

برنامج
الأغذية
العالمي



Programme
Alimentaire
Mondial

World
Food
Programme

Programa
Mundial
de Alimentos

**Executive Board
Second Regular Session**

Rome, 14–17 November 2011

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

*For information**



Distribution: GENERAL
WFP/EB.2/2011/5-F/1
30 September 2011
ORIGINAL: ENGLISH

WORK PLAN OF THE EXTERNAL AUDITOR FOR THE PERIOD JULY 2011 TO JUNE 2012

* 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.

This document is printed in a limited number of copies. Executive Board documents are available on WFP's Website (<http://www.wfp.org/eb>).

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 WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

Director of External Audit: Ms R. Mathai tel.: 066513-3071

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

The Comptroller and Auditor General of India (CAG) was appointed as the external auditor for the period from July 2010 to June 2016 of the World Food Programme (WFP).

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

For further information please contact:

*Ms. Rebecca Mathai
Director of External Audit
World Food Programme
Via Cesare Giulio Viola, 68/70
00148 Rome,
Italy.
Tel : 0039-06-65133071
Email : rebecca.mathai@wfp.org*

Work Plan of the External Auditor

World Food Programme

For the period
July 2011 to June 2012



सत्यमेव जयते

COMPTROLLER AND AUDITOR GENERAL OF INDIA

Introduction

1. This document elucidates our work plan detailing the audit activities for the period July 2011 to June 2012. Adherence to International Standards of Auditing and proven audit methods will form the basis of our assurance of providing high quality services to WFP.

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. 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 Governing External Audit.

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 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 the first year of audit 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 will summarise our findings in the work conducted during the year.

Key Areas of Audit Emphasis

Performance Audit

9. The stated priority of Human Resources (HR) planning¹ is to develop sustainable and diverse staff equipped with the range of competencies necessary to meet WFP's Strategic Objectives. A shift in WFP's role as a food assistance agency has led to a growing complement of new products in its programmes. The success of these initiatives would depend on the alignment of workforce planning with WFP's strategic, financial and operational plans. Conversely, any divergence would jeopardise the achievement of the Strategic Objectives and pose a significant risk. We will study the HR planning in WFP in the current year; the performance audit objectives are discussed in Annex I (A).

¹ "Preparing for Tomorrow Today: WFP Strategy for Managing and Developing Human Resources (2008–2011)" WFP/EB.2/2008/4-C

10. The studies by the management and the Inspector General and Oversight Office (OS) on the response in Haiti and Pakistan place WFP as a learning organization, oriented to improving its “core” business of emergency preparedness and response coordination management. The first level that lays the foundation for emergency response is steered by the FITTEST (Fast Information Technology and Telecommunications Emergency Support Team) at Dubai. Its objective is to “provide an infrastructure in the field that efficiently supports the United Nations humanitarian operations and safeguards the security of the personnel and essential assets by strengthening the computing, telecommunications and electrical power infrastructure, and to provide the related technical support”. Several initiatives like the emergency telecommunications cluster leadership, the inter-agency service provision etc; have shaped the evolution of the Team in the recent years. We will review the emergency preparedness for Information Technology support; the audit objectives are at Annex I (B).

Compliance Audit

11. We will conduct field audits at four regional bureaux (RBs) and eight country offices (COs) under these selected RBs. The list of selected units and their profile is at Annex II.

12. Our audit in the field units will be conducted against the principles identified in WFP’s draft internal control framework Strengthening Managerial Control and Accountability (SMCA), which is closely in line with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) control framework. Where necessary, these audits will also provide inputs to the performance audit on human resources.

13. The key issues identified on certification of accounts are:

- *Inventory*: We had identified weaknesses in inventory management in our reports in the first year. Our recommendations included: (a) need for rigor in assessment of current replacement cost; (b) drawing assurance on the value and the quantum of food and non-food commodities that lie un-distributed with the co-operating partners; (c) improvement in reconciliation of internal loans and borrowings of food commodities; and (d) strengthen the internal controls in the IT systems with particular regard to reconciliation of control figures in Commodity Movement Processing and Analysis System (COMPAS) and WINGS II. We will review the processes that underpin the implementation of the recommendations in the current year.
- *Treasury management*: In the past, OS reports had identified weaknesses in treasury management viz. inadequacy of corporate treasury systems and operational procedures, and efficiency in cash management control processes. An IT system on treasury management, which had been deferred from WINGS II, is also on the anvil. We will review the controls on treasury management as a part of our certification work.
- *Payroll*: WINGS II was expected to integrate data on locally recruited staff residing in various country office databases in a single, robust database. In its place, an improved payroll system — PASPORT 3 — is being implemented this year. We will review the controls in the field offices; we will also draw assurance from the OS work in this area.
- *Funding of employee liabilities*: We will review the adequacy of arrangements for funding different categories of employee liabilities covering all categories of staff.

- *Value added tax*: Of the total receivable of US\$49 million as of 31 December 2010 under VAT, 51 per cent relates to years 2007 and earlier. We will review the recoverability of these aged receivables as also the processes in place to handle annual accretions.

Working with Internal Oversight

14. 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 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.

15. In our planning meeting with the representatives of the Internal Oversight Office, we discussed the scope of their work, also 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.

Quality Review

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

- 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 operations.

Annex I**A Performance Audit of Emergency Preparedness for IT Support**

The audit objectives will seek an assurance that:

- the team is adequately resourced: finances, equipment (hardware, software), skilled human resources;
- there is a pool of skilled personnel, including consultants, that helps raise teams ready to be deployed in real-time; human resource management is based on clear guidelines and is effective;
- the resources are secured, including warehouse management;
- the financing model is able to meet the cost of the team;
- the emergency response is backed with planning: plans, manuals, delegation of powers and responsibilities;
- performance against key performance indicators (KPIs)² is measured and satisfactory; and
- there is a mechanism of follow-up which is effective: against KPIs on drills, actual events, and corrective steps are taken, including follow-up on audits, inspections and evaluations.

While emergency response is the main audit objective, the work on training and consultancies will also be reviewed as secondary audit objectives.

B Performance Audit of Human Resources Planning

The 2008 Strategy document on Human Resources provides the criteria for review of HR planning which will cover the following objectives:

- HR is equipped with information systems that provide reliable, accurate and consistent data for all categories of staff.
- Staffing review exercises support an ability to project staffing profiles to meet the changing needs in three areas of the Programme viz. programming, logistics and finance, towards achieving WFP's Strategic Objectives.
- The managers charged with decentralised powers are able to orient HR plans with the changing needs of COs/RBs and the transitions necessitated in country operations.
- Clear HR procedures guide the decisions of the managers in hiring of short-term staff which are adhered to. The procedures meet the goals of corporate diversity targets.
- HR planning is able to strike a balance between the needs of specialist skills and also provide the breadth of job experience to the staff to progress in their careers.

² The team is able to provide timely response: process the requests, assess the import of the emergency and decide on the level of response, implement the strategy under the supervision of those charged with exercise of control over operations and provide guidance, and handover control to local resources.

- There exists a link between re-assignment and career management, helping WFP to have a motivated staff force and also nurture leadership and management potential among staff.
- WFP is benefitted from a regular assessment of staff training needs and training is monitored and evaluated on achievement of training objectives.
- Staff support processes are effective in retention of staff to harness diversity.
- Inter-agency mobility and exchange programmes foster partnerships that meet corporate objectives.

Annex II

Planned Field Audits and their profile

S.#	Field Audit	Active projects 2010	Number of beneficiaries 2010	Cooperating Partners/ NGOs	Projected food distribution (mt) 2010–2011	Budget 2010–2011
1	Regional Bureau for the Middle East, North Africa, Eastern Europe and Central Asia: Cairo	7	1 316 677	-	115 332	133 182 133
2	Country Office, Egypt	2	403 237	7	18 103	24 852 083
3	Country Office, Occupied Palestinian Territory	4	844 759	6	213 688	196 129 550
4	Regional Bureau Sudan, Khartoum and Country Office, Sudan	8	11 074 300	174	1 224 476	1 572 480 306
5	Country Office, Côte d'Ivoire	6	617 206	24	59 769	74 892 319
6	Country Office, Niger	8	8 302 719	36	374 118	419 077 375
7	Country Office, Senegal	3	1 454 074	43	49 282	59 115 589
8	Regional Bureau Latin America and the Caribbean: Panama City	13	338 375	37 667	-	42 066 173
9	Country Office, Colombia	3	530 000	666	59 471	73 557 498
10	Country Office, Guatemala	5	709 555	81	40 828	39 464 196
11	Regional Bureau for West Africa: Dakar	17	281 900	No information	1 315	20 903 944