Statement on Internal Control 2012

Resource Management and Finance Seminar
May 2013

World Food Programme

WFP's Internal Control Framework serves as 'coat hanger' for all activities required for good management

Internal Controls

Based on COSO international best practice

1.Internal Environment	2. Risk Management	3. Control Activities	4. Information & Communication	5. Monitoring
• Ethical values • Organization structure • Strategic objectives • HR policies • Management style	• Identification of threats & opportunities • Risk assessment • Risk response	• Management review of actions • Segregation of roles in WINGS II • IT systems password policy	• Sharing of relevant information • Information escalation • Timeliness & quality of information	• Balancing supervision & micro management • Periodic review of systems • Reporting deficiencies

The five components of Internal Control are used as framework for all Internal Control improvement tools

Overview of Statement on Internal Control

2012 is the second year in which a 'Statement on Internal Control' will be produced

- Global best practice for accountability
- Signed by the ED and published with Annual Financial Statements

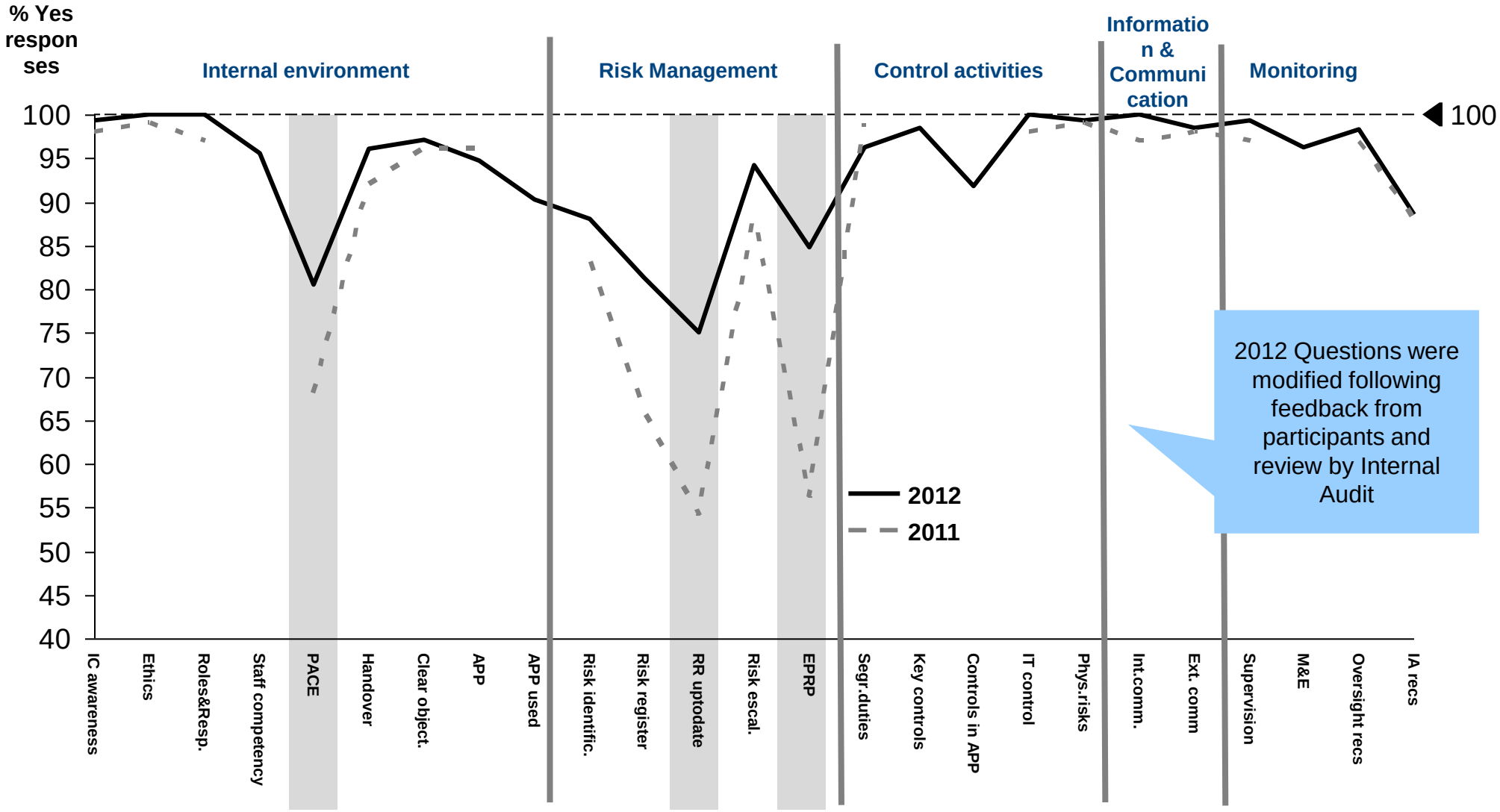
Primary basis of ED Statement is "Assurance Statement" on internal control provided by >130 managers

- DEDs/AEDs and RDs reviewed and cleared the responses provided by Departments/Offices reporting to them
- Other evidences considered

100% of Directors submitted Assurance Statements

Analysis indicates progress in strengthening internal control systems within WFP compared to last year; areas of improvement remain

Assurance statements 2012 reveal significant improvement from last year in internal control environment



Note: World average based on responses from 134 offices/divisions
Source: Assurance Statements 2012

Different sources are used to identify the effectiveness of the organization's internal control systems and spot weaknesses

Primary evidence

Assurance Statement
- Assurance from all WFP directors that internal control systems in respective office/division is well-functioning

Quality review 1-2 levels
- Quality check of Assurances from supervising units

Secondary evidence

- **Global Staff Survey** (NEW 2012)
- **Outstanding internal audit recommendations**
- **Inspector General Annual report**
- **External Auditor**
- **Inspection reports**
- **Evaluation recommendations**
- **PACE statistics**

Improvements across all internal control weaknesses identified in last year's Statement on Internal Control

Improvement areas 2011	Progress 2012
1 *Full implementation of the enterprise risk management strategy*	**Good progress made: ~80% of offices/divisions worldwide state that they have a risk register in place (66% in 2011).** 88% of Country Offices state they have a risk register in place representing 97% of offices by volume
2 *Further implementation of emergency preparedness strengthening initiatives*	**Strong progress and approaching 80% implementation rate (20% in 2011).** 56 COs (~75% of total Country Offices) have implemented the EPRP (Feb 2013)
3 *Improving operational monitoring and evaluation systems*	**M&E generally in place: 96%** of offices state that they have effective M&E in place and many comment that improvements have been taken place in 2012 • Several COs indicate improvement needs • COMET implementation will further improve M&E
4 *Ensuring staff performance is appraised in a timely manner*	**Strong improvements in 2012:** as of 31 Jan 2013 74% of all staff had finalised the annual PACE process for 2012 (50% in 2011). Corresponding percentage as of 22 March 2013 was 86%.
5 *Ensuring effective segregation of duties in the corporate IT systems*	**An action plan for solution has been prepared** • Implementation throughout 2013 is expected

Source: Statement on Internal Control 2011, Assurance Statements 2012, STAFFNET, EPRP data 14 Feb 2013

Key next steps in 2013

ED-signed Statement on Internal Control to be published with financial statements

Common emerging themes will be further analysed and mitigation actions at HQ level will be discussed with relevant functional unit

Final results to be communicated to internal stakeholders, including regional analyses