



**World Food  
Programme**

wfp.org

**Executive Board  
Second Regular Session**

**Rome, 9–13 November 2015**

# **RESOURCE, FINANCIAL AND BUDGETARY MATTERS**

**Agenda item 5**

*For information\**

# **E**

Distribution: GENERAL  
**WFP/EB.2/2015/5-D/1**  
25 September 2015  
ORIGINAL: ENGLISH

## **WORK PLAN OF THE EXTERNAL AUDITOR**

**For the Period July 2015 to June 2016**

---

\* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it, well in advance of the meeting, and the Chair accepts the request on the grounds that it is a proper use of the Board's time.

Executive Board documents are available on WFP's Website (<http://executiveboard.wfp.org>).

## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for information.**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the focal point indicated below, preferably well in advance of the Board's meeting.

Mr S. Hongray  
Director of External Audit  
tel.: 066513-2392

*The Comptroller and Auditor General of India (CAG) provides an external audit service to the World Food Programme (WFP).*

*CAG's audit aims to provide independent assurance to the World Food Programme and to add value to WFP's management by making constructive recommendations.*

*For further information please contact:*

*Mr. Stephen Hongray*

*Director of External Audit  
World Food Programme  
Via Cesare Giulio Viola, 68/70  
00148 Rome, Italy*

*Tel: 0039-06-6513-2392*

*Email: [stephen.hongray@wfp.org](mailto:stephen.hongray@wfp.org)*

## **Work Plan of the External Auditor**

### **World Food Programme**

**For the period  
July 2015 to June 2016**



सत्यमेव जयते

**COMPTROLLER AND AUDITOR GENERAL OF INDIA**

## **I. Introduction**

1. This document elucidates our work plan detailing the audit activities for the period July 2015 to June 2016. Adherence to International Standards of Auditing and proven audit methods will form the basis of our assurance of providing high quality services to WFP.

## **II. Management Responsibilities**

2. The responsibility for the preparation of the financial statements, in accordance with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations and stated accounting policies, and the regularity of financial transactions, lies with WFP.
3. The WFP is also responsible for ensuring the completeness and the quality of the financial statements and for providing supporting schedules and evidence on a timely basis.
4. The Management should provide all books, records and explanations deemed necessary for the conduct of the audit, in accordance with the terms of the supplement to the Financial Regulations – Additional Terms of Reference for the External Auditor.

## **III. Audit Approach**

5. We will plan and perform our audit to obtain reasonable assurance that the financial statements present fairly the financial position as at the end of the period and the results of the operation for the period. We will perform procedures to obtain audit evidence about the amounts and disclosures in financial statements. We will re-evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.
6. We will review accounting systems and internal controls only to the extent we consider necessary for the effective performance of the audit. Thus, our review may not detect all weaknesses that exist or may not suggest all improvements that could be made.
7. We will focus our audit work on the key risk areas. Our risk assessment is based mainly on our work in our previous audits as also on our review of WFP documents and interaction with key personnel of WFP.
8. We will submit two Performance audits and a Long-Form Report that together will summarise our findings on the work conducted during the year.

## **IV. Key Areas of Audit Emphasis**

### **A. Performance Audit**

#### **School Feeding Programme**

9. The World Food Programme's vision is to reduce hunger among schoolchildren so that hunger is not an obstacle to their development. School Feeding Programme is a significant intervention by WFP to help reduce vulnerability to hunger and protect and promote livelihoods by investing in human capital through better health, nutrition and education. During 2014, WFP expense under School Feeding Programme was USD 335 million operating in 65 countries.

10. The School Feeding Policy of 2009 was updated in 2013, in alignment with the new WFP Strategic Plan (2014–2017). The shift in policy envisages that while WFP continues to respond to requests to fund and implement school meals, particularly where there is weak local capacity, WFP will increase its focus on helping countries transition towards owning their own programmes.
11. Our Performance audit will seek an assurance that the WFP has been able to implement the School Feeding Programme economically, efficiently and effectively at the same time helping countries transition towards owning their own programmes.
12. Key issues that will be reviewed during the performance audit are whether:
  - a. the programme provides a Safety Net for Food-Insecure Households through Income Transfers;
  - b. the programme has acted as an incentive to enhance enrolment and reduce absenteeism;
  - c. School feeding addresses micronutrient deficiencies among schoolchildren;
  - d. there is strong community participation and ownerships (parents, teachers and children);
  - e. National capacity for school feeding through policy support and technical assistance is being strengthened;
  - f. there is a focus on helping countries establish and maintain nationally owned programmes linked to local agricultural production;
  - g. in countries still requiring WFP's operational support, there are clear hand over strategies; and
  - h. monitoring and oversight were effective at all levels of CO/RB/HQ.
13. For this Performance audit, the audit team will visit WFP headquarters, Rome and the Centre of Excellence against Hunger in Brasilia, Brazil.

### **WFP Aviation**

14. WFP Aviation's primary objective is to ensure that flights operated in support of the vital assistance provided by the humanitarian committee, reaches those in need, in a safe, responsive and timely manner.
15. WFP Aviation – in particular its United Nations Humanitarian Air Service (UNHAS) operations – is the recognised United Nations air transport service provider to the global humanitarian community. UNHAS responds to the need for access to remote and challenging locations, often under precarious security conditions, where no safe surface transport or viable commercial aviation options are available. In view of the nature of service that WFP renders, UNHAS plays a critical role for fulfilling its mission. Currently with a fleet of more than 50 aircraft, it has its presence in 13 countries. During 2014, WFP budget for Aviation Service was USD 242.30 million.
16. Our Performance audit will seek an assurance that the WFP has been able to operate and manage WFP Aviation in an economical, efficient and effective manner.
17. Key issues that will be reviewed during the performance audit are whether:
  - a. the WFP Aviation operations are conducted in a cost-efficient manner;
  - b. procedures are in place to ensure financial sustainability across all operations;
  - c. there is timely and effective response to emergencies, offering customer oriented air services for the humanitarian community at large;
  - d. operational standards are appropriately implemented on the ground/field level;

- e. strategic partnerships are being forged with other entities in aviation-related industries (airlines, airports etc.) to leverage expertise and tap into potential in-kind opportunities;
- f. regular review of operational requirements is done to ensure the optimisation of fleet and negotiate flexible terms of contracts with operators and service providers;
- g. there is a mechanism in place for enhancing the staff capacity and necessary skills;
- h. safety standards across air operators and other service providers are promoted through a continuous monitoring approach; and
- i. monitoring and oversight are effective at all levels.

## B. Compliance Audit

18. Based on our risk analysis, we have planned field audit at three regional bureaux and nine country offices. The list of selected units is at Annexure 1.
19. Our audit in the field units will be conducted against the principles identified in WFP's internal control framework "Strengthening Management Control and Accountability" (SMCA), which is closely in line with the Committee of Sponsoring Organizations' Control Framework (COSO Framework).
20. The field audits will also feed both the Performance audits that will be conducted during the year.

## C. Certification of Accounts

21. With regard to certification of accounts, the key areas of focus in the audit during the year will be:
  - a. **Inventory:** Given the mandate of WFP, the supply chain management and the related issues have been the central focus area for each audit. We have noted in the audit of Financial Statements 2014 improvement in reconciliation of data between WINGS and COMPAS. We will further review the improvements made in the current year.
  - b. **Investment:** The investment policy aims to optimize the management of WFP's liquidity portfolio in line with WFP's investment objectives, investment horizons and risk tolerance levels. We would examine whether the investment was appropriately valued at the year-end and interest income thereon has been properly accounted for. In addition, actions taken to limit the Risk Profile of WFP's investments would be examined.
  - c. **Cash and vouchers:** Cash and vouchers were distributed to support access to a balanced food basket when the option was cost-effective, as determined by WFP assessments of operational contexts and beneficiary needs. WFP has been increasing distribution of cash and vouchers in place of actual foods to the targeted recipients. We would examine expenditure on cash and vouchers and their year-end valuation.
  - d. **Property, plant and equipment:** Valuation of property, plant and equipment in line with IPSAS requirements and accounting policy of WFP will be examined.
  - e. **Employee benefits:** These include short-term, post-employment and long-term benefits and represent a major component of liabilities. We would examine the valuation of these liabilities and also the funding plan in place to provide for unfunded employee benefit liabilities.

## **V. Working with Internal Oversight**

22. International Standards on Auditing require us to:

- consider the activities of internal audit and their effect, if any, on external audit procedures;
- obtain a sufficient understanding of internal audit activities to assist in planning the audit and in developing an effective audit approach;
- perform a preliminary assessment of the internal audit function when it appears that internal audit is relevant to our audit of the financial statements in specific audit areas; and
- evaluate and test the work of internal audit, where use is made of that work, in order to confirm its adequacy for our purposes.

23. In our planning meeting with the representatives of the Internal Oversight Office, we discuss the scope of their work to ensure that duplication of effort is avoided. We will review their reports to determine the extent of assurance that can be taken from the work performed.

## **VI. Quality Review**

24. We have an Audit Quality Management Framework (AQMF) for the Organization, the compliance of which is mandatory. To ensure high standards of audit we rigorously implement several quality assurance procedures. The procedures relevant to present assignment are as under:

- compliance with documented auditing standards and audit methods and procedures;
- rigorous scrutiny of audit findings both at field offices and Headquarters by persons not involved in audit fieldwork so as to ensure that audit findings meet standards of materiality and evidence;
- review of working papers; and
- structured mid-term review of audit plan.

**Annexure 1****Planned Field Audits**

1.	<b>Regional Bureau Latin America and Caribbean, Panama (OMP)</b>
2.	Country Office, Honduras
3.	Country Office, Colombia
4.	<b>Regional Bureau Eastern and Central Africa, Nairobi (OMN)</b>
5.	Country Office, Kenya
6.	Country Office, Somalia
7.	<b>Regional Bureau Southern Africa, Johannesburg (OMJ)</b>
8.	Country Office, Democratic Republic of the Congo
9.	Country Office, the Sudan (OMC)
10.	Country Office, Chad (OMD)
11.	Country Office, the Niger (OMD)
12.	Country Office, Bhutan (OMB)