



World Food
Programme

Office of the Inspector General

Executive Board

Informal Consultation of Oversight Matters

SAVING
LIVES
CHANGING
LIVES

30 April 2019

Today's Discussion

I. OIG Charter Update

- Substantive Proposed Changes to the 2015 OIG Charter
- Benchmarking with Other UN Agencies on Charter Approval
- Discussion of Proposed Changes and Feedback from Attendees

II. Disclosure Policy Discussion

- Overview of Proposed Changes for Inspection Reports
- Discussion of Proposed Changes and Feedback from Attendees

III. Overview of the 2018 Assurance Opinion and Annual Report

- Assurance Opinion – Key Themes
- Annual Report

Charter Update

At the April 2018 consultation of the Executive Board on oversight matters, it was suggested that the EB review and approve OIG's Charter.

The last update to the OIG Charter was in 2015, when the responsibilities for OIGI were expanded to include Proactive Integrity Reviews (PIRs).

The Charter of the Office of Inspector General describes the mission, independence, standards, mandate, responsibilities and duties of the function as well as describing the services provided by the group.

A number of edits were made to the document to:

- Improve the definition and scope of Inspections to better reflect our intentions for this work
- Expand discussion of advisory services and policies
- Approval of the Annual Assurance Work Plan and amendments by the Executive Director
- Clarify how complaints against the Executive Director will be handled (JIU recommendation)
- Strengthen the independence of the OIG function through Executive Board communication
- Determine Executive Board accountability with respect to the OIG Charter (to be decided)

We are seeking the EB's feedback on the proposed changes as we work to finalize the OIG Charter.

Charter Approval - Benchmarking with Other UN Agencies

In our benchmarking we noted differences in approach between the UN agencies with respect to approval of the charter versus the mandate of the activity as evidenced in the summary tables below. No clear consensus has been reached within the UN agencies with regard to the approval of their Charters or their mandates.

- A **charter** describes the function and rules associated with conduct and governance of a division / group / committee
- A **mandate** is a written authorization for a division / group / committee to act (i.e. a listing of approved activities)

The mandate of WFP’s Office of Inspector General is included within the Charter.

UN Fund / Programme	Charter Approved by EB	Mandate Approved by EB
UN Secretariat	N/A	Yes
UNDP	No	No
UNFPA	No	Yes
UNICEF	No	No
UNHCR	No	No
UNOPS	Yes	Yes
UNRWA	Yes	Yes
UNWOMEN	No	No
WFP (under review)	No	No

UN Specialized Agencies	Charter Approved by EB	Mandate Approved by EB
CTBTO	No	No
FAO	Yes	Yes
ICAO	Yes	Yes
IFAD	Yes	Yes
ILO	Yes	Yes
IOM	No	No
ITU	Yes	Yes
UNESCO	Yes	Yes
UNIDO	No	No
WHO	No	Yes
WIPO	Yes	Yes
WMO	No	Yes

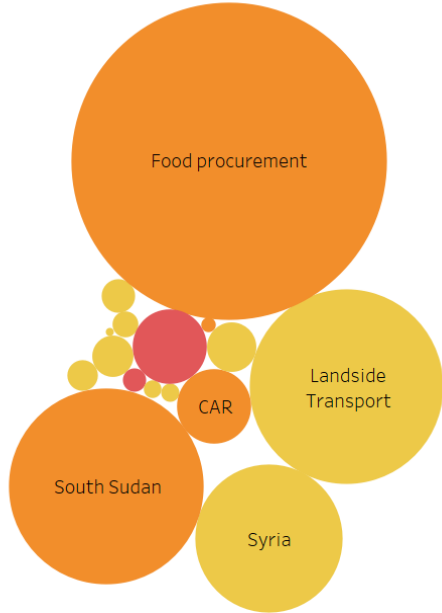


Disclosure Policy Discussion

- The Disclosure Policy is an Executive Board policy that was last updated in 2017 when Proactive Integrity Reviews (PIRs) were introduced. PIRs are now disclosed to the EB through request (Note Verbale).
- Although the current Disclosure Policy indicates Inspection Reports will be issued publicly, with the ability for the Inspector General to withhold publishing under certain circumstances, the purpose and nature of these reports will change with the new charter. Because inspections are anticipated to be pre-investigation assessments, the information contained in these reports is still speculative and, although there may be preliminary indications of fraud or misconduct revealed through this work, these facts have not been proven. **We recommend a change in the Disclosure Policy to allow Inspection Reports to be follow the same disclosure protocol as a PIR and to remove the requirement for public disclosure.**
- The Disclosure Policy does not reference disclosure of Management Advisory Reports and current OIGA practice has been to provide these reports only to management with ownership of the area that is the focus of the Advisory, the Executive Director, the external auditor, and the Audit Committee. Members of the EB have requested access to these reports in the past. Other UN funds and programmes provide an executive summary to their governing bodies related to these projects. **We recommend the EB discuss and determine the disclosure requirements for Management Advisory Reports in the Disclosure Policy.**

Overview of the 2018 Assurance Opinion and Annual Report

Expenditures of Entities Audited
(in USD, million)

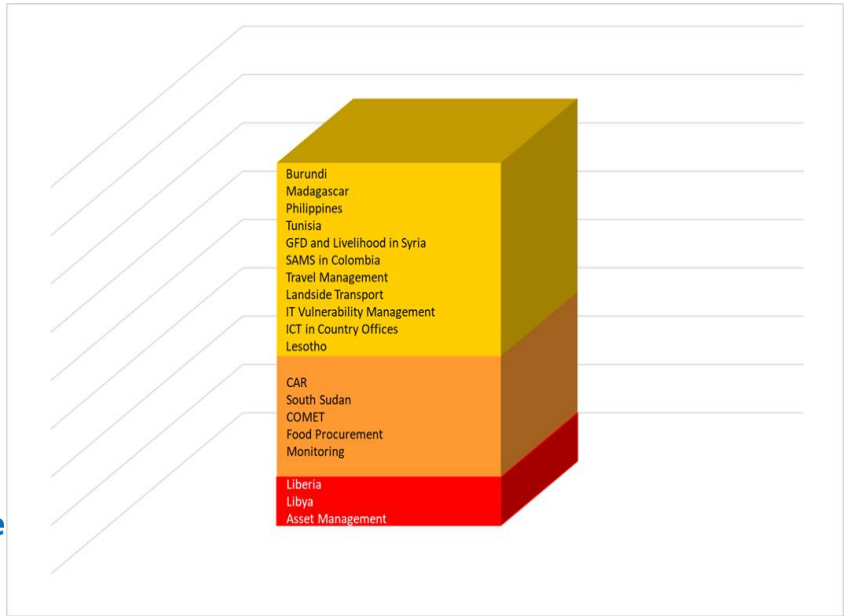


Rating
■ Partially Satisfactory - Some Improvement Needed
■ Partially Satisfactory - Major Improvement Needed
■ Unsatisfactory

51% of WFP 2018 spend

Based on the risk-based oversight activities performed and reported in 2018, no material weaknesses were identified in the governance, risk management or control processes in place across WFP that would seriously compromise the overall achievement of WFP's strategic and operational objectives.

This assurance opinion does, however, identify governance, risk management and control practices in individual assurance engagements that require improvement. The practices requiring improvement do not rise to a level of institutional significance that would seriously compromise WFP's achievement of its overall objectives.



- ✓ 11 Country Offices
- ✓ 6 Thematic/processes
- ✓ 3 IT audits
- ✓ 2 advisory work
 - blockchain
 - NGO risks and oversight
- ✓ 3 PIRs
 - staff entitlements
 - vendor information management
 - GFD in South Sudan

11
Partially Satisfactory with some improvement needed
5
Partially Satisfactory with major improvement needed
3
Unsatisfactory
0
Satisfactory



OlG's Assurance Opinion based on 2018 Assurance Activities

1) Challenges in the direction and prioritization of efforts guiding the implementation of controls for the reasons below:

- i. Capacity and resources insufficient to establish all controls and procedures as envisaged in WFP's corpus of policies, guidance and manuals. Significant gaps in the staffing and the capacity assigned in emergency settings impacted successful delivery of WFP's humanitarian assistance.
- ii. Complexity of WFP's portfolio and the challenge for country offices to resource adequately each activity. Most operations still show lack of alignment of their structure and workforce to the CSP/ICSP.
- iii. Insufficient corporate guidance to direct efforts and resources into essential controls and support their strengthening and maturing. Process audits of food procurement, monitoring and asset management point to a lack of attention given to core/key functions. Processes continue to be highly manual and transactional, diverting efforts from activities that would contribute effectively and efficiently to ensuring the integrity of field operations.
- iv. Risk management does not yet allow alignment of the significance and criticality of controls and systems to the risk level and priorities, thus accountabilities lack clarity and coordination.
- v. Systems and technology not used sufficiently as an opportunity to streamline, simplify and automate controls, including for performance monitoring, fraud prevention and detection. While efforts are noted on data, its integrity and lack of systems integration are pervasive issues noted in the areas reviewed, preventing adequate controls and efficiencies.
- vi. Weak monitoring practices, insufficient consideration of outcome results, combined to a somewhat ad hoc objective setting and performance information system, impede the identification and timely mitigation of issues, lesson learning and establishment of accountability.



OIG's Assurance Opinion based on 2018 Assurance Activities

- 2) The management of cooperating partners continues to be identified as a significant risk, which the organization has not demonstrated focused efforts to address.
 - The contracting and due diligence over cooperating partners, their guidance, monitoring and performance management is insufficient to ensure the integrity of our delivery to the end beneficiaries (as seen in the audits in Philippines, South Sudan, monitoring, Colombia, Lesotho, Liberia). The investigation caseload related to partners fraud is pointing to such insufficiencies to prevent and detect fraud.

Our audits raise a concern on government partnership and its lack of ownership at the corporate level.

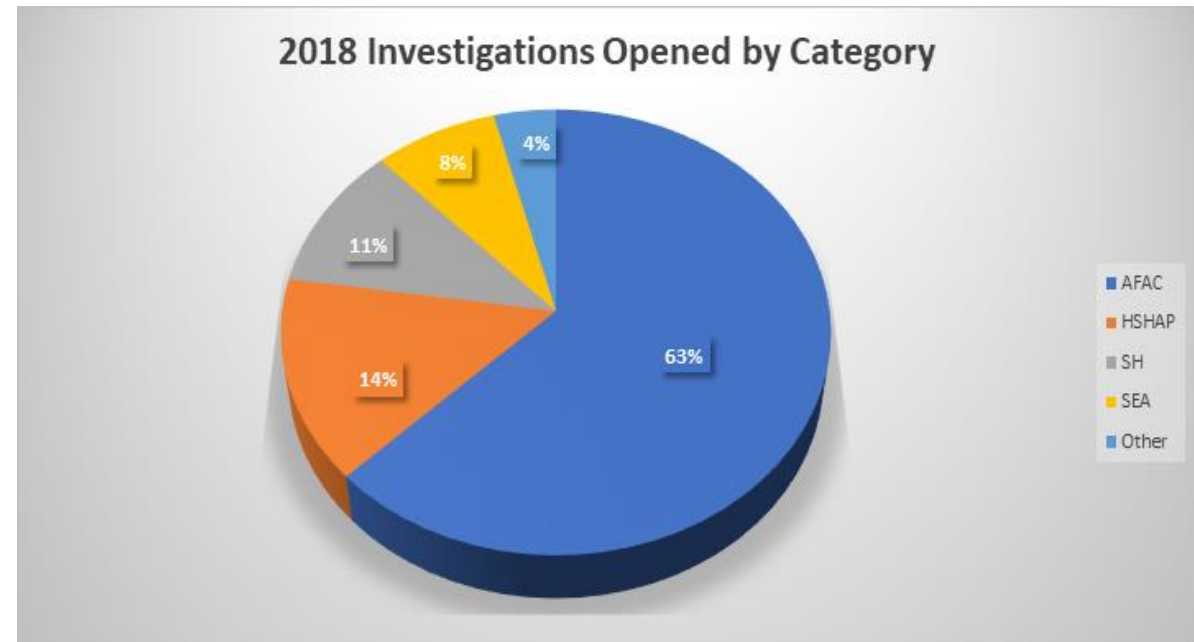
- 3) Beneficiary management is not robust enough to ensure integrity of the process. Throughout the process from targeting to registration, verification and distribution, controls should be tightened to ensure the integrity of WFP's delivery to the most vulnerable. Our analysis of the food distribution process in Uganda, Djibouti, South Sudan shows areas for strengthening roll-out and use of SCOPE, food release and CP reporting. Findings also indicate similar weaknesses in the school feeding processes.
- 4) Concerns were identified regarding the efficiency of the supply chain: issues raised included modalities for landside transport, fleet management, vendor management, procurement planning and food quality and safety. Key controls were found to be either: insufficient, including those relating to due diligence and evaluation of transporters, food quality and safety and inspections; or absent, such as those relating to the rotation of personnel in procurement and logistic positions.
- 5) CBT controls have not matured in line with the development of CBT operations in the organization. The pace of adaptation to the learnings and risks identified, including through audits, is relatively slow.



2018 Annual Report – Beyond the Assurance Opinion

In addition to the information contained in the OIG assurance opinion, our Annual Report expands on the Investigative activities of OIGI that are separate from assurance activities of internal audit. In this section of our Report, we list all investigation reports that were substantiated by region.

Despite the increase in reporting of misconduct in the areas of harassment, sexual harassment and abuse of power resulting from changes in WFP’s HSHAPD policy in March 2018 and external media interest in the area of sexual harassment – the majority of OIGI investigations continue to focus in the area of fraud and corruption.



We look forward to receiving the EB’s Comments regarding the content of our Annual Report.