# Risk Committee Terms Of Reference

### Background

Enterprise risk management (ERM), including the strategic aspect of incident & crisis management (ICM), are all integral parts of Risk, and disciplines of effective managing for development results. As UNDP moves towards programmes involving higher level of policy advice and system-wide transformational change, the achievement of programmatic results will increasingly depend on factors fully or partially beyond our control. These include risks which we must navigate and manage in cooperation with partners and other stakeholders. Capitalizing on promising opportunities often requires the organization to take calculated risks. Being agile, responsive, and proactive is critical to our achievement of results.

UNDP’s ERM Policy will guide the conduct and application of ERM and defines roles and responsibilities. At the corporate level, a Risk Committee is chaired by the Associate Administrator to oversee the overall implementation, and use, of the framework in UNDP. The Risk Committee is a subcommittee of the EG and reports back to the EG on the framework on a bi-annual basis.

### Duties and Responsibilities

In line with the relevant policy(ies), the Risk Committee is responsible for:

1. ***Reviewing and Analyzing Corporate Risks***

Under this responsibility, the committee will review, and deliberate risk management strategies and where necessary, proposed amendments or revised strategies. The Committee shall focus on strategic corporate risks that are escalated to the committee, while leaving the operational risks discussion in other respective forums. (e.g the OPG, SMG, ET and Crisis Board).

1. Corporately identified risks;

The chair and the member of the Committee can bring to the table risks that are identified and need to be escalated to the Committee through the different corporate mechanisms, e.g:

* The *Organizational Performance Group (OPG)* for significant institutional risks related to the organizational performance, including the top audit risks priorities;
* The *Executive Team*, for risks related to context and environments where specific country office is operating;
* The *Crisis Board*, for risks related to a particular country programme in on-going crisis;
* The *Security Management Group* for risks related to staff safety and security as well as business continuity in Headquarter; and
* Other corporate mechanisms as relevant.
1. Analysis from aggregated Risk Register;

On a bi-annual basis, risks analysis from all risks entries in the aggregated risk logs should be presented to the Committee to scan for possible emerging risks and/or risks with increasing criticality that might require corporate level treatments. This analysis, when applicable might include the comparison between risks that are logged in the system and risks that materialized within the reporting period.

1. Escalated risks from bureau and units

In line with the procedures for risk escalation, all risks that are escalated to the corporate level will be deliberated in the Committee meeting for decisions and action points.

1. ***Maintaining the Overall Risk and Resilience Framework***

Under this responsibility, the Committee will review Policies and Procedures related to Enterprise Risk Management, including the strategic aspects of Business Continuity Management (BCM), Incident and Crisis Management (ICM), and Risk Reserves.

As part of this function, the Committee should also look into the overall knowledge management aspect of risks, including capturing, reviewing lessons learnt and best practices to be applied and/or disseminated across the organization.

In discharging this function, the Committee might request the Organizational Performance Group (OPG) to provide inputs and comments before relevant policies are proposed to the Executive Group (EG) for endorsement.

The Risk Committee also reviews and recommends the Risk Appetite Statement for UNDP, to the EG for approval. The statement should be reviewed and updated as needed.

1. ***Corporate Vetting Committee (CVC)***

UNDP’s Risk Committee also serves as the Corporate Vetting Committee. Experts and other relevant representatives may be invited, as required, to support the committee’s deliberations. The CVC is responsible for providing advice to the Senior Designated Officer (SDO)[[1]](#footnote-1) on the following:

1. Decision-making with regards to AML/CFT matters, including:
* Business relationships with high-risk counterparties;
* Counterparty relationships to be exited, prohibited and/or added to the “[Internal Excluded List](https://popp.undp.org/node/4066)”;
* Counterparties to be added to the “[Dispensation List](https://popp.undp.org/node/4066)”; and
* Any other related matters that require consideration and decision-making at the senior level as deemed fit by the SDO.
1. Implementation and refinement (as required) of the AML/CFT policy, processes, tools and pilot programs.

### Management Arrangement

The Committee is a sub-committee to the Executive Group (EG) and serves as the main platform to identify, assess, develop treatment and monitor risks at the corporate level. The committee report back to the EG on bi-annual basis.

1. ***Membership of the Committee***

The membership of the Risk Committee shall include adequate representation of corporate perspective on the five risk consequences categories (i.e. Financial and resourcing; Safety and Security; Programmatic Delivery; Institutional Effectiveness; and Reputational). In that regards, the permanent membership of the Committee is as follow:

* The Associate Administrator as chair;
* Executive Office;
* Directors of all Regional Bureau
* Director of the Bureau for Management Services;
* Director of BERA
* Director of BPPS
* Director of CRU;
* Chief Finance Officer;
* Director of Security Office;

The membership to the Committee is non-substitutable. In the event that a Committee member is not available to attend a Risk Committee meeting, the participation cannot be delegated to other staff. On an ad-hoc basis, the Committee might invite other staff to sit in the Risk Committee meeting to deliberate on specific issues. This might include:

* Risk owner of specific corporate risk entries;
* Line manager of specific bureau/unit;
* Vertical fund managers;
* Deputy Bureau Directors;
* Expert or resource persons on particular issues;
* Other staff as necessary.
1. ***Relationship with Other Corporate Decision-Making Structures***

The Risk Committee is a sub-committee to the Executive Group. It provides reports to the EG bi-annually and/or as needed. The relationship with other corporate decision-making structures can be depicted as follows:

The Risk Committee reviews, analyses and makes decisions about risks that are identified through the different corporate mechanisms and data sources (e.g. OPG, ET, SMG, Crisis Board, Risk Register). Decision on risks treatments should then be recommended back to the existing mechanism for implementation. The Risk Committee will monitor the status of the implementation of these treatments during the periodic Risk Committee meetings.

1. ***Risk Committee Meetings***

The Risk Committee shall meet bi-annually, preferably during the week when the EG meeting is scheduled but before the EG meeting takes place. On and ad-hoc basis, the chair of the Risk Committee can also call for a Committee meeting for immediate deliberation of any urgent risk issues. The standing agenda for the Committee meeting is as follows:

* Review the effectiveness of the ERM implementation (including the policies, procedures, learning and other tools);
* Review of the Executive Team decisions and mechanisms;
* Review and manage corporate risks, including analysis of emerging trends and risks impacting the organization (including review of aggregated corporate Risk Register and KRIs);
* Review Risks of Level 3 Crisis Countries - led by Regional Bureaux
* Any other business
1. ***Risk Committee Secretariat***

The Risk Committee is supported by a secretariat (Risk Management Specialists) to assist the chair and Committee members in effective and efficient management of committee meetings. This includes:

* Preparing agenda and background materials for committee meetings;
* Conduct the analysis of aggregated risk logs;
* Record and present escalated risks for committee deliberations;
* Ensure proper documentation of Risk Committee decisions; and
* Any other tasks as assigned by the chair of the Committee.
1. The Senior Designated Officer (SDO) is responsible for ensuring the effective implementation of the AML/CFT policy at UNDP and decision-making on matters presenting heightened risks to the organization, including escalated cases. The role of the SDO is assigned to the Associate Administrator (AA). The AA also serves as UNDP's Chief Risk Officer. [↑](#footnote-ref-1)