

Annual Report *of the Inspector General*

Executive Board 6 April 2017

Risk-Based audit plan

- Focus on the **most significant risks** (as applied to the audit risk universe);
- Not designed to provide a comprehensive opinion on the risk management, control and governance processes for any particular global programme or process;
- With consideration of resources available;
- Additional assurance plan on the WFP Syria +5 operations.

Provide assurance on WFP's internal controls, governance and risk management processes

- Audits covering a mix of business units and processes;
- Further assurance from advisory work and assignments, and Proactive Integrity Reviews;
- Shared and discussed with WFP management, the Audit Committee – to be finalized mid-April.

OIG Assurance Opinion – Scope of work



Thematic or process audits

WFP's Procurement of Goods and Services

Third Party Monitoring in WFP

WFP's Management of NGO Partnerships

WFP's Country Capacity Strengthening

Human Resources Management in Country Offices

Financial Service Providers for Cash-Based Transfers

WFP's Fast IT and Telecommunications Emergency and Support Team

WFP's Management of its Investment Portfolio

WFP's Management of Treasury Operations

Participatory Gender Audit of Select Offices

Interagency field audits

Management of CERF funded activities in Ethiopia

Field Operations audits

WFP's Operations in Iraq

WFP's Operations in South Sudan

WFP's Operations in Yemen

WFP's Operations in Egypt

WFP's CBT Retailer Implementation in Jordan and Lebanon

Food Quality and Safety in the WFP Jordan and Lebanon Operations

WFP's Operations in Jordan

IT audits

Baseline Security in WFP's Enterprise Resource Planning System

Security and Controls in WFP's Windows Active Directory

Pro-active Integrity Reviews

Cash-Based Transfer Programme in WFP Lebanon

Cash-Based Transfer Programme in WFP Jordan

Republic of Congo Operations

Central African Republic Operations

Food Procurement for the Syria Regional Emergency Operations

Other Advisory Assurance areas

Coordination of donor reviews

Comparative Review of Oversight Function of Regional Bureaux

WFP's Management of Consultants and Short-Term Professionals

OIG Assurance Opinion – Conclusions



“Based on the oversight work performed and reported in 2016, no significant weaknesses were identified in the internal control, governance and risk management processes in place across WFP that would seriously compromise the achievement of WFP’s strategic and operational objectives.

The overall opinion does however identify internal control, governance and risk management practices in individual audit engagements that require improvement yet do not rise to a level of significance at the institutional level that would seriously compromise WFP’s achievement of its overall objectives.”

Most significant issues



- 1 Organization-wide risk management and management oversight needs to mature
- 2 Gradual improvement in Cash-Based Transfers
- 3 Stretched capacity for emergencies including the Integrated Road Map
- 4 Gaps in the implementation of workforce planning and talent management

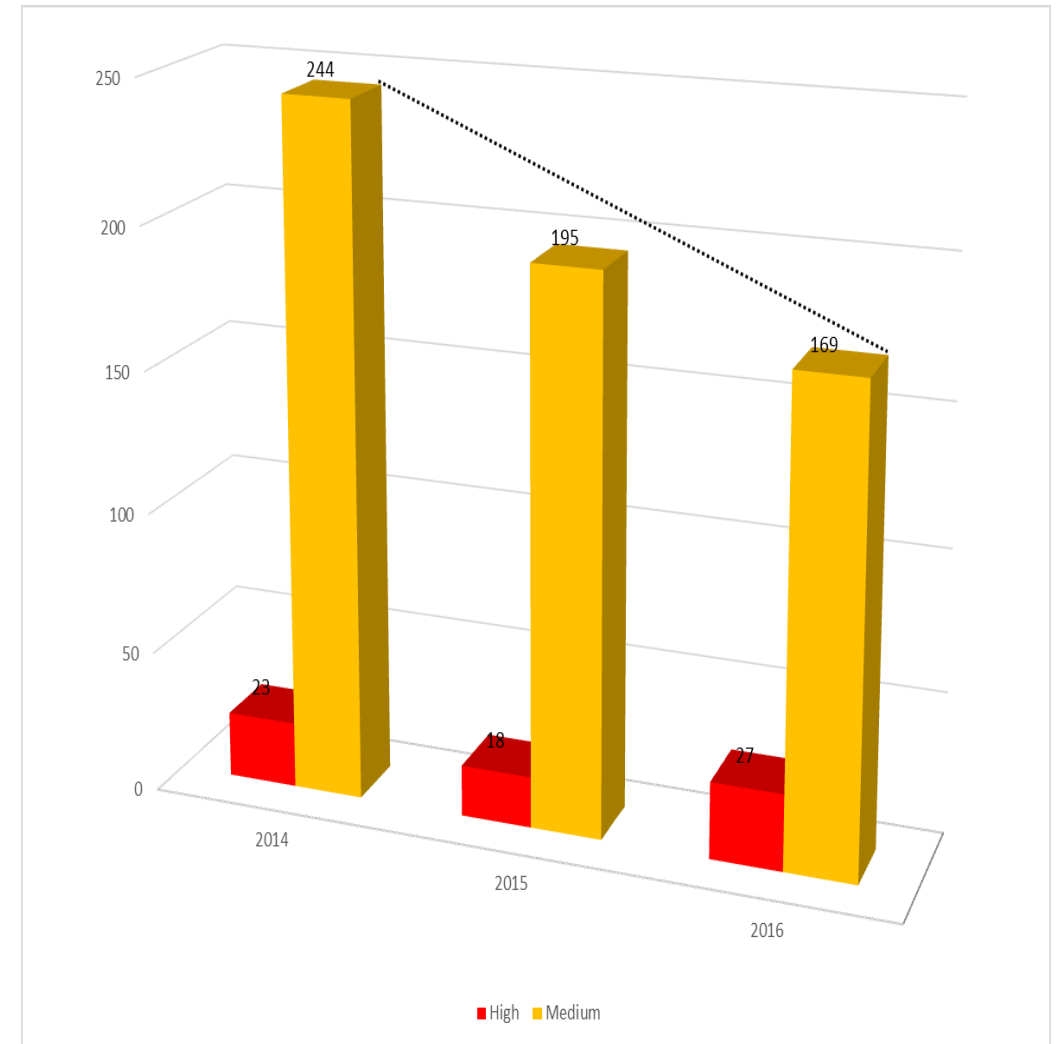
Other issues of lesser significance



- ❑ Specific elements in Procurement to be improved
- ❑ Information Technology where risks to applications were noted
- ❑ Gaps in the monitoring and data to guide the organization and to evidence results
- ❑ Beneficiary management and targeting and verification issues to address
- ❑ NGO partnerships to strengthen due diligence and risk assessment – also in view of broader ...
- ❑ ...Third party reliance and relationships

Improved ageing of agreed actions

- ✓ No agreed actions outstanding before 2014
- ✓ Overall decrease of outstanding agreed actions (196 end of 2016 – 213 end of 2015)
- ✓ Increase in number of issued agreed actions, high risk agreed actions issued and open
- ✓ Three high-risk agreed actions overdue
 - Budget management;
 - Security assessments in Syria; and
 - The monitoring of construction projects in South Sudan.



OIG activities in 2016



- ✓ Slight decrease in the budget (USD 7.9 million as compared to 8.0 in 2015)
- ✓ 34 positions, out of which 29 professionals

OIG – Audit

- First year of implementation of new Internal Audit Strategy
- External Quality Assessment concluded on general conformance with professional standards (the IIA*) and maturity and effectiveness of the Internal Audit activity
- Talent Management Strategy

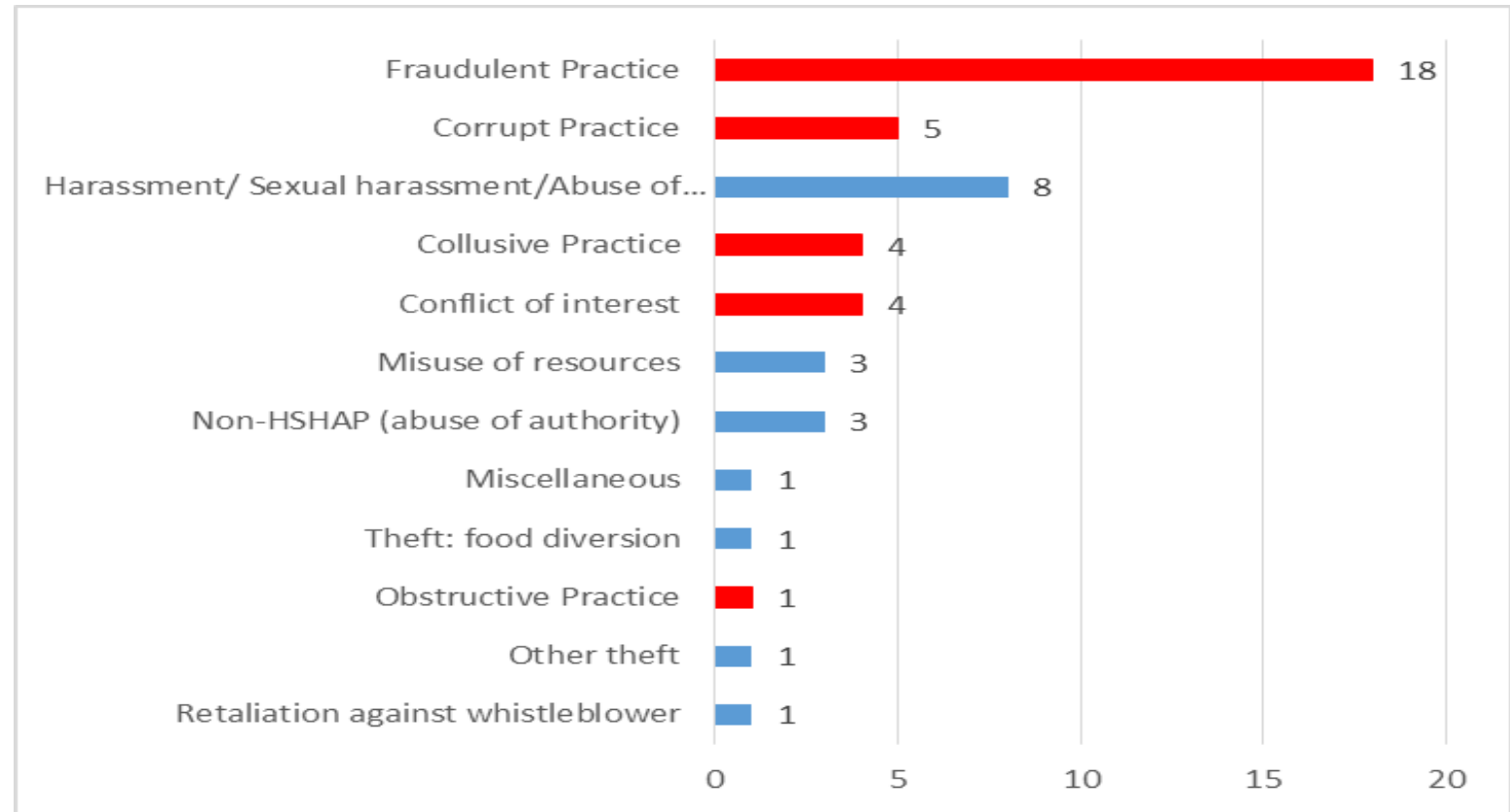
OIG – Inspections and Investigations

- New Investigations Guidelines issued
- Increased analysis of the inherent risks and weaknesses in fraud and corruption control
- Launch of Proactive Integrity Reviews
- No Inspection conducted in 2016

* The Institute of Internal Auditors

Investigative activities

- ❑ Decrease in the number of investigations in 2016, and identified financial loss and recovery
- ❑ 32 cases AFAC-related
- ❑ All investigations are to be completed within 6 months (at year end one is outstanding for more than 6 months)



Thematic or process audits

Cash-Based Transfers

Food Assistance for Assets Programme

Integrated Road Map (possible focus on Financial Framework Review/ CSP pilot)

Beneficiary Management

Enterprise Risk Management

Situation Analysis and Planning (VAM)

Travel Management

Strategic Reporting and Decision Making and Selected KPIs

Interagency field audits

RBA joint audits (Insurance, HQ Security)

Field Operation audits

WFP's Operations in Yemen

WFP's Operations in Nigeria

WFP's Operations in Syria (Food Quality and Safety and Cooperating Partners)

WFP's Operations in Somalia

WFP's Operations in DPRK

WFP's Operations in Turkey (ESSN)

WFP's Operations in Bangladesh

WFP's Operations in Mozambique

IT audits

Wings – User control and segregation of duties (GRC)

OSL IT Applications

Pro-active Integrity Reviews

Djibouti Operations

Malawi Operations

Others to be determined

Other Advisory Assurance areas

Cloud Services

Cybersecurity

Fraud Risk Assessment

Emergencies and the Operational Task Force