

WFP oversight framework



Informal consultation

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World Food Programme
Rome, Italy

1. Vision and framework for assurance at WFP

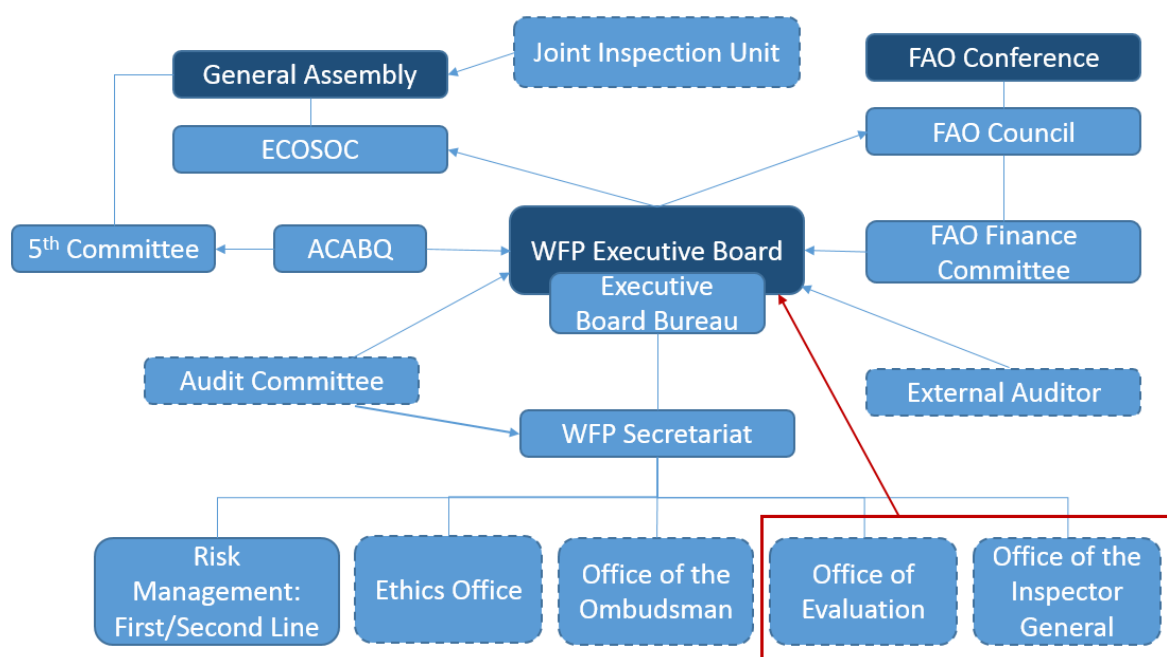
1. This document describes WFP’s vision for oversight at the organization, and provides a snapshot of the evolving architecture and activities in place to operationalize the vision, which include governance, Executive Board accountability and oversight frameworks, and associated reporting arrangements. The governance, activities, and reporting collectively comprise WFP’s Oversight Framework.
2. WFP’s vision for organizational oversight is for it to drive continuous improvement, reinforce the highest standards of integrity, ethics and professionalism, and safeguard stakeholder confidence for the benefit of the people we serve. Oversight activities are an opportunity for reflection and action in a dynamic, innovative and responsive organization, for critical assurance to stakeholders, for dissemination of good practices and lessons learned, and for addressing emerging issues.
3. The stakeholders of assurance include WFP governing bodies, donors, host countries, cooperating partners, civil society organizations, beneficiaries and personnel. Stakeholder confidence in WFP’s ability to achieve its objectives for the people it serves, and to continuously improve by addressing identified gaps and weaknesses, is the ultimate deliverable of assurance activities.
4. WFP is committed to ensuring that its governance and oversight architecture and practices meet stakeholder needs and align with best practice. It makes regular adjustments in response to, for example, Joint Inspection Unit recommendations, peer reviews and system-level decisions, and through dedicated strengthening initiatives.
5. The framework, which was updated following a request from the Board in a cross-list statement to EB.A/2017, builds on the work of the Executive Board “Governance Group,” which operated with a view to strengthening the governance of WFP as it evolves and making the Board more strategic and efficient.¹ The Governance Group laid the foundation for WFP’s Executive Board governance and reporting arrangements based on four interlinked frameworks: strategy, policy, oversight and accountability. This document focuses on the oversight and accountability frameworks in light of developments since 2011, when the Executive Board took note of the [Oversight Framework and Reports Disclosure Policy](#) and approved the Policy for Disclosure of Investigation Reports as contained in Annex II to that document.
6. Since 2011, WFP has made a number of enhancements to governance and oversight, including:
 - updating the Charter of the Office of the Inspector General (OIG) to establish OIG’s authority to conduct proactive integrity reviews, which are targeted fraud risk assessments that can be initiated at the Inspector General’s discretion without prior allegations of wrongdoing;
 - updating the Policy for Disclosure of Oversight Reports to [provide for public disclosure of internal audit and inspection reports](#), and to [extend provisions for disclosure of investigation reports](#) to proactive integrity review reports;
 - updating the [Anti-Fraud and Anti-Corruption Policy](#) to, among other things, expand the definition of fraud and corruption and outline specific obligations of vendors, third parties and WFP staff involved in procurement processes, and providing general guidelines on preventing conflicts of interest;
 - updating the policy on protection from harassment, sexual harassment, abuse of authority and discrimination;

¹ The Governance Group was established by the Executive Board and included a representative of each of the Board’s five regional electoral lists. The Group held informal consultations with members of the Board and observers, issued two formal reports with proposals and recommendations and addressed a number of ad hoc governance issues from 2000–2005.

- instituting special measures for protection from sexual exploitation and abuse;
 - updating the Audit Committee terms of reference in [June](#) and [November 2017](#) in line with best practices and changes in organizational structure and policies;
 - issuing a new [Evaluation Policy](#) (2016–2021) and accompanying WFP Evaluation Charter, following a [peer review of the WFP evaluation function](#) and a Joint Inspection Unit (JIU) [system-wide review of the evaluation function](#);
 - establishing a process with the Executive Board Bureau to respond to JIU recommendations to the legislative body and updating the draft decision in [reports by the JIU relevant to the work of WFP](#) to include Board endorsement of the responses;
 - establishing a consolidated analysis of oversight findings from internal audit, proactive integrity review, external audit, and Joint Inspection Unit reports, linked to corporate risks to facilitate a structured, evidence-based and action-oriented discussion of priority oversight issues with executive management;
 - updating its internal control framework in line with the revised COSO² internal control integrated framework issued in 2013; and
 - establishing the Enterprise Risk Management Division headed by a Chief Risk Officer.
7. This framework is presented for consideration in the spirit of ensuring that as the organization continues to evolve, organizational governance, and the oversight and accountability frameworks, meet the needs of stakeholders for the benefit of the people WFP serves. Looking forward, WFP plans to continue to refine the framework in line with emerging best practice, and as needed based on further strategic and organizational changes such as the transition to the Integrated Road Map (IRM) and update the Executive Board accordingly.
8. Integrated Road Map risks are reflected in the corporate risk register and regularly monitored as part of the Executive Management Group’s consolidated discussions on risk and oversight findings. WFP continues to adapt in response to lessons learned and independent oversight recommendations following the IRM transition. Management oversight of IRM risks will continue to include a holistic assessment of the impact of the new financial framework, the transition from old to new strategies and the clarification of roles and responsibilities in the first and second line of defense. At a more granular level, management is also engaged in a focused effort to build maturity in oversight processes and internal controls embedded into new IRM business processes. For example, WFP will further clarify and strengthen corporate standards for the governance, internal controls and oversight of the budgetary management process and develop reports for internal control and oversight purposes, to ensure that funds are appropriately managed at the country office level.
9. WFP’s overall governance and assurance architecture is illustrated in Figure 1; principal governing bodies appear in dark blue, and independent entities are surrounded by a dotted line; all independent entities report to the Board (arrows are omitted for entities within the Secretariat for simplicity of exposition). Section 2 provides an overview of the objectives of governance and oversight. Section 3 presents the three lines of defense assurance model, which the United Nations Chief Executives Board High-Level Committee on Management endorsed and WFP adopted, and describes the model at WFP, including the roles of governance and assurance bodies and associated reporting arrangements.

² Committee of Sponsoring Organizations of the Treadway Commission; <https://www.coso.org/Pages/ic.aspx>

Figure 1 – WFP governance and assurance architecture



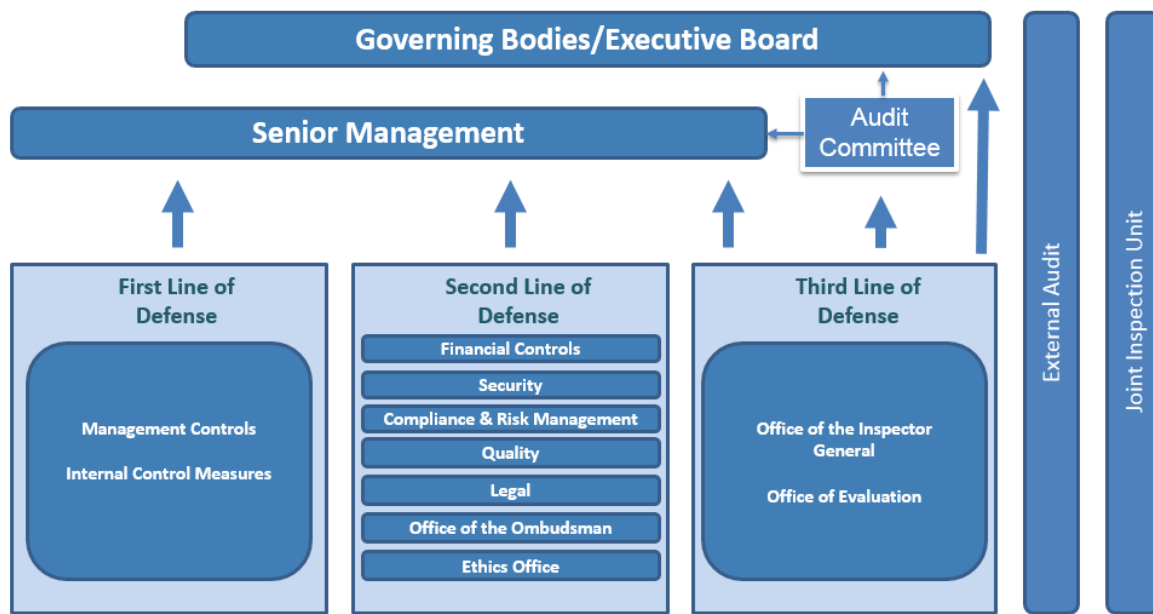
2. Objectives of governance and oversight

10. The Independent Steering Committee on the Comprehensive Review of Governance and Oversight within the United Nations and its Funds, Programmes and Specialized Agencies defined governance as the action or manner of steering or directing, and noted that oversight is an important activity in governance. The steering committee defined the role of governing bodies to be to set and maintain the direction of the entity, the effective and efficient allocation of resources and the effective monitoring of its management and operations.
11. The JIU notes that Member States have primary responsibility for oversight of United Nations organizations, and that they can delegate some oversight authority to organizations' secretariats and external oversight bodies. Oversight activities within WFP promote accountability and transparency and reinforce the accountabilities and internal control established by governing bodies and the Executive Director. Oversight, as an integral part of the system of governance, provides assurance that:
 - a) the activities of the organizations are fully in accordance with legislative mandates;
 - b) the funds provided to the organization are fully accounted for;
 - c) the activities of the organizations are conducted in the most efficient and effective manner; and
 - d) the staff and all other officials of the organizations adhere to the highest standards of professionalism, integrity and ethics.

3. Oversight roles and responsibilities: The three lines of defense

12. In November 2014, the High-Level Committee on Management endorsed the three lines of defense model promulgated by the Institute of Internal Auditors as a reference model on risk management, oversight and accountability for United Nations system organizations. WFP adopted the model as part of the update of its internal control framework in 2015. Figure 2 illustrates the model at WFP.³

Figure 2 – The three lines of defense at WFP



Adapted from *Leveraging COSO Across the Three Lines of Defense*, Institute of Internal Auditors, July 2015.

13. In the three lines of defense model, assurance roles and responsibilities are distributed among operational management that owns and manages risk as part of day-to-day work (first line of defense), management and independent functions that monitor risk and controls and serve as standard setters (second line), parties that provide independent assurance to the Executive Board and senior management concerning the effectiveness of the management of risk and control (third line) and external lines of defense (such as the External Auditor and Joint Inspection Unit).
14. The three lines of defense provide assurance to decision-makers including the Executive Director (first, second, third and external lines) and the Board (third and external lines), who have collective responsibility for establishing the organization's objectives, strategies, and approach to managing risk to the achievement of objectives.⁴ Notably, the model considers the Audit Committee to be a governing body advisor, since the Executive Board established the Committee to serve in an expert advisory capacity to support the Board and Executive Director on assurance matters.⁵

³ The Ethics Office, which is part of the second line of defense at WFP, also carries out whistleblower protection activities that are strictly independent of management.

⁴ Institute of Internal Auditors. *Leveraging COSO Across the Three Lines of Defense*. July 2015. <https://na.theiia.org/standards-guidance/Public%20Documents/2015-Leveraging-COSO-3LOD.pdf>. The model provides a flexible structure that can vary from organization to organization, and some functions may be combined or split across the lines of defense.

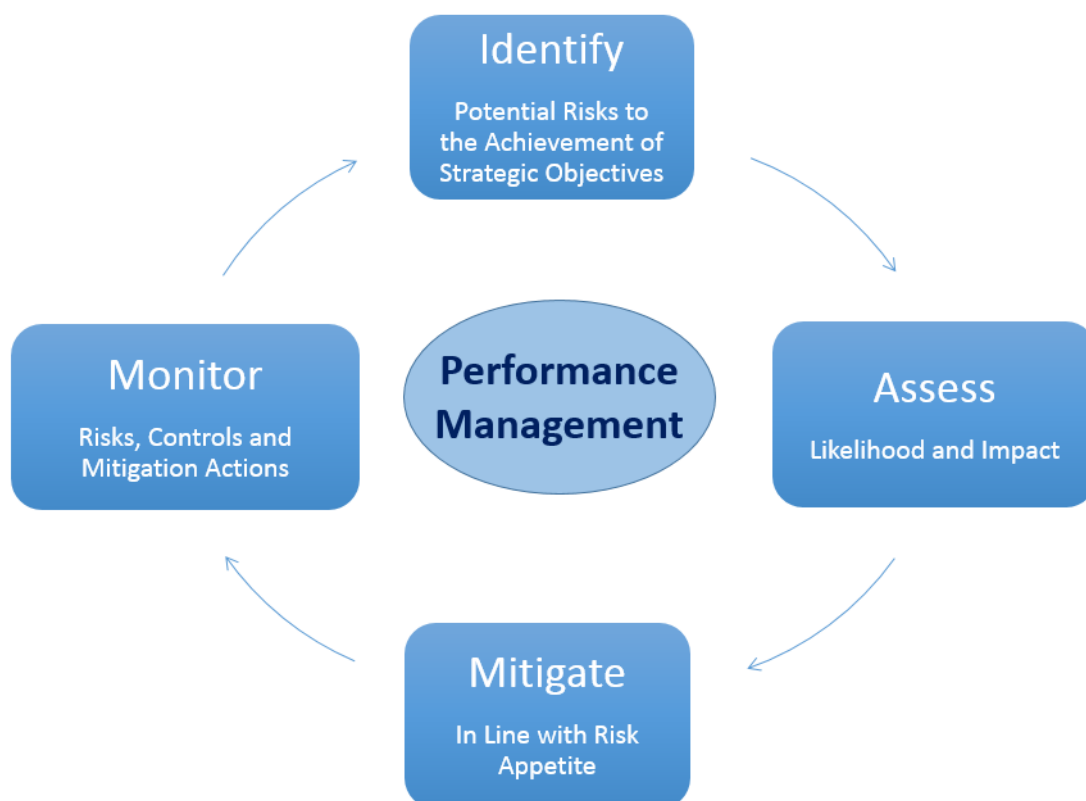
⁵ The Audit Committee changed to a dual advisory function in 2009.

15. Reporting requirements in support of the governance and oversight framework are either provided for in the General Regulations approved by the United Nations General Assembly and the FAO Conference, or decided by the Board or Executive Director.
16. As a guiding principle, WFP aims to strike a balance between the costs and benefits of controls with a view to maintaining effective, efficient, and integrated internal controls, i.e., better controls, not more controls.
17. The roles of each actor, and associated reporting arrangements, are described in the subsections below.

3.1 First line of defense

18. The first line of defense comprises activities carried out in the course of core operations: sub-office, area office, country office (CO), regional bureau (RB), and headquarters (HQ) actors carry out day-to-day processes across business areas, which include execution of controls such as approvals, checks, due diligence, and internal monitoring. In general, first line of defense activities involve ensuring that there are adequate checks and balances in place as part of everyday decision-making and that supervision is adequate.
19. First line of defense activities are carried out in line with delegations of authority established by the General Rules and Financial Regulations, the Financial Rules, and by internal Circulars and Directives.
20. The first line of defense is the owner of both risk and control, for which staff in all functions and at all levels of the organization (sub-offices, area offices, CO, RB, HQ) are held accountable, and is a critical driver of continuous improvement as part of the risk management cycle (see Figure 3). The first line owns business risk decision-making and must identify and assess the materiality of risks within the boundaries of established risk appetite.

Figure 3 – Risk management cycle



21. The role of the RB includes both first and second line activities (see also Section 3.2). In particular, the RBs support COs, ensure that strategies and policies are implemented in the field, and enhance management effectiveness, operational oversight and coherence at the regional and country levels. Their main functions are to:⁶
- provide policy support and direction for WFP’s operations;
 - provide leadership to ensure the effectiveness and efficiency of WFP’s emergency responses through coherent utilization of regional resources in Level 2 emergencies;
 - provide operational guidance and regional resources to ensure effective implementation of Level 3 emergency responses;
 - ensure the quality of project design and project documents;
 - monitor country office performance;
 - oversee country office management and budgetary matters; and,
 - facilitate sharing of technical resources so that country offices have the required technical and operational capacities.
22. As part of ongoing efforts to ensure the adequate and efficient support and oversight of country and regional operations, WFP has dedicated resources to examine the support from regional bureaux to the first and second lines of defense.⁷ In 2018, WFP will define consolidated roles, responsibilities, and terms of reference for the regional bureaux. The outcome of this exercise will inform any eventual review of responsibilities and allocation of resources to the regional bureaux. Particular attention will be paid to the ongoing review of regional functions and capacities being implemented in connection with reform of the United Nations Development System.

3.2 Second line of defense

23. The second line of defense comprises management and advisory functions carried out by sub-office, area office, CO, RB, and HQ actors that independently monitor risks and controls and set policies and standards for the control environment.
24. Personnel and committees at the local, regional and global levels carry out second line functions such as:
- establishing policies, procedures, and guidance;
 - monitoring and assessing operational activities; and
 - acting as stewards of organizational frameworks, including risk management, internal control and performance management and monitoring frameworks.
25. Some second-line activities are fully integrated into operational and functional management; others, such as the annual conflicts of interest and financial disclosure programme, operate in a stand-alone manner. Second-line activities continuously evolve with WFP’s operating environment and based on major changes such as the transition to the Integrated Road Map.

⁶ See WFP Management Plan (2016–2018) <https://docs.wfp.org/api/documents/c2a2141d9c0a4baf8e9d2a27d2c317ed/download/>

⁷ Management Plan (2018–2020) <https://docs.wfp.org/api/documents/16355f420ca547f3a5d950b74711d8e3/download/>

26. WFP has established the risk and compliance adviser (RCA) role to support first and second line activities in complex operations. The RCA's purpose is to assist the country director or regional director by providing advice and recommendations to enhance the effectiveness of internal control systems, the monitoring and mitigation of risks, potential fraud and corruption and overall efficiency of operations and optimization of WFP resources. The RCAs report functionally to the new Enterprise Risk Management Division (RMR), and are a key partner for RMR internal control, anti-fraud and anti-corruption and risk management strengthening efforts.
27. The following subsections describe the activities of the Enterprise Risk Management Division, which is highlighted specifically since it is a new structure in WFP's second line of defense that integrates functions previously conducted elsewhere in WFP to build maturity in WFP's internal control and risk management processes and culture; the Ethics Office, an independent office in WFP's second line of defense; and the Office of the Ombudsman, an informal independent mechanism in the second line of defense.
28. Separate from the Enterprise Risk Management Division, Ethics Office, and Office of the Ombudsman, second-line activities are also conducted within various other central functions, for instance:
 - the finance function sets standards and provides oversight of treasury and accounting risk;
 - the human resource function sets policies and manages people risk;
 - the legal function protects WFP's legal interests through legal risk management, promotes compliance with applicable norms, and provides transactional and dispute-resolution support;
 - the security function manages security risk;
 - staff wellness manages health and safety risk for the global workforce;
 - dedicated functions set standards and oversee risk for specific areas such as aviation safety, food quality and safety, insurance, etc.

Enterprise Risk Management Division

29. In 2017, the Executive Director established the Enterprise Risk Management Division (RMR) within the Resource Management Department. RMR brings together enterprise risk management and internal control management functions as a single structure reporting to a chief risk officer. In line with WFP's commitment to providing the strongest possible assurance to internal and external stakeholders on the achievement of organizational objectives, RMR aims to accelerate improvements in enterprise risk management, internal control and assurance reporting.
30. The integrated function incorporates existing and new elements to streamline processes, further integrate risk and oversight analysis, establish a management-side anti-fraud and anti-corruption function to complement OIG's independent counter-fraud activities, and drive the implementation of strengthened risk management measures throughout WFP.
31. RMR serves as steward for the organization's COSO-based enterprise risk management policy, internal control framework and the risk appetite statement. The enterprise risk management policy was approved by the Board in 2005 and is being updated in 2018 to align with the recently issued COSO Enterprise Risk Management – Integrated Framework. The Internal Control Framework was last updated in 2015 in line with the revised COSO Internal Control – Integrated Framework.
32. WFP's risk appetite statement sets out the vision for how risks are viewed within the organization and facilitates communication with partners and stakeholders about the acceptable level of risk. The Executive Board is accountable for ensuring that WFP's risk appetite reflects an acceptable level of risk.

33. RMR has established a consolidated analysis of oversight findings from internal audit, proactive integrity review, external audit, and Joint Inspection Unit reports, linked to corporate risks. The integrated analysis is used to facilitate a structured, evidence-based and action-oriented discussion with executive management about priority oversight issues and related risks. The approach takes a holistic view of oversight evidence in order to ensure that emerging and persistent issues that merit executive management attention are systematically escalated. The consolidated oversight and risk analysis is also used to give the Audit Committee insight into significant challenges from management's perspective.

Ethics office

34. The Ethics Office was established in 2008 to cultivate and nurture a culture of ethics, integrity and accountability, and thereby enhance the trust in and credibility of WFP. The Ethics Office assists the Executive Director in ensuring that all staff members observe and perform their functions with the highest standards of integrity, as required by the Charter of the United Nations, and in accordance with the Standards of Conduct for the International Civil Service. The Director of the Ethics Office is appointed by and reports directly to the Executive Director. The Ethics Office conducts second-line activities, described in this section; the fully independent whistleblower protection role is also fulfilled by the Ethics Office. The Audit Committee terms of reference establish that the Ethics Officer has unrestricted and confidential access to the Committee.
35. Ethics Office activities include providing confidential advice and guidance to employees, as individuals and as management, on ethical issues and standards of conduct and includes advice on gifts; administering the annual conflicts of interest and financial disclosure programme; supporting standard-setting and policy advocacy/development; conducting education and outreach on ethics matters and the principles and policies referenced as part of the WFP Code of Conduct and the Standards of Conduct for the International Civil Service (2013), which is incorporated into WFP's Human Resources Manual; and contributing to inter-agency activities in support of United Nations system coherence. In addition to these activities, which are mandated by the Ethics Office charter, it manages gifts disclosures.
36. Annual report of the Ethics Office. The Ethics Office provides an annual report to the Executive Director and to the Executive Board which provides a summary of their activities during the previous calendar year, including observations related to the work of the Ethics Office and ethics within WFP and within the greater context of the United Nations system. Until 2017, the report was provided as an annex to the Annual Performance Report; from 2018, it will be presented as a stand-alone document. The report is available to the public on the Executive Board website.

Office of the Ombudsman

37. The Office of the Ombudsman and Mediation Services (OBD) is an independent office established in 2005 that provides informal conflict resolution services. It offers informal recourse to address situations where employees feel that their rights have been violated, have received unequal treatment or where they feel the rules of the Organization have not been respected. As such, OBD serves as the informal component of the organization's administration of justice system. Pursuing informal resolution does not prevent the employee from also bringing the matter to the formal system of justice.
38. OBD advocates for fairness and equitably administered processes - it does not advocate on behalf of any party nor replaces any other organizational entity, but collaborates, with the permission of the employee, with other offices and services to resolve work-related concerns and conflicts, while respecting confidentiality.

39. An important part of the Ombudsman’s function is to identify overarching and systemic issues, and to both provide upward feedback, and make recommendations with regard to policies, procedures and practices to affect positive change within the organization. The Ombudsman acts as an agent of change who contributes to better managerial and organisational practices. In response to the Ombudsman’s recommendations over 2016, the Executive Bureau requested management to implement these recommendations and to report on their status.
40. The Director of the Office of the Ombudsman and Mediation Services provides an annual report to the Executive Director, and makes this report available to all WFP employees. OBD will present its Annual Report to the Executive Board for consideration, starting with the one for 2016. The OBD annual reports will then be available to the public on the Executive Board website.

3.3 Third line of defense

41. The third line of defense comprises independent internal bodies that provide assurance to the Executive Board and the Executive Director concerning the effectiveness of organizational governance and the management of risk and internal controls. Third line of defense bodies report to the Board in addition to the Executive Director and are independent of WFP’s management.

Office of the Inspector General

42. Financial Regulation 12.1 requires the Executive Director to establish internal audit and investigation services “to ensure the effective and efficient use of the resources of WFP and the safeguarding of its assets.” The Executive Director has established the functions under the leadership of the Inspector General.
43. The Executive Director appoints the Inspector General on the advice of the Audit Committee and with the consent of the Executive Board for a four-year term, renewable once. OIG reports to the Executive Director and provides assurance on governance, policy, risk, resources, operational and accountability issues. OIG also provides assurance to the Board through the Annual Report of the Inspector General.
44. The roles and responsibilities of OIG are set forth in the Charter of the Office of the Inspector General, approved by the Executive Director and provided to the Executive Board for information. The Charter was last updated in March 2015 and provided to the Board as an annex to the [2014 Annual Report of the WFP Inspector General](#). It provides OIG sole authority to investigate allegations of wrongdoing. OIG activities include internal audit, investigations, proactive integrity reviews, inspections and advisory services. OIG’s scope of work includes all systems, processes, operations and activities undertaken by WFP.
45. Proactive integrity reviews, which are targeted fraud risk assessments of an operation or process, are a new addition to the set of tools available to the Inspector General to address fraud and corruption risks. The OIG Charter establishes OIG’s authority to undertake proactive integrity reviews that examine fraud risk factors at the Inspector General’s discretion without a prior allegation of wrongdoing. Following a pilot in 2016–2017, proactive integrity reviews have been mainstreamed into OIG’s annual programme of work, and into existing management follow-up and analysis processes.
46. Oversight activities carried out by OIG personnel are performed in accordance with the Institute of Internal Auditors’ mandatory guidance (including the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing), the Uniform Principles and Guidelines for Investigations adopted by the Conference of international Investigators, the OIG Charter and OIG policies, practices and procedures.

47. The institute of Internal Auditors Practice Advisory 2050-C establishes that internal auditors may rely on the work of other internal or external assurance providers in providing governance, risk management, and control assurance to the Board in order to, for example, leverage specialized knowledge or efficiently enhance risk coverage. The level of reliance is a matter of professional judgement based on factors such as the assurance provider's objectivity, competencies, and the adequacy and sufficiency of the work.
48. **Annual Report of the Inspector General.** Article VI.2 (b) (viii) of the General Regulations requires the Inspector General to submit an annual report to the Board. The Annual Report of the Inspector General includes a summary of significant oversight findings and the implementation status of agreed actions, with a list of audits performed during the year. The document is available to the public on the Executive Board website.
49. **Internal Audit and Inspection Reports.** In line with the [Policy for Disclosure of Oversight Reports](#) approved by the Board in November 2012, internal audit and inspection reports are posted on the WFP public website within one month of their publication. Management responses are publicly posted alongside each report.
50. **Investigation and Proactive Integrity Review reports.** The Inspector General makes available, upon written request and on a confidential basis, final versions of investigations and proactive integrity review reports to Permanent Representatives accredited to the United Nations Rome-based agencies ("Permanent Representatives") under the procedure and subject to the conditions set forth in the revision to the [Policy for Disclosure of Oversight Reports](#) approved by the Board in June 2017.
51. For all OIG reports subject to disclosure, where disclosure would be inappropriate for reasons of confidentiality, or where it could place in jeopardy the safety and security of any individual, or run the risk of violating the due process rights of individuals, 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.

Office of Evaluation

52. Evaluation is an oversight tool of the Board and the Executive Director. The evaluation function is governed by the [WFP Evaluation Policy \(2016–2021\)](#) approved by the Board in 2015. The policy defines a framework that ensures the independence, credibility and utility of evaluation at WFP for the dual purpose of accountability and learning. The policy incorporates best practices identified by the JIU review "[Analysis of the Evaluation Function in the United Nations System](#)" and addresses recommendations from the [2014 Peer Review of the Evaluation Function of the United Nations World Food Programme \(2008–2013\)](#) in line with the [management response](#), and is in line with United Nations Evaluation Group norms and standards.
53. The Director of Evaluation is responsible for leading implementation of the evaluation policy. Through the Office of Evaluation (OEV), the Director of Evaluation provides global leadership, standard-setting and oversight of WFP's entire evaluation function, comprising centralized evaluation (commissioned and managed by the Office of Evaluation and presented to the Executive Board) and demand-led decentralized evaluation (commissioned and managed by country offices, regional bureaux and headquarters divisions other than the Office of Evaluation). OEV has established decentralized evaluation process guidance, a help desk, and mandatory external quality support at the draft terms of reference, inception report and evaluation report stages. The Director of Evaluation is also accountable for ensuring the quality, credibility and utility of centralized evaluations.
54. **Evaluation Reports.** As stipulated in the [WFP Evaluation policy \(2016–2021\)](#), centralized evaluation reports are approved by the Director of Evaluation after rigorous quality assurance without prior clearance by WFP management. Summaries of these evaluation reports are submitted directly to the Board without prior clearance by WFP management. The Secretariat prepares management responses to evaluation reports that are presented alongside the reports at

the Executive Board, and presents an annual update on the implementation of evaluation recommendations. The evaluation reports, management responses and updates on implementation of recommendations are available to the public on the Executive Board website. Under the policy, regional directors are responsible for making decentralized evaluation reports and corresponding management responses available to the public [on the WFP website](#).

55. **Annual Evaluation Report.** Prepared by the Director of Evaluation in line with the [WFP Evaluation policy \(2016–2021\)](#), the Annual Evaluation Report is the primary instrument for reporting on progress of the evaluation function (centralized and decentralized) towards the policy goals and against key performance indicators including on evaluation coverage, quality, and resourcing. The Secretariat prepares a management response to the Annual Evaluation Report that is presented alongside it to the Executive Board.
56. All evaluation reports (centralized and decentralized), management responses, updates on implementation of recommendations, and the Annual Evaluation Report and management response are available to the public on WFP’s public website. Summary reports of centralized evaluations and management responses are also available to the public on the Executive Board website.

3.4 External lines of defense

57. The Institute of Internal Auditors notes that external parties that are not formally part of an organization’s three lines of defense may, when coordinated effectively, provide additional lines of defense.⁸ WFP has developed mature follow-up and reporting processes for External Audit and Joint Inspection Unit recommendations and therefore considers that the entities serve as additional lines of defense.

External Audit

58. The WFP External Auditor is appointed by and reports to the Board. Section XIV and the Annex of the Financial Regulations set out the terms of reference and responsibilities of the External Auditor: “The External Auditor shall perform such audit of the accounts of WFP, including all trust funds and special accounts, as deemed necessary in order to satisfy himself or herself [...] (d) that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon.” The Board may request the External Auditor to perform specific examinations and issue separate reports thereon; typically, the External Auditor presents two performance audits to the Board each year. The External Auditor is solely responsible for the audit. The Secretariat prepares management responses to the recommendations of the External Auditor, which are presented alongside the External Auditor’s reports.
59. Financial Regulation 14.9 establishes the single audit principle, which provides that external audits will be conducted exclusively by the External Auditor appointed by the Board. For the purpose of making a local or special examination or of effecting economies of audit cost, the External Auditor may engage the services of national Auditors-General or of persons or firms that are, in the opinion of the External Auditor, technically qualified.
60. **Reports of the External Auditor.** Financial Regulation 14.8 stipulates that the External Auditor issue a report on the audit of the financial statements and relevant schedules relating to the accounts of the financial period. In addition, Financial Regulation 14.6 states that the External Auditor issues reports on specific examinations as requested by the Board. The reports of the External Auditor, and the management responses to the recommendations therein, are available to the public on the Executive Board website.

⁸ Institute of Internal Auditors. *Leveraging COSO Across the Three Lines of Defense*. July 2015. <https://na.theiia.org/standards-guidance/Public%20Documents/2015-Leveraging-COSO-3LOD.pdf>

61. **Reports Related to the External Auditor’s Recommendations.** As per Board decision 2008/EB.A/8, all reports issued by the External Auditor and presented to the Board are accompanied by a response from the Secretariat, together with an action plan for implementation of the recommendations contained therein. The same decision stipulates that a progress report on the implementation of all external audit recommendations be presented at each Annual Session of the Board. The annual report on implementation of the External Auditor recommendations is available to the public on the Executive Board website.

The Joint Inspection Unit

62. The JIU is an independent external oversight body of the United Nations system that conducts system-wide evaluations, inspections and investigations. Its reports are submitted to the General Assembly and to the executive heads of participating organizations for transmission to their governing bodies.
63. In line with Article 11 of the JIU Statute, the JIU issues reports, notes and confidential letters. In recent years, the JIU has also issued management letters that are issued to the executive heads and made available to the public on the JIU website. Reports are addressed to executive heads for transmission to the competent legislative organs of the organizations concerned, along with the executive head’s comments thereon, and include recommendations to the executive heads and the legislative bodies. Notes and confidential letters are issued to executive heads for use as they decide. JIU reports, notes and management letters are available on the JIU public website.
64. The Secretariat has established procedures to ensure that JIU recommendations are addressed expeditiously. In 2017, the JIU issued a [system-wide review of participating organizations’ follow-up on JIU reports and recommendations](#). The review included a maturity assessment that placed WFP among top performers on JIU matters, with the highest possible maturity rating. WFP follows JIU-recommended best practices such as establishment of a JIU focal point function with direct reporting to executive management, follow-up on recommendations until full implementation, and inclusion of links to JIU reports and Chief Executives Board comments on them in annual reporting to the Board.
65. The JIU also found that WFP is the only participating organization that engages directly with the membership to prepare responses to recommendations sent for legislative body action. As described in in the [update on JIU recommendations](#) presented to the Board in 2012, the Executive Board Bureau established a working group in 2011 composed of the Bureau alternates to consider JIU recommendations for Board action. The Secretariat drafts suggested Board responses to outstanding recommendations for consideration by the working group. The alternates agree on responses, which are, as of 2018, formally endorsed by the Board in their decision on the Board document. The working group has considered and responded to more than 100 recommendations since 2011.
66. **Reports by the Joint Inspection Unit Relevant to the Work of WFP.** As requested through Board decision 2002/EB.2/17, the Secretariat reports regularly to the Board on JIU reports relevant to the work of WFP, including management responses to recommendations provided to the Executive Director and Board responses to legislative body recommendations. As of 2018, the draft decision includes endorsement of the responses to recommendations for legislative body action. The reports are available to the public on the Executive Board website.

3.5 Senior management: The Secretariat

67. Article VII, Sec. 1 of the WFP General Regulations states that “the Secretariat of WFP shall be headed by an Executive Director, who shall be responsible and accountable to the Board for the administration of WFP and for the implementation of WFP programmes, projects and other activities.” The Executive Director is appointed by the Secretary-General of the United Nations and the Director-General of FAO after consultation with the Board.

68. The Executive Director is responsible for supervising the management of WFP through a system of internal control and independent internal oversight. The Financial Regulations establish the Executive Director's responsibility and accountability to the Board for the financial management of the activities of WFP (Financial Regulation 3.1), preparing the Strategic Plan (Financial Regulation 7.1), incurring obligations and spending resources for country programmes, projects or operations (Financial Regulation 8.1), proposing a Management Plan that includes a budget for the subsequent financial period (Financial Regulation 9.1), establishing internal controls including internal audit and investigation (Financial Regulation 12.1), and certifying the financial statements (Financial Regulation 13.3).
69. Executive Director reporting is in line with the WFP accountability framework [proposed by the Governance Group](#), which comprises three elements: an Annual Performance Report presented alongside the Audited Annual Accounts; lessons learned from evaluation findings (see Section 3.3); and Standard Project Reports (replaced with annual country reports as part of the Integrated Road Map). Since the framework was defined in 2000, WFP has enhanced Executive Director reporting by adding a Statement on Internal Control to the audited financial statements and providing more detailed updates to the Board on action taken in response to Joint Inspection Unit and External Audit recommendations (see Section 3.4).
70. **Annual Performance Report.** As stipulated in Article VII.2 of the General Rules, the Executive Director submits an annual report on WFP's performance to the Board for its approval. "The Annual Report shall, *inter alia*:
- a) include statistical and narrative information on: global food aid and issues affecting it; approved activities and their implementation; contributions, commitments and expenditures; and procurement;
 - b) identify the highlights of each year's activities and related policy issues and report on progress made in achieving strategic objectives and implementing overall policy guidance and specific policy directions."
71. The Annual Performance Report is based on the approved Management Plan, and is available to the public on the Executive Board website.
72. **Audited Annual Accounts.** In accordance with Article XIV.6 (b) of the General Regulations and Financial Regulations 13.1 and 14.8, the Executive Director submits the annual financial statements of WFP to the Board for approval, together with the report of the External Auditor on the audit of the financial statements and relevant schedules relating to the accounts of the financial period. The reports on the audit of the Financial Statements are available to the public on the Executive Board website.
73. **Executive Director's Statement on Internal Control.** The audited annual accounts include the Executive Director's Statement on Internal Control, which highlights significant risk and internal control matters. The Secretariat prepares the statement following a review of Assurance Statements from all WFP senior managers, including the Deputy Executive Director; Chief of Staff; Assistant Executive Directors; regional directors; country directors; directors of WFP offices; and directors of headquarters divisions. Other sources of evidence include the Inspector General's annual assurance opinion, oversight recommendations and various internal reports.

3.6 Governing bodies and the Audit Committee

74. As a United Nations entity, WFP's governing bodies are composed of Member States. Member States are involved in WFP's governance and oversight through various bodies and at different levels, as described in Annex I. The WFP Audit Committee advises the Executive Board and the Executive Director and reports directly to the Executive Board. It is considered a governing body advisor in the three lines of defense model and is an important component of WFP's assurance architecture.

WFP Executive Board

75. The Board is jointly established by the United Nations and FAO, as stipulated in Article V of the General Regulations, General Assembly Resolution 1714 (XVI) of 19 December 1961 and FAO Conference Resolution 1/61 of 24 November 1961. WFP's General Regulations and General Rules establish the oversight roles and responsibilities of the Board. Under Article VI, the Board is "responsible for providing intergovernmental support and specific policy direction to and supervision of the activities of WFP in accordance with the overall policy guidance of the General Assembly of the United Nations, the FAO Conference, the Economic and Social Council and the Council of FAO [...]."
76. The Board is also responsible for the intergovernmental supervision and direction of the management of WFP.

Audit Committee

77. The Audit Committee serves in an expert advisory capacity to assist the Board and the Executive Director in fulfilling their governance responsibilities, including ensuring the effectiveness of WFP's internal control systems, risk management, audit and oversight functions and governance processes. The Audit Committee, whose membership is independent of Member States and management, aims to add value by strengthening accountability and governance within WFP. In the three lines of defense model, the Audit Committee is considered a component of the governing bodies, in its role as an expert advisory body to the Executive Board, and not a component of the third or external lines of defense.
78. The Audit Committee's [terms of reference](#) are approved by the Board and are regularly updated to ensure the conditions for an effective, independent, expert Audit Committee in line with best practices identified by the JIU and others. Its terms of reference were last updated in November 2017 following an Executive Board Bureau review of best practices with regard to cooling off periods; the process for selecting Audit Committee members, including the selection panel; the Committee's role with regard to advising on ethics matters and the Ethics Officer's unrestricted and confidential access to the Committee; and the indemnification of Audit Committee members for actions performed while exercising their responsibilities.
79. **Annual Report of the Audit Committee.** The Audit Committee submits an annual report to the Executive Director and for consideration by the Board, in line with its terms of reference, which were revised and approved by the Board in 2017. The Audit Committee's report is available to the public on the Executive Board website.

Overview of WFP governing bodies and associated reporting arrangements

1. As a United Nations entity, WFP's governing bodies are composed of Member States, which are involved in WFP's governance and oversight through various bodies and at different levels, as described in the following subsections and illustrated in Figure 1 (see Section 1). In the three lines of defense framework, the Audit Committee is a component of WFP's governing bodies in an expert advisory role (see Section 3.6).

General Assembly and FAO Conference

2. WFP has dual parentage – its Executive Board reports to ECOSOC, the General Assembly and the FAO Conference. Article VIII of the General Regulations states that WFP is an autonomous joint subsidiary programme of the United Nations and FAO. The General Assembly of the United Nations and the FAO Conference, together with ECOSOC and the FAO Council, provide overall policy guidance to WFP. The General Assembly and the FAO Conference approve amendments to WFP's General Regulations, as per Article XV.1.

ECOSOC and FAO Council

3. ECOSOC, established under the [United Nations Charter](#) as the principal organ for coordinating economic, social and related work, serves as the central forum for discussing international economic and social issues, and for formulating policy recommendations addressed to Member States and the United Nations system.
4. In the Basic Texts of FAO, Rule XXIV of the General Rules of the Organization states that the FAO Council acts on behalf of the FAO Conference as its executive organ and makes decisions on matters that need not be submitted to the FAO Conference.
5. Article V of the General Regulations stipulates that ECOSOC and the FAO Council elect the members of the Board from among a pre-established list of States Members of the United Nations or Member Nations of FAO and with a pre-established distribution of seats, and that they receive an annual report from WFP as stipulated in Article VI.3. Both ECOSOC and the FAO Council elect eighteen out of the total of thirty-six members.
6. **Reports to ECOSOC and FAO Council.** Article VI.3 of the General Regulations stipulates that the Board shall submit an annual report to ECOSOC and the FAO Council. "The annual report must contain sections referring to one or all of the following, as appropriate:
 - monitoring of the implementation of all [relevant] previous policy decisions [formulated by the General Assembly and the FAO Conference];
 - policy recommendations;
 - coordination recommendations, including for improvement of field-level coordination; and
 - such other matters as may be required pursuant to decisions of the Economic and Social Council and the Council of FAO."
7. Following ECOSOC's resolution E/2013/L.17 and the FAO Council's decision at its 148th session in 2013 (CL 148/LIM/6), the report to ECOSOC and the FAO Council comprises the Annual Performance Report, along with the Board decision thereon, and the Board's decisions and recommendations for the year. The reports are available to the public on the Executive Board website.

ACABQ and FAO Finance Committee

8. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) is a subsidiary organ of the General Assembly, and one of its functions is to advise the General Assembly on any administrative and budgetary matters referred to it. In line with Rule 157 of the Rules of Procedure of the General Assembly, the ACABQ assists the General Assembly Fifth Committee (Administrative and Budgetary Committee) in its responsibilities.
9. The FAO Finance Committee assists the FAO Council in exercising control over the financial administration of WFP and one of its functions is to review reports submitted by the WFP Secretariat.
10. As stipulated in Article XIV.4 of the WFP General Regulations, the ACABQ and the FAO Finance Committee provide advice to the Board.
11. **Reports of the Advisory Committee on Administrative and Budgetary Questions.** Article XIV.6 of the General Regulations stipulates that the ACABQ submit reports to the Board on the draft Board documents on financial and budgetary matters presented to it, including advice on these matters. The reports of the ACABQ are available to the public on the Executive Board website.
12. **Reports of the FAO Finance Committee.** Article XIV.6 of the General Regulations stipulates that the FAO Finance Committee submit reports to the Board on the draft Board documents on financial and budgetary matters presented to it, including advice on these matters. The reports of the FAO Finance Committee are available to the public on the Executive Board website.

Executive Board Bureau

13. Rule IV of the Rules of Procedure of the Executive Board stipulates that the Executive Board Bureau consists of a President, a Vice-President and three other members, each representing one of the five Lists of States Members of the United Nations or Member Nations of FAO. Rule V stipulates that: “The primary functions of the Bureau shall be to facilitate the effective and efficient functioning of the Board and, in particular: (a) the strategic planning of the work of the Board; (b) the preparation and organization of Board meetings; and (c) the promotion of dialogue.”

Definitions

Note: These definitions are derived from relevant normative guidance; only the original source is authoritative, and may be superseded by future updates.

Centralized evaluations: An evaluation commissioned and managed by OEV and presented to the Board. They focus on corporate strategy, policies or global programmes, strategic issues or themes, portfolios, operations and activities at the national, regional or global level (from the WFP Evaluation Policy 2016–2021).

Decentralized evaluations: An evaluation commissioned and managed by country offices, regional bureaux or headquarters-based divisions other than OEV. They are not presented to the Board. They cover operations, activities, pilots, themes, transfer modalities or any other area of action at the subnational, national or multi-country level. They follow OEV’s guidance – including impartiality safeguards –and quality assurance system (from the WFP Evaluation Policy 2016–2021).

Enterprise risk management: A process, effected by an entity’s board of directors, management and other personnel, applied in strategic settings and across the enterprise, designed to identify potential events that may affect the entity and manage risk to be within its risk appetite, in order to provide reasonable assurance regarding the achievement of entity objectives (from the 2015 Enterprise Risk Management Policy).

Evaluation: An assessment, as systematic and impartial as possible, of an activity, project, programme, strategy, policy, topic, theme, sector, operational area, institutional performance, etc. It focuses on expected and achieved accomplishments, examining the results chain, processes, contextual factors and causality, in order to understand achievements or the lack thereof. It considers the relevance, effectiveness, efficiency, impact, and sustainability of the interventions and contributions of the organizations of the United Nations system. An evaluation should provide evidence-based information that is credible, reliable and useful, enabling the timely incorporation of findings, recommendations and lessons into the decision-making processes of the United Nations system and its members (from the WFP Evaluation Policy 2016–2021).

Internal auditing: An independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (from Institute of Internal Auditors International Professional Practices Framework, as stated in the Charter of the Office of the Inspector General).

Internal control: A process, effected by WFP’s Executive Board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance (from the WFP Internal Control Framework).

Fraudulent practice, corrupt practice: Definitions may be found in the [Anti-Fraud and Anti-Corruption Policy](#).

Governance Group Policies and Frameworks

1. In Decision 2000/EB.3/1, the Executive Board approved a recommendation that it should focus on strategy, policy, oversight and accountability, and on the related decision-making processes (including for the allocation of resources), operating through four interlinked frameworks. The frameworks were approved alongside a number of other core components of WFP's modern governance; Decision 2000/EB.3/1 also approved:
 - The shift to a Strategic Plan with results-based objectives;
 - Creation of a policy compendium for the Board that is regularly updated and reviewed;
 - Replacement of the previous Programme of Work and Budget documents with the Management Plan;
 - Establishment of an Annual Performance Report.
2. The four frameworks to guide the Board's work are summarized below for reference.
3. A **strategic framework** based on the WFP Mission Statement and Strategic Plan, which provides the context for the Programme's operations during a four-year period. The Strategic Plan should be focused exclusively on strategic issues in the language of results-based management, should include measures for strengthening WFP's capacity in addition to programme outputs, and should be presented to the Board agenda under Policy Matters rather than Financial and Budgetary Matters.
4. A **policy framework** comprising a codified set of policies governing the operations of the Programme summarized in a policy compendium that brings together policy statements and considers any gaps. The compendium continues to be updated annually.
5. An **oversight framework** covering the delegation of responsibility to the Executive Director for managing the Programme within the strategic and policy frameworks. The framework rests on two pillars: the Management Plan and a set of programming principles for country programmes and projects, as well as operations conducted outside country programmes.
6. An **accountability framework** under which the Board holds the Executive Director to account for the delivery of results agreed in the Management Plan, and discharges its own accountability to Member States and the parent bodies (the United Nations General Assembly and the FAO Conference). The framework has three elements: an Annual Performance Report presented alongside the Audited Annual Accounts; lessons learned from evaluation findings; and Standard Project Reports (replaced with the Annual Country Reports following the Integrated Road Map).

Acronyms used in the document

ACABQ	Advisory Committee on Administrative and Budgetary Questions
CO	country office
COSO	Committee of Sponsoring Organizations of the Treadway Commission
ECOSOC	Economic and Social Council of the United Nations
FAO	Food and Agriculture Organization of the United Nations
HQ	headquarters
JIU	Joint Inspection Unit
OBD	Office of the Ombudsman and Mediation Services
OEV	Office of Evaluation
OIG	Office of the Inspector General
RB	regional bureau
RCA	risk and compliance adviser
RMR	Enterprise Risk Management Division
UNEG	United Nations Evaluation Group