



## **INTERNAL AUDIT DIVISION**

**OFFICE OF INTERNAL OVERSIGHT SERVICES**

# **RISK ASSESSMENT**

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**International Trade Centre**

**14 November 2007**

**Assignment No. AE2007/350/01**

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE  
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TO: Ms. Patricia R. Francis, Executive Director  
A: International Trade Centre

DATE: 14 November 2007

REFERENCE: AUD-File no. (07- 00738)

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



SUBJECT: **Assignment No. AE2007/350/01**  
OBJET: **Risk Assessment International Trade Centre**

1. I am pleased to present, for your information, OIOS' risk assessment of International Trade Centre, which was carried out by OIOS from June to July 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 International Trade Centre 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: Ms. Eva K. Murray, Director of Programme Support, ITC  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management  
Mr. Anders Hjerstrand, Chief, IAD Geneva Audit Services  
Mr. Byung-Kun Min, Programme Officer, OIOS

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## INTERNAL AUDIT DIVISION

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### 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).*

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### CONTACT INFORMATION

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## PARTICIPANTS

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

Focus Area	Name and Functional Title
Strategic Management and Governance	<ul style="list-style-type: none"> <li>• Ms. Patricia Francis, Executive Director</li> <li>• Mr. Stephen Browne, Deputy Executive Director</li> </ul>
Financial Management	<ul style="list-style-type: none"> <li>• Mr. Christophe Ahouansou, Finance Officer, Financial Management Section, Division of Programme Support</li> <li>• Ms. Linda Lee Choon, Associate Finance Officer, Financial Management Section, Division of Programme Support</li> </ul>
Human Resources Management	<ul style="list-style-type: none"> <li>• Mr. Jay Wormus, Chief of Section, Human Resource Section, Division of Programme Support, ITC</li> <li>• Ms. Elisabeth Chauveau-Bais, Senior Human Resources Officer, Human Resource Section, Division of Programme Support, ITC</li> <li>•</li> </ul>
Procurement and Contract Administration Travel and Transportation Conferences and Document Management Property and Facilities Management Safety and Security Logistics Management	<ul style="list-style-type: none"> <li>• Ms Eva K. Murray, Director of Programme Support</li> <li>• Ms. Victoria Browning, Chief of Section, General Services and Publications Services, Division of Programme Support</li> </ul>
Information Technology Management	<ul style="list-style-type: none"> <li>• Mr. Georges Niquille, Chief of Section, Information Technology Section, Division of Programme Support, ITC</li> </ul>
Programme and Project Management	<ul style="list-style-type: none"> <li>• Mr Siphana Sok, Director of Technical Cooperation Coordination,</li> <li>• Mr. Friedrich von Kirchbach, Director of Product and Market Development</li> </ul>

Focus Area	Name and Functional Title
<p>Programme and Project Management(cont)</p>	<ul style="list-style-type: none"> <li>• Ms Aichatou Pouye, Director of Trade Support Services</li> <li>Mr. S. Blanc, Trade Information Section Division of Product and Market Development</li> <li>• Mr. Christian Delachenal, Market Analysis Section Division of Product and Market Development</li> <li>• Mr. Matthias Knappe, Market Development Section, Division of Product and Market Development</li> <li>• Ms. Doreen Conrad, Trade in Service Section, Division of Product and Market Development</li> <li>• Mr. Nikolai Semine, E-Trade Development Unit, Division of Trade Support Services</li> <li>• Mr. Bruce Shepherd, Officer-in-Charge, Business Advisory Services Section Division of Trade Support Services</li> <li>• Mr. Laurent Matile, Senior Officer MTS, Division of Trade Support Services</li> <li>• Mr. John Gillies, Enterprise Management Development Section, Division of Trade Support Services</li> <li>• Ms. Nadia Ben-Ammar, Associate Business Development Adviser, Enterprise Management Development Section, Division of Trade Support Services</li> <li>• Mr. Ian Sayers, Senior Officer for the Private Sector, International Purchasing and Supply Management Section, Division of Trade Support Services</li> <li>• Mr. Michael Geiger, Associate Expert, Division of Trade Support Services</li> <li>• Mr. Magdi Farahat, Chief, Office of Africa, Division of Technical Cooperation Coordination</li> <li>• Mr. Gustav Ivarsson, Office for Arab States, Europe and the Commonwealth of Independent States, Division of Technical Cooperation Coordination</li> </ul>

Focus Area	Name and Functional Title
<p>Programme and Project Management(cont)</p>	<ul style="list-style-type: none"> <li>• Mr. Eric Alvarez Gurza, Office for Asia-Pacific, Latin America and the Caribbean, Division of Technical Cooperation Coordination</li> <li>• Mr. Francesco Geoffroy, Office for Inter Regional Programmes, Division of Technical Cooperation Coordination</li> <li>• Mr. Imamo B. M. Imamo, Regional Trade Promotion Advisor, Office for Interregional Programmes, Division of Technical Cooperation Coordination</li> <li>• Ms. Marie-Claude Frauenrath, Trade Promotion Officer, Women and Gender, Office for Interregional Programmes, Division of Technical Cooperation Coordination</li> <li>• Mr. Xuejun Jiang, Programme Coordinator (Asia Trust Fund), Office for Asia-Pacific, Latin America and the Caribbean, Division of Technical Cooperation Coordination</li> </ul>

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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 Risk Register.

<b>Focus Area</b>	<b>Overall Risk</b>
i. Strategic Management and Governance ii. Financial Management	<b>Higher Risk</b>
i. Programme and Project Management ii. Human Resource Management iii. Information Technology Management iv. Safety and Security v. Procurement and Contract Administration	<b>Moderate Risk</b>
i. Conference and Documents Management ii. Logistics iii. Property and Facilities Management	<b>Lower Risk</b>

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## **RISK REGISTER**



## Risk Assessment of : International Trade Centre

1	Focus Area:	Strategic Management and Governance	Possible	High	Higher Risk
	Interview/Review Summary (Description of risk)	OIOS Assessment	Likeli- hood	Impact	Overall Risk
No					
I	<p><b>Change Management Process</b></p> <p>A(i) Senior management faces the risk of not obtaining buy-in throughout the ITC workforce while undergoing the Change Management Process (CMP). ITC staff may see the exercise as another effort that does not bring the desired results. ITCs challenges will include how to: manage diverse partners; handle complex financial arrangements; maintain donor relations; maintain its "niche" in a competitive trade and trade related development environment; and sustain moral and delivery of services during the CMP.</p> <p>A(ii) CMPs are inherently risky and may not be successfully implemented if not properly planned, and monitored.</p>	<p>ITC is undergoing a Change Management Process (CMP) under the direction of a relatively new senior management team. ITC underwent an in-depth external evaluation (paid for by donors) during 2005, and are in the process of addressing some of the recommendations in conjunction with the CMP. ITC does have some advantages as it goes through the CMP such as, the vast majority of ITC staff are based in Geneva, ITC is a small organization which may make the CMP goals achievable, and senior management included employees in the CMP and defining the new organization/organizational structure.</p> <p>The Joint Advisory Group (JAG), composed of WTO, UNCTAD and donors, serves as an ITC oversight body that meets annually to discuss ITCs budget, mission, and operations. The JAG will also meet in December 2007, rather than in April 2008 to assess the implementation of the CMP.</p>	Possible	High	Higher Risk
		Strategy	Possible	High	Higher Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
II	<p><b>Operational policies and procedures</b></p> <p>B(i) ITC has a significant amount of delegated authority, however, UN rules may still limit ITC's ability to effectively recruit, finance, and conduct business.</p> <p>B(ii) Managers may not effectively implement programmes because they do not feel empowered as a result of micromanagement and more focus on output rather than on outcome.</p> <p>B(iii) Reports for extra budgetary funded programmes may not necessarily produce more meaningful information because reporting requirements are financially driven, instead of programme driven.</p>	<p>For example, the recruitment process following UN rules is slow. In addition, if a staff member accepts a post at a grade level for which they are over qualified, HR rules prohibit the staff member from obtaining a post at a higher grade level if a position subsequently becomes available.</p> <p>Specific reporting requirements for regular budget and extra budget (donor requirements) vary for substantive area and thus cause additional work. Certain programme managers raised the issue of having more financial reporting requirements and less substantive reporting requirements.</p> <p>Systems were developed for financial reporting purposes and not for programme reporting purposes.</p>	Governance	Likely	Medium	Higher Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
III	<p><b>Results Based Management</b></p> <p>B(i) Performance indicators that are not realistic, difficult to measure, and potentially irrelevant to the desired outcome or impact, may result in ineffective programme management and failure to address fully the needs of target beneficiaries.</p> <p>B(ii) High level of reliance on partners in determining success at the end-user level and the lack of performance indicators or standards for implementing partners, may lead to unreliable programme evaluation.</p>	<p>ITC hired a consulting firm to assist with the implementation of RBM and the development of realistic performance indicators.</p> <p>During the CMP and restructuring process, ITC plans to develop performance standards for implementing partners. In addition, the level of satisfaction/perception of beneficiaries and stakeholders is also to be used as a performance indicator.</p> <p>The real indicator of success for ITC is the impact on the reduction of poverty and the strengthening of Small and Medium Sized Enterprises, Trade Support Institutions and Trade Support Organizations.</p> <p>ITC is praised in the latest JAG report for having well-formulated and measurable indicators of achievement.</p> <p>ITC should address this issue during the change management process and restructuring effort.</p>	Governance	Possible Possible	High High	Higher Risk Higher Risk
	G(i) Information systems were designed for financial reporting purposes and not for business management purposes, which may result in systems that do not meet operational management needs.		Information Resources	Possible	Medium	Moderate Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
IV	<p><b>Mandate and Mission</b></p> <p>A(i) Unclear roles of various UN organizations involved in trade and development related activities, may impact ITC's ability to effectively carry out its mandate and may result in duplication of activities within the UN system.</p> <p>A(ii) Ambiguous mandates, increases competition for funding between ITC and other UN agencies, as well as <b>Bretton Woods organizations and bilateral agencies</b> in the area of trade and development. This may have an impact on ITCs ability to obtain funding, affecting its ability to operate and limiting its ability to help the grass roots organizations for which ITC was created .</p>	<p>Programs such as Aid for Trade, MDGs, Doha Agreement, and the Paris Declaration emphasize trade and development, and increased competition for funding.</p> <p>To the advantage of ITC, it has over 40 years of expertise in trade related technical assistance. ITC's niche is at the grass roots level.</p> <p>Effort is underway in the UN System through the High Level Committee on Programs to clarify roles among UN entities. ITC and UNIDO lead the effort in the area of technical assistance on Trade.</p>	Strategy	Possible	High	Higher Risk
		<p>The JAG endorsed ITC as the institution best equipped to contribute to Aid for Trade. Member states endorsed the approach and orientation of the Consolidated Program Document with focus of 50% of total delivery on Least Developed Countries by 2009.</p>				Higher Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
V	<p><b>Organizational Structure and Functions</b></p> <p>A (i) ITC may lose funding opportunities because the use and distribution of funds are increasingly decided at the country level, where ITC lacks field presence and finds it difficult to compete for funding at the field level.</p> <p>A(ii) Lack of field presence may present ITC with several risks such as hindering ITCs ability to: influence decision makers at the country level; acquire first-hand knowledge of country/stakeholder situations and developments; synergize/coordinate with other Trade Related Technical Assistance initiatives; implement country level plans/strategies; and manage projects effectively and efficiently.</p> <p>A(iii) Without field level staff, ITC may not effectively establish and maintain private and public relationships according to ITCs standards or expectations.</p>	<p>ITC is planning to develop country level strategies to minimize the fragmentation of activities, towards a comprehensive and integrated approach. ITC is moving away from a reactive approach (donor driven) to a proactive approach (influencing donors). Country level strategies should minimize fragmentation of activities, and achieve high impact results based on clear objectives.</p> <p>Projection of growth will be based on proven needs assessments at the regional and national levels in coordination with the Aid for Trade framework, and with committed donors. Pilot country approach is being tested on a first generation of countries (Lao PDR, Romania, Senegal, Tunisia and Uruguay). To a large degree ITC will rely on consultants to manage projects in-country, as well as Trade Support Institutions and Trade Support Organizations partners for support and delivery of its technical services. Capacity building, and maintaining and strengthening relationships at the country level is critical. ITC is also in the process of preparing for a web based client feedback survey.</p>	Strategy	Possible	High	Higher Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>B(i) Lack of counterparts and sponsors at United Nations Secretariat level, may result in low visibility for ITC when trade related decisions are being made.</p> <p>B(ii) Lack of a focal point or dedicated staff at UNHQ in New York, may result in a weak connection between the Headquarters, ITC management, and General Assembly.</p> <p>B(iii) Although trade is key to development, it is often not considered during major negotiations, or discussions, which may result in ITC being overlooked during discussions on development.</p> <p>B(iv) A perception that ITC business is not considered an integral part of the normal UN Secretariat business, may cause ITC not to receive fair treatment in trade related discussions or negotiations .</p>	<p>ITC receives some support from WTO in stressing the importance of ITCs role in trade.</p> <p>Limited interaction with UN HQ results in low visibility for ITC. Lack of a focal point or counterpart in NY for ITC. ITC has limited contact with UN officials during the ACABQ annual budget process exercise.</p> <p>The JAG provides an annual review of ITC and supports ITC mission, but the JAG is Geneva based.</p> <p>In the vast majority of United Nations Development Assistance Framework (UNDAF) trade is not discussed, and even fewer discussions actually mention ITC, WTO, or UNCTAD.</p>	Governance	Likely	High	Higher Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
VI	<p><b>Strategic Planning and Monitoring</b></p> <p>A(i) The lack of focused planning could cause ITC to develop strategies that may not lead to the desired results, i.e. to generate jobs and income for the poor.</p> <p>A(ii) ITC units may have concerns with their ability to be able to meet Management's new vision within the context of the UN rules which might be circumvented in the process.</p>	<p>Development of country level strategies to minimize fragmentation of activities and achieve high impact results based on clear objectives. Projection of growth will be based on proven needs assessments at the regional and national levels in coordination with the Aid for Trade framework, and committed donors. Pilot country approach is being tested on a first generation of countries (Lao PDR, Romania, Senegal, Tunisia and Uruguay).</p> <p>Ensure adequate staff training, proper endorsement by senior management; communication with staff to enable adoption of new organizational needs; and definition by senior management of delegation of authority of UN rules.</p>	Strategy	Possible	High	Higher Risk
	D(i) ITC may lack funds and capacity to train/retrain staff to implement the management team's new strategy.	ITC will consider this aspect as a part of the CMP.	Financial	Remote	High	Moderate Risk

## Risk Assessment of : International Trade Centre

2	Focus Area:	Financial Management		Possible	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p><b>Fundraising</b></p> <p>D(i) Having no focal point for fundraising may impact ITC's ability to compete for funds and may limit ITC's fund raising opportunities.</p> <p>D(ii) Relying on individual staff contacts to raise funds, may not align with the increased competition for funding.</p> <p>D(iii) Despite increased trade related funding, and competition for those funds ITC's proportional share of Trade Related Technical Assistance (TRTA) may not increase, but may remain constant. This will impact ITCs relevance and role in TRTA.</p> <p>D(iv) 50% of the ITC budget is funded by donors. This may result in ITC not being able to sustain its operations if these donations cease.</p> <p>D(v) Delays in project execution, increases the likelihood that donor funds may be discontinued, thus ITC would not be able to finance its operations.</p>	<p>For comparison, UNIDO has a D-2, and a dedicated staff at the secretariat level who is responsible for fundraising.</p> <p>There is increasing competition for trade related funds by other UN agencies, international organizations, and NGOs (UNDP, UNIDO, among others).</p>	Financial	Possible Likely	High High	Higher Risk Higher Risk



No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>B(i) Competition of funds from the European Commission (EC) - an important donor, may face restrictions due to EC's own rules and regulations, which could affect ITC's ability to finance some of its operations.</p> <p>B(ii) Other potential donors may be limiting or restricting ITC from bidding on certain contracts, i.e., World Bank, and the Inter American Development Bank, and thus obtain financing for its operations.</p>	<p>Although ITC's role is understood in the EU, the Regional Commissions do not always understand that ITC can compete for funds within the EU.</p> <p>In addition, at the UN secretariat level, it is difficult to persuade member states of the need to fund projects in Eastern Europe, due to the perception that European countries are wealthy.</p> <p>There is a perception that the World Bank's and the Inter American Development Bank's interpretation of rules prevent, or limit ITC interventions; and that WB and IADB use the rules to deny possible cooperation with ITC.</p>	Governance	Possible	Medium	<b>Moderate Risk</b>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
II	<p><b>Overhead costing</b></p> <p>D(i) Overhead (transaction costs) is high regardless of the amount of the project, and reduces actual project funds.</p> <p>D(ii) Donor-driven activities and piecemeal receipt of contributions lead to fragmented projects and run the risk of driving up transaction costs (overhead, tracking, monitoring, and reporting requirements) which may detract staff from substantive work.</p>	<p>Convincing donors to designate funds for the global trust fund or to provide multi-year funds would help minimize transaction costs.</p> <p>Earmarked and one year funds increase costs.</p> <p>The UN 13% overhead rate is to be re-visited since ITC is not competitive when compared to other Trade Related Technical Assistance providers (e.g., UNDP or World Bank where the average overhead rate is 7%).</p> <p>Risk relates to fragmentation of projects, and the level of effort required to account and report on extra budgetary resources regardless of the dollar amount. Increased use of the global trust fund and the development of country level strategies, could minimize project fragmentation and minimize reporting and transaction costs. Possible increase in funding from the EU to meet reporting requirements, and increase in contribution to the global trust fund to minimize the impact on project fragmentation, and funds targeted to specific projects.</p> <p>ITC plans to persuade donors to commit multi-year funds, and to provide funds in a timely manner.</p> <p>The risk may be caused by a lack of an induction program for staff and understanding of the rules and regulations, and possibly too many layers of review.</p>	Financial	Possible	High	Higher Risk
	<p>C(i) Operating within the confines of UN Rules and Regulations and the bureaucracy, may lead to high transaction costs.</p>		Compliance	Possible	High	Higher Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
III	<p><b>Accounting and Financial Reporting</b></p> <p>C-(i) Substantive officers may not be properly trained in UN Regulations and Rules, and therefore, may not adequately perform the duties of certifying officers.</p> <p>C-(ii) Different reporting requirements for donors, and lack of tools to comply with reporting requirements, increase the risk of inefficient and inaccurate reporting.</p>	<p>With the implementation of IMIS, an executive office no longer exists and officers in the substantive areas now serve as certifying officials. ITC performs reconciliations of accounts, uses IMIS diagnostic tools, and budget tools to uncover errors and make corrections. There are layers of controls, and multiple levels of review and approval to ensure accuracy of transactions.</p> <p>ITC submits reports to the Consultative Committee of the Global Trust Fund twice a year. The Report of the Consultative Committee is submitted to the Annual meeting of the ITC Joint Advisory Group. Financial reports on the overall use of funds in the Global Trust Fund are included in the documentation referred to above. It is inevitable that reporting procedures for the European Commission (EC) will be different from those for individual donors, and that this goes beyond ITC's control.</p>	Compliance	Possible	Medium	Moderate Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>D(i) The risk or probability of errors (accounting, calculations of entitlements, travel, consultant fees, etc) may increase as the number of transactions increases, if staffing levels remain constant.</p> <p>D(ii) The allocation of costs is difficult and the UN cost accounting system is inadequate. This may result in costs not being properly classified and tracked.</p> <p>D(iii) Inaccurate recording of donor funds could adversely impact ITC's programme implementation because funds submitted to the UN System intended for ITC are sometimes credited to the incorrect UN agency.</p> <p>D(iv) Erroneous payment of entitlements to staff may lead to wasteful use of resources.</p> <p>D(v) Improper or duplicate payments may be made to consultants because of inadequate monitoring of consultant charges or actual incorrect payment of consultant fees.</p> <p>D(vi) Risk of over or under budgeting may lead to insufficient funds and inability to deliver services, or excess funds being spent unnecessarily.</p>	<p>Under the Global Trust Fund, ITC submits reports twice per year, and financial status once per year, but other donors may have different requirements. Possible increase in funding from EU to meet reporting requirements. If ITC can persuade donors to make contributions to the Global Trust Fund, there will be a decrease in reporting requirements.</p> <p>Expenditures under the regular budget and backstopping costs, are not currently allocated to a specific programme or project.</p> <p>UNCTAD and ITC often have the same donors, but when a donor submits a payment, the intended recipient is not always indicated. ITC performs quality assurance to identify erroneous payments and ensure donated contributions are properly recorded to ITC's account.</p> <p>ITC performs reconciliations of accounts, uses IMIS diagnostic tools, and budget tools to uncover errors and make corrections. Established controls, multiple levels of review and approval to</p>	Financial	Possible	Medium	<b>Moderate Risk</b>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
		<p>ensure the proper payment of entitlements and the accuracy of other transactions.</p> <p>ITC relies heavily on consultants in order to conduct its business. The 2005 Board of Auditor report found that ITC needed to do a better job of monitoring consultant contracts, and the payments made by UNOG.</p> <p>Budget monitoring and revisions are required to be made in accordance with UN requirements.</p>				
IV	<p><b>Treasury</b></p> <p>D(i) ITC staff transport funds for DSA payments for conference participants in remote locations that lack adequate banking facilities. As a result there is a risk that DSA payments for conference participants may be given to the wrong person, or ITC staff could be robbed while transporting the funds.</p>	<p>Prior audit found that overall controls were adequate. However, unsigned traveler's cheques for conference participants are still being carried by staff members.</p> <p>Traveler's cheques are insured and stolen funds can be recovered.</p> <p>ITC requires conference participants to sign and show identification when collecting DSA. ITC considered options of using UNDP, banks, or other means of distributing DSA when feasible.</p>	Financial	Possible	Medium	Moderate Risk Moderate Risk

## Risk Assessment of : International Trade Centre

3		Focus Area:	Human Resource Management		Possible	Medium	Moderate Risk
No		Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I		<p><b>Staffing</b></p> <p>F(i) Lack of staff to perform day-to-day operations due to the Change Management Process (CMP) and strategizing for a new vision, may adversely affect timely and quality delivery of services.</p> <p>F(ii) Risk that current level of effort to track and monitor post occupancy is insufficient given the increased volume of activities.</p>	<p>As the organization undergoes changes, management wants to ensure that before new staff is hired, the hiring is aligned with the new organizational requirements.</p> <p>Organizational changes, hiring of short term staff, and consultants, in addition to the likelihood of reorganization, will make post management difficult, and cumbersome.</p> <p>Due to the extra pressure of change management, additional resources have been allocated to HRS</p>	Human Resources	Possible Possible	Medium Medium	<b>Moderate Risk</b> <b>Moderate Risk</b>
		A(ii) HR resource constraints may affect efforts to adequately support change management.	Senior management gives high priority to the CMP.	Strategy	Possible	Medium	<b>Moderate Risk</b>
		D(i) Imbalance in geographic representation in ITC's internship program may occur, because internships are unpaid, and candidates from developing countries are not always able to cover travel and living expenses. As a result, most interns will come from developed countries and therefore, ITCs interns will not reflect the makeup, or provide the perspective of ITC's targeted beneficiaries.	Least Developed Countries or Developing Countries are often not able to subsidize interns from their countries; as a result it is difficult for the interns to be able to live in a high cost area such as Geneva, Switzerland.	Financial	Possible	Medium	<b>Moderate Risk</b>
		D(ii) Reliance on extra budget financing impacts staffing, human resource management and the delivery of services.	Funding uncertainties have an impact on overall operations.				

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
II	<p><b>Use of Short Term Staff</b></p> <p>F(i) There is a risk that UN's low threshold for consultant fees may not be competitive with the private sector, or within the UN System. Other UN organizations may pay consultants at a higher grade level for similar work. As a result ITC may not be able to compete for highly skilled experts particularly from developed countries.</p> <p>F(ii) Insufficient talent pool to provide necessary consultant services may affect project delivery.</p>	<p>Difficult for ITC to compete for consultants when WTO, UNCTAD or other organizations can offer consultants higher grade levels for similar types of work.</p> <p>UNCTAD staff may apply to ITC because ITC is viewed as less political, and a better working environment. WTO may be viewed as more interesting to ITC/UNCTAD staff because of higher grades and more stable contracts.</p>	Human Resources	Possible Possible	Medium Medium	Moderate Risk Moderate Risk
III	<p><b>Training</b></p> <p>E(i) Investment in training courses may not be aligned with the new organizational strategy. Therefore, the desired results may not be achieved and the staff may not obtain the requisite skills.</p> <p>E(ii) The lack of a systematic method, or needs assessment tool to ensure that staff receive appropriate training, and insufficient management of technical training may result in ad hoc training and inability for ITC staff to acquire the necessary skills to maintain a competitive edge.</p>	<p>Training strategies not complete, awaiting results of change management process and new organizational structure. ITC intends to fully align its training strategy with and support the new organizational strategy.</p>	Operational	Remote Remote	Medium Medium	Lower Risk Lower Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
IV	<p><b>Recruitment and Retention</b></p> <p>F(i) Not recruiting or attracting candidates and retaining staff/experts who possess the requisite competencies, since similar posts and similar scope of work have higher grade levels and higher benefits at the World Trade Organization (WTO), a sister agency of ITC.</p> <p>F(ii) Staff with expertise, good professional reputation, and credibility, may leave the organization for more competitive salaries, and client relations may suffer as a result.</p>	<p>ITC uses a Roster System for consultants/ experts in order to have access to candidates.</p> <p>ITC budget is 50/50 regular budget and extra budgetary funded (XB). The XB provides the flexibility to increase project staffing, but if funding decreases contracts are not renewed. As work increases or resources double more staff or consultants are hired to accomplish projects.</p> <p>Competency framework has not been developed, senior management is awaiting the development of new organization structure before developing the competency framework.</p> <p>Compensation package is not competitive with some UN organizations, and performance rewards are lacking.</p> <p>Employees earn a certain reputation/credibility, and retaining the expertise is critical for ITC to maintain its competitive edge and good working relationships with clients/donors. When staff members leave ITC, it takes time to form new working relationships with clients.</p>	Human Resources	Possible	Medium	Moderate Risk



## Risk Assessment of: International Trade Centre

4	Focus Area:	Procurement and Contract Administration	Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Likelihood	Impact	Overall Risk
I	<p><b>Procurement and Contract Administration</b></p> <p>E(i) Systems contracts for recurring requirements such as the translation and printing of JAG documents, offer cost efficiency opportunities, which may be foregone if ITC views establishing system contracts for this purpose as unnecessary.</p> <p>E(ii) Lack of procurement planning, and requisition requirements, may result in inefficient and costly purchases.</p>	<p>OIOS 2006 Risk Assessment Report identified this area as moderate risk.</p> <p>Until recently the largest expenditure for ITC was the building lease and the associated expenses. ITC participates in the Joint Purchase Service among UNOG, WMO, WIPO, and ITC share information on prices, and TOR of vendors.</p> <p>2005 Board of Auditors report mentioned that ITC needed to improve procurement planning and require requisitioners to provide timely information. ITC agreed with the recommendations.</p> <p>ITC participates in the Joint Purchase Service, and relies on UNOG for vendor roster registration, evaluation and updates.</p> <p>ITC has a Committee on Contracts to review procurements with various levels of approval based on dollar amount.</p> <p>ITC also has legal counsel to review contracts.</p>	Possible	Medium	<b>Moderate Risk</b>
			Possible	Medium	<b>Moderate Risk</b>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>G(i) Lack of planning may result in last minute request for printing services, and the cost for the services may be at a premium. Outsourcing opportunities for printing of materials and products may not be conducted because the support office may be given too little notice to do an effective outsourcing job.</p> <p>G(ii) Quality issues may occur in editorial and translation services. Editorial services are only conducted for the English language. Only proofreading services are conducted for Spanish and French language translations. As a result, there may be a quality issues for all other language translations.</p>	<p>Acquiring reproduction services has proven to not be cost effective; and the quality of binding required is not readily available.</p> <p>The need for outsourcing is limited, or not feasible; ITC products for sale (publications) are mostly available on CD Rom, or may be purchased through the ITC website.</p> <p>There is an online reproduction request system to ensure immediate notification to remind staff and follow-up by staff; upgrade of equipment to ensure availability of best technical solutions; outsource for special works or when staff is overloaded.</p> <p>ITC ensures high quality of translators and addresses resource limitations.</p>	Information Resources	Remote	Low	Lower Risk
	<p>B(i) Lack of investment by the UN System in the automation of the procurement processes, and training of staff involved in the procurement process, may lead to inefficient and costly procurement of goods and services.</p>	<p>The UN does not have an induction program for staff involved in procurement. This may not impact ITC to the degree it impacts larger organizations.</p> <p>The UN Procurement Manual is available for reference.</p>	Governance	Possible	Low	Lower Risk

## Risk Assessment of : International Trade Centre

5	Focus Area:	Logistics Management		Remote	Medium	Lower Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p><b>Planning</b></p> <p>D(i) Travel authorizations not prepared in a timely manner could increase the cost of travel, due to increased rates for last minute purchase of airline tickets.</p>	<p>2005 Board of Auditors report identified improvements in the submission of travel authorizations in order to reduce ticket costs. ITC agreed to implement controls as appropriate on the findings identified.</p> <p>OIOS Risk Assessment report of March 2006, identified travel and transportation as a minor to moderate risk.</p>	Financial	Remote	Medium	Lower Risk
				Remote	Medium	Lower Risk

## Risk Assessment of : International Trade Centre

6		Focus Area:	Information Technology Management		Possible	Medium	Moderate Risk
No		Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I		IT Strategy			Possible	Medium	Moderate Risk
		A(i) IT strategy may not be in line with the ITC business strategy under development, thus IT tools may not meet the organization's needs.	IT staff are involved in the change management and the RBM processes.	Strategy	Possible	High	Higher Risk
		G(i) ITC could develop inadequate IT systems that do not meet functional requirements caused by poor internal communication and coordination regarding system requirement. G(ii) Complex system development may be another risk if not properly planned. G(iii) Implementation of a new IT system may face negative attitudes and acceptance of change by the staff during the development, testing and implementation phases.	System development will have support and endorsement from the senior management team. CMP should address IT requirements and system development, and training.	Information Resources	Possible	Medium	Moderate Risk
		F(i) ITC staff may not receive adequate training regarding system development.	System development will have support and endorsement from the senior management team. CMP should address IT requirements and system development, and training.	Human Resources	Remote	Medium	Lower Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
II	<p><b>Software Development</b></p> <p>E(i) Risk that ITC may not have control, or will not maintain control of documentation due to its dependency on developers (consultants) for key applications.</p> <p>E(ii) Developers may not deliver the desired product, which could result in a system that does not meet functional needs and that may require expensive and time consuming system changes.</p>	<p>Software development documentation is maintained by ITC. ITC uses Content Management Software to track development, and follows IT change management procedures.</p>	<p>Information Resources</p>	<p>Possible</p> <p>Possible</p>	<p>Medium</p> <p>Medium</p>	<p><b>Moderate Risk</b></p> <p><b>Moderate Risk</b></p>
III	<p><b>ITC Security, Disaster Recovery</b></p> <p>G(i) Inadequate IT Security may put ITC at risk for system intrusions, virus attacks, trojan horses, etc.</p> <p>G(ii) Risk that Disaster Recovery has not been tested, or is insufficient due to the small number of IT staff.</p>	<p>Reliance on UNOG and ICC for IT support and security. 2006 OIOS risk assessment reported this area as moderate.</p>	<p>Information Resources</p>	<p>Possible</p> <p>Possible</p>	<p>Medium</p> <p>Medium</p>	<p><b>Moderate Risk</b></p> <p><b>Moderate Risk</b></p>
IV	<p><b>Communication and Coordination</b></p> <p>E(i) Lack of a formal information system for project, or programme management system, may result in inefficient project and programme management.</p>	<p>Systems are ad hoc and usually financially driven, and not designed for project management.</p>	<p>Operational</p>	<p>Possible</p> <p>Possible</p>	<p>Medium</p> <p>Medium</p>	<p><b>Moderate Risk</b></p> <p><b>Moderate Risk</b></p>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
V	<p><b>Delivery of Services</b></p> <p>G(i) Risk that ITC may not make use of technology to keep clients informed and provide relevant information and training, particularly considering ITCs lack of field presence.</p> <p>G(ii) Risk that adequate IT tools may not be developed for the delivery of training to countries with varying degrees of economic resources and information technology and communications infrastructure .</p> <p>G(iii) Risk that the ITC website does not provide clients with the desired information, or deliver it in a way that is useful to the client.</p>	<p>The ITC website provides for client feedback and ITC responds to the feedback, and makes necessary changes and improvements.</p> <p>ITC also includes user comments on the website.</p> <p>ITC's E-Trade unit focuses on the delivery of training and other information to reach its dispersed customer base.</p>	Information Resources	Possible	Medium	Moderate Risk

## Risk Assessment of : International Trade Centre

7	Focus Area:	Programme and Project Management		Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p><b>Coordination and Communication</b></p> <p>B(i) Lack of coordination between Product and Market Development Division, and Technical Cooperation and Coordination Division, could result in the development of conflicting objectives to meet market demands.</p> <p>B(ii) Lack of a formal mechanism to ensure coordination takes place between sections and divisions when planning activities for the delivery of capacity building training, may result in inefficiencies, increased travel and other associated costs, as well as hinder the delivery of services.</p>	<p>ITC needs to continue building synergies and complementarities across sections – so that all divisions and sections can be involved in programme development.</p> <p>At the present coordination is more informal. It is the initiative of individual staff members to coordinate and communicate with other sections regarding work in specific areas.</p> <p>The planned development of country level plans/strategies should help improve communication and coordination between ITC divisions and sections.</p> <p>Systems are ad hoc and usually financially driven, and not designed for project management.</p>	Governance	Possible Possible	High High	Higher Risk Higher Risk
	G(i) Lack of a formal project or programme management information system, may hinder project visibility as it makes it difficult for operational staff to stay abreast of projects across ITC.		Information Resources	Likely	High	Higher Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
II	<p><b>Trade Support</b></p> <p>F(i) Inadequate training of staff through the "Train the Trainer" concept may hinder ITC's ability to create and transfer capacity building skills to the beneficiary at the country level or the grass roots level.</p> <p>F(ii) Lack of financial resources may limit the development of necessary skills in ITC staff. On the other hand, even if training is acquired there is a limited number of staff to deliver services.</p> <p>F(iii) Increases in workload, not matched by a corresponding increase in staffing levels, may cause stress and adversely affect the quality of services.</p> <p>F(iv) Ability to attract and retain staff may be negatively affected if training is inadequate. As a result, staff may not be able to maintain competitive edge, nor will they be able to deliver services to the beneficiary.</p> <p>F(v) High turn over of short term staff may address staffing constraints, but increases training cost.</p> <p>F(iv) ITC may lack staff to cover certain sectors because recruitment is not being conducted, due to the change management process.</p>	<p>ITC is able to attract well-recognized experts who are qualified and experienced, due to its UN affiliation and ITC's good reputation.</p> <p>ITC's goal is to deliver high quality training to constituents/partners, who in turn will deliver quality services to clients.</p> <p>Amongst others, good results depend on well-motivated and trained staff members, on the basis of a well functioning and seriously taken Personal Appraisal System (PAS). In its current thrust to a full integration of the results-based management concept into ITC operations, special attention is devoted to human resource development issues.</p> <p>Management is delaying hiring of staff until CMP is complete. It is management's policy to hire the right skills for the organization after strategy is developed; in order to avoid the risk of bringing staff on board, to later realize the staff does not have the requisite skills for the new organization.</p>	Human Resources	Possible	Medium	Moderate Risk



No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>E(i) ITC's involvement in too many activities, may result in services being delivered which have only minimal impact at the beneficiary level, and desired results may not be achieved.</p> <p>E(ii) Lack of donor commitment may put the delivery or completion of services at risk.</p> <p>E(iii) Programme managers may be limited in their ability to perform their dual roles i.e., programme management, and development and maintenance of skills necessary to deliver services to beneficiaries.</p> <p>E(iv) Project fragmentation and donor funding may increase reporting requirements and transaction costs.</p> <p>E(v) Project fragmentation may cause inefficient project management and tracking.</p>	<p>ITC encourages donors to contribute funds to the global trust fund, or to commit funds for a specified number of years, and to submit the funds in a timely manner. This will enable ITC to develop country level strategies and target specific needs. ITC will consider conducting value chain diagnostics.</p> <p>Donor behavior is unpredictable and can be noncommittal. Donors fund an activity one year, and may later switch to a different activity.</p> <p>ITC uses the internet for training and to transfer knowledge to reach as many targeted beneficiaries as possible.</p> <p>ITC may address these issues during the CMP, in developing RBM performance indicators, and the development of performance standards for partners. Improvement in tools to monitor and track projects, development of indicators to measure performance have also been planned.</p>	Operational	Possible	Medium	<b>Moderate Risk</b>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>E(vi) ITC does not have an institutional culture of looking at project success or failures, which may be attributed to a perception that ITC lacks competition, or because ITC is the only UN agency in certain trade related areas.</p> <p>E(vii) Lack of resources to deliver services may lead to reliance on others/3rd parties to deliver work, which may have a negative impact on reputation if delivery of services is ineffective.</p> <p>E(viii) Change management exercise may have an impact on the delivery (opportunity cost) of services, because staff time and resources are being directed to CMP in order to make long-term improvements.</p>	<p>In order to assess project success ITC plans to make improvements in tools to monitor and track projects, development of realistic and measurable performance indicators, and benchmarking where feasible.</p> <p>This area will be addressed by ITC during its change management and RBM processes, and the plans for the development of country level strategies.</p>				
	<p>C(i) UN bureaucracy, inflexible rules and regulations, interpretation of rules, requirements for approval, too many checks and not enough balance, may detract staff from the efficient and effective performance of substantive work.</p> <p>C(ii) External oversight activities may focus too much on compliance, and adherence to outdated rules and regulations, which further adds to the inefficiencies and bureaucracy.</p>	<p>UN rules and regulations are outdated, and have failed to keep pace with a changing world, particularly in ITC area of expertise, Trade and Trade Related Development.</p> <p>The challenge is in determining how to use ITC's scope within its delegated authority to adjust ITC procedures and the need of organizational change within the UN rules and regulations.</p>	Compliance	Likely	High	Higher Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>B (i) ITC's reputation may suffer if there is a perception, that the organization is too closely aligned to a specific donor.</p> <p>B (ii) ITC must manage political affiliations due to changes in government. Changes in governments (particularly unstable governments) could lead to misinterpretation of roles and responsibilities.</p> <p>B(iii) Prior country level relationships and strategies could be discarded, or ignored, and lead to revamping of related projects which might prove costly to ITC.</p> <p>A(i) Lack of accurate measurement on how each ITC section contributes to the overall mission, may impair management's ability to assess programme performance.</p> <p>A(ii) ITC might not decrease the number of activities and focus on specific areas with more impact, if raising funds becomes a concern. Instead, ITC might be motivated to continue accepting disparate projects in order to obtain donor funding.</p> <p>A(iii) Management of portfolio of activities may be inadequate because ITC wants to respond to most needs, which in turn makes strategizing difficult and risky.</p>	<p>Minimize the perception of favoritism by encouraging donor contribution to ITCs global trust fund based on ITCs development of country level strategies, and needs assessments in order to decrease the amount of funds targeted to specific recipients, or projects.</p> <p>Joint (ITC, Country, Partners) development of country level strategies to mitigate the risk that could result from changes in governments.</p> <p>ITC staff are involved in the change management process, which should help ensure that staff are aware of, and take part in the development of the new organizational structure.</p> <p>Change management process is an opportunity to focus on the specific activities to be undertaken and to develop country plans, instead of taking on ad hoc projects. In addition, ITC plans to encourage donors to support projects for a number of years.</p> <p>The need, or perceived need for funds may drive this reactive approach.</p>	<p>Governance</p> <p>Strategy</p>	<p>Possible</p> <p>Possible</p>	<p>Medium</p> <p>Medium</p>	<p><b>Moderate Risk</b></p> <p><b>Moderate Risk</b></p>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
III	<p><b>Programme Support</b></p> <p>F(i) Resources may be inadequate to support the new organizational vision.</p> <p>F(ii) Organizing conferences and training events may be adversely affected by lack of field presence as ITC depends on partners and shipping services to deliver training or conference materials.</p> <p>E(i) An increase in projects, despite increase in associated project funds may result in an insufficient number of staff to backstop projects.</p> <p>E(ii) Current staff may need to absorb additional work, and the associated project management. This may increase stress and affect performance and staff retention.</p>	<p>ITC needs to build relationships and trust with partners and establish performance indicators for them.</p> <p>As part of its strategy, ITC plans to limit the number of activities, and develop country level and regional strategies.</p>	Operational	Possible	Medium	<b>Moderate Risk</b>
	<p>C(i) There is a possibility that UN rules will not be followed during the implementation of change management decisions. This may create an administrative challenge, if rules pose a hindrance during program execution.</p>	<p>The challenge will be to maximize the effectiveness of ITC within the context of the change management process, and maximize the impact for countries within the administrative framework of the UN. Training of staff, communication with staff will enable staff to adapt to new organizational requirements.</p> <p>Due to ITCs lack of a field presence, there are no local offices to support local administration. ITC uses UNDP in the field for administrative purposes when possible.</p> <p>ITC hires consultants to assist with the development of a competency framework, performance management system, and development of training to ensure fair and effective implementation.</p>	Human Resources	Possible	Medium	<b>Moderate Risk</b>
			Compliance	Possible	Medium	<b>Moderate Risk</b>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>D(i) Fragmentation of projects drives up transactions costs, because of extra budgetary reporting requirements, different reporting requirements for each donor, and inefficient management or project coordination.</p>	<p>ITC submits reports to the Consultative Committee of the Global Trust Fund twice a year. The Report of the Consultative Committee is submitted to the Annual meeting of the ITC Joint Advisory Group. Financial reports on the overall use of funds in the Global Trust Fund are included in the documentation. It is inevitable that reporting procedures for the European Commission (EC) will be different from those for individual donors, and that this goes beyond ITC's control.</p>	Financial	Possible	Medium	<b>Moderate Risk</b>
IV	<p><b>Technical Cooperation Coordination</b></p> <p>D(i) ITC is heavily dependent on donor funding. This may impact the perceived need for staff to solicit funding, which may result in ITC accepting disparate projects.</p> <p>D(ii) ITC funds are sometimes received piecemeal which may hinder project implementation.</p> <p>D(iii) ITC donors may continue to arbitrarily select which projects they fund. Certain projects may succeed, while others go unfunded, under funded, or regular budget projects may fail.</p> <p>D(iv) ITC may miss opportunities to obtain funding, because funding decisions are becoming more decentralized and increasingly funds are being provided at the country level.</p> <p>D (v) Competition posed by other UN agencies and NGOs for funding, may impact ITC's ability to raise funds and deliver services.</p>	<p>ITC will continue to dialogue with donors and beneficiaries, and encourage contribution to the global trust fund.</p> <p>Operating reserves can be used upon proper justification.</p> <p>ITC will continue networking with donors at the national level, and during missions, and emphasises this during the CMP.</p> <p>ITC needs better coordination and consultation to promote partnerships.</p> <p>It is at the field level that projects are being selected and funded. For example, OECD field offices now approve which projects to fund instead of headquarters</p> <p>Effort is underway in the UN System through the High Level Committee on Programs (HLCP) to focus on clarifying the roles and contributions within the UN among UN entities, for the benefit of UN clients.</p>	Financial	Possible	Medium	<b>Moderate Risk</b>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>E(i) ITC may not conduct adequate needs assessment of beneficiary needs in order to identify projects at country level. Donors may influence ITC decisions for most suitable projects.</p> <p>E (iii) If ITC partners do not diligently follow through with beneficiaries, there may be a low rate of national implementation of plans and absorption of project proponents in the field.</p> <p>E(iv) Internal procedures may not be aligned to the needs of the private sector (ITCs main beneficiary in the field) and may impact adversely on ITC's ability to deliver results effectively in this sector.</p>	<p>The development of country plans, decreasing activities, and the CM process may address this issue.</p> <p>Designing the right capacity building elements and choosing the right partners may address the issues on implementation rate and absorption.</p>	Operational	Possible	Medium	Moderate Risk
	<p>A(i) Lack of commitment by implementing partners or executing agency may lead to failed projects.</p> <p>A(ii) Meager country resources for trade development present a challenge and some countries may not be able to sustain a project.</p> <p>A(iii) ITC is often obliged to carry out only specific activities, rather than a full set of multiple coordinated activities due to funding constraints, which may result in beneficiaries not achieving intended results and which may also affect ITCs reputation.</p> <p>A(iv) Not focusing enough on a single strategic area for a specific beneficiary, ITC may minimize its impact at the country level.</p> <p>A(v) Unanticipated changes in the external environment such as changes in a government's priorities, may impact ITC work and probability of success.</p>	<p>There is a need for cost-sharing at the project level; finding the right partner (traditionally partners are chambers of commerce or trade organizations) and focus on country priorities expressed by government to ensure commitment.</p> <p>ITC plans to develop country level strategies. Reform is needed in development of results/impact driven performance indicators. ITC will address this during its RBM review.</p> <p>ITC needs to anchor its activities with business associates and private sector partners.</p>	Strategy	Possible	High	Higher Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>A(vi) Instead of measuring impact ITC may measure output. Historically, ITC conducted many activities, and although output was measurable, the impact was sometimes minimal and often difficult to measure.</p> <p>A(vii) Since the Gender and Poverty section was recently established there may be a risk that this program may not be integrated into the other country and regional areas.</p> <p>A(viii) Political instability of some governments or countries pose a risk to ITC's work and project implementation.</p> <p>A(ix) Lack of presence on the ground makes ITC dependent on its partners in the field. There is no guarantee that other UN field agencies or other partners will deliver.</p>	<p>Strategizing in the gender and poverty area may be more cohesive because the area is cross cutting. ITC has included the gender and poverty issue in its change management process, and will include it in the CPD.</p> <p>ITC must make good choices when selecting partners to ensure that ITC through its partners, will be well informed. ITC will develop performance standards for implementing partners.</p>				
	<p>B(i) Ambiguous mandates of UN agencies in the area of trade may lead to other agencies obtaining trade related funds and entering into the trade arena, where they lack the necessary expertise.</p> <p>B(ii) ITC may lose opportunities with beneficiaries due to inefficient internal administrative support and processes.</p>	<p>ITC senior management hopes to resolve this issue during the High Level Committee's review of mandates in the trade related area.</p> <p>As ITC undergoes the CMP, finding innovative ways such as MOUs through UNDP in order to improve administrative processes will be addressed.</p>	Governance	Possible	Medium	<b>Moderate Risk</b>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>E (i) Delaying the recruitment of staff in certain sectors due to the CMP, may result in inadequate coverage in some sectors of ITC's work.</p> <p>E(ii) ITC may lack a sufficient number of technical staff (80 staff for 133 programmes and projects targeted to over 130 countries) to adequately and effectively serve the needs of its beneficiaries.</p>	<p>Management made a decision to delay hiring of vacant posts until completion of the Change Management Process, and the new organizational structure is decided. This is being done to ensure that newly hired staff will have the requisite competencies.</p>	Human Resources	Possible	Medium	<b>Moderate Risk</b>
<b>V</b>	<p><b>Product and Market Development</b></p> <p>A(i) Competition in programme areas within and outside of the UN network for funds and clients, may lead to confusion and minimize the overall effectiveness of UN services.</p> <p>B(i) Insufficient coordination between divisions may lead to gaps in services to beneficiaries.</p>	<p>ITC is part of the UN committee established to clarify roles and responsibilities for trade related organizations.</p>	Strategy	Possible	Medium	<b>Moderate Risk</b>
	<p>G(i) ITC staff may not possess the necessary skills to pass on the latest technologies in website development to its beneficiaries according to W3C standards (Web design techniques). Resources for in-house training are limited.</p>	<p>As part of the CMP, ITC plans to develop country level strategies which will require coordination between divisions.</p> <p>ITC will pursue other methods of training including web based training.</p>	Governance	Possible	Medium	<b>Moderate Risk</b>
	<p>D(i) Limited resources and donor retention for specific programmes may impact the delivery of services.</p> <p>D(ii) In sections where a large percentage (sometimes as much as 50%) of staff are funded through extra budget project resources, staff experience instability in their contractual situation. This may lead to ITC's inability to deliver commitments and may adversely impact ITCs reputation.</p>	<p>ITC networks with donors to ensure continued funding.</p>	Information Resources	Possible	Medium	<b>Moderate Risk</b>
			Financial	Possible	Medium	<b>Moderate Risk</b>



No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>E(i) Product and Market Development could produce products that are not relevant, or cost effective because of inadequate needs and cost assessment.</p> <p>E(ii) Section Chiefs are often functioning as staff officers and carrying out management responsibilities - this could have an adverse affect on programme management, efficiency and effectiveness.</p> <p>E(iii) High transaction costs, and checks and balances for processing transactions creates delays, waste in staff time, and possibly too many reviewing and approving layers.</p> <p>E(iv) Two parent organizations' require (the World Trade Organization and UNCTAD) different reporting requirements, in addition to the specific reporting requirements of donors, may significantly add to transaction costs.</p> <p>E(v) Lack of holistic country programmes may fail to meet beneficiaries' expectations.</p> <p>E(vi) ITC's reputation may suffer if it does not deliver competent services to the client, and if it fails to meet beneficiaries' expectations.</p> <p>E(vii) Delay or inability to work in certain priority sectors of developing countries, because allocated posts are not filled.</p>	<p>ITC needs to assess the use of products and the associated costs, and avoid unnecessary product development, or continuation of products.</p> <p>There is a need to find a way to balance administrative matters and substantive functions and responsibilities.</p> <p>Development of holistic country plans including staff across divisions and sections in planning and preparation.</p> <p>Technical Corporation mode of operation and approach to country programmes, may not be aligned with Product and Market Development, who may be closer to market demands.</p> <p>As part of the CMP, and restructuring, ITC Divisions and units will address how to build synergies and complementarities across sections – so that they can all be involved in programme development</p>	Operational	Possible	Medium	<b>Moderate Risk</b>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>F(i) Lack of back-up to the Chief of Section (no deputy) places additional stress on the staff.</p> <p>F(ii) Lack of staff, as well as key staff leaving, may result in an inability to deliver commitments.</p> <p>F(iii) Failure to update staff's Information Technology competencies may lead to ITCs inability to deliver services.</p> <p>F(iv) Risk that ITC may not be able to develop staff competencies in order to keep pace with external developments. This may hinder the delivery of efficient and relevant products and services to beneficiaries.</p> <p>F(v) ITC's inability to train and develop staff may cause ITC to be unprepared to deliver adequate capacity building support, or provide information on the most relevant technologies, information systems and information services to clients.</p>	<p>ITC needs to develop a project to attract more senior staff, and to plan well ahead for vacant posts and develop TORs to facilitate, and expedite the hiring process.</p> <p>Depending on fund availability, staff awareness of external developments may be addressed by attending conferences and trainings as well as review of publications (technical).</p> <p>On-going personal staff development is encouraged as part of PAS.</p> <p>To address this, ITC will plan well ahead for vacant posts (TORs) so that the hiring process can be facilitated.</p>	Human Resources	Possible	Medium	<b>Moderate Risk</b>

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
No	<p>F(vi) HR policies may prevent ITC from attracting and hiring the most qualified staff.</p> <p>F(vii) The grading of ITC posts for similar work may not be equivalent to the grading of posts at UNCTAD/WHO. This could impede ITCs ability to recruit and retain skilled staff.</p> <p>F(viii) Low consultancy thresholds/fees, based on UNHQ rates may be unattractive to some world-class experts from certain developed countries.</p> <p>F(ix) There is a lack of time to attend training on one hand, and the unavailability of technical training for staff on the other hand, both of which may adversely affect development of staff's skills.</p> <p>F(x) Lack of a training mechanism to anticipate training needs may adversely affect career development and staff retention.</p>	<p>ITC does not have a plan to attract more senior staff and should plan ahead for the next year particularly for vacant posts, and develop TORs in order to facilitate hiring process. Policies do not allow ITC to attract staff, and offer them a clear career path within the organization.</p> <p>As part of the CMP ITC plans to conduct a needs assessment to identify training requirements; increase awareness and technical skills by attending conferences; and encouraging staff as part of publications; and encouraging staff as part of personal development to keep abreast of the latest IT developments.</p> <p>ITC plans to make use of technology to deliver selected training to clients in order to reach a wider audience and decrease administrative cost associated with the traditional delivery of training (travel cost, conference fees, shipping costs, etc).</p>				
VI	<p>F(xi) Staff competencies may not keep pace with external development, and skills may not be maintained once developed, leading to waste of training resources.</p> <p>F(xii) Lack of back-up staff in the event a technical staff member resigns/transfers/retires, may adversely affect programme delivery.</p> <p>F(xiii) Change management process may cause delays in recruitment, and may negatively impact delivery of work.</p>	<p>Change Management is underway and positions will be filled once the new organizational structure is determined.</p>				Moderate Risk

No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
	<p>A(i) Least Developed Countries may not have access to critical data, if ITC products (statistical data, publications, CDs, licenses) are expensive, and, as a result, the countries will not have access to vital information relating to trade, necessary for the development of appropriate products given market conditions.</p>	<p>ITC reduces fees and extended license period for developing countries and LDCs.</p>	<p>Strategy</p>	<p>Remote</p>	<p>High</p>	<p><b>Moderate Risk</b></p>

## Risk Assessment of : International Trade Centre

8	Focus Area:	Conference and Documents Management		Remote	Medium	Lower Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p><b>Conference Management</b></p> <p>B(i) The host country may not grant visas to representatives of certain member states to attend ITCs bi-annual global meeting, which may prevent the full participation of all members.</p> <p>F(j) Because ITC lacks field presence, ITC's dependence on other agencies for shipping and other administrative services, may result in inadequate logistics/support for organizing conferences, and cause delays in shipping materials for training events or conferences.</p>	<p>Based on its experience, ITC will in the future require the sponsoring country to sign an agreement to grant and obtain access for all conference participants.</p> <p>UNDP may provide some support for conferences, but ITC still has to take care of the details, including shipping and returning items for training, and locating adequate conference and lodging facilities.</p> <p>A change in business deliverables to beneficiaries in the past few years has taken place. As a result, an increase in seminars and workshops require more sophisticated logistics. However, a review of the business model which is underway may require less local support.</p>	<p>Governance</p> <p>Operational</p>	<p>Remote</p> <p>Remote</p> <p>Possible</p>	<p>Medium</p> <p>Medium</p> <p>Low</p>	<p>Lower Risk</p> <p>Lower Risk</p> <p>Lower Risk</p>

## Risk Assessment of : International Trade Centre

9	Focus Area:	Property and Facilities Management		Remote	Low	Lower Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p><b>Management of office premises and facilities</b> C(i) Improper or insufficient management and maintenance of office premises and facilities may result in high operational costs.</p>	<p>ITC occupies leased space and facilities maintenance is provided for through the lease agreement.</p>	Financial	Remote Remote	Low Low	Lower Risk Lower Risk
II	<p><b>Expendable and Nonexpendable property</b> C(i) Inadequate property management may result in loss, theft, or misuse of property.</p>	<p>OIOS Property management audit conducted in 2006, found that ITC had adequate controls over property, and ITC took quick action to implement a minor recommendation.  At the field level, property is acquired for relatively few projects because of a lack of field presence. Property obtained for specific projects is generally turned over to the country at the end of a project.</p>	Compliance	Remote Remote	Medium Medium	Lower Risk Lower Risk

## Risk Assessment of : International Trade Centre

10	Focus Area:	Safety and Security		Remote	High	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likelihood	Impact	Overall Risk
I	<p><b>Security of UN staff and installations</b>                      C(i) ITC's staff and facilities could be at risk to attack, intrusion, or other malfeasances because it is not located on the Palais des Nations, complex which has enhanced security.</p>	<p>ITC does not have 24 hour security provided by guards. Physical Security of ITC is provided by UNOG during working hours (4 security posts). During non-working hours there is remote surveillance including security cameras, and alarms which are linked to UNOG. In addition, there is one night patrol round.</p> <p>ITC is located in leased space and the building is now HMOSS compliant and up to Swiss fire code standards. Electronic access to ITC is available to staff during non-work hours. In addition, the garage is secure and requires electronic card entry, and the perimeter is protected by barriers.</p>	Compliance	Remote Remote	High High	Moderate Risk Moderate Risk
	<p>E(i) ITC staff members transport cash for DSA payment to conference attendees in locations where electronic fund transfer or issuance of cheques is not feasible. As a result, ITC staff could risk their lives or face physical injuries in the event of robbery, or attempted robbery.</p>	<p>ITC's staff may transport unsigned traveler's cheques to various locations when alternative methods of fund distribution may not be possible.</p>	Operational	Possible	High	Higher 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.



<b>No.</b>	<b>Focus Areas</b>	<b>Examples of Sub Focus areas relating to principal focus</b>
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

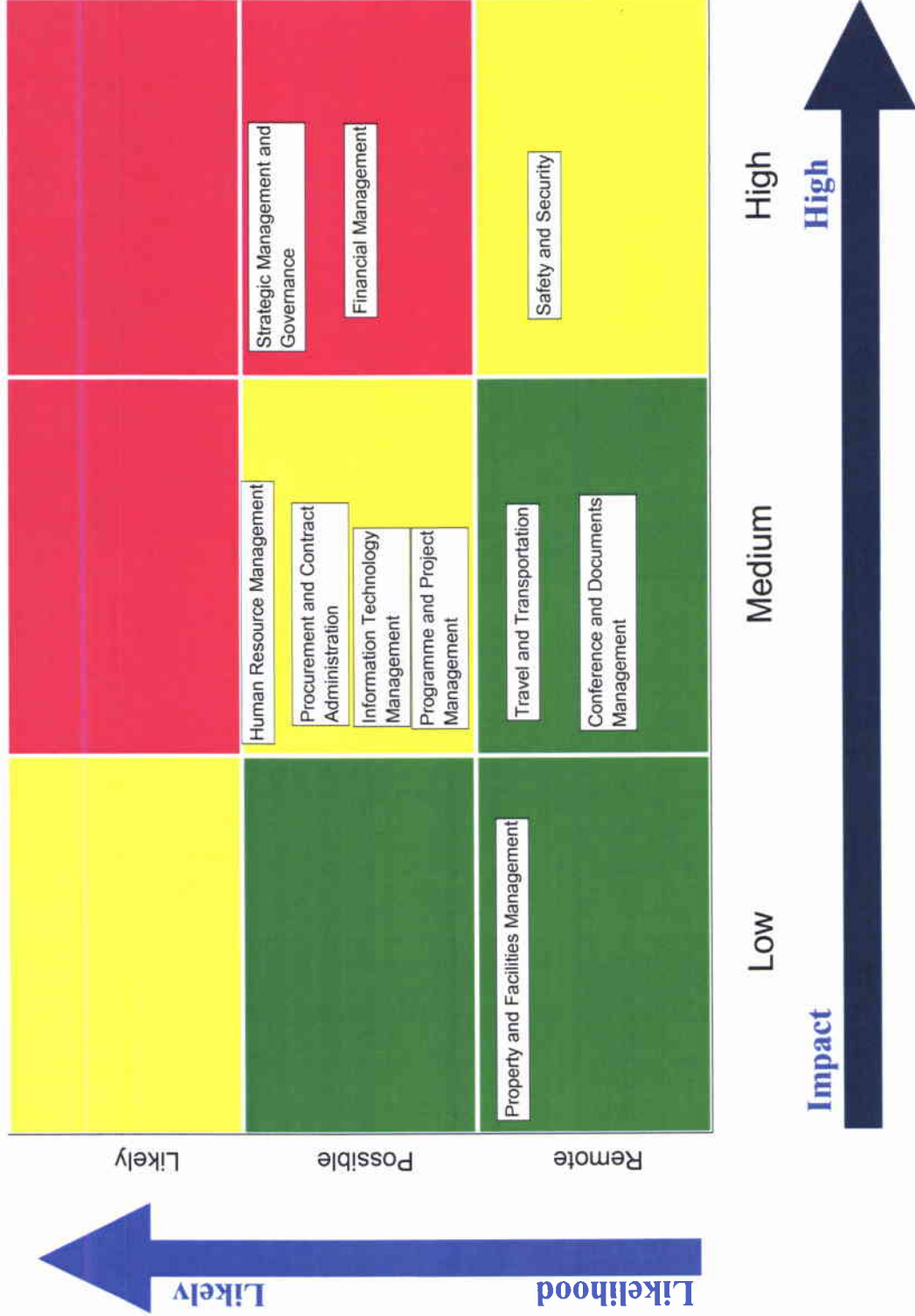
The OIOS Risk Assessment Framework evaluates the likelihood of the risk occurring and the impact it will have if it occurs. Based on the assessment of the two factors an overall risk rating is derived indicating whether the risk of a focus area is High, Moderate or Low. The ratings used is show below:

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

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

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

# RISK SUMMARY PROFILE (Focus Area)



# RISK SUMMARY PROFILE (Sub Focus Area)

