

CONTROLS IN EMERGENCY ENVIRONMENTS

ENTERPRISE RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT & INTERNAL CONTROLS

1. Internal Environment



- Ethical values
- Organization structure
- Strategic objectives

2. Risk Management



- Identification of risks & opportunities
- Risk assessment
- Risk response

3. Control Activities



- Segregation of roles in WINGS II
- IT systems password policy

4. Information & Communication



- Information escalation
- Timeliness & quality of information

5. Monitoring



- Balancing supervision & micro management
- Periodic review of systems

- Enterprise Risk Management & Internal Controls – mutually re-enforceable
- Risk Management is 1 of 5 main components of internal controls
- All offices required to undertake risk assessment as part of their Assurance Statement
- The Internal Control Framework is based on guidance issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), endorsed by the independent audit committee

Background

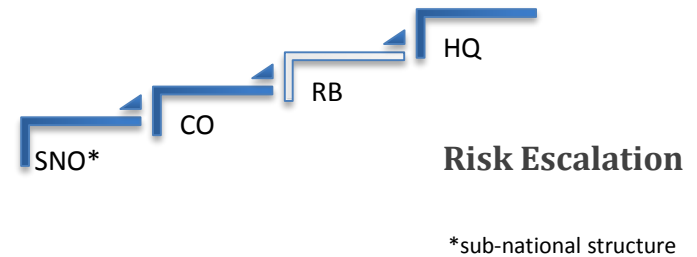
WFP Enterprise Risk Management is defined as.....

“a process...applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives”

Process

- In WFP Risk Management is a structured process undertaken by staff members & managers to achieve strategic, operational and individual objectives
- Risks are identified and assessed in relation to objectives and planned results
- Enterprise Risk Management provides the overall framework for WFP to respond to Corporate Emergencies
- Different processes and tools apply for each emergency level. The processes and procedures for L3 emergencies have been predefined to allow for response flexibility/efficiency while ensuring accountability

Risk management processes and tools



Framework

- Risk registers at office level or escalated – risks are analysed at every level in terms of how they affect the achievement of objectives
- Corporate Risk Register – key risks affecting the organisation. Includes risks related to corporate response (e.g. failure to respond to a corporate emergency)
- Risk Appetite statement – provides guidance to all stakeholders (internal/external) on levels of acceptable risk
- Risk assessment integrated in strategy and project design

RISK MANAGEMENT IN CORPORATE EMERGENCIES



- Risk assessments included in the Strategic Response Plan
- Sharing of risks amongst partners and conducting joint Risk Assessments
- Common operational risk catalogue - risks and mitigation actions identified in emergency contexts
- Risk management in Operational and Strategic Task Forces – risk management support for L 2 & L 3 emergencies
- All L3s are audited and an increasing number of L2 emergencies

L 1 – L 3 RESIDUAL RISK MANAGEMENT

Event identification

- Identify potential events that will affect the entity
- Determine whether they represent risks or opportunities to the achievement of strategic and management objectives

Risk assessment

- Assess likelihood and impact of potential events on WFP's objectives
- Examine positive and negative impacts of potential events individually and by category

Risk Response

- Determine risk response
- Avoidance
 - Control (reduction)
 - Acceptance
 - Transfer

Residual Risk

- Residual risk is the remaining risk following identification of mitigation actions

Corporate Residual Risks

- Monitored at all levels
- Operational and Strategic Task Forces
- Quarterly Operational Briefings

Risk Appetite Statement

"The humanitarian imperative obliges us to provide humanitarian assistance wherever it is needed or requested...We recognize that the risks of failing to engage often outweigh the risks of engagement"

Defining Risk Tolerance

- Provides managers with a guide on operational decision-making (e.g. when to resume operations following suspension etc.)
- A mechanism allows offices to establish levels of risk tolerance applicable to specific operational contexts
- Identification of thresholds communicated to all staff and stakeholders including donors, the Government and partners

Update of Enterprise Risk Management policy

- Policy to be updated based on new developments, including evolving staff responsibilities and functions, identification of common risks and mitigation actions
- Inclusion of components such as Corporate Risk Register, EPRP, PREP activities and their linkages

REVIEW OF CONTROLS IN EMERGENCY ENVIRONMENTS

SCOPE OF THE EXERCISE



To ensure WFP can address a corporate response in a timely and effective manner

Ensure beneficiaries are the focus of WFP 's work

Support the shift of the centre of gravity closer to the point of implementation (country offices)

Rome-HQ facilitates the Regional Bureaux and Country Offices

WFP defines internal control as

“A process, effected by WFP’s Executive Board and the Secretariat, through its management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to:

- (i) effectiveness and efficiency of operations
- (ii) reliability of reporting
- (iii) compliance with WFP rules and regulations”

OBJECTIVES

- Finding the right balance between the need for good controls and efficient operational management
- Compressing lead times, improving operational effectiveness & efficiency, without compromising on **oversight** and **accountability to provide reasonable assurance** regarding the **achievement of objectives**
- Develop control methods which are **fast, simple and dynamic**
- Capable of accurately adjusting more or less automatically to events as they happen

PARAMETERS OF THE EXERCISE

- A review was conducted around 13 Functional Areas
- Capacity to mount a more efficient and effective emergency response for up to 6 million beneficiaries (as per GRCM)
- Aligned with Fit for Purpose and Change Management
- Part of the EPR Framework
- Bring about harmonisation among the Functional Areas

13 FUNCTIONAL AREAS

FUNCTIONAL AREAS OF WFP

Programme

Donor Relations

Administration

Procurement

Operation Info Mgt

Human Resources

Logistics

Info. Technology

Finance

Budget
Programming

Public Information

Security

Performance
Management

REVIEW PROCESS

All Functional Areas mapped by thematic Areas



All Functional Areas mapped out to identify current processes and **KEY** controls

Identify **Key** controls that must be executed and those that could be streamlined or eliminated, without compromising on oversight and accountability L1 ,L2, L3

Review impact on Functional Areas of proposed control adjustments

Review impact on internal dependencies and external linkages

KEY OUTCOMES FROM THE EXERCISE

- Emergency Response Activation Protocol w/ Activation Memo and Leadership Structure
- Fast Track EMOP and associated SOs (Logistics & Cluster SOs) project budget preparation and approval process
- Early Project Budgets release
- Availability of Advanced Financing
- Immediate availability of Food (FPF) and NFI (CRS/HRDs) /Asset Deployment
- Standard Organogram Staffing Structures: Standard position/grade/Generic TORs/DOAs/Standard WINGS profiles
- Immediate Deployment of Staff: Emergency Leadership Roster (ELR) / Emergency Response Roster (ERR)
- Standard Information Packages and Products
- Emergency Response Protocols (by Functional Area), time-frames and emergency levels

Continue to strengthen framework through

- **Awareness (external and internal)**
- **Simulation, Testing & Training (FASTER & CRX)**
- **Lessons learned**
- **Best Practices**

THANK YOU !