

External Audit World Food Programme

CFO seminar on EB.A/2024 matters
Audited Annual Accounts 2023

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Outline

- Audit approach and audit work
- Audit opinion
- Overview and extract of 2023 audit findings and recommendations
- Follow-up of previous recommendations

Audit approach and audit work

- Risk based audit approach, focus on processes, internal controls
- Products: Audit opinion, audit report, management letters and field report
- Audit visits 2023:
 - 3 Regional Bureaux: Dakar, Nairobi, Panama
 - 6 Country Offices: Burundi, Cameroon, Colombia, Ethiopia, Kenya, and Nigeria

2023 Audit Opinion

- The External Auditor issued an **unqualified audit opinion**
- *“In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WFP as at 31 December 2023 and its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).”*

Overview of audit recommendations

- 51 audit recommendations, thereof, 11 key recommendations
- Key audit areas
 - Budget
 - Delegation of authority
 - Financial processes and internal control framework
 - Cooperating partner management
 - Consultancy services

Extract of audit recommendations

Budget

Finding

- Funding forecast not reliable to form basis of budget approvals
- Regulatory framework vague regarding budget revisions
- Lack of transparent annual budget approval documents
- Lack of definitions and criteria of basic budgetary terms in the high-level regulatory framework

Recommendation

- Improve the reliability of the funding forecast
- Propose to the Executive Board criteria of required Management Plan revisions
- Provide to the Executive Board one annual budget approval document
- Propose to the Executive Board definitions and criteria of key budgetary terms to amend the General Rules and/or Financial Regulations

Extract of audit recommendations

Delegation of authority

Finding

- Complex set-up for delegating authorities
- Flow of delegation differed
- No overview of all authorities available
- Accountability not aligned with flow of delegation

Recommendation

- Establish a one-stop shop for all delegation of authority documents and guidance, streamline the set-up of delegation of authority to the best possible extent and align accountabilities with the set-up

Extract of audit recommendations

Financial processes and internal control framework

Finding

- Internal control related self-assessment questionnaires were overlapping and lacked qualitative key performance indicators
- The applied software tool (R2) was not user friendly, had limited readability and uploading functionalities
- 93 percent of post factum cases referred to poor planning and internal oversight issues, which do not represent exceptional cases

Recommendation

- Review internal control questionnaires for overlaps and consolidation and complement them by objective key performance indicators
- Review the software tool R2 in terms of user friendliness and cost-benefit
- Reduce post factum cases in the justification categories poor planning and internal oversight and ensure that post factum cases are limited to exceptional cases

Extract of audit recommendations

Financial processes and internal control framework (cont'd)

Finding

- Unadjusted audit difference of USD 30 million for unrecorded accrual transactions
- WFP should further improve the accuracy and completeness of accrual submission of country offices at year-end

Recommendation

- Improve the accuracy and completeness of accrual submission forms

Extract of audit recommendations

Cooperating partner management

Finding

- WFP framework for partner monitoring has room for enhancement, particularly in view of mandatory and coherent risk-based monitoring requirements, and the documentation thereof

Recommendation

- Review its current framework for cooperating partner monitoring in view of harmonized and mandatory risk-based standards considering applied methods in other United Nations entities, for example well received aspects of the Harmonized Approach to Cash Transfer framework

Extract of audit recommendations

Consultancy services

Finding

- 2023: 4,096 consultants with honoraria of USD 183.2 million; USD 221.6 million for commercial consultancy services
- Human resources: e.g. observations regarding the justification of demand and performance evaluation
- Procurement: e.g. observations regarding waiver process and evaluation

Recommendation

- Human resources: justify the decision to engage or reappoint a consultant and evaluate the performance
- Procurement: update the Executive Director's circular for the waiver process; determine best practices of evaluation criteria

Follow-up of previous audit recommendations

Status of implementation of previous recommendations

<i>Audit report year*</i>	<i>Total</i>	<i>Fully implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
2020	2	2	-	-	-
2021	2	2	-	-	-
2022	21	7	14	-	-
2023	57	24	29	-	4
Total	82	35	43	-	4
Percentage	100	43	52	-	5

* *Audit report year refers to the year of the annual session for which the External Auditor provided the reports.*

Thank you. Any Questions?