defence model; and (c) appoint focal points in the different mission components to support risk identification, assessment, monitoring and reporting activities.

 Need to conduct a training needs assessment and provide relevant training to staff on ERM

21.	An effective ERM process requires commitment and awareness of all staff to foster a risk aware culture where staff can manage risks in their day-to-day operations. Management should nurture and encourage the establishment of a risk aware culture throughout the Mission, and the RMCU should be tasked with facilitating training on ERM for staff and managers.

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[3] According to the model, the first line of defence includes the functions that own and manage risks and are responsible for implementing corrective actions to address process and control deficiencies (i.e., operational managers). The second line of defence comprises central management functions that oversee risk and internal controls and provide support and guidance in those areas. The third line of defence includes the functions that provide independent assurances, such as those conducted by OIOS.

22.	MINUSCA had not undertaken any risk awareness campaign to encourage the establishment of a risk aware culture and had not determined the level of training or actions needed to provide relevant staff with the knowledge and skills needed to effectively carry out risk management roles and responsibilities. In May 2017, DFS delivered training on the identification and assessment of risks, development of risk registers and the ERM principles to 48 selected MINUSCA staff from substantive and support components, including 11 of the 33 appointed risk management focal points/alternates. Nevertheless, interviews with 12 of the 33 focal points and alternates showed that they did not have an adequate understanding of the ERM process, such as identification and assessment of risks and their roles and responsibilities in the process. They also indicated that they had not been provided with the terms of reference that would clarify their risk management responsibilities. Four of the 12 focal points interviewed were not aware that they had been selected by their section chief to act as a focal point for their respective component.

23.	The Office of Human Resources had a voluntary online course on risk management available to all staff in Inspira. However, as of 28 February 2019, only 4 of the 1,356 civilian personnel had taken the training. The Mission had not encouraged its personnel, including risk management focal points, to take this course although it covers important aspects of the ERM process, such as the identification, assessment, treatment and monitoring of risks.

24.	The above occurred because the Mission did not: (a) conduct a training needs assessment and encourage staff to take the online ERM course in Inspira; and (b) prioritize training of risk management focal points and other staff with risk management responsibilities on the ERM process. Inadequate knowledge and awareness of the ERM process and principles increases the risk of staff not being able to adequately identify, assess and monitor risks and develop and implement appropriate mitigation measures.

> **(3)	MINUSCA should: (a) conduct a training needs assessment for risk management and encourage staff to complete the online course on risk management in Inspira to foster a risk aware culture; and (b) reach out to the Department of Management Strategy, Policy and Compliance for assistance in delivering additional risk awareness sessions and training to MINUSCA staff and management on the enterprise risk management process.**
>
> *MINUSCA accepted recommendation 3 and stated that the Mission would: (a) conduct a training needs assessment on ERM and encourage staff to take the online course available in Inspira; and (b) reach out to DMSPC for assistance in delivering additional risk awareness sessions and training to MINUSCA staff and management.* Recommendation 3 remains open pending receipt of evidence that a training needs assessment for risk management has been conducted, and action has been taken for the provision of additional risk awareness sessions and relevant training to staff and management on the ERM process.

## B.	Implementation of the enterprise risk management process

Need to improve development of the mission-wide risk register

25.	MINUSCA had developed a risk register which was approved by the SRSG in October 2018. The register included 14 key entity-wide risks under five risk categories, including strategic, governance, operations, financial and compliance, of which 4 risks were related to the Mission's programmatic (substantive) activities and 10 risks were related to support activities. The 14 key risks were also classified into three tiers: 6 were rated as "very high" (the top risks), 4 as "high" and the remaining 4 as "medium". However, the following weaknesses were noted in the logic and completeness of the risk register and its development process:

- The risk register did not address risks relevant to some of the Mission's mandated priority areas including: (a) security sector reform; (b) disarmament, demobilization, reintegration, and repatriation-related tasks, such as developing and implementing community violence reduction programmes; and (c) support for the national and international justice, the fight against impunity and the rule of law;

- The risk register did not address risks related to fraud and corruption as required by the United Nations Secretariat's risk universe. Although MINUSCA indicated that it had reported on cases of fraud and presumptive fraud involving the improper use of United Nations funds and property for the year ending 30 June 2018, there was no evidence of a systematic identification and assessment of fraud and corruption risks and development of mitigation measures;

- MINUSCA did not use recommended techniques, including risk questionnaires, surveys, interviews and workshops, in identifying and assessing risks and did not conduct validation workshops with senior management and relevant operational managers to arrive at a consensus on key risks, response strategies and assignment of risk ownership. The Risk Officer indicated that the risk register was developed mainly through desktop reviews considering the Mission's mandate, concept, strategic priorities, past experiences and discussions with a limited number of component chiefs in the Mission Support Division and the Chief of Strategic Planning Unit; and

- MINUSCA did not consistently use the approved methodology for assessing and rating identified risks and did not use established scoring criteria for measurement of impact, likelihood and the level of control effectiveness to determine the magnitude of residual risk in prioritizing risks.

26.   The absence of a comprehensive and integrated ERM approach with active participation of senior management contributed to the above weaknesses. Also, the organizational placement of the RMCU did not support coverage of risks related to all Mission components and the harmonization of the risk assessment process as required by the ERM framework. There was also no ERM implementation plan to ensure a holistic and coordinated process for identifying and assessing mission-wide risks that threaten the achievement of mandates and objectives. This resulted in a risk register that: was not sufficiently comprehensive as all mandated priority areas were not considered; did not adequately prioritize risks; and did not identify appropriate risk response strategies for all key risks.

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(4) MINUSCA should develop and implement an enterprise risk management implementation plan that utilizes the Organization's approved enterprise risk management framework and methodology to ensure a holistic and coordinated process for identifying, assessing, validation and treatment of risks that threaten the achievement of its mandated objectives.

MINUSCA accepted recommendation 4 and stated that it would establish a holistic approach to ERM that involves all aspects and components of the Mission. This would include appointing and training risk management focal points, conducting awareness workshops for relevant operational managers and ensuring the involvement of senior leadership in the risk management process. The Mission would also make all necessary efforts to ensure that the relevant players in the ERM process are well trained and are conversant with the ERM methodology and framework for identification, assessment and validation Recommendation 4 remains open pending receipt of evidence that an ERM implementation plan has been developed and implemented using the Organization's approved ERM framework and methodology to ensure a holistic and coordinated process for managing mission-wide risks that threaten achievement of mandated objectives.

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27.   An effective ERM process calls for the adoption of both a top-down/strategic level identification and assessment of risks and a bottom-up/operational level approach to risk management whereby risks to relevant operations are identified and assessed and then considered in the identification of key risks to achievement of mandated objectives.

28.   In addition to the MINUSCA mission-wide risk register, there were several stand-alone operational sub-level risk registers covering supply chain management, medical, safety and security, aviation, environment, organizational resilience and sexual exploitation and abuse. However, only 7 of the 72 components had developed formal operational level risk registers and for these components, risks were not appropriately categorized and rated in accordance with the ERM framework. In addition, only 20 components had incorporated risks into their annual work plans.

29.   Proper identification of operational level risks was needed to ensure effective identification, prioritization and management of mission-wide risks, as well as coordinated management of risks that originate from one Mission component but impact other components. For example, risks related to deployment of magistrates to strengthen restoration of the state authority cut across various Mission components, but none of these components included such risks in their operational level risk registers.

30.   The above occurred as MINUSCA had not systematically identified and articulated which components were required to develop formal operational level risk registers to support the preparation of the mission-wide risk register.

> **(5) MINUSCA should identify components that are required to develop formal operational-level risk registers and take steps to ensure that such registers support the Mission-wide risk register.**
>
> *MINUSCA accepted recommendation 5 and stated that the Mission would develop an integrated system to ensure that risk management is done in all the components of the Mission.* Recommendation 5 remains open pending receipt of evidence that formal operational risk registers have been developed and steps have been taken to ensure that such registers support the Mission-wide risk register.

C.   Management of risks and opportunities related to the new delegation of authority

Need to identify and manage risks related to the exercise of the new delegation of authority

31.   In accordance with the Secretary-General's bulletin on delegation of authority in the administration of the Staff Regulations and Rules and the Financial Regulations and Rules (ST/SGB/2019/2) issued on 17 December 2018, new authorities were delegated by the Secretary-General to the SRSG in the areas of human resources, budget and finance, procurement and property management effective from 1 January 2019, with full implementation by 1 July 2019. The SRSG was required to put measures in place, using a risk-based approach, to ensure delegations are appropriately exercised and in accordance with relevant policies, regulations and rules.

32.   In January 2019, DMSPC developed an accountability framework with 16 initial key performance indicators for monitoring the exercise of authorities delegated to heads of entities. In addition to these indicators, missions were required to put measures in place to proactively manage risks related to the exercise of delegations. At the time of the audit, MINUSCA had set up a committee to advise the SRSG

on the delegations of authority and their implications on operations. However, it had not yet identified and assessed associated risks and opportunities and put measures in place to ensure delegations would be appropriately exercised.

33.   The Mission advised that it was in the process of determining sub-delegations from the SRSG to other subordinates and would review the implications of these new measures and take relevant action including organizing training, reorganizing and reallocating responsibilities, as needed, after assessing the associated risks.

> **(6) MINUSCA should identify and assess risks and opportunities related to the exercise of increased authorities delegated to the Special Representative of the Secretary-General and those sub-delegated to other staff and implement appropriate mitigating measures including monitoring mechanisms to ensure efficient and effective operations.**
>
> *MINUSCA accepted recommendation 6 and stated that the Mission would develop an integrated system to (a) identify and assess risks related to delegation of authority; (b) ensure that risk treatment and response plans including mitigating measures and monitoring mechanisms are implemented to respond to identified risks; and (c) ensure efficient and effective operations.* Recommendation 6 remains open pending receipt of evidence of an assessment of the risks and opportunities related to the exercise of increased authorities and appropriate mitigating measures put in place.

D.   Monitoring and reporting of risks

Need to enhance monitoring mechanisms in the ERM process

34.   Regular review of risks and risk response strategies is necessary to identify emerging risks and changes that may threaten the achievement of mandated tasks. The timely reporting of emerging risks can assist the Mission to develop and implement appropriate risk treatment plans to mitigate such risks.

35.   The MINUSCA risk register included risk response strategies and assigned risk owners to each risk. However, risk owners had not developed detailed risk treatment and response plans to reflect the managerial response to identified risks. There was also no formal process to review, reevaluate and update risks in the risk register. Risk owners and focal points indicated that the risk register was not updated because risks remained unchanged. However, OIOS noted that since the finalization of the risk register in October 2018, there had been significant changes to the operating environment in the country, including the signing of a new peace agreement between the government and armed groups, which should have given rise to new risks to the Mission.

36.   The above occurred because MINUSCA did not develop and implement appropriate ERM monitoring tools or procedures for identifying emerging risks to ensure they were properly considered, and appropriate risk monitoring and risk treatment plans were implemented.

> **(7) MINUSCA should develop and implement enterprise risk management monitoring tools to ensure that the risk register remains up-to-date and the risk treatment and response plans are regularly re-assessed for relevance and effectiveness.**
>
> *MINUSCA accepted recommendation 7 and stated that it would develop and implement ERM monitoring tools upon the establishment of an RMC to ensure that risk treatment and response plans are developed and implemented to respond to identified risks and response strategies and plans are*

> *regularly re-assessed and updated.* Recommendation 7 remains open pending receipt of evidence that ERM monitoring tools have been developed and implemented, and the risk register, and risk treatment and response plans are regularly re-assessed and updated.

<u>Need to improve the reporting system for ERM</u>

37.   Regular risk reporting to senior management is important in ensuring that relevant information is considered in decision-making and strategic planning processes. The register needed to be quarterly updated and presented to the senior management team to bring to their attention, the most critical risks being faced by the Mission.

38.   The Risk Officer did not prepare and present quarterly briefings to the SRSG on the status of risk management and compliance in MINUSCA. The Risk Officer was also not invited to participate in meetings of the JOPT, and there were no regular briefings to senior management on the ERM process. The Risk Officer instead prepared quarterly risk and compliance reports without the accompanying certification from the SRSG and submitted them directly to DFS during the period from September 2017 to September 2018. However, since then, although the reports were prepared, they were not submitted due to the ongoing reforms. Since the audit field work, DMSPC issued an ERM and Internal Control Framework guide for managers clarifying the roles and responsibilities of managers and staff in the ERM process as well as the guidance and support expected from DMSPC in ensuring that risk management will be an integral part of processes and operations of the Mission. However, the guide did not elaborate on instructions issued by the erstwhile DFS relating to quarterly reporting to Headquarters on the status of implementation of ERM in the Mission and whether such reporting was to be continued.

39.   The above occurred because: (a) the Mission had not implemented a process for the Risk Officer to brief the SRSG and senior management on the status of risk management and compliance in the Mission; and (b) the Risk Officer was not aware of the quarterly reporting certification requirement from the SRSG to Headquarters. As a result, senior management and the SRSG were not kept regularly informed on the status of mission-wide risk exposures for effective decision-making and strategic planning and monitoring.

> **(8) MINUSCA should: (a) implement an appropriate reporting mechanism to ensure that the Special Representative of the Secretary-General and the senior management team are kept regularly informed about key risk management and compliance issues; and (b) seek clarification from the Department of Management Strategy, Policy and Compliance on any future reporting requirements.**
>
> *MINUSCA accepted recommendation 8 and stated that upon consultation with DMSPC, it would ensure that appropriate reporting on risk management is submitted on a regular basis. Additionally, regular briefings to the SRSG would be done.* Recommendation 8 remains open pending receipt of evidence that the Risk Officer provides quarterly briefings to the SRSG and senior management on the status of risk management and compliance issues, and evidence that risk reports are submitted to the appropriate entity in Headquarters on a regular basis.

IV.   ACKNOWLEDGEMENT

40.   OIOS wishes to express its appreciation to the management and staff of MINUSCA for the assistance and cooperation extended to the auditors during this assignment.

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(*Signed*) Eleanor T. Burns
Director, Internal Audit Division
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STATUS OF AUDIT RECOMMENDATIONS

**Audit of the enterprise risk management process in the United Nations
Multidimensional Integrated Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical[4]/ Important[5]	C/ O[6]	Actions needed to close recommendation	Implementation date[7]
1	MINUSCA should enhance its Senior Leadership Team's involvement in and oversight of the enterprise risk management (ERM) process through the establishment of a Risk Management Committee or use of an alternative risk governance mechanism to ensure that ERM is embedded into strategic planning and decision-making.	Important	O	Receipt of evidence that an appropriate mechanism is in place to provide overall guidance and direction regarding the implementation of ERM in the Mission.	1 January 2020
2	MINUSCA should: (a) ensure adequate organizational placement and staffing of the Risk Management and Compliance Unit, with direct access to the Special Representative of the Secretary-General or Chief of Staff; (b) clarify and strengthen the role of the Mission's risk management function in accordance with the Organization's three lines of defence model; and (c) ensure risk management focal points are appointed to support risk identification, assessment, monitoring and reporting activities.	Important	O	Receipt of evidence that actions have been taken to: (a) ensure adequate organizational placement and staffing of RMCU or an equivalent unit; (b) clarify and strengthen the role of the risk management function in accordance with the Organization's three lines of defence model; and (c) appoint focal points in the different mission components to support risk identification, assessment, monitoring and reporting activities.	15 October 2019
3	MINUSCA should: (a) conduct a training needs assessment for risk management and encourage staff to complete the online course on risk management in Inspira to foster a risk aware culture; and (b) reach out to the Department of Management Strategy, Policy and Compliance for assistance in delivering	Important	O	Receipt of evidence that a training needs assessment for risk management has been conducted, and action has been taken for the provision of additional risk awareness sessions and relevant training to staff and management on the ERM process.	15 January 2020

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[4] Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

[5] Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

[6] C = closed, O = open

[7] Date provided by MINUSCA in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

**Audit of the enterprise risk management process in the United Nations
Multidimensional Integrated Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical[4]/ Important[5]	C/ O[6]	Actions needed to close recommendation	Implementation date[7]
	additional risk awareness sessions and training to MINUSCA staff and management on the enterprise risk management process.				
4	MINUSCA should develop and implement an enterprise risk management implementation plan that utilizes the Organization's approved enterprise risk management framework and methodology to ensure a holistic and coordinated process for identifying, assessing, validation and treatment of risks that threaten the achievement of its mandated objectives.	Important	O	Receipt of evidence that an ERM implementation plan has been developed and implemented using the Organization's approved ERM framework and methodology to ensure a holistic and coordinated process for managing mission-wide risks that threaten achievement of mandated objectives.	15 February 2020
5	MINUSCA should identify components that are required to develop formal operational-level risk registers and take steps to ensure that such registers support the Mission-wide risk register.	Important	O	Receipt of evidence that formal operational risk registers have been developed and steps have been taken to ensure that such registers support the Mission-wide risk register.	15 February 2020
6	MINUSCA should identify and assess risks and opportunities related to the exercise of increased authorities delegated to the Special Representative of the Secretary-General and those sub-delegated to other staff and implement appropriate mitigating measures including monitoring mechanisms to ensure efficient and effective operations.	Important	O	Receipt of evidence of an assessment of the risks and opportunities related to the exercise of increased authorities and appropriate mitigating measures put in place.	15 February 2020
7	MINUSCA should develop and implement enterprise risk management monitoring tools to ensure that the risk register remains up-to-date and the risk treatment and response plans are regularly re-assessed for relevance and effectiveness.	Important	O	Receipt of evidence that ERM monitoring tools have been developed and implemented, and the risk register, and risk treatment and response plans are regularly re-assessed and updated.	15 January 2020

STATUS OF AUDIT RECOMMENDATIONS

**Audit of the enterprise risk management process in the United Nations
Multidimensional Integrated Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical[4]/ Important[5]	C/ O[6]	Actions needed to close recommendation	Implementation date[7]
8	MINUSCA should: (a) implement an appropriate reporting mechanism to ensure that the Special Representative of the Secretary-General and the senior management team are kept regularly informed about key risk management and compliance issues; and (b) seek clarification from the Department of Management Strategy, Policy and Compliance on any future reporting requirements.	Important	O	Receipt of evidence that the Risk Officer provides quarterly briefings to the SRSG and senior management on the status of risk management and compliance issues, and evidence that risk reports are submitted to the appropriate entity in Headquarters on a regular basis	15 February 2020

APPENDIX I

Management Response

United Nations

MINUSCA

United Nations Multidimensional Integrated
Stabilization Mission in the Central African Republic

Nations Unies

Mission Multidimensionnelle Intégrée des Nations Unies
pour la Stabilisation en République centrafricaine

INTEROFFICE MEMORANDUM   **MEMORANDUM INTERIEUR**

TO: Mr. Daeyoung Park   DATE: 24 September 2019
A: Chief Peacekeeping Audit Service
      Internal audit Division, OIOS

                                               REFERENCE: DMS- 3231

FROM: Milan Trojanović
DE: Director of Mission Support

SUBJECT: **MINUSCA Management response on the draft report - Audit of ERM process**
OBJET:

1.   Reference is made to your memorandum (OIOS: 2019-637-09-04) dated 7 August 2019, on
the above captioned subject-matter.

2.   Please find attached herewith MINUSCA Management response (Annex1) to your
recommendations for your consideration.

Regards,

Attachments: (1) ANNEX 1 Management response

cc.: Mr. Laud Botchwey, Chief Resident Auditor for MINUSCA
     Ms. Cynthia Avena-Castillo, Internal Audit division, OIOS
     Ms. Vivian van de Perre, Chief of Staff, MINUSCA

Management Response

**Audit of the enterprise risk management process in the United Nations
Multidimensional Integrated Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1.	MINUSCA should establish a Risk Management Committee or an alternative risk governance mechanism with wide representation across Mission components to provide adequate governance and oversight of the enterprise risk management process.	Important	Yes	Office of Chief of Staff(OCOS) /Director of Mission Support	01 January 2020	The Mission will endeavour to establish the Risk Management Committee or incorporate it in one of the already existing committees with the Risk Management and Compliance Officer (RMCO) as the Secretary.
2.	The MINUSCA Senior Leadership Team should enhance its involvement in and oversight of the enterprise risk management (ERM) process by: (a) ensuring proper functioning of the established Risk Management Committee or an alternative risk governance mechanism; and (b) being actively involved in the ERM process to ensure that key risks are effectively managed and that ERM is embedded into strategic planning and decision-making.	Important	Yes	Senior Leadership Team	From:17 September 2019	The MINUSCA Senior Leadership will enhance and be actively engaged in the management of risk and the oversight of enterprise risk management (ERM) within the range of the Mission leadership and management structures. In particular the Senior Leadership meetings, Senior Management Meetings, Joint Operational Planning Meetings and the Mission Resource Stewardship Executive Group. The Senior Leadership will be actively engaged in the oversight of the Risk Management Committee, once established, ensuring its proper functioning requiring adequate governance and oversight of the risk management process across the Mission. The Senior Leadership will

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According to the model, the first line of defence includes the functions that own and manage risks and are responsible for implementing corrective actions to address process and control deficiencies (i.e., operational managers). The second line of defence com
prises central management functions that oversee risk and internal controls and provide support and guidance in those areas. The third line of defence includes the functions that provide independent assurances, such as those conducted by OIOS.

Management Response

**Audit of the enterprise risk management process in the United Nations
Multidimensional Integrated Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						seek to ensure the Risk Management Committee has sufficient access to the Head of Mission to ensure the effective coordination of the ERM process and identify structures and staff members within the Mission to enable and support risk identification, assessment, monitoring and reporting activities.
3.	MINUSCA should: (a) ensure adequate organizational placement and staffing of the Risk Management and Compliance Unit, with direct access to the Head of Mission or Chief of Staff; (b) clarify and strengthen the role of the Mission's risk management function in accordance with the Organization's three lines of defence model; and (c) identify components that should appoint risk management focal points and subsequently appoint them to support risk identification, assessment, monitoring and reporting activities..	Important	Yes	Office of Chief of Staff	15 October 2019	The SRSG has requested the establishment of a Risk Management Unit (RMU) under the Purview of the Chief of Staff. The OSRSG will loan one P-4 to the OCOS and has requested the redeployment of the P-3 Risk and Compliance/Administrative Officer from Mission Support to the OCOS. In doing so the Mission will establish an appropriate and fully functioning ERM organizational structure that will identify key mission elements to effectively implement and manage a coordinated and comprehensive ERM process. RMU will also be supporting the HoM in the monitoring of the Delegation of Authority, performing compliance assessment of exceptions and reporting on Key performance indicators.

Management Response

**Audit of the enterprise risk management process in the United Nations
Multidimensional Integrated Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4.	MINUSCA should: (a) conduct a training needs assessment for risk management and encourage staff to complete the online course on risk management in Inspira to foster a risk aware culture; and (b) reach out to the Department of Management Strategy, Policy and Compliance at United Nations Headquarters for assistance in delivering additional risk awareness sessions and training to MINUSCA staff and management on the enterprise risk management process	Important	Yes	Office of Chief of Staff/Integrated Mission Training Centre	15 January 2020	The Mission will (a) conduct a training needs assessment on ERM and encourage staff to take the online course available in Inspira and (b) reach out to the Department of Management Strategy, Policy and Compliance at United Nations Headquarters for assistance in delivering additional risk awareness sessions and training to MINUSCA staff and management.
5.	MINUSCA should develop and implement an enterprise risk management implementation plan to ensure a holistic and coordinated process for identifying and assessing risks that threaten the achievement of its mandated objectives.	Important	Yes	Office of Chief of Staff /Risk Management Unit	15 February 2020	MINUSCA will establish a holistic approach to ERM that involves all aspects and components of the Mission. This will include appointing and training RM focal points, conducting awareness workshops for relevant operational managers and ensuring the involvement of senior leadership in the risk management process.
6.	MINUSCA should utilize the Organization's enterprise risk management framework for identification, assessment and validation of risks, and apply approved scoring criteria for the measurement of impact, likelihood and the level of control effectiveness.	Important	Yes	Office of Chief of Staff /Risk Management Unit	15 February 2020	The Mission will make all necessary efforts to ensure that the relevant players in the ERM process are well trained and are conversant with the ERM methodology and framework for identification, assessment and validation. This will help have a relevant an effective risk register.

Management Response

Audit of the enterprise risk management process in the United Nations
Multidimensional Integrated Stabilization Mission in the Central African Republic

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
7.	MINUSCA should identify components that are required to develop formal operational-level risk registers and take steps to ensure that such registers support the mission-wide risk register.	Important	Yes	Office of Chief of Staff, Mission Support, Force, Police, Substantive	15 February 2020	MINUSCA will develop an integrated system to ensure that risk management is done in all the components of the Mission.
8.	MINUSCA should identify and assess risks and opportunities related to the exercise of increased authorities delegated to the Head of Mission and those sub-delegated to other staff and implement appropriate mitigating measures including monitoring mechanisms to ensure efficient and effective operations.	Important	Yes	Office of Chief of Staff, Mission Support	15 February 2020	The Mission will develop an integrated system to (a) identify and assess risks related to delegation of authority; and (b) to ensure that risk treatment and response plans including mitigating measures and monitoring mechanisms are implemented to respond to identified risks; and (c) to ensure efficient and effective operations.
9.	MINUSCA should develop and implement enterprise risk management monitoring tools to ensure that the risk register remains up-to-date and the risk treatment and response plans are regularly re-assessed for relevance and effectiveness.	Important	Yes	Risk Management Unit	15 January 2020	Upon the establishment of a Risk Management Committee, MINUSCA will develop and implement ERM monitoring tools to ensure that: (a) risk treatment and response plans are developed and implemented to respond to identified risks; and (b) risks and response strategies are regularly re-evaluated and risk registers and treatment and response plans updated.

Management Response

**Audit of the enterprise risk management process in the United Nations
Multidimensional Integrated Stabilization Mission in the Central African Republic**

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
10.	MINUSCA should: (a) implement an appropriate reporting mechanism to ensure that the Head of MINUSCA and the senior management team are kept regularly informed about key risk management and compliance issues; and (b) seek clarification from DMSPC on the reporting requirements for risk management and ensure the reports are regularly submitted.	Important	Yes	Office of Chief of Staff/ Director of Mission Support	a) 15 January 2020 b) To be confirmed	Upon consultation with the Department of Management, Strategy, Policy and Compliance, the Mission will ensure that appropriate reporting on risk management is submitted on a regular basis. Additionally, regular briefings to the Head of Mission will be done.