PRO-ACTIVE INTEGRITY REVIEWS
SECOND INFORMAL CONSULTATION

EB Informal Consultation
25 May 2017

Structure

Update on Status of Action Points

Key Action Areas

PIR Manual and Protocols

Global Management Meeting

Strengthening ERM and Internal Control

Status of Action Points

	Yet to commence		Commenced		Completed		Total
	March		March		March		
Syria - Food Proc.	1		23		10		34
Lebanon - CBT	-		3		13		16
Jordan - CBT	-		5		9		14
Republic of Congo	1		3		14		18
CAR	6		13		14		33
Djibouti	3		4		11		18
TOTAL	**11**		**51**		**71**		**133**

- As at 15 March 2017, 53% of the 133 actions had been completed

Status of Action Points

	Yet to commence		Commenced		Completed		Total
	March	Today	March	Today	March	Today	
Syria - Food Proc.	1	-	23	13	10	21	**34**
Lebanon - CBT	-	-	3	3	13	13	16
Jordan - CBT	-	-	5	2	9	12	14
Republic of Congo	1	1	3	1	14	16	18
CAR	6	-	13	10	14	23	**33**
Djibouti	3	-	4	3	11	15	18
TOTAL	**11**	**1**	**51**	**32**	**71**	**100**	**133**

- As at 15 March 2017, 53% of the 133 actions had been completed
- As at today, 75% of the 133 actions have been completed

Key Action Areas

Cash-Based Transfers - Jordan and Lebanon

Vendor Management – Syria (Turkey)

OIG Investigations - Central African Republic and Syria

Key Area: Cash-Based Transfers

Jordan PIR:
- SCOPE replaced spreadsheet application as tool for management of distribution list
- Iris scanning planned for July 2016 but delayed due to prolonged negotiations with UNHCR
- Iris-scan payments now active in all camps (25% of e-cards on beneficiary payment list)
- Physical validation of beneficiaries ongoing; completion expected by end of May 2017
- Triangulation database to analyse retail transactions and shop selection SOPs implemented

April 2017 Jordan PIR OIG Follow-up: 3 (of 9) recommendations implemented
- Areas addressed: conversion of the beneficiary list to the distribution list and, in part, management of e-cards
- To be addressed: management of e-cards, retailer management, treasury management, beneficiary registration
- As of 15 May, CO conveyed implementation of another 5 recommendations

Key Area: Cash-Based Transfers

Lebanon PIR:
- Beneficiary validation exercise conducted twice a year
- Newly established SOPs for validations are now part of the common card system
- New common card distribution introduced biometric verification through facial recognition
- Unused funds are automatically refunded to WFP each month
- Unused cards are deactivated after 3 months
- New monitoring tools include Sales Data Dashboard (August 2016) and the Automated Real Time Information Feed (November 2016)

April 2017 Lebanon PIR OIG Follow-up: all 9 recommendations implemented
- Measures introduced addressed the bulk of the concerns raised in the PIR and allowed the CO to better monitor and respond to issues related to the e-cards

Key Area: Vendor Management – Syria PIR

Inadequate Vendor Registration and Management
- Continuous improvement of due diligence and vendor pre-selection process
- Requirements previously applicable to new vendors only, e.g. registration at level 2 in the UNGM, are now extended to all vendors on the rosters for International Food Procurement

Potentially Related Bidders Competing in WFP Tenders
- PIR Review of all bids submitted by potentially related companies did not uncover any evidence of collusion.
- Guidelines under development will address how WFP treats potential conflict of interest among related companies during the shortlisting, tendering, award and contracting process.
- WFP's Supplier Contract will include new clauses ensuring that vendors do not use entities on the UN consolidated Sanctions List and/or serving sanctions from WFP.

Falsification of Commodity Certificates by Suppliers
- OIGI investigation concluded that 3 vendors effectively submitted forged certificates.
- The investigation reports have been communicated to the Vendor Sanction Committee for determination of appropriate sanctions.

Key Areas: OIG Investigations

CAR	# Investigations	Completed	Outcome
Potentially fraudulent procurement actions	1	YES	Substantiated: Fraudulent Practice
Payment to a company for goods that company does not offer	1	YES	Substantiated: Fraud - Procurement
Allegations that a WFP staff member fabricates invoices	1	YES	Substantiated: Fraudulent Practice
Allegations that a WFP staff member receives bribes from transporters	1	ONGOING	---
Irregular payments/invoices	1	YES	Substantiated: Fraudulent Practice
Total	5		

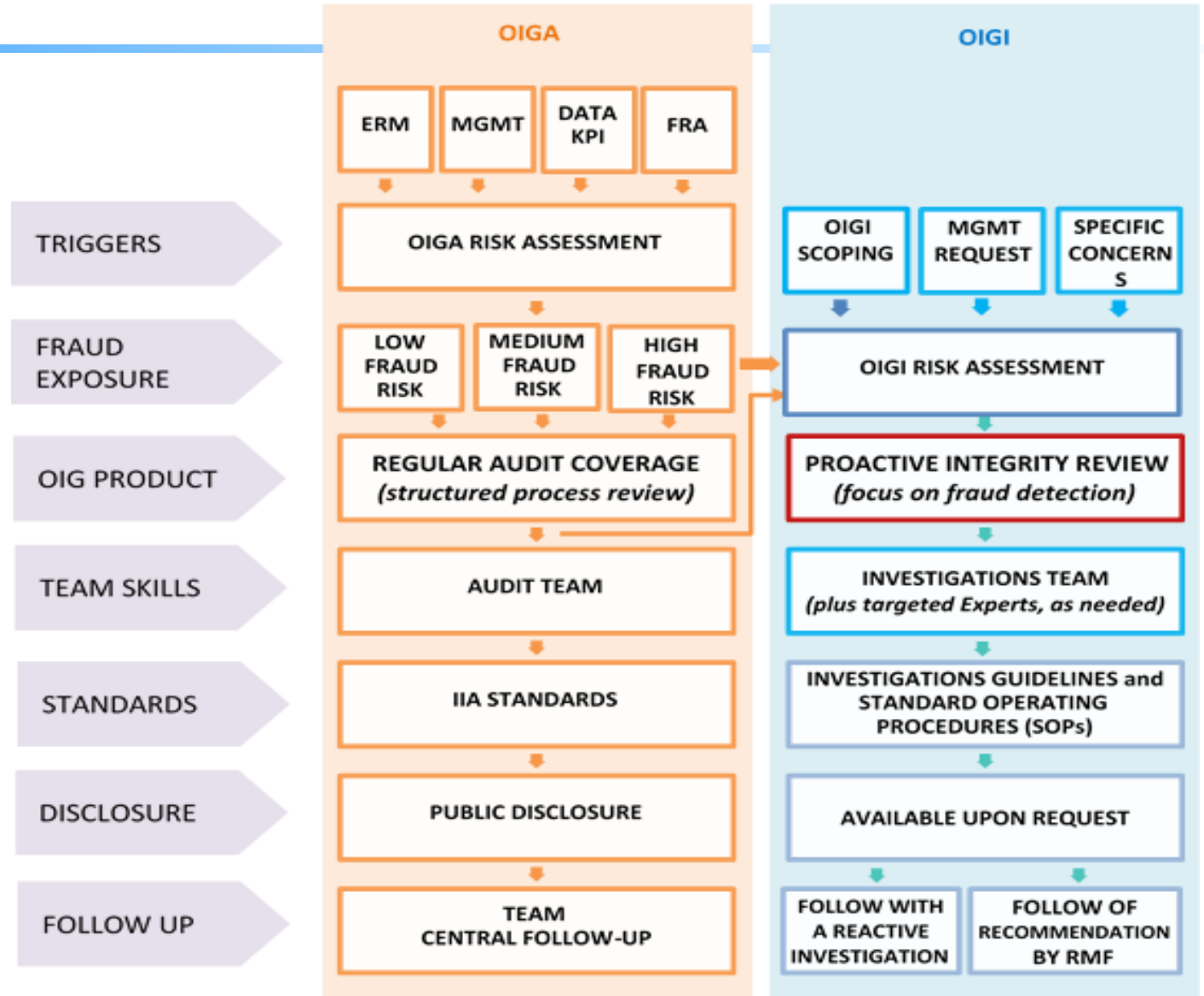| Syria (Turkey)	# Investigations	Completed	Outcome
Allegations of insufficient segregation of duties	1	YES	Unsubstantiated: Fraudulent Practice
Transport prices offered by supplier were reasonable given prevailing market rates	1	YES	Unsubstantiated: Fraud - Procurement
Falsification of commodity certificates by the suppliers	6	YES	Substantiated: Fraudulent Practice
Total	8		

PIR Manual and Protocols

PIR Tool and EB communication
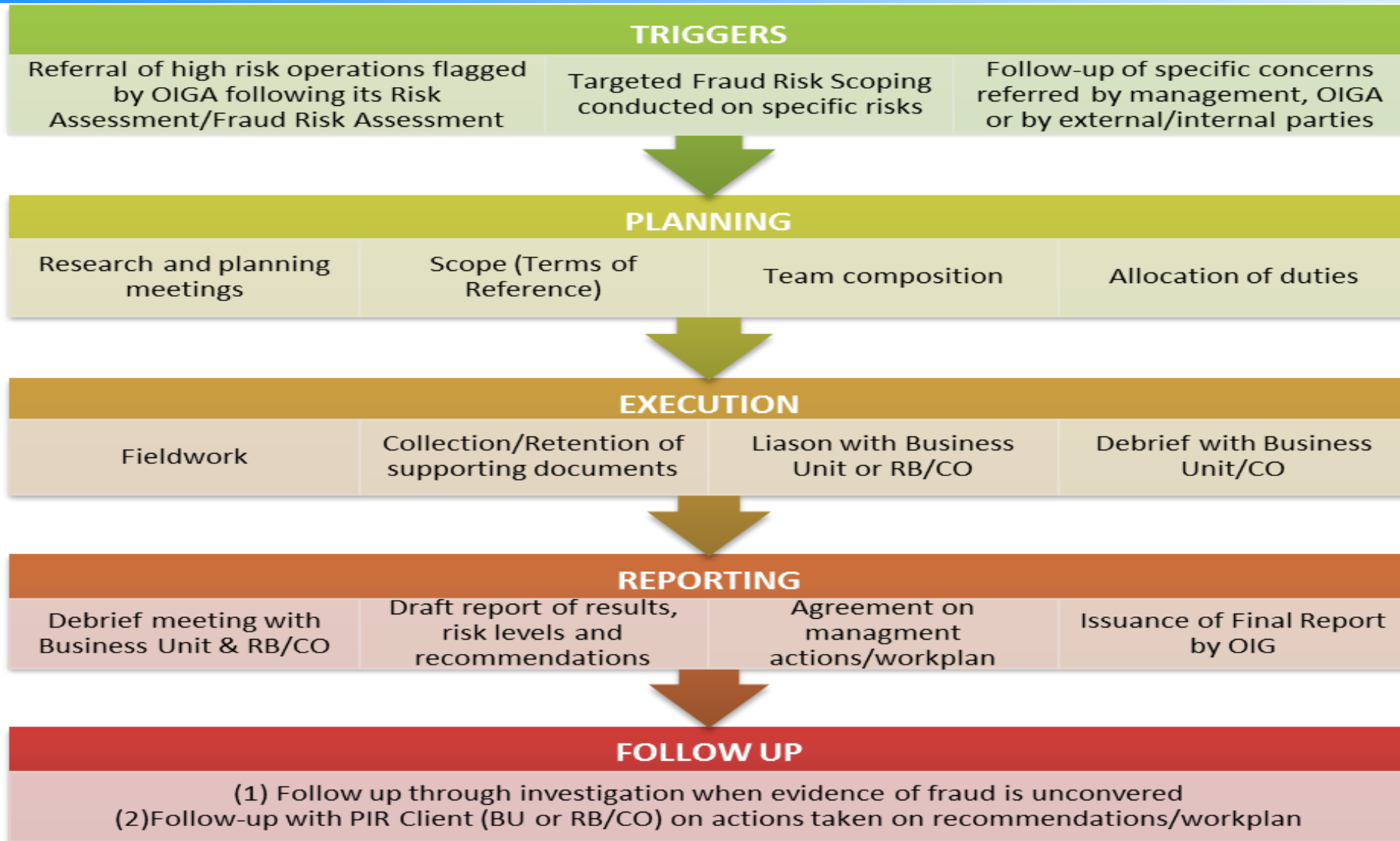
- OIGI will continue to undertake PIRs as part of its work focused on fraud detection and mitigation
- In 2017, OIG will include PIRs in the quarterly updates to the Executive Director, the Audit Committee and the EB Bureau.

PIR Manual

- PIR process now documented in a PIR Manual which details the concept of the PIR within OIG, phases and triggers of a PIR, outcomes and follow up.
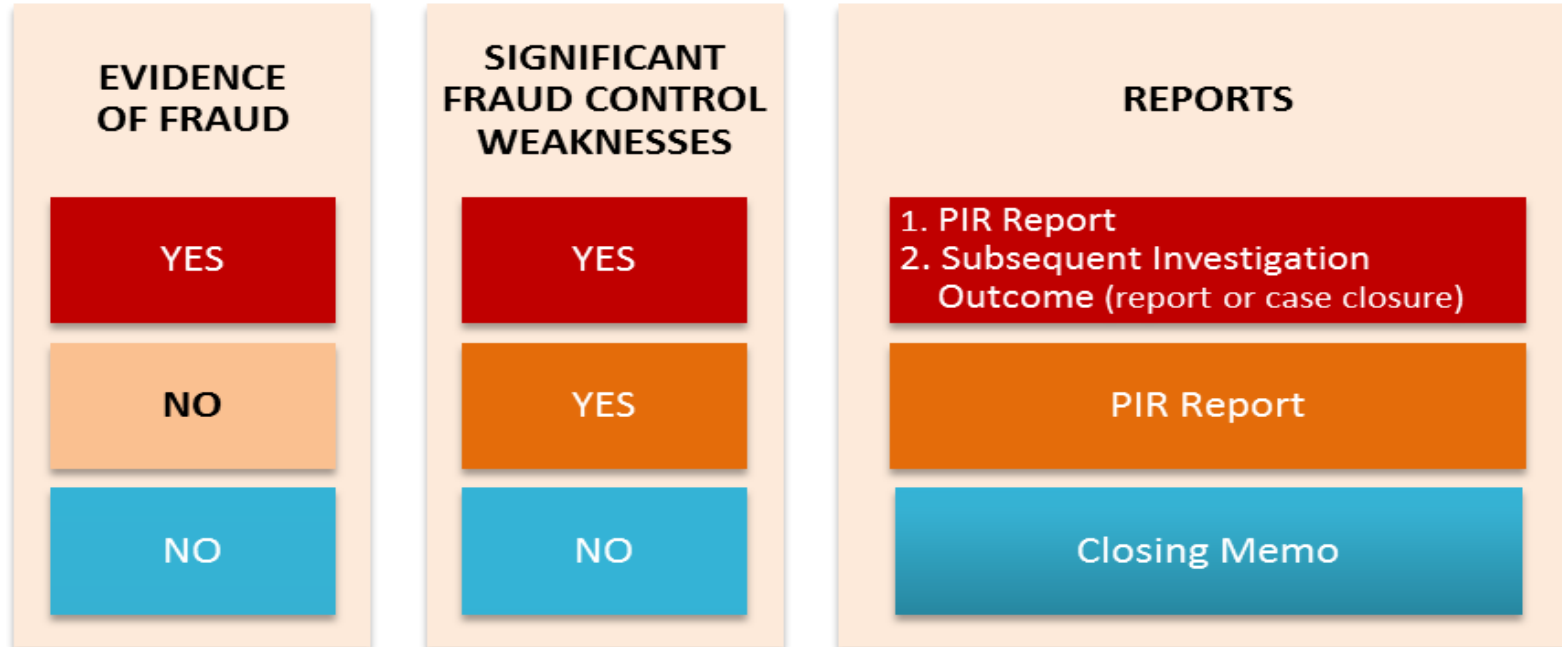
PIR Manual and Protocols

TRIGGERS		
Referral of high risk operations flagged by OIGA following its Risk Assessment/Fraud Risk Assessment	Targeted Fraud Risk Scoping conducted on specific risks	Follow-up of specific concerns referred by management, OIGA or by external/internal parties

PLANNING			
Research and planning meetings	Scope (Terms of Reference)	Team composition	Allocation of duties

EXECUTION			
Fieldwork	Collection/Retention of supporting documents	Liason with Business Unit or RB/CO	Debrief with Business Unit/CO

REPORTING			
Debrief meeting with Business Unit & RB/CO	Draft report of results, risk levels and recommendations	Agreement on managment actions/workplan	Issuance of Final Report by OIG

FOLLOW UP
(1) Follow up through investigation when evidence of fraud is unconvered (2)Follow-up with PIR Client (BU or RB/CO) on actions taken on recommendations/workplan

PIR Manual and Protocols

PIR outcomes

EVIDENCE OF FRAUD	SIGNIFICANT FRAUD CONTROL WEAKNESSES	REPORTS
YES	YES	1. PIR Report 2. Subsequent Investigation Outcome (report or case closure)
NO	YES	PIR Report
NO	NO	Closing Memo

PIR Follow up

- Similar as Audit Agreed Actions, using TeamCentral, OIG's repository, and formal follow up on implementation through the system

PIR Manual and Protocols

PIR Disclosure (WFP/EB.A/2017/6-B/1)
- The disclosure of PIR reports will mirror the current policy on the disclosure of investigation reports, that is, disclosure upon written request (ED Circular OED 2013/018 Disclosure of Oversight Report (paragraph 4-12)
- The revised policy shall apply to PIR reports issued subsequently to its approval by the Board (June 2017).

Disclosure Procedures
- PIR Reports may be disclosed, upon written request to the ED, to Permanent Representatives.
- Permanent Representatives shall treat any report received under this policy as confidential, and shall ensure that it will be used only for internal purposes.
- Where applicable, the report may be redacted or withheld at the discretion of the Inspector General.
- Reasons for redacting or withholding a report will be disclosed on the public website or to the Permanent Representative, as applicable.

Global Management Meeting

The Global Management Meeting (GMM) held on 30 March 2017 presented an opportunity to review our processes, strengthen our approach to Enterprise Risk Management and reshape WFP's internal control culture.

Key outcomes:
- Reaffirmed our resolve to embed risk management and internal control principles in our day-to-day work.
- Concluded that further strengthening risk management and internal control in support of WFP's recognised 'delivery' reputation requires action across all parts of the organization.
- Requirement that we "grow" our culture to re-frame risk and control as a means of maintaining our credibility and as an enabler for our operations.
- Identified planned actions around the themes of accountability, better controls, tools, risk thresholds and training.

Strengthening ERM and Internal Control

TECHNICAL TOOLS
- Develop a corporate risk management and control system that would:
  - Identify, monitor and report on risks and mitigation actions
  - Track, monitor and report on oversight recommendations
- Revamp PACE to incorporate individual performance in managing risk, to reinforce ownership and accountability

DEFINING AND COMMUNICATING RISK THRESHOLDS
- Update WFP's ERM Policy and revise Risk Appetite statement (2018)
- Share a common understanding of risk thresholds with our major partners

BETTER CONTROLS NOT MORE CONTROLS
- Develop anti-fraud and anti-corruption management function
- Improve operational implementation of processes supporting the existing ERM and Internal Control frameworks
- Improve controls, for example:
  - Streamline procurement-related processes, including vendor management
  - Enhance payable processes, including automating vendor master data management, and continuing invoice tracking system roll-out

ADVOCACY, AWARENESS AND TRAINING
- Strengthen regional capacity on internal controls including updating manuals and guidance
- Update CD inception training and enhance other functional training, including a focus on risk management and internal control