

Statement on Internal Control and initiatives to strengthen control and accountability

**Finance seminar
16 May 2012**



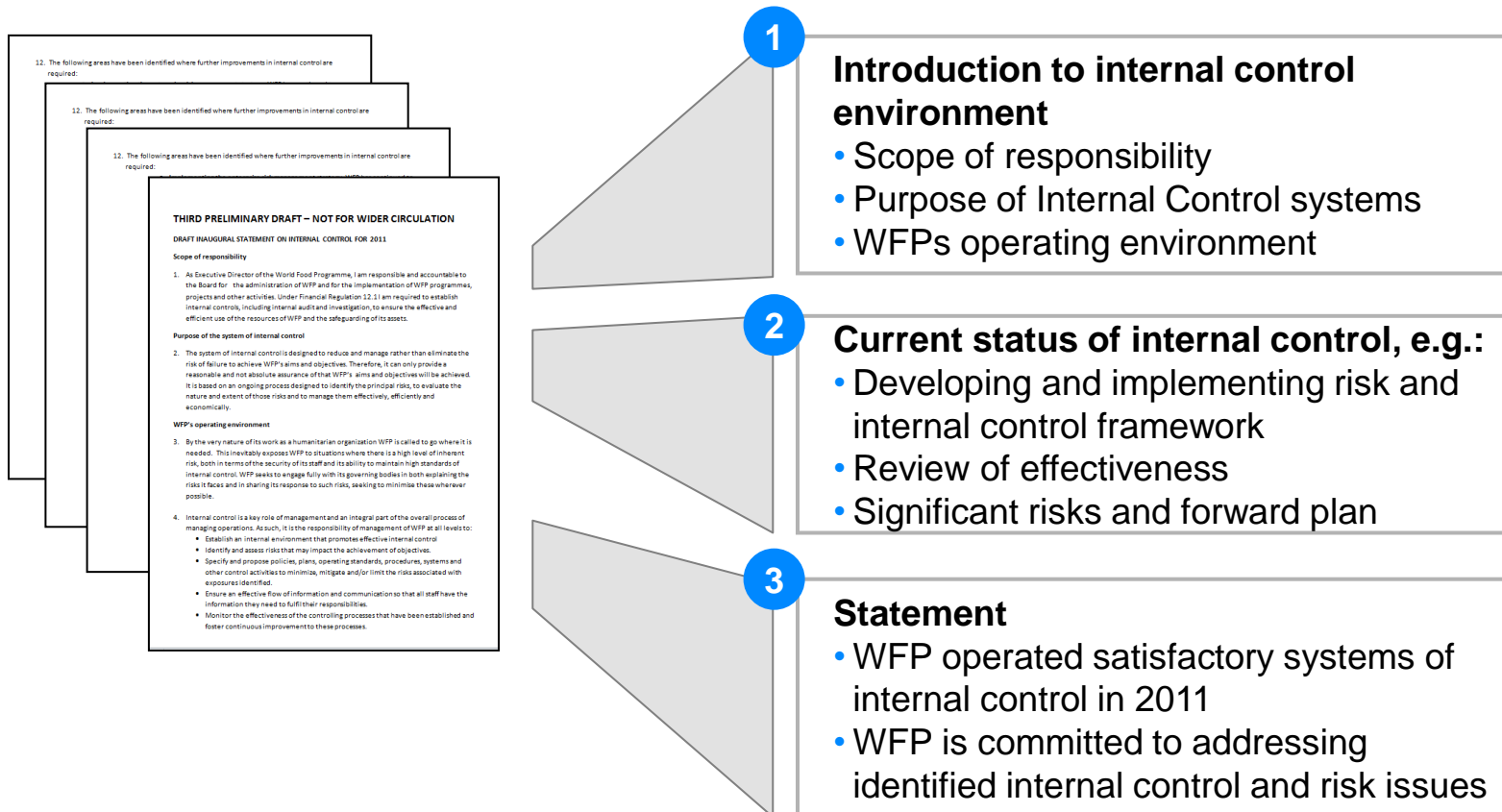
World Food Programme

Agenda

- 1 Introduction of 2011 Statement on Internal Control**
- 2 Short briefing on initiatives to strengthen control and accountability**
- 3 Q&A**

Statement on Internal Control introduced in 2011

Part of Financial Statements package



Manager certification is primary source of Statement

Supported by tools to help managers reflect on internal control

Statement on Internal Control



Mandatory form: The Assurance Statement

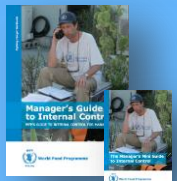
Question	Reference to overall self-assessment checklist	Reference to Manager's guide to internal control	Clarification	Confirmation	Your comments (if needed, - please report exceptions (for A), reasons, or follow-up (for A))
Internal Environment					
Managers are aware of the WFP internal control principles and the guidance on the implementation of internal controls ("Manager's guide to internal control" and self-assessment checklist)	4.1	4.1	The EC requires assurance that managers are aware of both the importance and the main principles of internal control. This includes the extent to which they are aware of the importance of setting the right tone at the top.		
Managers and staff are aware of and apply WFP ethical standards and anti-fraud policy	1.1	4.2.1	All staff should be aware of and follow the ethical standards respected within.		

Support tools to help managers review internal control

Internal Control self-assessment checklists



Manager's Guide to Internal Control (and "Mini guide")



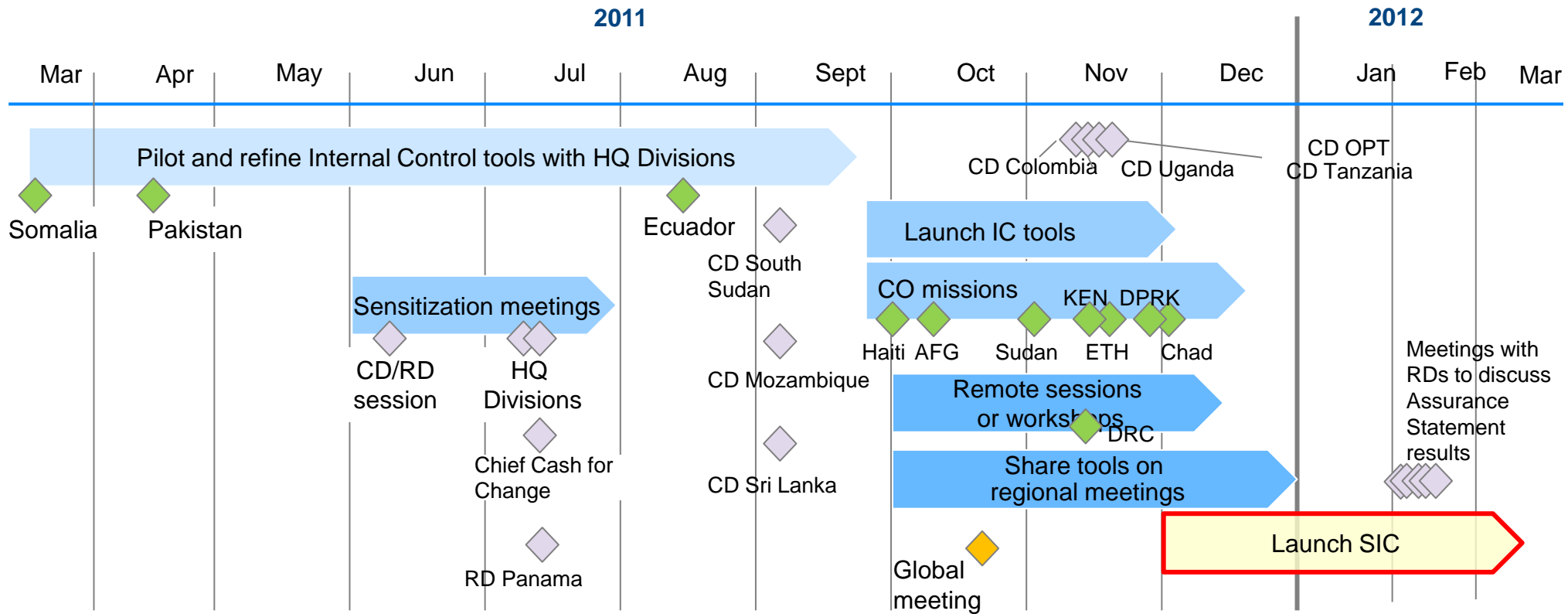
Other existing resources



- Audit checklists
- Inspection checklists



Other sources of assurance were also considered

High level timeline of the implementation of the Statement on Internal Control in WFP



-  2-5 day training with CO management
-  Dedicated training meetings/calls

Five areas for improvement highlighted in Statement

Overall satisfactory responses derived from Assurance Statements 2011 of offices/divisions

The Assurance Statements together with other sources highlight 5 improvement areas:

- 1 Full enterprise risk management strategy implementation**
- 2 Further implementation of emergency preparedness strengthening initiatives**
- 3 Improving operational monitoring & evaluation systems**
- 4 Timely staff performance appraisal**
- 5 Embedding segregation of duties in corporate IT systems**

Internal Control tools and Assurance Statement process received widespread support by managers

“The self assessment tool is really impressive to monitor internal control implementation of the country office”

-Country Director, medium sized Country Office

“No doubt that the process is a good tool in enabling managers to ensure that WFP ethics and principles as well as internal control process are widely shared among staff and strictly implemented!”

-Country Director, small sized Country Office

“Assurance statement very much helps! The managers see where the Country Office stands in term of compliance, performance and identification of areas that need strengthening. It allows Unit Heads and key staff to dialogue with Management searching durable solutions in operations management.”

-Country Director, large sized Country Office

“Extremely helpful (particularly the checklist) in identifying risks and opportunities for strengthening of internal control systems.”

-Director, HQ

WFP's approach to strengthening managerial control

Objectives of managerial control



WFP approach

- **Seeks better control, not more control**
- **Not just about compliance**
- **Reinforces the need for an effective Internal control environment - “tone at the top”**
- **It is about achieving our strategic and operational goals**

Strengthening internal control and accountability in WFP

Main deliverables

1 Internal Control Framework



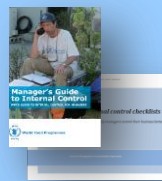
- WFP's framework applying COSO best practice

2 Statement of Internal Control



- First issuance together with 2011 Financial Statement

3 Internal Control Support tools



- Managers guide to Internal Control
- Internal Control checklists

4 Internal Audit Recommendation Follow-up



- Focusing management attention on outstanding Internal Audit Recommendations

5 Delegated Authorities Review



- Review of accuracy and follow-up on discrepancies of the current delegation of authority within the Secretariat

6 Accountability Guide



- Management level summary of key responsibilities and authorities for processes

7 HQ Committee review



- Identification and closure of inoperative committees in HQ

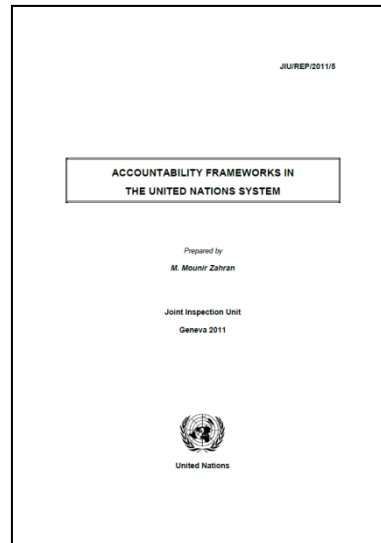
8 Financial Resource Management Manual (FRMM)



- Outlines resource management processes within WFP for HQ and field

The UN Joint Inspection Unit has highlighted specific WFP Internal Control elements as good practice in the UN system

“The...’**Managers’ Guide to Internal Control**’ is also a **commendable document** which includes a strong emphasis on the culture of accountability and the need for managers to take the lead in setting the tone at the top”



“WFP deserves special mention for having a **strong internal control framework** which covers many of the aspects of the key accountability components identified.”

“The Inspector learned and agrees with OECD, the United Nations and WFP that **letters of assertion are a very powerful tool to push accountability** down the management line.”

WFP’s ERM implementation and oversight body recommendation follow-up were also highlighted as good practice in the UN system

Embedding internal control and accountability going forward

- **Prepare 2012 Statement on Internal Control process**
- **Track corporate internal control improvement areas**
- **Develop internal control training**
- **Develop additional internal control tools**
- **Internal Audit recommendation follow-up**
- **Finalize Delegation of Authority review**