



INTERNAL AUDIT DIVISION
OFFICE OF INTERNAL OVERSIGHT SERVICES

RISK ASSESSMENT

**United Nations Framework Convention
on Climate Change (UNFCCC)**

**16 November 2007
Assignment No. AA2007/242/02**

United Nations  **Nations Unies**

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE
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TO: Mr.Yvo de Boer
A: Executive Secretary, UNFCCC

DATE: 16 November 2007

REFERENCE: AUD-File no. (07- **00757**)

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



SUBJECT: Assignment No.AA2007/242/02 -Risk Assessment of United Nations
OBJET: Framework Convention on Climate Change (UNFCCC)

1. I am pleased to present, for your information, OIOS' risk assessment of United Nations Framework Convention on Climate Change (UNFCCC), which was carried out in September 2007. 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 UNFCCC 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. Asfaha Beyene,Coordinator, Administrative Services,UNFCCC
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr.Christopher Bagot, Acting Chief, Nairobi Audit Service

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 UNFCCC, to gain an understanding of existing organizational relationships, risks, controls and process issues.

Focus areas	Name and Functional Title
Strategic Management and Governance	<ul style="list-style-type: none"> • Mr.Yvo de Boer, Executive Secretary
Financial Management Logistics Management Human Resources Management Procurement Management Property and Facilities Management Safety and Security	<ul style="list-style-type: none"> • Mr. Asfaha Beyene Coordinator, Administrative Services Programme • Mr.Lyndle Lindow, Chief, Programme Planning and Budget • Ms.Sana Lingorsky, FRMU, Finance Officer • Mr.Frank Rauch, Budget Officer • Ms.Brigitte Kreuzpointer, OiC, HR • Ms.Gaby Kaufmann, OIC Procurement Section • Mr.Andreas Engler, Management Officer.
Information Technology Management	<ul style="list-style-type: none"> • Mr. Kevin Grose Coordinator, Information Services Programme • Mr.Ibrahim Al-Haifi, ICT Head • Mr.Jens Frings-Naberschulte, Network Officer • Mr.John Kiarie , Network Administrator • Mr.Alexander Saier, Public Information Officer • Ms.Elizabeth Emmerson, Records Management (Contract person) • Ms.Lucy Waruingi, (Programme Management Officer).
Programme and Project Management	<u>Legal Affairs Programme</u> <ul style="list-style-type: none"> • Mr. Feng Gao Director, Legal Affairs Programme • Mr.Dan Bondi Ogolla, Chief Legal Adviser • Ms.Nattley Williams, Programme Officer • Ms.Maria Socorro Manguiat, Programme Officer • Ms.Karen Milka, PAA

Focus areas	Name and Functional Title
Programme and Project Management (cont)	<u>Sustainable Development Mechanism Programme</u> <ul style="list-style-type: none"> • Mr. Hallador Thorgeirsson Director, Sustainable Development Mechanism Programme • Mr. Daniele Violetti, Lead Officer • Mr. Sudhir Sharma, Programme Officer • Mr. James Grabert, Manager • Mr. Bilal Anwar, Programme Officer • Mr. Mikhail Vartanyan, Lead Officer • Mr. Björn Zapfel, Programme Officer • Mr. Renat Ishmukhametov, Information Systems Officer • Mr. Luca Brusa, PSO • Mr. Michael Yaxley, PAA
	<u>Reporting, Data and Analysis Programme</u>
	<ul style="list-style-type: none"> • Mr. Vitaly Matsarsky Coordinator, Reporting, Data and Analysis Programme • Ms. Katia Simeonova, Manager • Mr. Mike Elhaddad, Manager • Ms. Michele Greenwood, Administrative Officer • Ms. Tracy Tollmann, PAA
	<u>Adaptation, Technology and Science Programme</u>
	<ul style="list-style-type: none"> • Mr. Roberto Acosta Coordinator, Adaptation, Technology and Science Programme • Ms. Maria Sanz-Sanchez, Programme Officer • Mr. Festus Luboyerwa, Programme Officer • Mr. Florin Vladu, Programme Officer • Ms. Elizabeth Keip, PAA
	<u>Financial and Technical Support Programme</u>
	<ul style="list-style-type: none"> • Ms. Preety Bhandari Coordinator, Financial and

Focus areas	Name and Functional Title
Programme and Project Management (cont)	<p>Technical Support Programme</p> <ul style="list-style-type: none"> • Ms.June Budhooram, Manager • Ms.Maria Netto, Programme Officer • Mr.Paul Desanker, Programme Officer • Ms.Mind de Alwis, PAA.
Conference and Documents Management	<ul style="list-style-type: none"> • Ms. Salwa Dallalah Coordinator, Conference Affairs Program • Mr.Horacio Peluffo, External Relations Officer • Mr.Lalit Dwivedi, Head, Documents Unit • Ms.Barbara Black, NGO Liaison Officer • Ms.Megumi Endo, Associate Meetings Services Officer • Mr.Simone Swidersky, (Conference logistics) • Mr.Bernardo Büchner-Regazzoni, (Conference logistics) • Ms.Dianiah Trought-Dedericht, Staff Assistant • Mr.Danil Kister, Information Systems Assistant • Mr.Drago Jovanovic, PSO • Ms.Sabine Blaum, PAA.

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 Risk Register.

Focus Area	Overall Risk
i. Programme and project Management ii. Conference Management iii. Logistics Management iv. Information Technology Management v. Human Resources Management	Higher Risk
i. Procurement and Contract Administration ii. Strategic Management iii. Properties and facilities Management iv. Safety and Security v. Properties and Facilities Management	Moderate Risk
	Lower Risk

RISK REGISTER

Risk Assessment of: UNFCCC

No	Focus Area:	Strategic Management and Governance		Risk Category	Impact	Overall Risk	Medium	Moderate Risk
		Possible	Medium					
1	Interview/Review Summary (Description of risk)	OIOS Assessment		Strategy	Remote	Low	Lower Risk	Moderate Risk
1	Mission and mandate	A(i) The nature of environmental obligations may be generally ill-defined, long term and intergenerational, with a high degree of interdependence resulting in difficulty to arrive at the measurable objectives.	There is a growing body of data and statistics that enables environmental and climate change objectives to be measured scientifically. This has made it increasingly possible to define measurable objectives.					
		A(ii) Inaccurate information and the existence of too many uncertainties to plan properly, may limit the practicability and achievability of the organisational objectives.	In addition to the multilateral environmental conventions, most specialized international organizations and bodies with some relation to environmental protection, such as the United Nations Food and Agriculture Organization (FAO) and United Nations Educational, Scientific and Cultural Organization (UNESCO), have initiated environmental programme of their own over the years.					
		A(iii) Proliferation of multilateral environmental agreements (MEAs), may result in varied interests and lack of focus on environmental issues.						
		A(iv) Possibility of establishment of a global environmental organization to address all environmental issues under one umbrella, may dilute the prominence of the UNFCCC.						

1	Focus Area: Interview/Review Summary (Description of risk)	Strategic Management and Governance		Possible	Medium	Moderate Risk
No		OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
B(i) Unexpected future events could raise compliance costs significantly and place pressure on Governments to abrogate the United Nations framework convention on climate change (UNFCCC).	Government policies can be counterproductive as they may offer subsidies for use of fossil fuels in agriculture.	Governance	Possible	High	Higher Risk	
B(ii) Overt and covert resistance from fuel producing countries who derive significant benefits from fossil fuel based incomes, may result in diluting the importance of the UNFCCC.	B(iii) Lack of political will to sustain large investments in mitigation/adaptation technologies of the climate change at a high cost, resulting in being unable to achieve objectives of the UNFCCC.					
B(iv) Absence of important countries from the climate change efforts, makes it difficult to negotiate global solutions for global problems.						
II	Organisational Structure	B(i) The current organizational structure of the UNFCCC secretariat may not be optimal, and may not reflect the current number and level of staff and the prioritization of tasks and activities which may impact the organisation's efficiency and effectiveness.	The secretariat which is growing rapidly, needs to have an optimal organisational structure. Too many and too frequent changes in the organisational structure may have an adverse impact on the effectiveness.	Possible	High	Higher Risk
	B(ii) Delegation of powers to the different programmes in the secretariat, may not be supported by adequate internal controls, resulting in inappropriate use of delegated powers.					

1		Focus Area: Strategic Management and Governance				Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall	Risk	
	F(i) Comprehensive workload analysis may not have been carried out, which may result in uneven distribution of work and suboptimal operational efficiencies.	Due to influx of funds, many posts are being created.	Human Resources	Possible	Medium	Moderate Risk		
	F(ii) Clean development mechanism (CDM) may not be continued, beyond post Kyoto protocol period (after 2012), resulting in UNFCCC staff losing jobs.	The secretariat has made a financial provision in the form of a reserve fund to pay the salaries of the staff.						
	E(i) Possible overlaps and duplications in the work conducted by different programmes in the secretariat, resulting in inefficiencies and ineffectiveness.	Rapid expansion of the secretariat and changes in the organisational structure is occurring, which may lead to possible overlaps and duplication of efforts.	Operational	Likely	Medium	Higher Risk		
III	Strategic Planning and Monitoring	A(i) Lack of formal mechanism within UNFCCC for managing risks associated with their functions and activities, may lead to inability to identify significant risks to the achievement of their objectives and ensuring effective risk mitigating controls are in place.	Strategy	Possible	Medium	Moderate Risk		
	A(ii) Delegation of powers to the various programmes in the secretariat may be done without instituting the adequate internal control frame work, resulting in inappropriate application of delegated powers.							

1		Focus Area: Strategic Management and Governance				Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall	Risk	
IV	High Level Committees	B(i) A specialised technical budget committee, in the lines of administrative committee on administrative and budgetary questions (ACABQ) of the UN General Assembly, to examine and advise on the budget proposals submitted by the secretariat, may not have been established, resulting in ineffective scrutiny of the budget proposals. B(ii) An audit committee to monitor the implementation of internal and external audit recommendations and the organization's risk management practices, may not be constituted, resulting in a lack of independent oversight mechanisms.	UNFCCC being an independent entity may not have to strictly establish committees existing in the United Nations. Board of Auditors recommended establishment of an audit committee.	Governance	Possible	Medium	Moderate Risk	
V	Control Environment	B(i). The secretariat may have no formal reporting relationship with the United Nations and is self- sufficient in funding, which may result in the secretariat creating an unique organisational culture of its own, contrary to the UN beliefs and ethical values.	Executive Secretary is appointed by the Secretary General. However, there is no formal reporting relationship. Executive Secretary is accountable to the Conference of the Parties (COP).	Governance	Remote	Medium	Lower Risk	

Risk Assessment of: UNFCCC

2	Focus Area:	Financial Management	Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Impact	Overall Risk
1	Accounting and financial reporting	The solutions to the problem have been hampered primarily by the incompatible accounting system (IMIS), which does not support transactions in euros. However, the satisfactory funds flow to the secretariat can absorb the financial loss due to currency fluctuations. The secretariat is allowed to transfer the unspent funds to a reserve. Total resources in the reserve fund are approximately \$ 6 million.	Financial	Possible	Moderate Risk
	D(i) Official currency of the budget is US dollars, whereas most of the operational expenditures are in euros. Depreciation of US dollar currency over Euro may result in a financial loss.	D (ii) The financial statements may not reflect a true picture of the organization's financial health, as a result of complex accounting entries, due to accounting with different currencies and exchange rate implications.	BOA (Board of Auditors) commented on the non inclusion of conference related income and expenditure in the UNFCCC's financial statements.		
	D (iii) Reporting by the secretariat may not be sufficiently transparent in relation to budgetary and financial issues, resulting in a loss of confidence by the Parties.	D (iv) Failure to acknowledge receipts in the financial statements may result in inaccurate reporting.	D (v) Ineffective monitoring of resources may contribute to inability to spend funds for intended purposes.		
	G (i) Not having financial reports on time when IMIS breaks down and also incompatibility of information technology packages including IMIS, may result in inefficiencies.	IMIS is supported and maintained in Geneva.	Information Resources	Remote	Medium Lower Risk
	F (i) Shortage of staff increases the likelihood of errors in accounting and may result in financial statements not reflecting a true picture of the organization's financial health.	Finance section is presently staffed with one finance officer and two finance assistants.	Human Resources	Possible	Moderate Risk

2	Focus Area: Financial Management	Focus Area: OIOS Assessment	Risk Category	Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)		Likeli-hood	Impact	Overall Risk	
II	Results based Budgeting	The secretariat utilised the services of OIOS for identification of performance indicators.	Financial	Possible	Medium	Moderate Risk
	D(i) Results based budgets may not be prepared with measurable performance indicators resulting in inadequate programme evaluation.	A(i) Frequent changes in priorities-of the Parties to the Convention, may have adverse effect on the formulation of programme objectives.	Strategy	Possible	Low	Lower Risk
III	Contributions	The secretariat is mandated to support the Parties.	Strategy	Possible	Low	Lower Risk
	D (i) Inability to collect outstanding contributions from the Parties to the Convention, especially from the major donors, may have serious impact on the financial position of the organization.	The secretariat is in a position to attract funds from the Parties of the Convention. Convention Parties contributions are received regularly. Financial position of the secretariat is generally satisfactory.	Financial	Remote	Medium	Lower Risk
	D(ii) Lack of timely, adequate and predictable financial income from contributions, may have an impact on overall programme planning and management, as well as staff morale.		Financial	Remote	Medium	Lower Risk
	D (iii) Heavy reliance on unpredictable voluntary contributions, especially in US dollars, to fund the secretariat's substantive work, may result in frequent readjustments to the work plan.					
	D(iv) The lack of clear financial commitments to UNFCCC by the developed country Parties, may have negative impacts on the financial health and human resources of the organization.					
	D(v) Donors may attempt to steer the secretariat activities to suit their national interests, resulting in the ineffectiveness of the secretariat.					

Risk Assessment of: UNFCCC

No	Focus Area:	Human Resource Management	Likely	Medium	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Impact	Overall Risk
No	Recruitment		Likeli-hood	Medium	Higher Risk
I	F(i) Spurt in the number of approved posts in the secretariat may result in Personnel Section being unable to cope with the demand, which could lead to excessive work load on the existing staff.	There has been an increase of 20 percent posts in the Secretariat in the last two years and a 30 percent increase in posts is anticipated in the next two years.	Possible	High	Higher Risk
	F(ii) Scarcity of experts in the highly technical climate change area, may result in limited pool of resources to choose from.				
	F(iii) Response to vacancy announcements may be poor due to highly technical climate change areas, which may lead to not recruiting the best candidates or professionals for the job.				
	F(iv) The organisation may not be able to deliver specific highly specialised technical training, so as to enable staff to remain up-to-date in their field.				
	C(i) Staff selection system developed by the secretariat may not conform to the overall United Nations recruitment policies and procedures, which may result in inadequate internal controls in the process.	United Nations Secretariat delegated the human resources function to the UNFCCC secretariat.	Compliance	Possible	High
	C (ii) Imbalances in representation of nationalities may give a perception that UNFCCC is not respecting United Nations core value of cultural diversity.				
	E(ii) Delegation of personnel function without adequate oversight by the United Nations Secretariat or other oversight mechanisms, could lead to possible abuse and improper selection decisions.	Staff selection decisions in the UNFCCC secretariat are not subject to an oversight by the external entities like OHRM (Office of the Internal Oversight Services) of the United Nations Secretariat.	Operational	Possible	High

3		Focus Area: Human Resource Management		Likely	Medium	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
II	<p>Entitlements and Allowances</p> <p>D(i) Administrative support provided by United Nations Office in Geneva (UNOG) in processing of payroll and other allowances of the secretariat staff members may be inadequate, resulting in erroneous payments.</p> <p>D(ii) Calculation of entitlements and allowances carried out by the secretariat may be incorrect, resulting in possible under payments or over payments to the staff.</p> <p>D(iii) Decreased salary levels of the United Nations General Services staff stationed in Bonn, may result in not being able to attract competent local general service staff.</p> <p>D(iv) The secretariat may not be able to attract competent IT professionals, because the private IT companies offer better salaries, resulting in the secretariat being unable to recruit the best professionals.</p> <p>D(v) Programmes may resort to employing consultants with a view to utilise the allotted funds, even without actual need, resulting in inefficiencies.</p>	<p>UNOG processes the payroll on the basis of the inputs provided by the secretariat. UNOG is responsible for the final processing.</p> <p>Highly technical and complex areas like climate change warrants use of specialists.</p>	Financial	Possible	High	Moderate Risk

3	Focus Area: Human Resource Management	Likely	Medium	Higher Risk	
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Impact	Overall Risk
	<p>B(i) Classification of posts may not be updated to ensure effective organisational structure.</p> <p>B(ii) Managers lacking leadership and managerial skills could practice poor management styles that could result in poor performance of staff members and may impair attainment of mandate and objectives.</p> <p>B(iii) Lack of whistle blower policy in the secretariat may result in persons being reluctant to report wrong doing.</p>	<p>Board of Auditors commented on the geographical representation of the staff in the secretariat.</p> <p>Training to the senior managers at a regular intervals is envisaged in the secretariat.</p>	Governance	Possible	Medium Moderate Risk
III	Consultants	<p>C(i) Short-term consultants may be used to perform the core functions which may result in non-compliance with General Assembly (GA) resolutions on the subject.</p> <p>C(ii) Poor representation of women in the UNFCCC may send a wrong message of non-compliance with United Nations General Assembly resolutions.</p> <p>C(iii) Filling of established positions with short term staff will result in regular checks being bypassed.</p>	<p>Consultants are widely used in the secretariat.</p> <p>Consultants are employed based on the guidelines developed by the secretariat.</p>	<p>Likely</p> <p>Compliance</p>	<p>Medium Higher Risk</p> <p>Medium Higher Risk</p>

3		Focus Area: Human Resource Management		Likely	Medium	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
	<p>F(i) Selection of consultants may not be on a competitive basis, resulting in recruiting less qualified consultants.</p> <p>F(ii) Work of the Consultants may not be supervised regularly, resulting in poor quality output.</p> <p>F(iii) Consultants may be employed without the proper justification, resulting in wastage of resources.</p> <p>F(iv) Excessive use of consultants to carry out routine work, may result in core staff being unable to develop skills in the area.</p> <p>F(v) Terms of reference of the consultants may be drafted improperly, leading to repeated consultancy projects with high financial implications.</p>	Highly technical and complex areas such as climate change warrants use of specialists. Guidelines on the selection of consultants exists.	Human Resources	Possible	High	Higher Risk

Risk Assessment of: UNFCCC

4		Focus Area:	Procurement and Contract Administration		Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
I	Procurement Planning	Procurement plan for major expenditure exists.	Operational	Possible	Medium	Moderate Risk	
	E(i) Lack of comprehensive procurement planning may result in wasteful expenditure.	The number of staff in procurement and finance is small. However, there is a need to build in these internal controls once the organisation grows in size.	Governance	Possible	Low	Lower Risk	
II	Procurement Process	The Secretariat follows UN Procurement rules. Contract provisions include imposition of liquidated damages for delayed deliveries.	Operational	Possible	High	Higher Risk	
	E(i) Sourcing of right vendors may be inadequate, leading to ineffective identification of vendors, as a result of a insufficient vendor roster. E(ii) Specifications may not be generic, which may result in uneconomical purchases. E(iii) Bid responses to the solicitations may be poor, resulting in possible uneconomical purchases due to limited competition. E(iv) There may not be appropriate provisions in the contract to penalise delayed deliveries.	E(iii) Bid responses to the solicitations may be poor, resulting in possible uneconomical purchases due to limited competition. E(iv) There may not be appropriate provisions in the contract to penalise delayed deliveries.	Operational	Possible	Medium	Moderate Risk	
	F(i) Inadequate staffing resources, leads to overworking, unreliable decisions, delays in processing procurement actions, and could result in waste of resources and inefficiencies. F(ii) Under performance of less motivated staff due to poor career development plans, may lead to inefficiencies and ineffectiveness.	Chief Procurement Officer is assisted by a associate procurement officer and two procurement assistants.	Human Resources	Remote	Medium	Lower Risk	

4		Focus Area:	Procurement and Contract Administration			Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall	Risk	
	<p>C(i) Procurement Section may receive vendor invoices directly for processing and onward transmission to the finance section, thereby diluting the effective internal controls in the process.</p> <p>C(ii) Technical evaluations and evaluation of bids not carried out in accordance with procurement rules and policies, could result in waste and ineffectiveness.</p> <p>C(iii) Procurement officers may enter into contracts outside of the specified policies and procedures, e.g. with non approved UN vendors so as to receive personal gains.</p>	In order to ensure segregation of duties and to avoid possible conflict of interest, it is ideal to have the invoice processing done by the finance section.	Compliance	Possible	High		Higher Risk	

Risk Assessment of: UNFCCC

No	5	Focus Area:	Logistics Management	Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
1	Travel	Four travel assistants currently providing the services, however, travel arrangements are done through authorised travel agents located on the office premises.	Human Resources	Possible	Medium	Moderate Risk
	F(i) Inadequate staffing resources to provide services to many travel requests, leads to overworking. Delays could result in waste of resources and inefficiencies.	The secretariat travel is funded by four different trust funds.	Financial	Likely	Medium	Higher Risk
	D(i) Multiple funding sources for travel, could lead to lack of transparency and improper accounting.		Operational	Possible	High	Higher Risk
	D(ii) Travel claims may not be submitted on time after the travel, resulting in heavy outstanding travel advances in the financial statements.	Almost the entire secretariat moves to the venue during the COP. Extrabudgetary funds like participation fund, are not subjected to much scrutiny. Payment of DSA to the participants of the convention is normally arranged through the bank. DSA payments are made as per official DSA rates.				
	E(i) Travel arrangements done by the authorised travel agents, may not be scrutinised for the best value for money resulting in waste.	E(ii) Avoidable and unnecessary travel without proper justification may lead to waste of resources.				
	E(iii) Travel arrangements to attend sessions of the (COP), may not be planned well in advance leading to wasteful expenditure.	E(iv) Internal controls in the payment of DSA to the large number of participants of the conference may be inadequate, leading to double and erroneous payments.				

No	Focus Area: Logistics Management	Likely	High	Higher Risk			
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall	Risk
	<p>E(v) There may not be a competitive process in the selection of authorised travel agent for UNFCCC resulting in possible misuse of funds.</p> <p>E(vi) Internal controls in the use of participation fund may be inadequate, leading to the possible misuse.</p> <p>E(vii) Detailed accounts of travel expenditure may not be maintained, leading to the lack of transparency.</p>	UNFCCC is required to submit detailed auditable accounts on the participation fund to the Host Government.					

Risk Assessment of: UNFCCC

6		Focus Area:	Information Technology Management		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
1	Management of ICT Infrastructure G(i) Lack of adequate and effective information technology (IT) infrastructure and insufficient financial and human resources to support highly technical CDM projects and International Transaction Log (ITL), may have a negative impact on support delivery of its mandate. B(i) Combining the administrative (IT support) and substantive (knowledge management and media relations) functions under one umbrella of Information Services (IS), may result in ineffective organizational structure.	IS Programme is responsible for providing IT support to highly technical projects with significant financial implications.	Information Resources	Possible	High	Higher Risk	
	B(ii) Lack of clarity in authority and responsibility for coordinating, documenting and reporting on IT matters, including information systems, may lead to management inefficiencies. B(iii) There may not be established IT committees on the lines of Information and Communications Technology Board (ICTB), resulting in lack of proper oversight on IT activities. B(iv) Organisation- wide comprehensive policy on confidentiality of the documents may be lacking, resulting in possible inappropriate disclosure of confidential information with serious consequences.	It is the normal practice in the United Nations Conventions to combine technical and substantive aspects of information under one umbrella. UNFCCC is yet to establish a ICT Steering Committee. Various programmes in the secretariat have delegated authority to develop and maintain mandated information systems independently. However, there is no centralised mechanism in place to coordinate the IT activities, in order to ensure standardisation.	Governance	Likely	Medium	Higher Risk	

6		Focus Area: Interview/Review Summary (Description of risk)	Information Technology Management			Possible	High	Higher Risk
No		OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall	Risk	
	A(i) Long term IT strategy incorporating the elements of United Nations IT strategy, may not be created, which will have an impact on IT Governance.	UNFCCC is yet to develop a comprehensive IT strategy. However, a draft information architecture plan is being prepared based on the recommendations of BOA.	Strategy	Remote	High	Moderate Risk		
	A(ii) IS Programme's information and technology projects and initiatives, may not be aligned with the overall goals and priorities of the secretariat's mandate.	E(i) Projects executed by the IS Programme may be poorly managed, exceed milestone dates, exceed costs, unauthorised, not be feasible and not have been thoroughly tested, resulting in ineffectiveness and inefficiencies.	Operational	Likely	Medium	Higher Risk		
		E(ii) Contract terms and performance standards of the outsourced contracts, may not be clear and comprehensive leading to project delays, resulting in wastage of resources.						
		E(iii) ICT infrastructure is damaged or destroyed by the Rhine river flooding its banks, resulting in loss.						

6		Focus Area: Information Technology Management				Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall	Risk	
II	<p>ICT Operations</p> <p>E(i) There may not be long and short term plans detailing various activities to meet the IT strategy, resulting in IT needs not being satisfied.</p> <p>E(ii) Lack of documented policies and procedures resulting in inadequate monitoring of IT activities.</p> <p>E(iii) UNFCCC may not have developed desired service standard, resulting in lack of clear criteria on performance indicators for monitoring delivery.</p> <p>E(iv) Lack of complete and accurate inventory of IT assets, may lead to misuse and possibility of fraud.</p> <p>E(v) Absence of documented asset management policy clarifying the roles of the units dealing with control and management of IT assets, may result in misuse and possible loss of assets.</p>	<p>Policies and procedures for monitoring the IT activities are present although not comprehensive.</p> <p>Establishment of policies and procedures for performance indicators that are relevant, adequate and realistic.</p> <p>BOA commented on the inventory management of the IT assets. Although UN Property management policies are used by the UNFCCC, there are no organisation specific documented asset management policies</p>	Operational	Possible	High	High	Higher Risk	

6		Focus Area: Information Technology Management		OIOS Assessment		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)		Risk Category	Likeli-hood	Impact	Overall	Risk	
	<p>E(vi) Lack of IT asset replacement and disposal policy could lead to ineffective inventory management.</p> <p>E(vii) Documented mechanism to record, analyse and report types of request, may not be available to assess the performance of IT help desk activities.</p> <p>E(viii) Documented IT system development policy and procedure may not exist, which may lead to the development of inadequate IT applications.</p> <p>E(ix) Lack of comprehensive internal information sharing policies and procedures leading to disconnect between technical and substantive groupings.</p> <p>E(x) Document management may not be effective resulting in the reduced or delayed access to critical records.</p> <p>F(i) Use of consultants on a short term basis to carry out the core functions, resulting in non compliance with GA resolutions on the subject.</p> <p>F(ii) There may be a tendency to outsource IT work on a frequent basis resulting in higher financial implications and at the cost of development of internal staff skills.</p> <p>F(iii) Training to the existing IT staff may not be adequate, resulting in the need for outsourcing the work to the external consultants.</p> <p>F(iv) UNFCCC may not be able to recruit the right staff with suitable IT skills and qualifications, resulting in a need for outsourcing the IT activities.</p>							
		Human Resources	Possible	High	Higher Risk			

6		Focus Area:	Information Technology Management		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	Risk
III	Business Continuity and Disaster Recovery. E(i) Absence of a business continuity plan may not provide assurance that IT resources are properly protected. E(ii) Safeguards to protect crucial databases from external hacking, may not be adequate, leading to the loss of confidential information	A consultant has been employed to conduct the risk assessment of the Information Service Programme and to develop business continuity plan. Safeguards are in place to prevent the external hacking.	Operational	Remote	High	Moderate Risk	Moderate Risk

Risk Assessment of: UNFCCC

No	Focus Area: Interview/Review Summary (Description of risk)	Programme and Project Management OIOS Assessment	Risk Category	Possible	High	Higher Risk
7	Legal Affairs Programme	The operations of the secretariat are generally conducted in accordance with the applicable United Nations and UNFCCC requirements.	Operational	Remote	Medium	Moderate Risk
1	E(i) Legal advice and service provided to the stakeholders may be ambiguous and prone to misinterpretation resulting in confusion and problems.	E(ii) Complex and dynamic issues relating to the climate change and interaction with the external private parties could expose the secretariat to various legal suits, which has an adverse impact on the reputation of the secretariat.	Legal terminology is complicated and is not readily understood.	Legal Affairs (LA) Programme is entrusted to ensure compliance with legal, procedural and institutional requirements, thereby mitigating the risk of legal suits. A legal officer is specially entrusted to look into the legal issues relating to the conflict of interest.		
	E(iii) Governments may not be forthcoming in their willingness to provide privileges and immunities to the members of the secretariat, resulting in inadequate implementation of the mandate.	E(iv) There may not be proper mechanisms in place to prevent unauthorised use of UNFCCC property, such as emblems or logo, resulting in misuse.	The secretariat in the past experienced problems with some Governments on the issue of privileges and immunities.	The secretariat's official communications contain a official disclaimer about the prohibition on the use of official emblems and logos.		
	E(v) Inability to provide high quality and timely legal advice, thus facilitating the functioning of the Secretariat in accordance with the Convention, Protocol and the United Nations legal regime.		Clear and accurate advice is provided.			

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	E(vi) Headquarters agreement between the secretariat and the local Host Government may not be comprehensive, resulting in legal complications.	Headquarters agreement is signed only after a comprehensive legal review by the Secretariat.				
	E(vii) Legal Affairs may be unable to ensure the maximization of the protection of the legal interests of the secretariat and minimization of the number of disputes and other legal difficulties.	Interests of the Secretariat are protected and potential liabilities are minimised. Improved cooperation and cooperation with other bodies.				
	E(viii) Legal Affairs may be unable to ensure improved coordination and cooperation among international organizations active in the field of international environment and climate change laws.					
	F(i) Lack of staff with appropriate legal expertise to provide the legal advice and opinions on dynamic and emerging climate change issues, resulting in non-accomplishment of the programme objectives.	It is difficult to find the legal experts conversant with the environment and climate change area.	Human Resources	Possible	Medium	Moderate Risk
	F(ii) Absence of a post of a compliance officer who reports directly to the Executive Secretary, resulting in lacking oversight mechanism to monitor organizational compliance matters.	Consultant's work is supervised by the Programme Coordinators.				
	F(iii) Consultants employed to conduct specific work may act beyond the scope of their terms of reference (TOR), resulting in inefficiencies and ineffectiveness.	Institutional linkage gives the UNFCCC considerable leeway in managing its affairs and in that sense it is both a risk and an opportunity.	Governance	Possible	Medium	Moderate Risk
	B(i) Lack of clarity regarding the applicability of United Nations instructions and guidelines to the secretariat, because of its institutional linkage with United Nations, resulting in confusion and inefficiencies.	Parties have legal obligations to comply with the compliance mechanisms.				
	B(ii) Parties may refuse to recognise the binding nature of the compliance mechanism, resulting in the poor implementation of the Kyoto protocol.					

		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	C(i) Legal scrutiny of high value contracts may not be carried out with due diligence, exposing the secretariat to legal suits and additional expenditures. C(ii) Management/Parties may disregard the legal advice due to political reasons or other reasons, resulting in the possible non-compliance with legal procedural and institutional requirements. C(iii) Legal, procedural and institutional requirements may be improperly applied resulting in the non-compliance with the assigned mandate.	Contracts are scrutinised to ensure compliance with the required procedures and guidelines.	Compliance	Remote	Medium	Lower Risk

7		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	Higher Risk
II	Sustainable Development Mechanisms (SDM)	<p>Methodologies developed by the Secretariat are reviewed by the Panel before approval by the Board.</p> <p>Few of the methodologies developed by the Secretariat are recommended by the Panel and others are subjected to lengthy discussions.</p> <p>Panel members are external experts who are independent of the Secretariat.</p> <p>Normal time taken for accreditation of a company is about 2 years.</p> <p>The cumbersome procedures are streamlined for efficiency and ease of operations. The process of accreditation is generally adhered to.</p> <p>Mechanisms are not in place to verify the accuracy of the external party inputs.</p> <p>Development of regulatory infrastructure requires professional skills and expertise.</p> <p>Comprehensive policy on disclosure of confidential information is yet to be developed by the secretariat.</p>	Operational	Possible	Medium	Moderate Risk	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	of potential of the CDM. E(vii) Confidentiality of sensitive information may not be protected, and there may be unauthorised access or release of privileged information, resulting in serious reputation risk to the UNFCCC.					

Focus Area: Interview/Review Summary (Description of risk)		Programme and Project Management		OIOS Assessment			
No		Risk Category	Governance	Possible	High Impact	Overall Risk	Higher Risk
7	B(i) Possible collusion among the CDM project personnel and DOE personnel, may result in the CDM projects recommended with high carbon credits with significant financial implications. B(ii) The secretariat may not be able to set in place viable infrastructure to regulate the carbon market, resulting in irregularities and unethical practices. B(iii) Major emitters or major industrialised nations may not participate in the carbon market, leading to loss in trading volumes and reduced importance of CDM carbon market. B(iv) Private sector participation in the carbon market may be hindered, due to barriers on entry, uncertainty about return on investment, lack of capital and inadequate guarantee mechanisms, diluting the effectiveness of CDM. B(v) The operations of the carbon market may be jeopardised by legal claims against UNFCCC arising out of reliance on what outside parties perceive as assumed assertions or assurances by CDM staff members. B(vi) Inadequate action to address risk of unbalanced regional distribution of CDM project activities, in	Carbon market is a stock market, which is highly sensitive to the external factors and requires highly sophisticated infrastructure to regulate. Developed countries have their own national development priorities that are dictated by many factors and the climate change issues are only of the variables involved.	Suitable measures are taken to encourage the participation of the private sector in the carbon markets. A legal officer is employed in the secretariat to address the reputation risk issues.	CDM operates in a manner that ensures balanced distribution of CDM projects and that deficient regions are given special attention. UNFCCC only has institutional linkage with the UN system and may not have to follow each and every UN rule and regulation.	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	<p>No</p> <p>particular, Africa being far behind other regions may have an adverse impact on implementation of CDM.</p> <p>B(vii) Secretariat needs to operate under overall UN system, which may not be suitable for the environment in which CDM operates, resulting in possible failure.</p>					

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	A(i) Possibility of emergence of competing carbon markets that may diminish the importance of the Clean Development Mechanisms (CDM) Carbon market	Consolidation of markets that may include some market players like the voluntary carbon market and European carbon market are operating but at lower levels.	Strategy	Possible	High	Higher Risk		
	A(ii) Carbon markets may not develop into mature and stable markets, thereby defeating the purpose of market based mechanisms.	Success of the market-based mechanisms depends on the support of developed countries.						
	A(iii) Rise of disquieting notions, such as possible emergence of carbon colonialism, may result in the image of UNFCCC suffering as industrialised countries may use CDM merely to reduce costs of compliance with Kyoto targets and invest in projects that may deliver large amounts of cheap credits.	UNFCCC should be able to educate member countries and the public at large and also project that the adoption of its suggestions would lead to reduction in emissions all round the world.						
	A(iv) CDM projects may focus mainly on reducing emissions and on low GHG emitting technologies and there is a possible lack of focus of CDM projects dealing with renewable energy sources or on cutting fossil fuel use.	CDM projects encompass a wide array of options that do not overemphasize a particular solution. Post Kyoto Protocol scenario will depend on the decision of the COP.						
	A(v) CDM may not be continued in the post Kyoto Protocol scenario, leading to emergence of another market based mechanism, resulting in wastage of specialised expertise gained in the secretariat.							
	G(i) Disruptions in operations due to critical breakdown in IT communications, on which carbon market is highly dependent, and absence of alternative and reliable communications channels.	Business continuity is ensured by making fail-safe arrangements and, in the unlikely event of failure, back up devices are present on site and can be made functional without delay.	Information Resources	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
7	<p>F(i) Experienced staff with specialised technical knowledge in CDM may choose to leave the organisation, leading to serious resource depletion which cannot be corrected in the short term.</p> <p>F(ii) Skilled personnel working in specialised niche areas such as carbon markets may not be sufficiently available, making it difficult to source suitable staff.</p> <p>F(iii) The secretariat may not be able to attract best-qualified persons, resulting in insufficient staff to conduct the CDM operations.</p> <p>F(iv) The secretariat may not have adequate mechanisms in place to prevent the staff who dealt with the confidential and critical information to migrate to the lucrative private sector, which may result in loss to the organisation.</p> <p>F(v) Due to narrow and highly technical fields of specialisation relating to the climate change issues, appropriate and adequate levels of external expertise may not be available to support UNFCCC activities.</p>	<p>Succession planning in the areas of CDM is difficult because limited number of experts in this emerging area.</p> <p>Training and building up of expertise in new and emerging areas.</p> <p>UN selection procedures are cumbersome and time consuming. UN salaries may not match the private company salaries in the developed countries.</p> <p>Staff members are not required to sign a bond stating that they will not take up an appointment with the company they dealt with in an official capacity.</p> <p>The Convention looks to exploring ways to widen the pool of experts as technical issues relating to climate change are complex.</p>	Human Resources	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	III Reporting, Data and Analysis Programme	<p>Well established internal controls normally found in the financial stock exchanges or clearing houses will take time to be put in place in an emerging entity such as the International Transaction Log (ITL).</p> <p>Comprehensive policy guidelines on the dealing with the sensitive information is yet to be developed by the Secretariat.</p> <p>Although UNFCCC is institutionally linked to the UN system, it has the independence to make its own rules that can cater to the specialised needs of the market based mechanisms.</p> <p>Protocol Parties are committed to maintain the national registries.</p> <p>Oversight by the COP is a mitigating factor.</p> <p>A cohesive and well ordered organisational structure is set in place.</p>	Governance	Possible	High	Higher Risk	
	<p>B(i) The secretariat staff having access to confidential information relating to emissions trading and registry systems, could be perceived to be doing insider trading, which could have serious impact on the reputation of the secretariat.</p> <p>B(ii) Registry systems on which the smooth operation of the carbon market is critically dependent, may not be timely implemented due to external factors, which could have serious impact on the market-based mechanisms.</p> <p>B(iii) Release of critical and sensitive information about emissions trading to the market or to the public, may be mismanaged leading to distortions or fluctuations in the market.</p> <p>B(iv) The secretariat may not be equipped to regulate market mechanisms, due to its institutional linkage with the highly bureaucratic UN system, resulting in inability to operate and possible failures.</p> <p>B(v) National registries (which are to connect to the grid) in countries may not be functional on time, making the grid as such non-operational, resulting in reduced trading volumes and even failure in emission trading.</p>	Likely	High	High	Higher Risk		

Focus Area: Programme and Project Management		OIOS Assessment		Risk Category	Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	Likeli-hood	Impact	Overall	Risk		
7	<p>E(i) The ITL, which has regulatory responsibilities in the carbon market, lacks detailed rules and procedures that regulate its functions which could expose the ITL to severe risks..</p> <p>E(ii) The vendor entrusted with the task of setting up the ITL, may not fully understand the political, institutional and business context in which the secretariat and ITL operate, resulting in a failure to develop appropriate technology.</p> <p>E(iii) Because of the novelty and complexity of the tasks involved, the secretariat may not be fully equipped to implement ITL, which is a business critical, high availability and resilient system comparable to settlement systems in banking and security fields, resulting in non operation of emission trading.</p> <p>E(iv) Governments may not necessarily meet deadlines for obligatory reporting and may not provide necessary information including on national communications on time, resulting in the Secretariat unable to meet the deadlines given by the Parties.</p>	<p>The ITL is like a clearinghouse in a central bank and typically such institutions are required to have strong and well-established internal controls, rules and procedures that govern all aspects of functioning.</p> <p>As the emissions trading regime has financial implications, the necessary infrastructure needs to be set in place. As the markets mature, the operations become stable and reliable with reduced uncertainties.</p> <p>UNFCCC is committed to implement the prestigious ITL project on time.</p> <p>Detailed terms of reference are provided to the vendor.</p> <p>As these are new and emerging areas, adequate care is taken to ensure that as far as possible, the secretariat is equal to the demanding tasks entrusted to it.</p>	<p>Operational</p>	Possible	High	Higher Risk	
	<p>F(i) Lack of technical staff resources to handle complicated and complex tasks relating to ITL, may result in excessive pressure on existing staff.</p> <p>F(ii) Lack of resources and/or adequately trained staff, may lead to provision of lower quality support to the intergovernmental negotiations.</p>	<p>The provision of adequately trained manpower to handle work requirements.</p> <p>Intergovernmental negotiations need to be adequately supported by the Secretariat, as they constitute key drivers/inputs into the climate change process.</p>	<p>Human Resources</p>	Possible	Medium	Moderate Risk	

No	Focus Area: Interview/Review Summary (Description of risk)	Programme and Project Management	Possible	High	Higher Risk
	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
7	<p>G(i) Inadequate technical cooperation and coordination between registry systems, with the result that the processing and communication of data does not take place in accordance with the data exchange standards.</p> <p>G(ii) The ITL may not be able to fully monitor the validity of transactions conducted by the registries under the Kyoto protocol mechanisms, resulting in non-achievement of assigned mandate.</p> <p>G(iii) A version of ITL may be deployed without proper pilot testing with several registries due to paucity of time, resulting in potentially unreliable or untested systems.</p> <p>G(iv) Secretariat may lack appropriate technical experience and capability to implement the ITL, which represents a substantial shift in IT activities of the Secretariat.</p>	<p>The ITL, CDM registry and the respective national registries operate in accordance with consistent and compatible standards.</p> <p>Mechanisms to monitor the validity of transactions are not in place.</p> <p>Pilot testing is envisaged before the operation of ITL.</p> <p>Securing trained and competent human resources in the highly specialised areas of climate change are a challenge.</p>	Possible	High	Higher Risk
	<p>D(i) Funding to maintain and operate the ITL may be inadequate due to unpaid pledges, leading to failure of the ITL project.</p> <p>C(i) Failure to act as a key international safeguard in the compliance of emission targets by Annex B parties, resulting in non-compliance with the Kyoto protocol.</p> <p>C(ii) Delays in the implementation of ITL will have an impact that could result in non compliance with the provisions of the Kyoto Protocol.</p>	<p>Climate change is able to attract the funds. Funding is not a serious problem.</p> <p>ITL is yet to be operational.</p> <p>ITL project is outsourced with definite deadlines.</p>	Financial	Remote	Medium Lower Risk
			Compliance	Possible	High

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
IV	Financial and Technical Support Programme (FTS)	Global Environmental Facility (GEF) set up by the World Bank and is responsible for financial mechanisms. UNFCCC role in influencing decisions could be somewhat limited.	Financial	Possible	Medium	Moderate Risk
	D(i) Inadequate funds and technical assistance for developing countries, could result in a failure to fulfil their commitment under the convention.	Funds to the Programmes are channelled through Administrative Services programme.				
	D(ii) Lack of clarity on funding availability and flow of funds, due to poor internal coordination with the other programmes such as Administrative Services (AS), may result in inability to plan its activities.	Different developing countries may have diverse perceptions on the technical and financial assistance provided to them.				
	D(iii) There may not be a consolidated and consistent approach towards capacity building and financial assistance to the developing countries in the areas of climate change, resulting in inconsistencies and confusion.	In terms of Article 11 the financial mechanism is accountable to the COP, which can also provide requisite guidance to the GEF Council. The only role for the secretariat was to provide inputs to the COP and the SBI in discharging their respective roles. COP exercises its guidance role and ensures the accountability of the financial mechanism. The inadequacies of the current arrangement were not directly the concern of the Secretariat and were the concern of COP.				
	D(iv) Global Environmental Facility (GEF) being responsible for four international conventions, may be unable to provide the requisite level of focus on climate change in projects financed by it.					
	D(v) The financial mechanism that operationalizes the Convention (i.e. GEF), may adopt only project-based approaches as opposed to programmatic approaches that may be holistic and better equipped to handle climate change issues globally.					
	D(vi) The periodical (4 year) review by COP of GEF may not be a thorough affair, leaving many of the important shortcomings and weaknesses unattended.	System of documenting the experiences of the staff is non-existent.	Human Resources	Possible	Medium	Moderate Risk
	F(ii) Turnover of experienced staff in the Programme could result in loss of institutional memory.					

No	Focus Area: Interview/Review Summary (Description of risk)	Programme and Project Management OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	Higher Risk
7	E(i) Recipient Parties, especially developing countries, may not have absorptive capacity to utilise the technical assistance provided to them under the Convention resulting in a failure to fulfil their commitments under the convention. E(ii) Lack of awareness due to unclear information flows may result in making the access to funding as well as technical assistance difficult to the developing countries. E(iii) Bureaucratic manner of functioning such as proliferation and functioning of committees and task forces leading to duplication and lack of accountability in the process. E(iv)) Control over outputs received from consultants may be inadequate and ineffective resulting in poor quality products.	Developing countries and economies in transition may not have proper absorptive capacity of the technical assistance provided.	Operational	Possible	Medium	Moderate Risk	
	B(i) Personality of chairs, co-chairs of bodies of the various decision-making bodies may have a positive or negative influence on the outcome of the negotiations. B(ii) Distribution of work between the two decision making bodies, Subsidiary body for Scientific Technological Advice (SBSTA) and Subsidiary Body for Implementation (SBI) may be unclear, resulting in inefficiencies and ineffectiveness.	Selection of able and competent chairs and co-chairs is ensured.	Governance	Remote	Medium	Lower Risk	
	C(i) UNFCCC may be exposed to conflict of interest situations and lose the trust of the Parties if its staff seem even remotely to be influencing negotiations in matters affecting their country of origin.	Conflict of interest policy exists.	Compliance	Remote	Medium	Lower 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	
G(I) Lack of visibility of the outreach programme, could lead to poor perception of the work done.	Effective and efficient outreach and communications channels are existing.	Information Resources	Remote	Medium	Lower Risk		
Adaptation, Technology and Science Programme (ATS)	<p>E(i) ATS Programme may be ill equipped to organise and manage complex and frequent intergovernmental meetings on adaptation to the adverse effects of climate change, which may lead to inadequate support to the Parties on adaptation matters.</p> <p>E(ii) Proper mechanisms on collaboration with external organisations particularly for adaptation may not be in place, may result in inefficiencies and ineffectiveness.</p> <p>E(iii) Support to the SBSTA (Subsidiary Body for Scientific and Technical Advice) may be inadequate, including inadequate preparation and coordination of SBSTA sessions and support to SBSTA Chair, making it an ineffective link between scientific /technical information and policy oriented needs of the COP.</p> <p>E(iv) Attempts may be made to transfer technologies that are not yet mature, and this may impose large additional costs and risks on developing countries.</p> <p>E(v) Administrative Services programme support to FTS programme may be insufficient, which may have an impact on the programme delivery.</p> <p>E(vi) Inadequate liaison and coordination with other United Nations bodies and Conventions, such as the IPCC, CBD, UNEP on matters of common interest.</p>	Meetings are normally planned in advance of the actual dates.	Operational	Possible	Low	Lower Risk	

No	Focus Area: Interview/Review Summary (Description of risk)	Programme and Project Management	Possible	High	Higher Risk
	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
7	D(i) Technical workshops and seminars on adaptation matters may not be conducted periodically due to insufficient financial resources resulting in inadequate support to the Parties.	Although the flow of financial resources is a bit erratic overall financial position is satisfactory.	Financial	Remote	Medium Lower Risk
	D(ii) Adherence to internal administrative and financial procedures within the programme may be inadequate, resulting in inefficiencies and ineffectiveness.	ATS programme is staffed with professionals in the adaptation to climate change area, who regularly interact with the Parties to understand their specific needs and concerns.	Strategy	Possible	Medium Moderate Risk
	A(i) ATS programme may have inadequate understanding of the specific needs and concerns of the Parties relating to impacts, vulnerability and adaptation to the adverse effects of climate change, which may lead to improper prioritisation of needs.	Possibility of overlapping of work with FTS exists, however there may not be much duplication of work.	Governance	Possible	Medium Moderate Risk
	B(i) Duplication and overlapping of work relating to adaptation with other programmes such as FTS may be possible resulting in inefficiencies and ineffectiveness.	The EGTT functions as envisaged are able to provide important inputs to the SBSTA. The 'Framework for effective and meaningful actions' to enhance Article 4.5 of the Convention is adopted and pursued. Governments take appropriate actions to remove barriers to technology transfer and set in place sound economic and market policies, regulatory frameworks and transparency.			
	B(ii) The selection of the Chair/Co-Chair of the SBSTA may not be effectively done and as a consequence the most able/competent Chairs may not be selected, possibly affecting quality of outputs from SBSTA.	B(iii) The Expert Group on Technology Transfer (EGTT) may not make effective recommendations to the SBSTA, which may result in inadequate support and facilitate technology transfer activities.			
	B(iv) Enabling environment such as legal and institutional frameworks for the engagement of the private sector in supporting technology transfer, may not be present, exposing the Secretariat to contract, property and regulatory risks.	B(iv) Enabling environment such as legal and institutional frameworks for the engagement of the private sector in supporting technology transfer, may not be present, exposing the Secretariat to contract, property and regulatory risks.			

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
	F(i) Attention to capacity-building in matters relating to technology transfer among policy and decision makers at the national and regional level, may be low which may lead to poor results.	Capacity- building measures that develop and strengthen scientific and technical skills, capabilities for both individual and institutions.	Human Resources	Remote	Medium	Lower Risk
	G(i) Outreach activities of technology transfer may be limited, including inadequate updating of information provided to the Secretariat website, which may result in failure to widely use the information resource by the developing countries.	Attempts are made to update the information on the website.	Information Resources	Remote	Medium	Lower Risk

Risk Assessment of: UNFCCC

No	Focus Area: Interview/Review Summary (Description of risk)	Conference and Documents Management OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	Higher Risk
8	Focus Area: Conference and Documents Management		Likely	High	High	Higher Risk	
1	Conference Management E(i) Governments may not designate focal points for the COP and changes in contact staff may not be communicated on time to the secretariat, impacting the efficiency of conference management. E(ii) The process of registration of participants for the COP may be complex and bureaucratic, leading to delays in admission, inefficiencies and complaints. E(iii) The registration process may not be foolproof, resulting in admission of unauthorised persons to the high level conferences. E(iv) Host countries may not grant privileges and immunities to all participants attending the COP, thereby affecting the participation in the conference. E(v) Systems may not be in place to adequately and accurately record the inputs of the participants during the conferences, resulting in lack of information archive. E(vi) Security arrangements for the conference may not be adequate, resulting in incorrect advice/assessment to parties on the security situation.	Critical and essential information such as contact details is maintained and updated. The registration process is streamlined although the pressures of work and possibility of human errors cannot be ruled out.	Operational	Possible	High	Higher Risk	

No	Focus Area:	Conference and Documents Management	Likely	High	Higher Risk	
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
	E(vii) Protocol arrangements for high-level conferences such as sessions of the COP, may not be adequate resulting in unfavourable diplomatic consequences.	Standard procedures in place to tackle contingencies.				
	E(viii) There may not be adequate internal controls in the conference related procurement, which may result in irregularities.	Most of the conference related expenditure is funded by the host country and some donors as extra budgetary funds.				
	E(ix) There may not be clarity in relative roles of Host Government and the secretariat on the conference related procurement activities, resulting in misunderstandings and waste of funds.					
	A(i) Host country agreement between the Government hosting the COP and the Secretariat, may not comprehensively cover all areas, resulting in inadequate arrangements for the conference.	Pre-conference talks and meetings with the host government aim to address this issue.	Strategy	Remote	High	Moderate Risk
	(Bi) Host country agreements may not be signed by the host countries on time, resulting in lack of legal standing on the agreement.	There were instances in the past when the host country signed the agreement on the last day of the conference.	Governance	Possible	Medium	Moderate Risk

8	Focus Area: Conference and Documents Management	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	Higher Risk
		<p>D(i) Participation fund to cover the expenses of the conference, may be inadequate and may not cater for contingencies, resulting in ineffectiveness.</p> <p>D(ii) Internal controls in the payment of DSA to the large number of participants of the conference, may be inadequate, leading to double or erroneous payments.</p> <p>D(iii) Host country/donors may not insist on submission of detailed account of expenditures from the participation fund, leading to the lack of accountability on the part of the Secretariat.</p> <p>D(iv) The Secretariat may incur unauthorised expenditures from the Participation fund, which could have adverse comments from the donors.</p>	<p>Host country normally provides resources for the participation fund based on the estimates of the Secretariat. Cost of holding a conference such as COP ranges from \$40 to \$70 million</p> <p>Payments to the participants (about \$10,000) are normally arranged through the bank.</p> <p>Normally the Secretariat is required to submit detailed accounts of expenditure to the host Government.</p> <p>Well developed contingency plan is available.</p>	Financial	Possible	High	Higher Risk	

8		Focus Area: Conference and Documents Management		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
II	Editorial Services	E(i) Quality of the reports received from the Parties, to be submitted to the COP, may be of inadequate quality resulting in additional workload on the limited staff to edit the reports. E(ii) Excessive reliance on the short-term external editors to edit national reports for submission to COP, may result in confidentiality issues and low quality of work.	Editorial staff works to correct and improve documentation received from Parties.	Operational	Possible	Moderate Risk
		F(i) Editorial unit may not be adequately staffed to cover the editorial activities Secretariat wide, resulting in the excessive workload on the available staff.	Editorial unit is staffed with four professional staff (P-4), assisted by two general staff. Editorial work is also outsourced to external editors.	Human Resources	Possible	Moderate Risk
III	Records Management	E(i) Risk of not making the necessary documents available on time for COP, may have a negative impact on the reputation of UNFCCC, because it is the core role of the Secretariat to support the COP.	The Secretariat has established timelines for the submission of the documents.	Operational	Possible	Moderate Risk

Risk Assessment of: UNFCCC

9	Focus Area:	Property and Facilities Management	Remote	High	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Impact	Overall Risk
I	Management of Office Premises	Documented plan on relocation of the Secretariat premises in two years time, may result in confusion and ineffectiveness.	Strategy	Remote	Moderate Risk
II	Inventory management	E(i) Inventory/non-expendable property with UNFCCC may be inadequately or inefficiently utilized leading to it being unable to support current and future operational demands. E(ii) Inventory could go missing when paper work is not processed on a timely basis and could lead to losses. E(iii) Asset transfers, disposals or write offs may not be accounted properly, leading to inaccurate records or loss to the organization. E(iv) Physical verification of inventory may not be carried out at regular intervals by an independent party, resulting in misuse and loss of assets. E(v) Lack of receipt and inspection function independent of asset holders, may result in poor internal controls. E(vi) Internal controls in the use of officials cars in the secretariat, may not be effective, resulting in possible misuse.	Operational	Possible	Higher Risk

Focus Area:		Property and Facilities Management		Remote	High	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
	D(i) Inventory of assets classified into expendables and non expendables may not be maintained, which could result in inaccurate reporting in the financial statements.	BOA commented on lack of inventory records. Value of the IT inventory is high.	Financial	Likely	Medium	Higher Risk
	G(i) Systems may not be in place to record the issues and receipts additionally, an inventory database may not be in place, leading to inadequate inventory management.	Comprehensive inventory database covering both expendable and non expendable assets is yet to be developed.	Information Resources	Likely	Medium	Higher Risk

Risk Assessment of: UNFCCC

No	Focus Area:	Safety and Security	POOS Assessment	Risk Category	Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)			Likeli-hood	Impact	Overall Risk	
I	Security of Staff and Installations		Security of the premises is provided by the German Government. One part -time security officer from DSS is responsible for overseeing the security arrangements.	Human Resources	Remote Possible	High Medium	Moderate Risk
	F(i) inadequate staffing resources in the security section may result in the inability to provide desired level of confidence for the safety of the staff members.	E(i) Safety and Security staff posted in Bonn may not be fully equipped to implement the policies of the Department of Safety and Security.	Security of the premises is provided by the private security company employed by the German Government.	Operational	Possible	Medium	Moderate Risk
II	Occupational Safety	E(iii) Basic medical support in the form of first aid may not be available in-house, resulting in being unequipped for the medical emergencies.	First level medical support is provided by the security officer, who is trained in first aid techniques.	Operational	Possible Remote	Low Medium	Lower Risk
	F(ii) The secretariat may not have adequate recreational facilities in house available for the staff to unwind resulting in loosing the opportunities to improve the productivity of the staff.	Recreational rooms with games are being planned in the new office premises.	Human Resources	Remote	Low	Lower Risk	

Focus Areas

Focus areas are the key standard processes that are typically found in United Nations operations. These are categories established by the risk assessment framework to facilitate understanding and communicating common processes or functions within the Organization (common language). They are based on a categorization of objectives, using a hierarchy that begins with high-level objectives and then cascades down to objectives relevant to organizational units, functions, or business processes. The IAD risk assessment framework has identified eleven focus areas as follows:

- 1** Strategic Management and Governance
- 2** Financial Management
- 3** Human Resources Management
- 4** Procurement and Contract Administration
- 5** Logistics Management
- 6** Information Technology Management
- 7** Programme and Project Management
- 8** Conference and Documents Management
- 9** Property and Facilities Management
- 10** Safety and Security
- 11** Other areas (for areas not included in 1 to 10)

Each focus area may be broken down into sub-focus areas. Examples of sub-focus areas are listed below.

No.	Focus Areas	Examples of Sub Focus areas relating to principal focus
1	Strategic Management and Governance	Strategic planning and monitoring, Mandate and mission, Organizational structure and functions, Start up planning, Liquidation planning, Risk management, Policies and procedures, Governing/Legislative bodies, High level committees, Top level offices.
2	Financial Management	Accounting and financial reporting, Results-based Budgeting, Cash management, Treasury, Contributions, Fund raising, Payroll
3	Human Resources Management	Recruitment, Training, Conduct and discipline, Entitlements and allowances, Performance appraisal system and Medical Services, Use of short term staff (consultants, gratis personnel etc
4	Procurement and Contract Administration	Procurement planning, Procurement process, Local contracts committee, Administration of major contracts such as for fuel, rations, airfield services, medical supplies etc.
5	Logistics Management	Travel services, Transport operations, Air operations, Movement control, Fleet Management and Maintenance
6	Information Technology Management	Management of ICT infrastructure, software development, Communications services, ICT operations, Business continuity and disaster recovery, IT Security
7	Programme and Project Management	Management of programmes such as Rule of Law, Human Rights, Child Protection, Public Information, Disarmament , Demobilization and Reintegration, Mine action, Protection of Civilians, Military and Civilian Police operations, and Logistics; Management of projects such as technical cooperation and quick impact projects
8	Conference and Documents Management	Records management, Publications, Editorial services, Conference management, Translation and interpretation services, Web sites
9	Property and Facilities Management	Management of office premises and facilities, Contingent-owned equipment, Expendable and non-expendable property, Building Services, Inventory management, Local Property Service Board
10	Safety and Security	Security of UN staff and installations, Contingency planning, Evacuation procedures and drills, Occupational safety
11	Other areas	This is for illustration purposes only and is not a comprehensive audit and is included for any other focus areas not specified in 1-10. This may include general office administration, executive offices and common services etc.

Risk Categories

Risk categories are common concerns or events, grouped together by the type of risk that will result.
The seven (7) risks used in OIOS Risk Assessment methodology is as follows:

- A.** Strategy
- B.** Governance
- C.** Compliance
- D.** Financial
- E.** Operational
- F.** Human Resources
- G.** Information Resources

No.	Risk Category	Description
A	Strategy	Impact on mandate, operations or reputation arising from inadequate strategic planning, adverse business decisions, improper implementation of decisions, a lack of responsiveness to changes to the external environment, or exposure to economic or other considerations that affect the Organization's mandates and objectives.
B	Governance	Impact on mandate, operations or reputation as a result of failure to establish appropriate processes and structures to inform, direct, manage and monitor the activities of the Organization toward the achievement of its objectives. Includes attributes such as leadership, tone at the top, and promotion of an ethical culture in the Organization.
C	Compliance	Impact on mandate, operations or reputation from violations or non-conformance with, or inability to comply with laws, rules, regulations, prescribed practices, policies and procedures, or ethical standards.
D	Financial	Impact on mandate, operations or reputation resulting from: failure to obtain sufficient funding, funds being inappropriately used, financial performance being not managed according to expectations, or financial results being inappropriately reported or disclosed.
E	Operational	Impact on mandate, operations or reputation resulting from inadequate, inefficient or failed internal processes that do not allow operations to be carried out economically, efficiently or effectively.
F	Human Resources	Impact on mandate, operations or reputation resulting from a failure to develop and implement appropriate human resources policies, procedures and practices to meet the Organization's needs.
G	Information Resources	Impact on mandate, operations or reputation resulting from failure to establish appropriate information and communication systems and infrastructure so as to efficiently and effectively.

Risk Assessment Ratings

The OIOS Risk Assessment Framework evaluates the likelihood of the risk occurring and the impact it will have if it occurs.

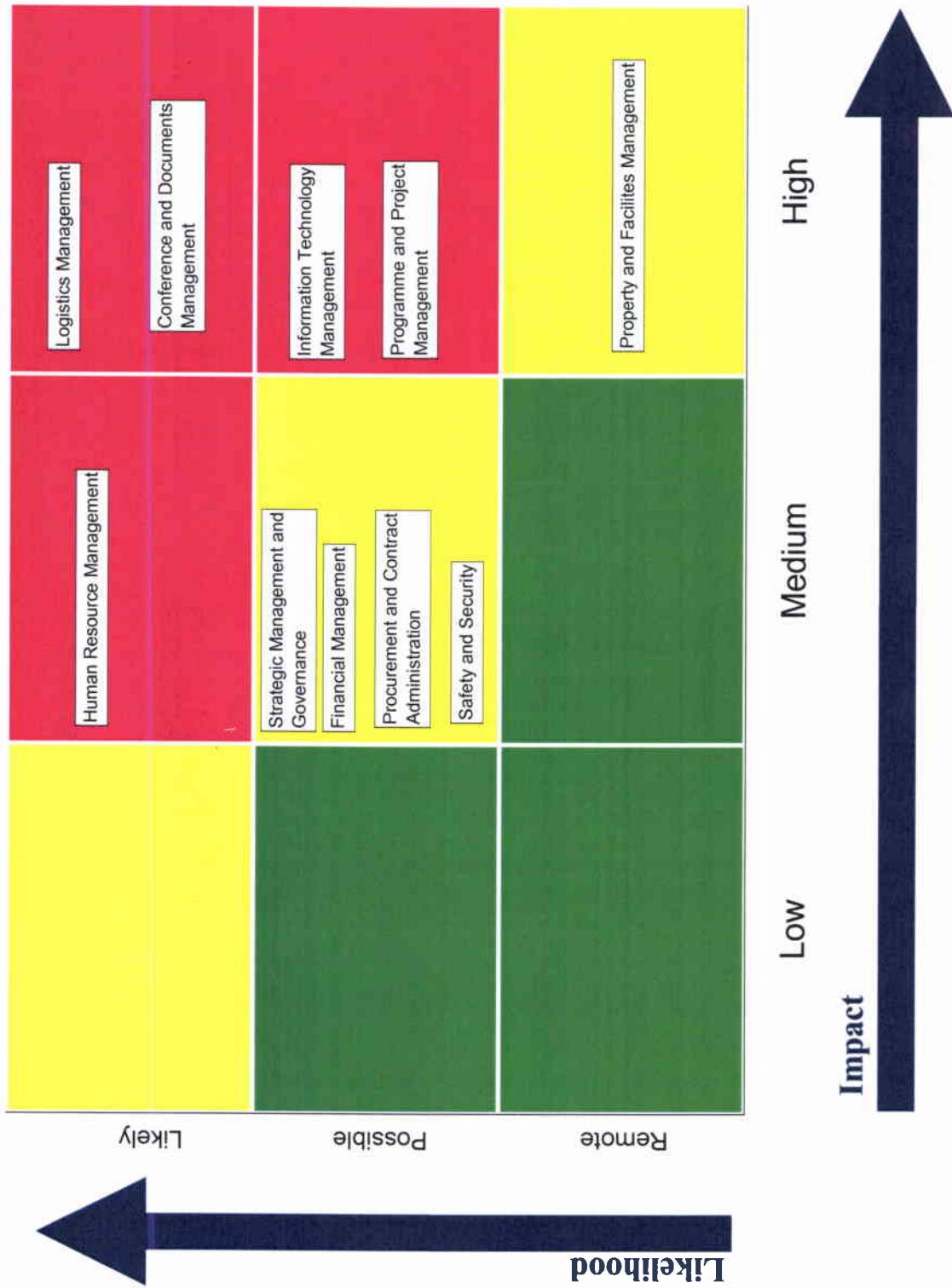
Based on the assessment of the two factors an overall risk rating is derived indicating whether the risk of a focus area is High, Moderate or Low. The ratings used is show below:

Risk Likelihood	
Likely	Conditions within our environment indicate that an event is expected to occur in most circumstances
Possible	Conditions within our environment indicate that an event will probably occur in many circumstances
Remote	Conditions within our environment indicate that an event may occur at some time

Risk Impact	
High	Serious impact on operation, reputation, or funding status
Medium	Significant impact on operations, reputation, or funding status
Low	Less significant impact on operations, reputation, or funding status

Overall Risk Combinations Impact and Likelihood	
Higher Risk	The identified issue represents the following likelihood and impact combinations: <ul style="list-style-type: none">• Likely and high• Likely and medium• Possible and high
Moderate Risk	The identified issue represents the following likelihood and impact combinations <ul style="list-style-type: none">• Likely and low• Possible and medium• Remote and high
Lower Risk	The identified issue represents the following likelihood and impact combinations <ul style="list-style-type: none">• Possible and low• Remote and low• Remote and medium

RISK SUMMARY PROFILE (Focus Area)



RISK SUMMARY PROFILE (Sub Focus Area)

