



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

RISK ASSESSMENT

**United Nations Environment
Progammer (UNEP)**

**6 May 2008
Assignment No. AA2007/220/01**

United Nations Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Mr. Achim Steiner, Executive Director
A: United Nations Environment Programme

DATE: 6 May 2008

REFERENCE: IAD: 08- *01303*

FROM: Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



SUBJECT: Assignment No. AA2007/220/01 - UNEP Risk Assessment
OBJET:

1. I am pleased to present OIOS' risk assessment of United Nations Environment Programme (UNEP) which was carried out with the assistance of the consulting services of Deloitte from December 2007 to March 2008 for your information. While we do not require a formal response to this report, you are welcome to discuss any of the issues raised further.
2. OIOS encourages UNEP to use the results of this risk assessment to put in place appropriate risk mitigation measures. OIOS will update the risk assessment periodically, based on subsequent audits or additional information obtained.
3. I take this opportunity to thank the management and staff involved in the risk assessment for the assistance and cooperation provided to the project team in connection with this assignment.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Ms. Angela Cropper, Deputy Executive Director, UNEP
Mr. Paul Akiwumi, Special Assistant to the Executive Director, UNEP

INTERNAL AUDIT DIVISION

FUNCTION

"The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization" (General Assembly Resolution 48/218 B).

CONTACT INFORMATION

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PARTICIPANTS

The OIOS risk assessment team conducted workshops and interviews with the following staff members of UNEP, to gain an understanding of existing organizational relationships, risks, controls and process issues.

Table 1: List of participants

Focus Area	Name and Functional Title
Strategic Management & Governance	<ul style="list-style-type: none">• Mr. Achim Steiner, Executive Director• Ms. Angela Cropper, Deputy Executive Director, UNEP• Mr. Shafqat Kakakhel, former Deputy Executive Director• Mr. Peter Gilruth, Director, Division of Early Warning and Assessment• Ms. Maryam Niamir-Fuller, Director, Division of Global Environment Facility• Ms. Naomi Poulton, Officer-In-Charge, Division of Communications and Public Information• Mr. Segbedzi Norgbey, Chief, Evaluation and Oversight Unit• Mr. Patrick Tiefenbacher, Officer-In-Charge, Quality Assurance Section• Ms. Kati Autere, former Special Assistant to the Deputy Executive Director• Mr. Theodor Kapiga, Officer-In-Charge, Corporate Services Section• Mr. Tim Kastern, Chief, Freshwater and Terrestrial Ecosystems Services• Mr. David Piper, Officer-In-Charge of Chemicals, Geneva Office• Mr. Rajendra Shende, Head of OzoneAction Branch, Paris Office• Mr. Surya Chandak, Officer-In-Charge, International Environmental Technology Centre, Japan Office

	<ul style="list-style-type: none"> • Mr. Mika Kitagami, Administrative Officer, International Environmental Technology Centre, Japan Office • Ms. Julia Hagl, Special Assistant to the Director, Division of Communications and Public Information • Mr. Nilvo Silva, Focal Point, Division of Regional Cooperation • Mr. Txema Beato, Chief, Project Management and Administration, Division of Technology Industry and Economics, Paris Office • Ms. Maria Cunningham, Associate Administrative Officer, Executive Office • Mr. Per Bakken, Head, Division of Technology Industry and Economics - Chemicals Branch • Ms. Elizabeth Mrema, Senior Legal Officer, Division of Environmental Law and Conventions • Mr. Masa Nagai, Senior Legal Officer, Division of Environmental Law and Conventions • Ms. Iwona Rummel-Bulská, Chief lawyer, Division of Environmental Law and Conventions • Mr. Arnold Kreilhuber, Special Assistant to the Director, Division of Environmental Law and Conventions
Financial Management	<ul style="list-style-type: none"> • Mr. Theodor Kapiga, Officer-In-Charge, Corporate Services Section • Mr. Harald Brekke, Chief, UNEP Contributions, Corporate Services Section • Mr. Gerald Kafeero, UNEP Trust Funds, Corporate Services Section • Mr. Moses Ajibade, Finance Specialist, UNEP Contributions, Corporate Services Section • Mr. Onesmus Thiongo, Fund Management Officer, Division of Regional Cooperation, Corporate Services Section

	<ul style="list-style-type: none"> • Mr. Paul Vrontamitis, former Fund Management Officer, Division of Communications and Public Information, Corporate Services Section • Ms. Lucy Halogo-Pertet, Acting Fund Management Officer, Division of Technology Industry and Economics, Corporate Services Section • Ms. Leena Darlington, Fund Management Officer, Division of Communications and Public Information, Corporate Services Section • Mr. Hussein Abby-Farrah, Fund Management Officer, Division of Early Warning and Assessment, Corporate Services Section • Mr. Michael Evteev, Officer-In-Charge, Economics and Trade, Geneva Office
Human Resources Management	<ul style="list-style-type: none"> • Ms. Shahida Ali-Butt, Associate Programme Officer, Executive Office • Ms. Maria Cunningham, Associate Administrative Officer, Executive Office
Procurement & Contract Administration	<ul style="list-style-type: none"> • Ms. Jeanette Songe, Associate Administrative Officer, Paris Office • Mr. Ardeshi Zamani, Administrative Officer, Chemicals, Geneva Office • Ms Monica Otemba, Administrative Assistant, Division of Regional Cooperation • Ms. Rosemary Gachuru, Administrative Assistant, Secretariat of Governing Bodies
Logistics Management & Properties Facilities Management	<ul style="list-style-type: none"> • Ms. Cecilia Kabare, Associate Programme Officer, Division of Communications and Public Information • Mr. Jaco Tavenier, Programme Officer, Regional Office for Europe • Mr. Hussein Fadaei, Programme Officer, Environmental

	Management Group <ul style="list-style-type: none"> • Ms. Rosemary Gachuru, Administrative Assistant, Secretariat of Governing Bodies
Information Technology Management	<ul style="list-style-type: none"> • Ms. Maryam Amar, Information Officer, Division of Communications and Public Information • Mr. Robert Ridriguez, Computer Services Officer, Division of Communications and Public Information • Ms. Catherine Beltrandi, Web Content Editor, Division of Communications and Public Information • Mr. Nick Nuttall, Spokesperson, Division of Communications and Public Information
Programme & Project Management	<ul style="list-style-type: none"> • Mr. Per Bakken, Head, Department of Technology Industry and Economics - Chemicals Branch • Ms. Elizabeth Mrema, Senior Legal Officer, Division of Environmental Law and Conventions • Ms. Iwona Rummel-Bulská, Chief lawyer, Division of Environmental Law and Conventions • Mr. Arnold Kreilhuber, Special Assistant to the Director, Division of Environmental Law and Conventions • Mr. Masa Nagai, Senior Legal Officer, Division of Environmental Law and Conventions • Mr. Arab Hoballah, Branch Head, Sustainable Consumption and Production • Mr. Vijay Samnotra, Programme Officer, Division of Environmental Policy Implementation • Mr. Anisur Rahman, Programme Officer, Division of Environmental Policy Implementation • Mr. Christopher Taylor, Senior Programme Management Officer, Division of Global Environment Facility

- Mr. Alberto Pacheco, Programme Officer, Regional Seas, Division of Environmental Policy Implementation
- Mr. Salif Diop, Senior Programme Officer, Division of Early Warning and Assessment
- Mr. Michael Spilsbury, Evaluation Officer Evaluation Oversight Unit
- Mr. Norberto Fernandez, Senior Programme Officer, Division of Early Warning and Assessment
- Mr. Johannes Akiwumi, Assistant Programme Officer, Division of Early Warning and Assessment
- Mr. Chris Ambala, Programme Officer, Division of Early Warning and Assessment
- Ms. Ngina Fernandez, Programme Assistant, Division of Early Warning and Assessment
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- Mr. Jim Curlin, Programme Officer, OzoneAction Branch, Paris Office
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- Ms. Wanjiru Mburu, Programme Officer, Secretariat of Governing Bodies
- Ms. Toshika Ohga, Programme Officer, Secretariat of Governing Bodies
- Mr. Daniel Puig, Programme Officer Energy Branch, Paris Office
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SUMMARY OF RISK RATINGS

The risk assessment identified the following areas as Higher, Moderate and Lower Risk. A summary of the identified risks is shown below. Full details of the identified risks are listed in the attached risk register.

The overall risks have been rated as "higher risk", "moderate risk", or "lower risk" based on OIOS' assessment of the likelihood and impact of the occurrence of events or actions that might adversely affect the Organization's ability to successfully achieve its objectives and execute its strategies, after taking into account the representations made by programme managers concerning actions they have taken to prevent or mitigate the identified risks.

Table 2: Summary of identified risks

Focus Area	Overall Risk
i. Strategic Management and Governance ii. Information Technology Management iii. Procurement and Contract Administration iv. Human Resources Management v. Programme and Project Management vi. Conference and Documents Management vii. Safety and Security	Higher Risk
i. Financial Management ii. Logistics Management iii. Property and facility Management	Moderate Risk
	Lower Risk

Risk Assessment of : UNEP

Focus Area:	Strategic Management and Governance	Likely	High	Higher Risk	
Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
Governing/ Legislative bodies					
A(i). The political nature and composition of the Committee of Permanent Representatives (CPR) may result in emphasis being placed on political rather than the best business solutions for achieving the mandate.	Through working groups and formal quarterly meetings, UNEP is able to inform CPR.	Strategy	Possible	High	Higher Risk
A(II). UNEP Secretariat for Governing Bodies (SGB) may lack appropriate resources to identify, collect and transmit complete, accurate and timely information to CPR and GC.		Likely	High	High	Higher Risk
A(iii). CPR / Governing Council (GC) may lack access to proper, adequate or correct management information/ data on UNEP operations which could impair decision making and lead to formulation of inappropriate policy.					
A(iv). UNEP GC/ CPR may lack agreement on risk appetite which may result in UNEP proposing work which may be seen as too risky or not aggressive enough resulting in lost opportunities and /or may reduce the impact of UNEP activities.					
B(i). The close proximity and involvement of the CPR in the work of UNEP may result in CPR becoming too involved with management of UNEP, impacting on its ability to effectively fulfil its monitoring and oversight role and hampering the ability of UNEP senior management to fulfil their roles.	The composition and modalities of the CPR were agreed between UNEP and the GC, when UNEP was established and are subject to review and amendment as the need arises.	Governance	Possible	Medium	Moderate Risk

Focus Area:	Strategic Management and Governance			Likely	High	Higher Risk
		Risk Category	Likeli-hood	Impact	Overall Risk	Moderate Risk
Interview/Review Summary (Description of risk)	OIOS Assessment	Possible	Medium	Possible	Medium	Moderate Risk
Mandate and mission	A(i). Many UN bodies have an environmental component in their mandate (e.g. GEF) which may make it difficult for UNEP to market its mandate and maintain credibility with donors.	UNEP undertakes regular dialogue with other UN bodies, participates in UN Development Group and has created a Strategic Implementation Team and a Quality Assurance Section to assist management by reviewing and providing feedback on way forward.	Strategy			
	A(ii). Competition from other agencies such as WHO, UNDP and World Bank, that provide almost the same services on the environment could result in duplication of UNEP's efforts.	UNEP hosts the Environment Management Group (EMG) as one of the coordination mechanisms amongst the UN bodies.				
	A(iii). UNEP may have weak arrangements in place for coordination of Multilateral Environmental Agreements (MEA) substantive activities which increases the risk of duplication of work and unnecessary competition for resources.	UNEP recently established an MEA Management Team for better synchronization and coordination of substantive activities.				

Focus Area:	Strategic Management and Governance			Likely	High	Higher Risk
	Risk Category	Likeli-hood	Impact			
Interview/Review Summary (Description of risk)	OIOS Assessment					
Strategic planning and monitoring	A(i). Current mechanisms for identifying administrative needs globally and ensuring they are met may be weak and adversely impact UNEP's operations.	A(ii). A major influx of new Directors, approximately five out of seven, with less than one year experience with UNEP and no institutional memory could affect UNEP's ability to produce a Programme of Work that matches donor expectations.	A(iii). UNEP may not have a strategy in place to explain to governments what it can or cannot deliver with regard to programme and project activities, which could result in the expectations of governments not matching the levels of funding.	A(iv). Operating from a country which may be prone to political instability, could hamper operations.	Strategy	Likely

Focus Area:	Strategic Management and Governance		Risk Category	Likelihood	Impact	Overall Risk	Higher Risk
	OIOS Assessment	Risk Category					
Interview/Review Summary (Description of risk)	D(i). The current strategy for fundraising may not be adequate, which could result in insufficient funding for all identified activities in the Programme of Work. D(ii). The capability of UNEP to undertake strategic planning may be impaired because of the complex mechanism for approval of UNEP's budget and work programme. The process is cumbersome and lengthy as decisions are made by the CPR which in turn seeks approval of the GC with the final approval being obtained from the GA. D(iii). Around 90 percent of UNEP activities are extra budgetary which could create uncertainties about income flow and receipts which could constrain its budget and work planning. D(iv). The exchange rate fluctuations caused by uncertainties in the market could result in exchange and financial losses to UNEP or gains, which could affect the cash resources available for programme of work activities.	Financial	Possible	Likeli-hood	Impact	Moderate Risk	

Focus Area:	Strategic Management and Governance	OIOS Assessment	Risk Category	Likely	High	Overall Risk	Higher Risk
Interview/Review Summary (Description of risk)		<p>UNEP created a Strategic Implementation Team in 2007 to look into these issues and advise senior management on the way forward.</p> <p>The Quality Assurance Section (QAS) has launched a set of monthly management reports.</p>		Information Resources	Likely	High	Higher Risk
	<p>G(i). There could be weak arrangements for knowledge management within UNEP and between UNEP and other organizations concerned with the environment, which may hamper UNEP's capability to undertake strategic planning.</p> <p>G(ii). UNEP may lack an internal management information system, which could result in UNEP management not having access to complete, accurate and timely information to enable them to provide effective guidance and direction to the planning and monitoring processes.</p>	<p>F(i). Absence of a human resources strategy, combined with a lengthy recruitment process, may hamper delivery of the Programme of Work, through UNEP not having the right type and level of resources available when needed.</p> <p>B(i). A weak change management strategy could result in poor staff morale, a drop in output and a lower level of funding because of reduced donor confidence.</p> <p>B(ii). Lack of coordination within UNEP may hamper Divisions' efforts to consolidate their work programme efforts and could result in duplication of efforts, poor staff morale and may lead to failure in programme delivery.</p> <p>B(iii). Lack of flexibility and rigid reporting lines affects staff morale and de-motivates staff members.</p>		Human Resources	Likely	High	Higher Risk

Focus Area:	Strategic Management and Governance	Likely	High	Higher Risk	
Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
		Possible	Possible	Medium	Moderate Risk
Control Environment					
E(i). UNEP may have allocated insufficient resources for Programme evaluation which could hamper decision making and reduce donor confidence because of the absence of timely evaluations.	UNEP has created a draft evaluation policy that creates links between evaluation results and donor confidence.	Operational	Possible	Medium	Moderate Risk
E(ii). UNEP may not have adequate systems in place to monitor compliance with terms and conditions of donor agreements, which may result in loss of donor confidence and credibility.	UNEP has established a Quality Assurance Section which has full-time staff dealing with donor agreements and monitoring their implementation.				
C(i). UNEP may not have adequate systems in place to ensure donor agreements are completed in accordance with UNEP and UN rules, regulations and procedures which may result in agreements which breach rules, have insufficient safeguards in case of problems, and result in a loss of donor confidence.	UNEP has established a Quality Assurance team and OIOS recommendations on improving this area are being looked at by this team.	Compliance	Possible	Medium	Moderate Risk
B(i). Lack of risk management process may hinder UNEP from adequately preparing actions to respond to risks.	UNEP took part in the Department of Management risk exercise and will monitor and be involved in any developed UN Enterprise Risk Management framework.	Governance	Likely	High	Higher Risk

Focus Area:	Strategic Management and Governance		Likely	High	Higher Risk
	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
Interview/Review Summary (Description of risk)			Possible	High	Higher Risk
Organisational structure and functions			Possible	High	Higher Risk

B(i). There may be an absence of regular communication between staff and the senior management, which could result in senior management losing touch with what is happening and weaken decision-making.

B(ii). UNEP may lack accountability and delegation of authority structures for divisional management, which may mean that roles and responsibilities are not understood and Division Heads cannot be held accountable for their work.

B(iii). Plans to place Fund Managers Officers (FMO) within Divisions may not be supported with clear guidelines on reporting lines, and roles and responsibilities between FMOs, Division heads, and Corporate Services Section (CSS). This may create conflicts and increase likelihood of financial mismanagement.

B(iv). The cooperation and coordination between divisions within UNEP may be inadequate which may result in duplication of duties and lack of focus.

Policies and Procedures

B(i). It may be unclear who within UNEP has overall responsibility for upkeep and maintenance of policies and procedures.

Focus Area:	Strategic Management and Governance		Risk Category	Likely	High	Overall Risk	Higher Risk
	OIOS Assessment	Likeli-hood					
Interview/Review Summary (Description of risk)	A human resources policy advisor has been established to look into these types of issues.	Human Resources	Likely	High	Higher Risk		
F(i). UNEP staff may not be adequately trained in the application of UN rules and regulations. Failure to understand and apply rules correctly may create a negative impact on donors because of high profile mistakes in such areas as contracts and financial management.	UNEP created a Strategic Implementation Team in 2007 to look into these issues and advise senior management on the way forward.	Information Resources	Likely	Medium	Higher Risk		
G(i). A UNEP user needs assessment may not be done for information systems before they are commissioned to be used by UNEP thus there is a possibility that the systems implemented may not meet the user requirements or may not have adequate supporting infrastructure for their effective operation.	SIT embarked on the development of the IT Governance Mechanism which addresses the risks identified.	Operational	Likely	Medium	Higher Risk		
E(i). UNEP may not have an effective mechanism for ensuring that its internal policies and procedures are kept up to date and reflect changes in UN rules, which may result in ineffective and inefficient deliveries of program and projects.	SIT, QAS and CSS all work on the policies and procedures in their respective areas of responsibility and in close cooperation with each other.	Information Resources	Likely	Medium	Higher Risk		
E(ii). UNEP may not have undertaken sufficient analysis to identify where exemptions need to be sought from UN rules to reflect the operational nature of its activities.							

Risk Assessment of : UNEP

Focus Area:	Financial Management			Possible	Medium	Moderate Risk
		Risk Category	Likeli-hood	Impact	Overall Risk	
Interview/Review Summary (Description of risk)	OIOS Assessment			Possible	Medium	Moderate Risk
Resource Mobilisation				Possible	High	Higher Risk
A(i). Fragmented arrangements for fund raising, where divisions may raise their own funds, could lead to inconsistencies, internal competition and / or lack of leverage with donors. This may also project a poor image for the organization as a whole and pose a reputational risk.	UNEP has a Resource Mobilization Unit who is responsible for coordinating all RM activities and it is currently being strengthened.	Strategy				
D(i). Financial stability of UNEP may be threatened because of reliance on voluntary contributions.	Governing Council/Global Ministerial Environment Forum decision SS.VII/1 of 15 February 2002 approved the application of a voluntary indicative scale of contributions which has resulted in more stable funding.	Financial	Possible	Medium	Moderate Risk	
D(ii). Lack of adequate analysis of programme delivery costs may result in insufficient funds from programme support costs to ensure adequate administrative support for programme delivery.	All earmarked projects are charged programme support costs in accordance with UN rules, but the degree to which the expenditure is sufficient is unknown.					
D(iii). UNEP may not get the resources it needs to deliver its mandate because of competition with other organizations.						
D(iv). The lack of contingency funds for emergency operations (in particular in post-disaster/conflict area) may delay response and hamper efficiency of activities.						
E(i). Receipt of funds and expenditure request for project execution may not be at the same level resulting in voluntary contributions, which may hinder effective execution of the programme of work.	UNEP has a financial reserve which is used for unforeseen needs and its use is reported to the Committee of Permanent Representative.	Operational	Possible	Medium	Moderate Risk	

Focus Area:	Financial Management	POIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	Moderate Risk
Interview/Review Summary (Description of risk)			Possible	Medium	Moderate		
Accounting and financial reporting	<p>UNEPA has some discretion to seek amendments to the financial rules and has its own financial rules based on the UN rules. UNEP is in process of updating its financial rules with the establishment of the Corporate Services Section (CSS), which has a mechanism for regular update and review of its financial procedures.</p> <p>B(i). The UN financial rules and regulations may not be geared to the operational environment in which UNEP works, resulting in ineffective and inefficient processes and procedures for project financial management arrangements.</p> <p>B(ii). UNEP plans to decentralize financial authority to Divisions may not be supported by adequate monitoring mechanism which could result in CSS not have complete awareness of financial decisions being taken on behalf of the Executive Director.</p> <p>B(iii). Roles and responsibilities for financial management within UNEP and between UNEP and UNON may not be properly defined increasing the risk of financial mismanagement and difficulties in holding people accountable.</p>	Governance	Possible	Medium	Moderate		
D(i). Official currency of the budget is denominated in US dollars, and depreciation of US dollar currency over other currencies used for operational expenditures may result in a financial loss.		Financial	Possible	High	Higher Risk		
F(i). Arrangements for training in new developments such as IPSAS may not be clear resulting in UNEP staff facing difficulties in implementing the new developments and increasing the risk of non-compliance.	UNEP receives training from New York Headquarters.	Human Resources	Possible	Medium	Moderate		

Focus Area:	Financial Management		Possible	Medium	Moderate Risk
Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
<p>G(i). UNEP may have inadequate accounting systems in place to collect accurate, complete and timely financial management information on earmarked project administrative costs which may adversely impact UNEP's ability to secure adequate funding for administrative costs and hamper management efforts to control these costs.</p> <p>G(ii). Because of its specialised nature UNEP is concerned that its requirements may not be accommodated within ERP</p> <p>G(iii). Consultation on the introduction of ERP may be insufficient resulting in a system which may not meet UNEP's needs and which may be difficult to implement.</p> <p>G(iv). Lack of timely reporting from UNDP field offices causes delays and hampers effectiveness of donor reporting requirements and may affect UNEP's reputation.</p>	<p>UNEP receives information on ERP from New York, is updated by UNON IT section and has participated in some working groups organized by UNHQ.</p>	<p>Information Resources</p>	<p>Possible</p>	<p>Medium</p>	<p>Moderate Risk</p>

Focus Area:	Financial Management		Possible	Medium	Moderate Risk
Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
Budget	UNEPA has established CSS.	Governance	Possible	Medium	Moderate Risk
<p>B(i). Roles and responsibilities for budget preparation, approving expenditure and monitoring budget execution may not be clearly defined which may result in a lack of transparency and accountability.</p> <p>B(ii). The current arrangements for budget formulation may lack transparency, which could result in ineffective and inefficient use of resources and a perception of lack of fairness in the budget process.</p> <p>B(iii). The rigid time lines specified in the UN programme planning procedures, where the budget and work programme are prepared up to 4 years before implementation, may result in UNEP not being able to respond if needs and priorities change.</p>	<p>There is strong involvement of the CPR throughout the process.</p> <p>Programme managers may make work programme very general so as to be able to accommodate changes. Contingency arrangements may be built into the budget.</p>				

Focus Area:	Financial Management		Possible	Medium	Moderate Risk
Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
D(i). Inability of UNEP to absorb allocated budget within agreed timeframe may lead to loss of future funding and credibility of the organization delivery capacity.	FMO's monitor and update budgets regularly and their work is now overseen and co-coordinated by CSS.	Financial	Possible	Medium	Moderate Risk
D(ii). Pressure to exhaust the budget within agreed timeframe may lead to misuse of funds and/or creative ways in misrepresenting use of funds.	UNEP has established CSS.				
D(iii). Weak arrangements for budget monitoring leading to over or under-expenditures by biennium-end, may affect fund availability for future biennia / periods.					
D(iv). Results based budgets may not be prepared with measurable performance indicators resulting in inadequate programme evaluation and budget allocation.					
Financial organisation (CSS)					
B(i). Reorganization of UNEP financial structures may not be considering UNEP's overall business needs.	Governance	Possible	High	Higher Risk	Higher Risk
B(ii). Reorganization may be creating an organizational structure that will impede achievement of FMO objectives.					
B(iii). There may be inadequate consultation by the Executive Office with division members in the decision making process which may result in resistance and an ineffective set of arrangements that do not meet divisional needs.					

Focus Area:	Financial Management		Possible	Medium	Moderate Risk	
Interview/Review Summary (Description of risk)	OIOS Assessment		Risk Category	Likeli-hood	Impact	Overall Risk
<p>F(i). Jobs grading/classification for staff involved in finance work may not be in line with the workloads that individuals do resulting in confusion and unclear roles.</p> <p>F(ii). UNEP staff may be receiving inadequate and inconsistent financial training which increases risk of non compliance with rules and inefficient financial processes.</p> <p>F(iii). CSS may have limited resources resulting in extensive use of temporary staff and long working hours impacting on long term continuity of operations.</p>	<p>UNON and UNEP are already conducting a post clean-up exercise.</p> <p>UNEP follows RBB and established in 2007 a Corporate Services Section to handle UNEP financial management.</p>	<p>Human Resources</p>	<p>Possible</p>	<p>Medium</p>	<p>Moderate Risk</p>	

E(i). There may be delays in decision making and lack of communication which could create delays in implementation.

Operational

Possible

High

Higher Risk

Risk Assessment of: UNEP

Focus Area:	Human Resource Management	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
Interview/Review Summary (Description of risk)			Operational	Possible	High	Higher Risk
Recruitment Activities		Recruitment practices performed in accordance with UN wide rules and regulations. No difficulties have been experienced in recruitment and retention of staff in Nairobi.	Operational	Possible	Medium	Moderate Risk
E(i). The UN recruitment procedures may be seen as costly, tedious, too complicated to understand and burdensome resulting in positions not being filled for extended periods of time and an inability to recruit and retain the best candidates.		Further to delegations of authority from the ED to Division Director of July 2007 and December 2007, SIT is working on expanding the delegation of authority to HR issues and a Human Resources Advisor has been hired.	Governance	Possible	Medium	Moderate Risk
B(i). Managers lack delegation of authority in recruitment which may result in inefficiencies in undertaking their functions.	B(ii). Staffing decisions may be influenced by politics, may not be transparent and managers may not be fully involved in the appointment of the staff they are required to manage, which may reduce accountability and undermine the authority of the manager.	B(iii). The system of recruitment may cause undue delays in the hiring process resulting in loss of skilled personnel.				
		C(i). Circumvention of recruitment policies and procedures could result in not hiring properly qualified staff which could impair productivity. Staff may be hired on a temporary basis while waiting to be hired officially through galaxy.	Compliance	Possible	Medium	Moderate Risk

Focus Area:	Human Resource Management	Possible	High	Higher Risk	
Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
F(i). The hardship nature of the locations where UNEP headquarters operates may affect its ability to recruit and retain the right people which may hinder the effectiveness and efficiency of operations.	Recruitment practices performed in accordance with UN wide rules and regulations. No difficulties have been experienced in recruitment and retention of staff at Nairobi.	Human Resources	Possible	High	Higher Risk

Focus Area:	Human Resource Management	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	Higher Risk
Interview/Review Summary (Description of risk)	Training Activities	F(i). UNEP may not have a system in place to identify and ensure that its managers receive managerial and substantive training to assist them in their jobs, which may hinder effective programme delivery.	F(ii). Absence of a policy to address UNEP training needs may prevent staff keeping up to date in their areas of expertise which could adversely affect UNEP remaining current in environmental trends.	F(iii). UNEP staff may not have the right mix of skills to ensure delivery of the Mandate resulting loss of opportunities.	F(iv). A mechanism to promote staff on a G to P scale has limitations and could result in poor staff morale.	D(i). There may be limited resources available for staff training which may result in staff not possessing required skills and competencies to conduct UNEPs mandate.	SIT is working on a training policy and a Human Resource Advisor has been hired.
							Financial
			Human Resources	Human Resources	Possible	High	Higher Risk
							Higher Risk
							Higher Risk

Focus Area:	Human Resource Management	Possible	High	Higher Risk	
Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
Staff Administration Issues	A Human Resources Advisor has been hired and SIT is tasked to look at this area and provide advice to the Executive Director.	Governance	Possible	Medium	Moderate Risk
B(i). Staffing levels within units may not match divisional needs impairing achievement of work programme.					
B(ii). Reporting lines may be too long and rigid as it may take longer to get things done.					
B(iii). Lack of adequate oversight of staff and operations of decentralized and remote locations could cause inefficiencies in operations of UNEP.					
F(i). Movement of staff through application of the UN mobility policy may result in institutional loss of knowledge, knowledge gaps may also arise as a result of staff leaving and no overlap in dates occurring between the period of work of the old and new staff member.	UNEP rotation policy is already being piloted with expected roll-out in October 2008.	Human Resources	Possible	Medium	Moderate Risk
F(ii). Environmental factors such as avian flu or political instability in the host country may affect staff productivity and hinder delivery of the work programme.	UNEP has prepared Contingency plans to deal with risks such as avian flu, and political instability in Host Country.				
A(i). Lack of strategic HR planning, including succession planning and career development, may result in UNEP failing to attract and retain the staff it needs to achieve its mandate. More time is spent on fire fighting and on administrative issues that do not effectively contribute towards meeting the organization's objectives.	SIT is working on this area.	Strategy	Possible	Medium	Moderate Risk

Focus Area:	Human Resource Management	Possible	High	Higher Risk	
Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
E(i). Specialized staffing skills could be under-utilized or used in inappropriate areas, as a result of the application of mobility policy, which may affect staff morale and could result in low productivity/output.	UNEP rotation policy is already being piloted with expected roll-out in October 2008.	Operational	Possible	High	Higher Risk

Risk Assessment of: UNEP

4		Focus Area:		Procurement and Contract Administration		Likely	Medium	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment		Risk Category	Likeli-hood	Impact	Overall Risk	
				Likely	Possible	Medium	Higher Risk	
	<p>Procurement Activities</p> <p>B(i). A lack of clarity on delegation of procurement authority given by UNON to UNEP could result in inadequate accountability for procurement actions.</p> <p>B(ii). Lack of clarity about the respective roles and responsibilities of UNON and UNEP in the procurement process may result in the procurement process not being correctly followed and inadequate accountability for procurement actions.</p> <p>B(iii). Delegated authority and procedures for procurement of goods and services by UNEP outposted offices is unclear, which may result in procurement being done in violation of rules and regulations and prevent adequate accountability for procurement actions.</p>	In its recent report on procurement, OIOS requested UNON to seek clarification from the Department of Management on the delegated authority issues, and UNEP was requested in a recent report on one of its projects to increase controls over delegated authority to outposted offices. UNEP has begun to create delegated authority and accountability structures.	Governance	Possible	High	Medium	Higher Risk	

4		Focus Area:		Procurement and Contract Administration		Likely	Medium	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment		Risk Category	Likeli-hood	Impact	Overall Risk	
	<p>E(i). Existing arrangements for delegation of procurement authority at UNEP may not be in line with operational requirements and circumstances e.g. USD 150,000 threshold may not be adequate for post-disaster/conflict operations which require large and expensive purchases.</p> <p>E(ii). UN Procurement processes and procedures may not be in alignment with UNEP needs, which could result in delayed operations and in not meeting donor expectations.</p> <p>E(iii). There may be inadequate procedures in place to ensure that waivers from competitive bidding are fully supported.</p>			Operational	Likely		Medium	Higher Risk

4		Focus Area: Procurement and Contract Administration		Likely	Medium	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
	C(i). UNEP outposted offices may outsource procurement to third parties to meet operational needs, which may be seen as trying to circumvent UN rules and result in difficulties to demonstrate value for money in purchases made.	UNEP, with assistance from UNON, allocates procurement authority in accordance with the rules.	Compliance	Possible	Medium	Moderate Risk
	C(ii). There may not be an effective mechanism in place for establishing whether outposted offices are acting in compliance with their delegated authority, which may result in procurement being done in violation of rules and regulations.					
	F(i). Staff in receipt of delegated procurement authority may receive inadequate training in procurement rules increasing likelihood of non-compliance with rules and value for money not being obtained from purchases.	There is no regular training programme for outposted offices.	Human Resources	Likely	Medium	Higher Risk
	F(ii). UNON procurement staff may not possess the technical skills to provide adequate support for more complex procurement requirements undertaken by outposted offices.					
	D(i). Payment for goods and services may not be in conformance to the contract terms and could result in overpayment.	Invoice processing process which includes certification by requisitioners, review by the invoice processing unit and approval by Finance officers.	Financial	Possible	Medium	Moderate Risk
	D(ii). Invoices sent directly to the requisitioners or Procurement Unit may result in failure to detect any anomalies in the invoices.					

Risk Assessment of : UNEP

No	Focus Area:	Information Technology Management	Likely	High	Higher Risk	
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
1	ICT Infrastructure	Lack of adequate IT structures was raised by OIOS in 2003, and UNEP established an ICT focal point in 2007 to address these issues.	Operational	Likely	High	Higher Risk
	E(i). UNEP may have inadequate arrangements in place for defining and meeting its Information and Communication Technology (ICT) needs, which could affect the efficiency of its operations.					
	E(ii). Inadequate arrangements may exist for ensuring provision of adequate ICT services by UNON increasing the risk of ICT services not being available when required.					
	E(iii). ICT infrastructure may be underdeveloped in some countries where UNEP operates which could impact on efficiency of operations and capability to provide timely information to UNEP Headquarters.					
	G(i). Failure to define its long term ICT needs may mean that UNEP lacks the ICT infrastructure to maintain a competitive edge with other environmental agencies and ensure efficient delivery of its mandate.	Inadequate consideration of long term IT needs was raised by OIOS in 2003, and UNEP established an ICT focal point in 2007 to address these issues.	Information Resources	Likely	High	Higher Risk
	G(ii). Safeguards for ensuring equipment continues to function in times of power outages and disruptions may be inadequate which could impair operational effectiveness					
	D(i). Limited funding for upgrade of ICT infrastructure and higher cost of ICT services relative to other Headquarters duty stations may impair UNEP's ability to ensure effective use of ICT.	UNEP has established an ICT focal point to consider its ICT needs and how they could be funded.	Financial	Possible	Medium	Moderate Risk

Focus Area:		Information Technology Management			Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
6	A(i). Failure to undertake ICT strategic planning may result in UNEP's ICT infrastructure being unable to support its operations by failing to upgrade, replace and implement new systems in a timely manner.	The absence of an effective strategic planning was raised by OIOS in 2003, and UNEP established an ICT focal point in 2007 to address these issues.	Strategy	Likely	High	Higher Risk	

6		Focus Area:	Information Technology Management			Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall	Risk	
II	ICT management	A(i). The Absence of ICT strategic management may result in the absence of controls to ensure efficient use of ICT in day to day operations.	The need to improve ICT strategic management was raised by OIOS in 2003, and UNEP established an ICT focal point in 2007 to address these issues.	Strategy	Likely	High	Higher Risk	
	F(i). Staff may not receive adequate training in use of ICT systems which may impair operational efficiency.	F(ii). Staff may not receive adequate training in data management which may impair effective and efficient utilization of data and increase the danger of data loss.	UNEP created a Strategic Implementation Team in 2007 to look into these issues and advise senior management on the way forward.	Human Resources	Likely	High	Higher Risk	
	B(i). The lack of an IT Governance Structure may result in UNEP lacking policies and procedures to ensure such things as privacy of data and continuity of operations in the event of disaster	The absence of an IT Governance Structure was raised by OIOS in 2003, and UNEP established an ICT focal point in 2007 to address these issues.	Governance	Likely	High	Higher Risk		

6		Focus Area: Information Technology Management		Likely		High		Higher Risk	
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk			
				Possible	High	Higher Risk			
III	Data Management								
	A(i). Absence of a strategy for knowledge management which could result in a loss of institutional knowledge which could hamper effective and efficient delivery of the work programme.	UNEP established an ICT focal point in 2007 to look into the issue and UNEP is also part of the initiative to strengthen document management within the UN.	Strategy	Likely	High	Higher Risk			
	B(i). Failure to establish policies on information filing, storage, retrieval, and sharing may create inefficiencies through loss, duplication and lack of knowledge of the existence of documents.	UNEP established an ICT focal point in 2007 to look into the issue and UNEP is also part of the initiative to strengthen document management within the UN.	Governance	Possible	High	Higher Risk			
	B(ii). Lack of a document classification system with special measures in place for sensitive documents may result in UNEP's sensitive documents not being secure and therefore more vulnerable to attack by hackers which could result in data loss and impair operational delivery.								
	E(i). Inadequate arrangements for data retrieval and access could hinder programme delivery.	The need for IT policies and procedures was raised by OIOS in 2003, and UNEP established an ICT focal point in 2007 to address these issues.	Operational	Possible	High	Higher Risk			
	E(ii). Lack of knowledge of the back up procedures by members of staff may result in uncertainty as to the procedure to follow in the event of any system failures.								
	E(iii). Absence of adequate arrangements for data backup and recovery could prevent programme delivery in the event of a disaster.								

Focus Area:		Information Technology Management			Higher Risk		
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
6	<p>G(i). Incompatibility between information systems in use, may lead to data loss, and increase risk of data errors.</p> <p>G(ii). Failure to establish policies on the transmission of data using internet cafes or unofficial e-mail packages may increase risk of unauthorized access to UNEP data, affecting its operations and reputation.</p>	UNEP established an ICT focal point in 2007 to look into these and similar issue.	Information Resources	Possible	Medium	Moderate Risk	

Risk Assessment of : UNEP

No	Interview/Review Summary (Description of risk)	Focus Area:	Programme and Project Management	Possible	High	Higher Risk
		OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
1	EVALUATION AND OVERSIGHT, QUALITY ASSURANCE AND STRATEGIC IMPLEMENTATION	A(i). Inconsistencies and difficulties in quantifying the normative nature of UNEP's programme/project work activities when reporting results back to Donors and Member States, could lead to loss of credibility in UNEP's work.	Periodically, the Committee of Permanent Representatives (CPR), an advisory committee made up of delegates from member states, meets and provides feedback and views on decisions.	Strategy	Possible	Moderate Risk

Evaluations and Oversight Unit (EOU) provides evaluation of UNEP projects and programmes. EOU consistently publishes, by up-loading reports and lessons learnt on EOU website. The unit has undertaken a special study on lessons learnt (LL), results of which have been a platform where LL can be accessed and studied. It also is working towards making this an interactive platform on its web-page.

Quality Assurance Section (QAS) is responsible for monitoring and have amongst other things, introduced Prince II standard for project management which is also expected to increase monitoring ability and capacity.

Focus Area:		Programme and Project Management			Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
7	B(i). Monitoring of projects and programmes may be insufficient, which could result in UNEP not complying with donor requirements and could lead to donors losing interest in UNEP's programmes.	Evaluations and Oversight Unit provides evaluation of UNEP projects and programmes. EOU consistently publish, by up-loading reports and lessons learned on EOU website. The unit has undertaken a special study on lessons learnt, results of which have been a platform where LL can be accessed and studied. It also is working towards making this an interactive platform on its web-page. QAS is responsible for monitoring and have amongst other things, introduced Prince II standard for project management which is also expected to increase monitoring ability and capacity.	Governance	Possible	High	Higher Risk	
	E(i). UNEP may lack mechanisms to ensure lessons learnt from evaluations are archived for knowledge sharing which could result in failure to incorporate lessons learnt into the Programme Of Work (POW). E(ii). Internal evaluations of UNEP projects may not be performed in a timely and adequate manner which could impact donor confidence through failure to get the information they need when they need it.	Evaluations and Oversight Unit provides evaluation of UNEP projects and programmes. EOU consistently publish, by up-loading reports and lessons learned on EOU website. The unit has undertaken a special study on lessons learnt, results of which have been a platform where LL can be accessed and studied. It also is working towards making this an interactive platform on its web-page. QAS is responsible for monitoring and have amongst other things, introduced Prince II standard for project management which is also expected to increase monitoring ability and capacity.	Operational	Possible	Medium	Moderate Risk	

Focus Area:		Programme and Project Management		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
II (DEWA)	DIVISION OF EARLY WARNING AND ASSESSMENT	<p>UNEP created a Strategic Implementation Team (SIT) to advise the Executive Director (ED) on planning issues, who consult with Divisions as appropriate.</p> <p>A(i). DEWA may not have been sufficiently involved in UNEP's planning to shift programme activities to six priority focus areas which may impact on its staff's morale and its ability to align structures to the new focus areas.</p> <p>A(ii). The UN programme planning process, where the budget and work programmes are prepared 3 to 4 years in advance, may not be appropriate for the nature of DEWA's work and could result in a POW for DEWA that does not meet donor needs.</p> <p>A(iii). Absence of effective corporate UNEP knowledge management strategy and plan may result in loss of institutional knowledge in DEWA.</p>	Strategy	Likely	Medium	Higher Risk

Focus Area:		Programme and Project Management			Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
7	B(i). DEWA may have insufficient delegated authority to ensure that it can be held accountable for delivery of its POW. B(ii). The rationale for changes in UNEP organizational structure may not be adequately communicated to, or understood by, DEWA staff which could result in lower staff morale and productivity. B(iii). UNEP may have inadequate arrangements in place for handover which could affect delivery of DEWA's POW when a change in DEWA senior management occurs. B(iv). UNEP may lack an effective co-ordination mechanism for resolving differences of opinion on programmatic matters between DEWA and other internal bodies involved in its area of work, which could adversely affect DEWA's ability to deliver its mandate.	SI T is working on a delegated authority and accountability structure for all Divisions. UNEP has regular newsletter to keep staff informed of developments, town hall meetings are held, and the UNEP intranet has a site detailing the work of SIT. UNEP is in the process of implementing an OIOS recommendation on the need to improve arrangements for handover. UNEP has Senior Management Team meetings involving all Division Directors, where differences can be resolved and decisions taken.	Governance	Possible	High	Higher Risk	

Focus Area:		Programme and Project Management			Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
7	D(i). Fluctuations in the rate or dollar or inability to attract sufficient resources may result in termination of planned outputs, postponement of outputs and difficulty in responding to DEWA's new and emerging issues or ad-hoc requests from Government. D(ii). Slow implementation of projects or programme of work due to funding/timing of funds impact negatively in the performance appraisal system of the projects. D(iii) DEWA may be allocated insufficient travel funds, which could constrain DEWA's operations as it could not adequately liaise with partners and provide needed expertise and support to outposted offices. D(iv). Unpredictability of donor funding could result in DEWA programme and project outputs not being delivered as planned.	UNEP has a voluntary indicative scale of contributions which has stabilized funding. The mechanism is reviewed by member states at each GC. UNON has a mechanism for follow up and reporting on UNEP pledges, OIOS audits have found these to be working well. UNEP has established a resource mobilization team to assist in seeking additional funds to provide greater stability for funding POWs.	Financial	Possible	High	Higher Risk	