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**Executive Board
Annual Session**

Rome, 3–6 June 2013

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

For consideration

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NOTE BY THE EXECUTIVE DIRECTOR ON THE ANNUAL REPORT OF THE WFP INSPECTOR GENERAL

This document is printed in a limited number of copies. 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 consideration.

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 points indicated below, preferably well in advance of the Board's meeting.

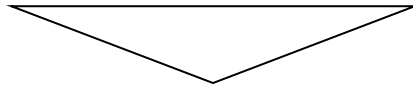
Chief of Staff, and Director, Office of the Executive Director: Mr J. Harvey tel.: 066513-2002

Assistant Executive Director, RM* and CFO: Mr M. Juneja tel.: 066513-2885

Should you have any questions regarding availability of documentation for the Executive Board, please contact the Conference Servicing Unit (tel.: 066513-2645/2558).

* Resource Management and Accountability Department

DRAFT DECISION*



The Board takes note of “Note by the Executive Director on the Annual Report of the WFP Inspector General” (WFP/EB.A/2013/6-E/1/Add.1).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

INTRODUCTION

1. This document presents the Executive Director's comments on the "Annual Report of the WFP Inspector General" (WFP/EB.A/2013/6-E/1). It outlines ongoing or completed actions to address issues raised in the report, and comments on the work of the Inspector General and the functioning of the Oversight Office.
2. The following comments refer to specific paragraphs in the annual report, as noted.

ACTIONS AND COMMENTS

Paragraph 5. Absence of Management Interference

3. The Executive Director is pleased to note the Inspector General's confirmation that there was no management interference in work planning and reporting and that no resource constraints or other issues affected the independence of oversight activities and the assurance opinion.

Paragraph 6. Assurance Opinion

4. The Executive Director welcomes the overall conclusion that the oversight work did not disclose any significant weaknesses in WFP's internal control, governance or risk management processes that would have a pervasive effect on the achievement of WFP's objectives.

Paragraphs 8–19. Governance, Risk Management and Control in WFP – an Oversight Perspective

5. The Executive Director appreciates the considerable support provided by the Inspector General and his staff in identifying and raising the profile of important improvements to internal control, governance and risk management across WFP.
6. The Executive Director welcomes the positive comments on improvements achieved through the ongoing process of strengthening managerial control and accountability across WFP (paragraphs 10–11). She supports the suggestions for enhancing the legal framework and improving WFP's internal justice processes (paragraphs 14–19). Comments on the specific issues raised are provided in the following paragraphs.
7. The Executive Director supports the suggestion for updating the information and communication technology (ICT) strategy (paragraph 13); following the appointment of a Chief Information Officer in early 2013, she looks forward to strengthened ICT governance in WFP.

Paragraph 14. Enhancing the Legal Framework

8. The Executive Director agrees with the Inspector General's assessment that Financial Regulation 12.1 should be revised to reflect the many improvements and changes made in oversight since 1996. The Secretariat will consider this and other potentially useful changes to the financial regulations and will prepare a paper for Board approval.

Paragraphs 15–19. Improving WFP’s Internal Justice Process and Addressing the Perception that WFP does not Apply Zero Tolerance Rigorously Enough

9. Paragraphs 15–16: The Executive Director reasserts WFP’s unwavering commitment to maintaining zero tolerance against fraud and an effective due process on disciplinary issues. She will review the internal justice system to enhance efficiency and effectiveness and will consider ways of improving the reports provided to staff on outcomes of this process to address any perceptions that WFP does not apply zero tolerance rigorously enough.
10. Paragraph 17: The Executive Director agrees with the recommendation for improving methods by establishing targets for the completion of disciplinary processes after investigation, and regular feedback.
11. Paragraph 18: The Executive Director will review the internal justice system and is committed to imposing disciplinary measures that are proportionate to any confirmed misconduct, after the staff member has been afforded due process.
12. Paragraph 19: The Executive Director will review any evidence of risk aversion with the Inspector General. The Executive Director confirms that senior management makes decisions after due process and with human resources and legal advice.

Paragraph 22. Overview of Activities of the Oversight Office

13. The Executive Director welcomes the improved transparency that public disclosure of audit and inspection reports brings. This is an opportunity for the Oversight Office to review the format for communicating audit and inspections results, to emphasize critical issues.

Paragraph 43 and Table 8. Status of Audit Recommendations

14. Considerable progress has been made to follow up outstanding audit recommendations, particularly high- and medium-risk ones: 20 high-risk and 263 medium-risk recommendations were implemented in 2012, versus 13 and 138, respectively, in 2011. The Executive Director remains committed to implementing agreed oversight recommendations in a timely manner.

Paragraph 44. Strengths and Good Practices Observed in Audits

15. The Executive Director welcomes the Inspector General’s recognition of strengths and best practices noted during internal audits. WFP is committed to remaining at the forefront of the United Nations system in addressing internal control issues holistically and transparently.

Paragraph 45. Areas for Improvement Observed in Audits

16. The Inspector General notes 11 areas for improvement based on high-risk internal audit recommendations. Action has already been taken in many of these areas:
 - WFP has taken action to ensure that the roles assigned to staff in the WFP Information Network and Global System (WINGS) have not resulted in any major conflicts in the segregation of duties. A *Survival Guide for Managers in Smaller Offices*, issued in November 2012, focuses on the specific challenges of internal control in smaller country and sub-offices, including the segregation of duties, staffing levels and funding uncertainty.

- The Deputy Executive Director/Chief Operating Officer has issued a communication to country offices, which reinforces the operations directive on roles and responsibilities for the management of cooperating partner distribution reports. The establishment of a Logistics Execution Support System (LESS) Steering Committee and a Project Board with clear terms of reference has clarified the roles and responsibilities of stakeholders.
- Opportunities for improving WFP's network infrastructure include the Foodlink Project, which aims to increase by ten times the available bandwidth for all offices worldwide, and is nearing completion. WFP now has a stable and powerful network, connecting all staff members to the same tools and systems in a reliable and efficient manner. This improved network will allow the delivery of new corporate systems – including LESS – to all staff worldwide.
- Establishment of a corporate Organizational Management Unit will be considered during the review of human resources core processes and the development of a human resources strategy under the organizational strengthening process. Staff screening, of both skills and psychological attributes, has been enhanced, and preparedness for staff deployment to emergencies is being improved.
- An Executive Director Directive of 3 October 2012¹ identifies a corporate emergency process owner and assigns authority to the Corporate Response Director designated by the Executive Director for the operational coordination of the response.
- In December 2012, the due diligence of private-sector partnerships was enhanced through the establishment of a senior committee to review potential partnerships and contributions, supported by legal and due-diligence assessments carried out by the Legal Office. Legal agreements have been improved to protect WFP more effectively.
- The Executive Director has identified food safety and quality as a priority area, has authorized the allocation of additional resources in the 2013 budget, and is monitoring roll-out of the food safety and quality management system.

Paragraph 52. Losses from Cases Investigated by the Inspector General

17. The Inspector General reports that losses to WFP from the cases investigated by the Oversight Office amount to US\$99,533. This is a relatively small amount in relation to WFP's total annual expenditure of more than US\$3.9 billion, and WFP continues to maintain zero tolerance of all fraud and corruption.

Paragraphs 56–58. Results of Investigative Work

18. The Executive Director notes the observation that managers are becoming more proactive in tackling cases of misconduct. She appreciates the support of the Office of Inspections and Investigations in convening anti-fraud and anti-corruption awareness-raising sessions, which have helped managers in this regard.
19. The Executive Director recognizes the challenge of enhancing performance management systems and has instituted a corporate workforce planning exercise to determine WFP's current and longer-term skill needs to ensure better matching of individuals to posts.

¹ OED2012/012.

ACRONYMS USED IN THE DOCUMENT

ICT	information and communication technology
LESS	Logistics Execution Support System
WINGS	WFP Information Network and Global System