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Report of the External Auditor on oversight by management

Draft decision*

The Board takes note of the report of the External Auditor on oversight by management (WFP/EB.A/2022/6-I/1) and management's response (WFP/EB.A/2022/6-I/1/Add.1) and encourages further action on the External Auditor's recommendations, taking into account the considerations raised by the Board during its discussion.

* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

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EXTERNAL AUDIT OF THE WORLD FOOD PROGRAMME

AUDIT REPORT ON OVERSIGHT BY MANAGEMENT

Financial year 2021

COUR DES COMPTES REFERENCE: WFP-2022-4



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EXECUTIVE SUMMARY

Oversight comprises all the functions, structures and mechanisms that enable management and the governing bodies to ensure that activities are carried out in an effective, efficient and appropriate manner. This report contains five main observations.

1. The definition of oversight and the roles assigned to the various WFP entities must be clarified. WFP has no harmonized definition of oversight. This situation exposes WFP to the risk of internal dysfunction due to heterogeneous practices and the risk of misunderstandings between the field and headquarters. The position of the Enterprise Risk Management Division is ambiguous, as it could give the impression that risk management is focused on financial risk alone and that the conception of oversight does not come from the top of WFP.

2. The distribution of oversight responsibilities is such that it is not possible to completely avoid overlap. The Secretariat has identified persistent duplications between headquarters and the regional bureaux in 11 divisions. The audited country offices expressed misunderstanding regarding the nature of the oversight missions carried out by the regional bureaux, which they sometimes equate with compliance audits, comparable to those that might be performed by the Office of the Inspector General. The concept of monitoring, which is central in the context of management oversight and makes it possible to distinguish the second line of defence from the third line of defence, should be clarified.

3. The definition of the oversight role entrusted to the regional bureaux has yet to be finalized. The completion of a manual on this subject will be an important step forward, especially if it gives substance to certain concepts, such as performance oversight. Figures on the distribution of work between oversight and support show large disparities between the bureaux, which reveals quite different practices and perhaps different ways of recording mission costs. The Secretariat is not able to establish a reliable estimate of the proportion of the budgets allocated to oversight activities compared with the other work of the regional bureaux, which impairs its ability to analyse their efficiency.

4. The requirements regarding reporting to headquarters must be more precisely defined. The submission to headquarters management of regional bureaux reports following oversight missions is left to the discretion of the regional directors; this can contribute to the persistence of unrectified anomalies and headquarters being deprived of important information from the field. More systematic reporting could only be envisaged in the light of an analysis of its added value. It could be based on defining a limited number of high-risk issues that should be escalated to headquarters. The country offices, for their part, regret that the reporting requirements related to oversight are the same regardless of the size of the office.

5. Risk management is improving, although shortcomings remain in terms of participation and automation. Risk oversight has been enhanced in terms of definitions and tools but, unlike in the field, not all headquarters divisions fulfil the obligation of producing a risk register. Those registers are manually entered into the R2 risk and recommendation management tracking tool. Finally, given the limitations of the assurance obtained, the cumbersome nature of the system and its lack of impact on the transformation of WFP, the usefulness of the Executive Director's assurance exercise, as strengthened since 2019, has not been demonstrated.

I. OBJECTIVE, SCOPE AND APPROACH OF THE AUDIT

1. In accordance with our notification letters of 7 June and of 11 October 2021, a team of five auditors conducted an audit at the WFP headquarters in Rome in two stages, from 19 to 23 July 2021 and from 17 to 28 January 2022. In addition, field audits planned for seven country offices and one regional bureau¹ during the 2021/2022 financial period contributed to preparation of this report, the objective of which was to examine the oversight mechanisms used by management.
2. Pursuant to an Executive Board decision of 10 November 2015, WFP external auditing was entrusted to the First President of the Cour des Comptes of France for the period from 1 July 2016 to 30 June 2022, in accordance with Article 14.1 of the WFP Financial Regulations.
3. The External Auditor's mandate is defined in Article 14 of the WFP Financial Regulations and the corresponding Appendix, and in the call for applications for the appointment of the External Auditor. The terms of reference of this mandate comprise the call for applications, together with the offer of services of the Cour des Comptes, particularly its detailed technical offer, which was approved by the Board.
4. The responsibilities of the External Auditor consist of auditing the accounts of WFP (Article 14.1 of the Financial Regulations) and making observations, if he sees fit, regarding the efficiency of the financial procedures, the accounting system, internal financial controls and, in general, the administration and management of WFP (Article 14.4 of the Financial Regulations).
5. Pursuant to Article 3.1 of the Financial Regulations, the Executive Director is responsible and accountable to the Board for the financial management of the activities of WFP.
6. A letter of engagement was drawn up with the Secretariat to ensure that, in accordance with the International Standards on Auditing, the respective obligations of management and the External Auditor are clearly understood. In addition, before each audit, the External Auditor informs the Secretariat of the scope of the audit activities to be undertaken.
7. This report comes under the annual work plan of the External Auditor, which was submitted to the WFP Executive Board at its second regular session in November 2021 and details the audits to be carried out between July 2021 and June 2022. Pursuant to the terms of reference, each year the External Auditor must produce an audit report on WFP's financial statements (subject to the approval of the Board), accompanied by an opinion on the accounts, two reports on the performance and regularity of the management of WFP, otherwise referred to as "performance audit reports" (to be submitted to the Board for consideration) and eight management letters drafted following visits to field offices (regional bureaux and country offices). The External Auditor also validates the draft annual report on the implementation status of its previous recommendations, submitted by the Secretariat to the Board for consideration.
8. The audit of oversight by WFP management was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAI) on performance and compliance audits, the WFP Financial Regulations and the additional terms of reference annexed thereto.

¹ The WFP offices in Algeria, Armenia, Namibia, Pakistan, Central African Republic, Dominican Republic and Democratic Republic of the Congo and the Panama Regional Bureau.

These standards require the External Auditor to comply with the applicable rules of professional conduct, exercise professional judgement and demonstrate critical thinking throughout the audit.

9. The primary aim of the audit was to examine the following areas:

- Effectiveness of oversight mechanisms. This question, focused on the functioning of the second line of defence², included a review of the arrangements implemented by management to ensure oversight: enterprise risk management, the risk and compliance advisor network, the controls performed by the regional bureaux and the controls available to department, division or country directors at their levels.
- Adequacy of oversight mechanisms. This question concerned complementarity and coherence between second-line control measures and the activities of third-line oversight bodies and functions such as internal audit and evaluation. It also addressed the clarity of the roles and mandates of second-line structures, including the Enterprise Risk Management Division (ERM) and the regional bureaux, and the delineation of responsibilities and roles between the regional bureaux and headquarters.
- Efficiency of oversight mechanisms. This question considered the cost of oversight, the adaptation of resources to the tasks to be carried out and justification of the amounts spent. This question was extended to include the existence of appropriate technological tools for oversight, in other words an examination of whether technology effectively supported oversight practices or whether more up-to-date digital solutions were available.

10. Each observation and each recommendation was discussed with the relevant staff. The audit closure meeting was held on 31 January 2022 at WFP headquarters with the Director of ERM, and on 2 February with the Chief of Staff and the Inspector General.

11. During an audit conducted according to international standards, performance and compliance are examined based on appropriate criteria and the causes of any discrepancies in relation to those criteria are analysed. The aim is to answer the main audit questions and recommend improvements. The first step in the audit is to define the scope of the subject matter in question, in this case, oversight by management. This subject matter can take many forms and have various characteristics depending on the audit objective. Appropriate subject matter is identifiable and capable of consistent evaluation or measurement against the criteria, such that it can be subjected to procedures for gathering sufficient and appropriate audit evidence to support the audit opinion or conclusion.

12. To carry out its examination, the External Auditor prepared a logical classification of the objectives pursued through oversight activities, classifying them as immediate, operational and strategic objectives: immediate objectives translate into factual outputs; operational objectives assume the achievement of results that call for a more qualitative assessment; strategic objectives manifest through long-term expected impacts, the analysis of which is more of an evaluation. The outputs, outcomes and expected impacts identified in the logical framework constitute the basic criteria for assessing operational performance. The degree of complexity when evaluating the achievement of objectives varies according to their status and, in some

² The term “line of defence” was updated in 2020 by the Institute of Internal Auditors, which now refers to “first, second and third lines”. For the sake of consistency with WFP’s official oversight framework, this report will continue to use the term “line of defence”.

cases, particularly as regards their expected impacts, often exceeds the limits of a performance audit and leans more towards an evaluation.

Table 1: Logical framework for oversight by management

| Immediate objectives | Operational objectives | Strategic objectives |
|---|--|---|
| <ul style="list-style-type: none"> • Have a descriptive framework for oversight within WFP. • Set up structures and procedures adapted to oversight needs. • Oversee the performance and regularity of activities. • Oversee risk management. • Organize reporting channels. • Identify the areas in which oversight needs to be strengthened, modified or clarified. • Challenge the perceptions and demands of actors, both at headquarters and in the field, in relation to oversight. | <ul style="list-style-type: none"> • Continuously analyse the efficiency and effectiveness of oversight mechanisms. • Ensure that all WFP staff have a common and complete understanding of oversight. • Improve existing practices or disseminate good oversight practices within WFP. • Ensure consistency in relation to oversight within WFP. • Carry out comparisons with other United Nations entities or other organizations. | <ul style="list-style-type: none"> • Strengthen WFP's governance. • Meet the Member States' expectations regarding accountability. • Enable WFP to adhere to best oversight practices in the long term. • Ensure WFP's financial, operational and reputational reliability. • Adapt WFP oversight practices, including by building on lessons learned from the pandemic or leveraging information systems. • Bring about change in the oversight culture in order to increase WFP's capacity to achieve its strategic objectives. |
| Outputs | Outcomes | Impacts |

Source: External Auditor.

II. LIST OF RECOMMENDATIONS

13. Recommendations are ranked according to their priority level:

- **priority 1**, a fundamental issue, requiring the immediate attention of management
- **priority 2**, a less urgent control issue, requiring management attention
- **priority 3**, an issue brought to the attention of management, for which controls could be improved

14. Annex 1 of this report also contains a **list of actions** which, without requiring follow-up by the Executive Board, are suggested to the Secretariat.

| Field | Priority | Recommendations |
|-----------------------------------|----------|--|
| Oversight framework | 1 | 1. The External Auditor recommends that the concept of oversight as used at WFP be clarified and standardized. |
| Oversight framework | 1 | 2. The External Auditor recommends that the roles performed by the various oversight structures be clarified. |
| Oversight framework | 2 | 3. The External Auditor recommends that the Enterprise Risk Management Division be repositioned at a level better suited to the role it plays in respect of risk management. |
| Distribution of responsibilities | 1 | 4. The External Auditor recommends that the meaning of the term “monitoring” be clarified in order to better distinguish the responsibilities of the three lines of defence. |
| Oversight by headquarters | 1 | 5. The External Auditor recommends that high-risk issues be defined and, when referred to in the oversight reports of regional bureaux, systematically escalated to headquarters and subject to centralized monitoring. |
| Oversight by headquarters | 1 | 6. The External Auditor recommends that the modalities for following up on recommendations made by the regional bureaux be clarified and formalized. |
| Oversight by the regional bureaux | 2 | 7. The External Auditor recommends that the scope and modalities of the performance oversight to be carried out by the regional bureaux be more precisely defined. |
| Oversight by the regional bureaux | 2 | 8. The External Auditor recommends that the regional bureaux more accurately and reliably measure the number of oversight missions they undertake and the respective weight of their oversight, technical support and strategic direction activities. |
| Oversight by the regional bureaux | 3 | 9. The External Auditor recommends the conduct of a review of the oversight missions carried out by the regional bureaux during the pandemic in order to identify opportunities to improve the system, including the possibility of increasing the use of remote oversight methods to complement on-site missions. |

| Field | Priority | Recommendations |
|--|----------|--|
| Country offices and oversight | 1 | 10. The External Auditor recommends the introduction in all country offices of a mechanism for following up recommendations made by the regional bureau, as is done for recommendations from internal and external audits, for example in the R2 risk and recommendation management tool. |
| Country offices and oversight | 3 | 11. The External Auditor recommends listing, item by item, the tasks to be performed by the risk and compliance advisor network focal points, specifying the work time to be spent on each activity. |
| Risk oversight | 2 | 12. The External Auditor recommends that, between the country risk profile rating and the self-assessed risk rating, the preferred indicator for gauging the level of risk presented by a country be specified. |
| Risk oversight | 2 | 13. The External Auditor recommends that risk monitoring be locally adapted according to the level of risk indicated by the selected indicator. |
| Oversight and information technology systems | 1 | 14. The External Auditor recommends that automated risk reporting be strengthened through the use of data input forms that make it possible to transfer information to the R2 software and to track successive changes. |
| Oversight and information technology systems | 3 | 15. The External Auditor recommends that a consultation for country office staff responsible for reconciling data in COMET be organized to ensure that the procedures are well understood and that the corresponding human resource needs are adequately met. |

III. **OBSERVATIONS AND RECOMMENDATIONS**

15. Oversight comprises all the functions, structures and mechanisms that enable management and the governing bodies to ensure that activities implemented by WFP are carried out in an effective and efficient manner, are detailed in reliable financial and operational reports and are conducted in accordance with applicable regulations and policies.

16. The three lines of defence model³ used by WFP⁴ illustrates the distinction between oversight activities and day-to-day management. The first line of defence consists of the operations managers, who implement internal controls in their everyday work.⁵ The second line of defence, largely provided by headquarters departments and divisions and the regional bureaux, consists of overseeing compliance and the performance of activities as well as risk management. The third line of defence comprises the independent oversight functions, including the Office of the Inspector General and the Office of Evaluation.

17. The High-Level Committee on Management has adopted a broad definition of oversight, namely the power to control and influence an entity's financial and operational decisions, which can therefore apply to all three lines of defence.⁶ This report has focused on oversight outside of daily operations. Therefore, in this document the term "oversight" will refer to the activities of the second and third lines.

18. However, the difference between oversight so defined, which falls within the second and third lines of defence, and day-to-day management, which is associated with the first line, cannot be reduced to an organic distribution between headquarters and regional bureaux on the one hand and field offices on the other. WFP's oversight framework⁷ provides that country offices, sub-offices and area offices also carry out second-line activities at their level, insofar as they endeavour to establish rules and guidelines and to monitor operational activities and assess their implementation. What characterizes oversight is the fact that it is not performed by those involved in carrying out day-to-day operational activities.

³ The term "line of defence" was revised in 2020 by the Institute of Internal Auditors, which now refers to "first, second and third lines". For the sake of consistency with WFP's official oversight framework, the term "line of defence" is used in this report.

⁴ "[WFP oversight framework](#)" (WFP/EB.A/2018/5-C).

⁵ "[...] through implementation of internal controls in their everyday work". ([Executive Director's Circular OED2015/016](#)).

⁶ High-Level Committee on Management, [Reference Risk Management, Oversight & Accountability Model for the UN System](#), 8 October 2014.

⁷ See the document entitled "[WFP oversight framework](#)" (WFP/EB.A/2018/5-C), para. 15: "The second line of defence 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."

19. In its most limited sense, WFP management consists of the Executive Director, who heads and manages the WFP Secretariat⁸. The term management can, however, be understood in more or less broad senses:

- The leadership group is composed of the Executive Director, the Chief of Staff, the Deputy Executive Director and the Assistant Executive Directors.
- The senior management group is composed of the leadership group and the directors of the six regional bureaux.
- The Oversight and Policy Committee is composed of the senior management group and 13 division directors, including those of ERM, the Office of the Inspector General and the Office of Evaluation.
- In an even broader sense, management can be understood as all the senior staff at the head of a department, headquarters division, bureau or office, sometimes referred to as global management,⁹ who total 130 directors.

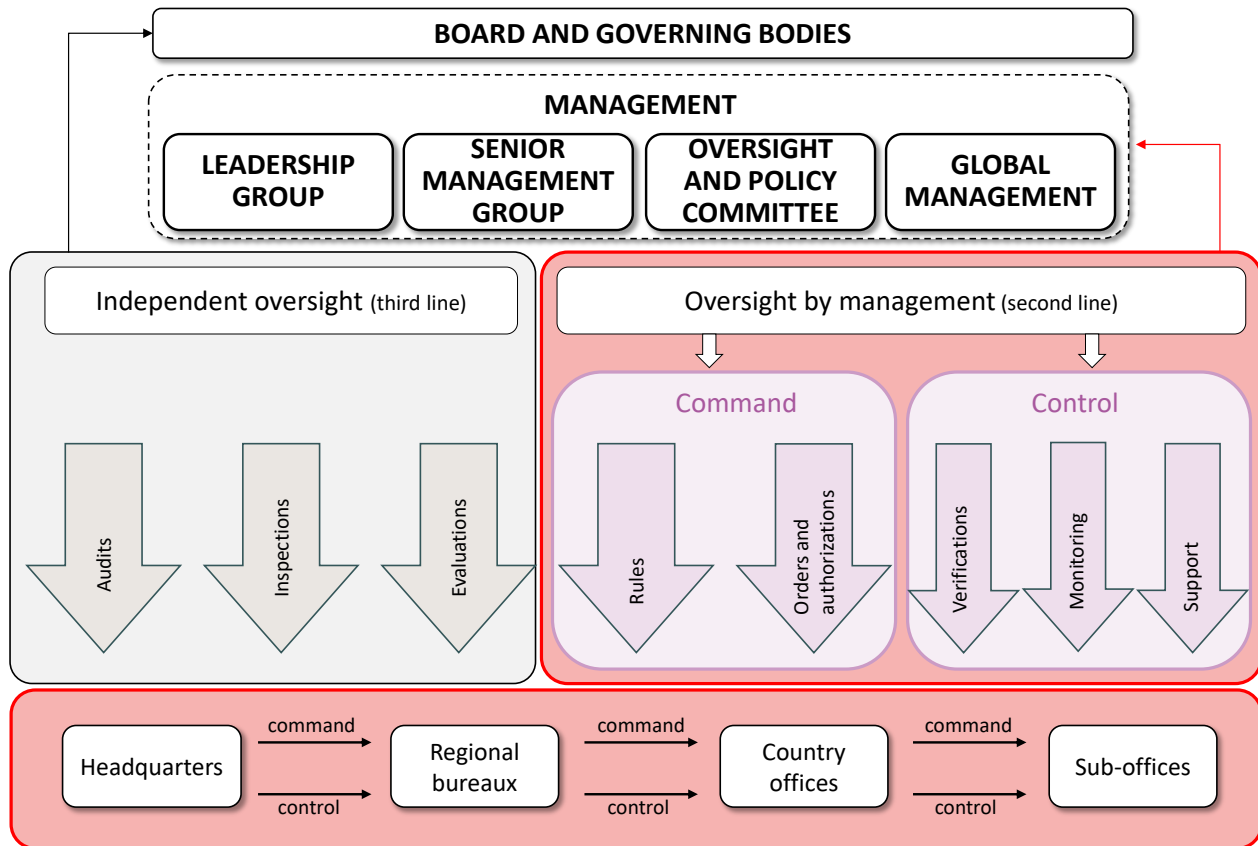
20. The figure below shows in a simplified way, in the “Oversight by management” section, the forms of oversight exercised by each director at his or her level. The “command” function consists of establishing policies, procedures and guidelines as well as issuing orders or authorizations. The “control” function, meanwhile, focuses on verification, monitoring and support. Although this report concerns oversight by the second line of defence, which is directly implemented by management, its links with the third line (independent oversight) have been taken into account.

21. The figure also shows that there are two overlaid oversight logics: on the one hand, oversight by function (i.e. independent oversight, for example the Office of the Inspector General and the Office of Evaluation and oversight by management, exercised through each division within its scope of responsibility); and on the other hand, oversight by level of responsibility (for example, control by regional bureaux of country offices, or by country offices of sub-offices).

⁸ WFP General Regulations and Rules, Article VII, paragraph 1: “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.”

⁹ Although this name does not denote an official WFP entity, it is used in several reference documents, such as the [management review of significant risk and control issues – 2020](#) (WFP/EB.A/2021/6-E/1/Rev.1) (ERM) Each global manager shall establish a risk register, an assurance statement and a letter of representation.

Figure 1: Oversight functions within WFP
(the focus of this report is in the red box)



Source: External Auditor.

1. The oversight framework

1.1. Definition of oversight

22. WFP has no harmonized definition of management oversight. The WFP oversight framework¹⁰ defines this concept from the perspective of the objectives pursued rather than the nature of the activity carried out: “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.”

¹⁰ “WFP oversight framework” (WFP/EB.A/2018/5-C).

23. Based on this definition, it is difficult to understand what sets oversight apart from the definition of internal control in general, according to which internal control is a process effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance of the achievement of objectives in relation to operational effectiveness and efficiency, the reliability of financial reporting and compliance with applicable laws and regulations.¹¹ However, these two activities must be distinguished: oversight is the prerogative of supervisors, whereas internal control is the responsibility of each employee at his or her own level. Oversight requires a separation between the person who sets the objectives and monitors their achievement and the person who implements the activities to achieve those objectives.

24. Moreover, this definition of oversight is not rigorously applied to all WFP documents. In the February 2019 terms of reference for WFP headquarters and regional bureaux, management oversight is defined as monitoring performance, compliance and risks.

25. Section 4.1 of the finance manual also outlines an approach to oversight in terms of the nature of the activities involved in it, although that nature remains unclear since oversight is defined as encompassing various types of supervisory, regulatory and compliance activities carried out by entities external to or independent of those responsible for achieving the organizational objectives.

26. Finally, in the draft monitoring and oversight manual for the regional bureaux being drafted by ERM the expression "monitoring and oversight" is used without any clear distinction between the two terms. In addition, oversight by the regional bureaux is equated with risk management, which appears reductive, given that the aim of oversight is to provide information about the performance and compliance of activities as well as the risks that accompany their implementation. This manual states that "monitoring and oversight are some of the main tools of the regional bureau in performing its second line role, which consists of assisting the country offices with managing risks".

27. The feedback received from the field staff shows that they have a poor understanding of the functioning and obligations associated with the notion of oversight. This was borne out both in the country office audits carried out in 2021¹² and in the responses to the questionnaire sent to the regional bureaux.¹³ Thus, the observation made in the 2017 external audit report on decentralization that "the concept of oversight is not understood by all staff in the same way" remains valid.¹⁴ This situation exposes WFP to the risk of internal dysfunction due to heterogeneous practices and the risk of misunderstanding between the field and headquarters.

28. It appears necessary to clarify and standardize the concept of management oversight as follows: specify the difference between oversight controls and controls carried out within the framework of day-to-day management; make it clear that oversight controls relate to the three

¹¹ Committee of Sponsoring Organizations of the Treadway Commission (COSO), 1992, also mentioned in Circular [OED2015/016](#).

¹² See the External Auditor's management letters on the WFP offices in Armenia, the Democratic Republic of the Congo and the Dominican Republic. For example, according to the WFP office in Armenia, the oversight function exercised vertically (outside functional oversight) is not supported by a sufficiently clear line or channel of authority in which responsibilities are sufficiently identified and shared.

¹³ See annex 2 (Summary of the responses to the questionnaire sent by the External Auditor to the six regional bureaux).

¹⁴ [Report of the External Auditor on Decentralization](#) (WFP/EB.A/2017/6-G/1), para. 73.

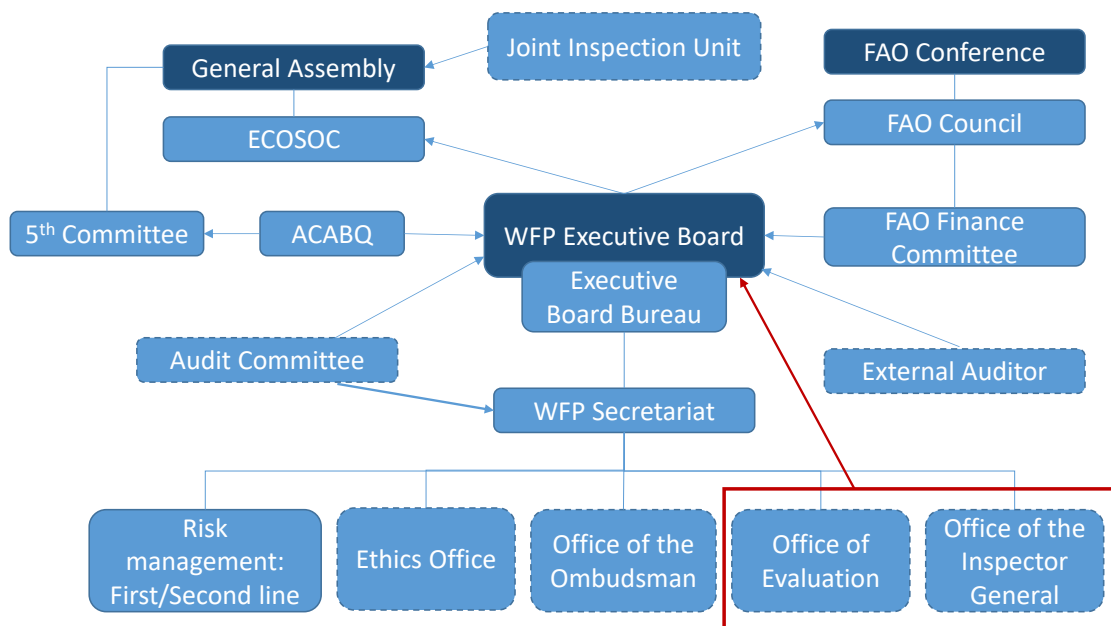
dimensions of performance, compliance and risk, without giving priority to any one of them; define the concept of monitoring, which appears to be a central notion in the context of management supervision.¹⁵

Recommendation 1. The External Auditor recommends that the concept of oversight as used at WFP be clarified and standardized.

1.2. The oversight architecture

29. WFP described its conception of the oversight architecture and activities in its Oversight Framework document¹⁶, which was approved by the Executive Board in 2018. The figure below shows the main structures involved in oversight activities, according to that document.

Figure 2: WFP's governance and assurance architecture



Source: WFP oversight framework.

30. This figure has the disadvantage of not showing, in its presentation of the oversight structures, either functional divisions or units responsible for particular areas, such as the Food Safety and Quality Unit or the Aviation Safety Unit. However, paragraph 20 of the document states that numerous entities beyond ERM, the Ethics Office and the Office of the Ombudsman are involved in oversight.

31. As the division that oversees the risk management framework and the internal control framework, ERM was entrusted with presenting WFP's conception of oversight to the Executive Board in the Oversight Framework document. ERM was established in 2017 by the Executive Director in the Resource Management Department.

¹⁵ For more information on the concept of monitoring, refer to section 2.

¹⁶ "[WFP oversight framework](#)" (WFP/EB.A/2018/5-C).

32. ERM consolidates the risk management functions and management of the internal control framework in a single structure under a Chief Risk Officer. In addition to defining policies on risk management, internal control and the fight against fraud, these second-line activities require ERM to examine the responses submitted within the framework of the Executive Director's assurance exercise, prior to preparation of the Executive Director's annual statement on internal control. ERM also conducts an overall analysis of the results of the internal audit, the proactive integrity reviews, the external audit and the work of the Joint Inspection Unit and presents its findings to management and the Audit Committee.¹⁷

33. The attachment of the Enterprise Risk Management Division to the Resource Management Department is ambiguous. It may give the impression not only that risk management is focused on financial risk alone, but also that the conception of oversight does not come from the top of WFP. The management of enterprise risks could justify ERM's attachment at a level that allows a more organization-wide scope, such as that of the Deputy Executive Director or the Chief of Staff.

34. Furthermore, the role of ERM should be clarified. Its role in supporting the design of WFP's oversight framework and the specific oversight functions assigned to it, for example in the area of risk management, do not mean that it is management's sole oversight body since, in fact, each division has its share of responsibility in its field of activity.

35. Finally, WFP's intranet site, WFPGo, lists more than 40 committees and working groups associated with management oversight. This proliferation of committees undermines the clarity of WFP's corporate structure, and the risk of duplication cannot be ruled out. Moreover, the usefulness of some of these committees has not been demonstrated, especially since the reorganization of the oversight organization chart, which may have made some of them obsolete. Following the establishment in 2020 of the leadership group, the senior management group and the Oversight and Policy Committee, it could be worthwhile examining the relevance of maintaining other committees and reducing their number. Failing that, clarification of the roles and hierarchical positioning of these committees is necessary, as is an assessment of how useful they are in practice.

Recommendation 2. The External Auditor recommends that the roles performed by the various oversight structures be clarified.

Recommendation 3. The External Auditor recommends that the Enterprise Risk Management Division be repositioned at a level better suited to the role it plays in respect of risk management.

¹⁷ Renamed the Independent Oversight Advisory Committee.

1.3. Performance oversight

36. Performance is a central pillar of oversight.¹⁸ Within WFP, the relationship between oversight and performance is not overlooked. WFP's oversight framework¹⁹ indicates that oversight consists not only of verifying the achievement of compliance and integrity objectives but also of providing assurance that "the activities of the organizations are conducted in the most efficient and effective manner". The terms of reference²⁰ of the regional bureaux also specify performance as one of the three objectives of oversight, together with compliance and risk management.

37. Several factors indicate that performance should be given an even more central place in oversight.

38. The 20 or so checklists produced by the various WFP divisions, which are intended to help services assess the quality of a particular activity, are more focused on compliance and meeting standards than on assessing performance. In most cases there are a few sub-sections that address performance-related points, but they are relatively rare; for example, only one of the eight factors to be covered in an information technology oversight mission is a review of client satisfaction reports, while the others are procedure-oriented.

39. It is, of course, often difficult to define clear performance indicators, given the very diverse missions carried out by WFP services, often under emergency conditions. Nevertheless, it would be useful if the checklists included at least one section oriented exclusively towards performance, or even to have indicators that vary according to subject or context; that would also send a message to the functions or offices being audited.

40. The risk registers and country strategic plans reveal that the assessment of risks is generally dissociated from concrete improvement objectives. ERM's guidance on risk registers and country strategic plans clearly establishes that identified risks should be linked to objectives,²¹ which enables them to be prioritized according to their impact and also their importance in relation to achieving key objectives. Nonetheless, this linking of risks and objectives can remain superficial.²² Part of the difficulty is due to the fact that, although ERM's guidance is generally clear, when it comes to activities under country strategic plans it gives the user of the risk register the possibility of simply listing activities without explicitly linking the corresponding risks to the objectives set. Yet, linking risks to concrete objectives is what enables WFP to make strategic decisions aimed at improving its performance.

¹⁸ See, for example, ISO 37000 of the International Organization for Standardization (para. 6.4.1), according to which the governing body must oversee the performance of the organization.

¹⁹ "[WFP oversight framework](#)" (WFP/EB.A/2018/5-C).

²⁰ See Terms of reference - WFP Headquarters and Regional Bureaux, February 2019.

²¹ For instance, in the [risk register template](#) it is indicated that a description of the risk should be linked to the objective whose achievement is threatened.

²² For example, in the risk register for Colombia, which contains six risks, only the first one is directly linked to a particular objective, while the other five are linked to all the objectives, which lacks specificity. Moreover, the first risk concerns a jumbled mix of armed conflicts, migration flows and natural disasters; these risks are different in nature, especially given that while WFP cannot have any influence over natural disasters, it could try to influence armed conflicts and migration flows through other United Nations agencies such as the Office of the United Nations High Commissioner for Refugees.

41. Finally, country offices and regional bureaux²³ have expressed concern that the increasing importance given to risk management, as demonstrated by the increase in the number of risk and compliance advisors, the growth in ERM activity and the publication of numerous frameworks, should not become too much of a burden.²⁴ The Secretariat should ensure that risk management does not lead to a weakening of the performance monitoring culture.

Possible action brought to the attention of the Secretariat: performance oversight – ensure that second-line-of-defence oversight actively contributes to improving WFP’s performance, including through the establishment of specific indicators. For example, each checklist could have a section dedicated to the performance of the service subject to oversight or self-assessment.

2. Oversight by headquarters

42. In WFP’s decentralized organizational model, the oversight of field offices is largely delegated by headquarters to the regional bureaux. Headquarters (understood as the headquarters divisions and functions, and not headquarters in the sense of “global headquarters”, which refers to headquarters as well as the regional bureaux) retains a predominant role in the definition of performance monitoring standards and in monitoring the performance of the central divisions and regional bureaux. The regional bureaux are responsible for monitoring the performance and compliance of the country offices²⁵.

43. This kind of decentralized system requires robust mechanisms to enable headquarters to plan and oversee the activities of the regional bureaux and smooth reporting from the regional bureaux to headquarters.

2.1. Allocation of responsibilities

44. The model for the allocation of responsibilities between headquarters and the regional bureaux for oversight of the field offices is only simple in appearance. While on-site controls are clearly delegated to the regional bureaux, other oversight controls may be carried out, depending on the case, by headquarters or the regional bureaux. Indeed, oversight by management can take three complementary forms:

- Verifications, which consist of checking the work carried out, by either conducting on-site inspections (delegated to the regional bureaux for country offices) or identifying and reviewing documents and reports, as is the case with the monthly financial closure operation carried out by the Corporate Finance Division or the review of assurance statements by ERM.
- Monitoring, which refers to the collection and analysis of data relating to outputs and performance in general. It aims to inform operational decision making, including the design of activities²⁶. It includes, for example, the collection by headquarters of data on food security indicators or the collection by ERM of risk-related data.

²³ See Annex 2 (Summary of the responses to the questionnaire sent by the External Auditor to the six regional bureaux).

²⁴ See section 4 on country offices and oversight.

²⁵ *WFP Functional Review, Output Report*, November 2020.

²⁶ See, for example, the definition given by the Office of the Inspector General in its report [AR/18/11](#).

- Support, which consists of contributing to the effective and efficient implementation, in accordance with the established criteria, of activities and internal controls by providing guidance and advice. Examples include ad-hoc advice provided by a division regarding the application of a policy, or field advisory missions by the risk and compliance advisors.

45. Overlaps may occur, not only within the second line of defence, between headquarters and the regional bureaux, but also between the second line and the others. The ambiguities surrounding the allocation of responsibilities between headquarters and the regional bureaux in relation to verifications and monitoring were apparent in the report on the functional review²⁷ prepared at the request of WFP, according to which both headquarters and the regional bureaux have a leading role to play in monitoring the performance of the country offices: “Headquarters is key in setting standards for performance metrics and monitoring and for monitoring the performance of headquarters, regional bureaux and country offices. Regional bureaux are responsible for monitoring performance and compliance in their regional scope, within the corporate framework set by headquarters.” The report identified persistent duplications between headquarters and the regional bureaux in 11 divisions.²⁸ Although it is stated that duplications could be eliminated through more effective cooperation, it is also indicated that, in order to enable the organization of work to be defined more clearly, it would be advisable to reflect on the respective roles of headquarters and the field, especially in divisions where there are many vertical overlaps.²⁹

46. Issues related to the interaction between the three lines of defence were highlighted back in 2017 in an external evaluation report on WFP.³⁰ The authors recommended having a scaled-down second line, focused on policy design, to avoid duplicating the controls of either the first or third line. Instead, WFP proceeded to strengthen the second line, and this risk of duplication has not been entirely eliminated. The offices visited this year often expressed misunderstanding regarding the nature of the oversight missions carried out by the regional bureaux, which they sometimes equate with compliance audits, comparable to those that might be performed by the Office of the Inspector General. While the 2019 mandate is an amalgamation of oversight and monitoring, the checklists established by headquarters look very much like audit schedules. They necessarily lead regional bureaux staff, if they adhere to them, to behave like auditors during their oversight missions, which is not explicitly provided for in the texts. In reality, the distinction between oversight by the regional bureaux and auditing, which is the responsibility of the Office of Internal Audit and the External Auditor, boils down to a difference in the degree of independence, which increases the risks of overlapping and constitutes a source of confusion for staff.

²⁷ *WFP Functional Review, Output Report*, November 2020.

²⁸ *Ibid.*, p. 14, figure 7.

²⁹ *Ibid.*, p. 25.

³⁰ UK Aid, Foreign, Commonwealth and Development Office of the United Kingdom, *Central Assurance Assessment of the WFP*, 27 June 2017.

47. This impression of confusion with the third line, and even with the first, is exacerbated by the fact that, according to the oversight framework, the members of the risk and compliance advisor network, introduced by WFP to support first and second line activities, report³¹ to ERM, which is a second line body, and usually supervise the oversight missions carried out by the regional bureaux. Many of the respondents³² considered that the staff of a regional bureau should not be auditors, but advisors. They can identify weaknesses, but the main objective of oversight, like the other functions of the regional bureau, is to provide local support to country offices, not only by detecting weaknesses or shortcomings, but also by planning, from the oversight phase, support to help the offices remedy them.

48. It would seem that the source of this confusion is the insufficient clarity of the term “monitoring”, which is used by WFP to characterize both oversight and management activities. For example, paragraph 10 of the WFP oversight framework states that “[t]he first line of defence comprises ... [monitoring activities such as] internal monitoring” and, in paragraph 16, that “personnel and committees at the local, regional and global levels carry out second line functions such as ... monitoring and assessing operational activities ...” Clarification is all the more necessary given that, as the term monitoring is used in the most recent framework documents to characterize oversight, more clearly delineating it would help distinguish between what comes under auditing and what comes under oversight, or even support.³³

Recommendation 4. The External Auditor recommends that the meaning of the term “monitoring” be clarified in order to better distinguish the responsibilities of the three lines of defence.

2.2. Oversight missions

2.2.1. Planning of oversight missions

49. Most headquarters functional divisions do not make formal requests for oversight missions to be carried out by the regional bureaux. They consider that it is the responsibility of the regional bureaux to carry out oversight missions in the country offices and to assess the appropriateness of their implementation, while their role is to provide the regional bureaux with the necessary tools – guides and training, in particular – to carry out those missions.

50. Therefore, management can informally suggest oversight missions to the regional bureaux in meetings of the leadership group or one of the 23 committees in which its members participate, including the senior management group, which is open to regional directors, and the Oversight and Policy Committee.

³¹ See the document entitled “[WFP oversight framework](#)” (WFP/EB.A/2018/5-C), para. 18: “WFP has established the risk and compliance advisor (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**, and are a key partner for ERM internal control, anti-fraud and anti-corruption and risk management strengthening efforts.”

³² See Annex 2 (Summary of the responses to the questionnaire sent by the External Auditor to the six regional bureaux).

³³ Ibid.

51. Without disputing the value of informal discussions between the divisions and the regional bureaux, it would be advisable for the main headquarters functional divisions to draw up each year a list of oversight missions that they consider should be implemented as a priority. The participation of the headquarters divisions in the planning of oversight missions carried out by the regional bureaux would promote the corresponding reporting, and therefore dynamic use of the findings and recommendations made based on those missions. In addition, several of the country offices surveyed said that they appreciated oversight missions, while lamenting their infrequency.³⁴ Country offices could also be involved in proposing oversight missions. A comprehensive annual plan indicating the planned oversight missions and their schedule, prepared by the regional bureaux, would help country offices plan their availability and provide feedback on areas they consider priority.

Possible action brought to the attention of the Secretariat: oversight planning

1. Arrange for the main headquarters divisions and the country offices to express in writing their priority wishes concerning oversight by the regional bureaux, each year.
2. Introduce the systematic establishment of a comprehensive annual plan for the oversight missions planned in each region by the regional bureaux.

2.2.2. Use of the results of oversight missions

52. There is no standard operating procedure for reporting the main or recurrent observations made by the regional bureaux to headquarters. It takes place through direct contacts between staff of the bureaux concerned and their correspondents at headquarters, thematic meetings and various other points of contact. The divisions consulted³⁵ consider that it is consistent with the logic of decentralization that only significant events are reported to them from the field, especially since the regional bureaux are considered an extension of headquarters. In addition, the divisions carry out their own checks and periodic monitoring of field operations, for example through the monthly financial account closure reports in the case of the Corporate Finance Division or the monitoring of vacancies in the case of the Human Resources Division. Furthermore, each year the Corporate Finance Division receives letters of representation from each division or bureau, which should draw its attention to any difficulties in the field. The divisions consulted also indicated that other sources of information exist and are accessible, such as the annual country reports.

53. Consequently, reports from the regional bureaux are not systematically sent to headquarters but rather on a case-by-case basis, either at the discretion of the regional directors or at the request of the divisions. This means that most of the information collected and processed by the regional bureaux is not fed back to headquarters in a formalized way.

³⁴ See the management letters on Algeria, the Dominican Republic and Namibia.

³⁵ Human Resources Division and Corporate Finance Division, in particular.

54. The same observation can be made with regard to following up on recommendations made by the regional bureaux. Headquarters divisions can use the internal and external audit tracking tables prepared by ERM for the Executive Director, the Board and the Independent Oversight Advisory Committee (formerly the Audit Committee). They have access to the online audit and evaluation recommendations dashboard coupled with a recommendations management system. With regard to audits and evaluations, these divisions therefore have a clear view of the issues that directly concern them.

55. However, there is no monitoring of the implementation of recommendations made in the oversight reports drawn up by the regional bureaux for headquarters divisions. This situation is paradoxical, since the monitoring of recommendations is a priority. As recommendations made following regional bureau oversight missions are of varying nature and importance and have their own implementation deadlines, it could be useful, as the Secretariat has begun to do in a document currently being prepared, to specify the means of monitoring and to assign the monitoring to headquarters, the regional bureau or the country office, depending on the nature or importance of the recommendation.

56. Although WFP is a decentralized organization, the considerable oversight work carried out by the regional bureaux is a major source of information about the activities of the main functions. The issues raised go beyond the overall assurance provided by other assurance tools such as letters of representation. The work carried out provides critical information on specific themes and may concern sensitive issues requiring action by management. For example, according to the 2021 internal audit report on Colombia, although many of the issues identified during the audit had already been identified during an oversight mission conducted by the Regional Bureau for Latin America and the Caribbean in February 2020 or reported by the country office within the framework of the management assurance exercise conducted in November 2020, the associated risks, some of which are significant, have not been mitigated and continue to affect the integrity of WFP's operations in the country.³⁶ Standardizing this reporting system would be essential, as the regional bureaux have unparalleled knowledge of WFP's field operations and are best placed to identify the main or recurrent risks and good practices that should be rolled out.

57. More systematic reporting through the oversight reports of the regional bureaux could only be considered in the light of a cost-benefit assessment and an analysis of the value they would add, because not all the information contained in the reports is of a strategic nature. However, leaving reporting entirely to the discretion of the regional directors can contribute, as the example above shows, to the persistence of anomalies that remain unrectified.

58. The systematic uploading of oversight reports to one or more shared data banks, possibly specialized by theme (procurement, human resources, finance, supply chain, etc.), would cost very little and would provide a valuable source of data for WFP, including for risk management.

59. However, the External Auditor refrained from suggesting the preparation of a summary of oversight reports by region or at the global level due to the heavy burden of such a measure, as there are already many reporting obligations within WFP. Another option would be to more precisely define what the regional bureaux must systematically report, as a priority, to headquarters, the Chief of Staff and the various divisions. Indeed, it could be desirable for

³⁶ Office of the Inspector General, Internal Audit Report [AR/21/14](#), August 2021.

information gathered by a regional bureau, particularly on high-risk issues, to be transmitted in a more appropriate format than the reports themselves, which, in their raw form, may not constitute an effective decision making aid.

Possible action brought to the attention of the Secretariat: utilization of the results of oversight – centralize, in a database to which the members of the Board also have access, the oversight reports prepared by the regional bureaux.

Recommendation 5. The External Auditor recommends that high-risk issues be defined and, when referred to in the oversight reports of regional bureaux, systematically escalated to headquarters and subject to centralized monitoring.

Recommendation 6. The External Auditor recommends that the modalities for following up on recommendations made by the regional bureaux be clarified and formalized.

2.3. Guidance provided to regional directors

60. Upon their appointment regional directors receive letters of engagement in which the Executive Director reminds them of WFP's priorities. Regarding their field missions, presented as "oversight" missions, the letter specifies a number of generic points but does not include any mention, priority or indicator regarding the region of assignment, the country offices in that region or the regional bureau itself. In other words, regional directors appointed for the regions in Africa, Latin America, the Middle East or Asia receive exactly the same letters.

61. In practice, this uniformity is partly offset by two procedures: first an end-of-mission report, which should in theory be quite complete, prepared by the predecessor; second, regional directors must keep up to date their "mission agreements", in which their objectives are described together with the expected results and performance indicators and how they link to WFP's priorities.

62. However, it would seem useful, at the time of appointing new regional directors, for the Executive Director to inform them not only of the priorities common to all regional directors but also priorities more specific to their regions and the bureaux they will direct. The letters of engagement could contain quantitative targets (e.g. the number of oversight missions to be carried out each year) and more qualitative targets (e.g. to pay closer attention to particularly sensitive issues in the region).

Possible action brought to the attention of the Secretariat: defining the priorities of regional directors – revise the letters of engagement sent to newly appointed regional directors to add priorities and indicators specific to the regions of assignment and the regional bureaux concerned.

3. Oversight by regional bureaux

3.1. Definition of roles

63. Since the decentralization of WFP and the creation of four regional bureaux in 2001, many audits and studies have been devoted to the role of those bureaux, which has always seemed less clear than that of headquarters or the country offices. Recent recommendations from internal and external audits³⁷ led to substantive work in 2018 to clarify this role in the context of an unchanged decentralized organizational structure and three missions that remain the same: strategic direction and advice, technical support and management oversight.

64. The February 2019 terms of reference for WFP headquarters and regional bureaux were the culmination of that work and aim to clearly define the responsibilities of both headquarters and the regional bureaux. They recall some important points about the organization of WFP (decentralization, roles of the regional bureaux, outline of the division of tasks between headquarters and the regional bureaux), although some gaps remain. Concerning oversight, three responsibilities are entrusted to the regional bureaux in relation to performance, compliance and risk management. The description of the tasks is quite precise for risk management, for which specific tools can be used (risk registers, assurance statements, letters of representation), and is fairly easy to understand with regard to compliance. However, the document is much less precise when it comes to performance, which could lead regional bureaux to overlook it or to have varying interpretations. Furthermore, in the 2019 document, as in more recent reflections and documents, oversight is increasingly systematically and inseparably linked to monitoring, a term whose difficulty of interpretation was mentioned in the previous section.

65. The completion of a manual on the monitoring and oversight mission of the regional bureaux, which is currently being drafted, will be an important step forward.

Recommendation 7. The External Auditor recommends that the scope and modalities of the performance oversight to be carried out by the regional bureaux be more precisely defined.

3.2. The volume of oversight

66. The survey of the six regional bureaux³⁸ revealed that the volume and nature of their oversight activities remain sources of concern. Like any activity of this kind, there are no limits to the checks that can be carried out, and the regional bureaux fear that, with the development of the monitoring function, this activity will end up occupying too great a portion of their workplans, to the detriment of their other two missions: strategic direction and support.

67. This fear is not currently based on objective factors because, in the absence of cost accounting, the bureaux cannot accurately measure the respective weights of their three missions. The regional bureau in Panama estimates it to be about half of its staff time, while the regional bureau in Johannesburg provided a response in principle, indicating that oversight

³⁷ "Report of the External Auditor on Decentralization" (WFP/EB.A/2017/6-G/1).

³⁸ See annex 2 (Summary of the responses to the questionnaire sent by the External Auditor to the six regional bureaux).

occupies one third of its time, given that it is one of the three missions falling to the regional bureaux.

68. In practice, the oversight missions of the regional bureaux are significantly fewer overall than their support missions, but they may take longer and have a wider scope.

Table 2: Oversight and support missions carried out by the regional bureaux

| | | Bangkok | Cairo | Dakar | Johannesburg | Nairobi | Panama |
|------|-----------|---------|---------|----------|--------------|----------|--------|
| 2019 | Oversight | 21 | 11 | 3 | 26 | 21 | 100 |
| | Support | 151 | N/A | 56 | 241 | 27 | |
| 2020 | Oversight | 14 | 6 (5) | 12 (5) | 25 | 14 (≈7) | 21 |
| | Support | 57 | N/A | 88 (35) | 93 | 22 (≈11) | |
| 2021 | Oversight | 19 | 21 (10) | 34 (26) | 21 | 22 (≈0) | 129 |
| | Support | 11 | 90 (11) | 128 (27) | 103 | 26 (≈0) | |

NB: When the regional bureaux provided this information, the External Auditor indicated in parentheses the number of missions that were conducted remotely. The regional bureau in Panama did not distinguish oversight missions from support missions.

Source: External Auditor, according to the questionnaire sent to the six regional bureaux (figures for 2021 cover the year up to October).

69. The figures on the breakdown of work between oversight and support show large disparities, both between the various bureaux and from one year to the next for the same bureaux. The heterogeneity of the regions covered and the impact of the COVID-19 pandemic cannot fully explain these differences: there are probably quite different oversight and support practices across the regional bureaux, and perhaps different ways of recording missions. The uncertainties expressed by some regional bureaux, particularly regarding the boundary between oversight and support, corroborate this assumption.³⁹ WFP recognizes that there may be a degree of porosity between oversight and support missions, which are sometimes hybrid operations, making difficult and arbitrary to distinguish them from one another.

70. These divergent conceptions of oversight are also reflected at the budget level. Indeed, WFP does not have a clear view of the budgets that the regional bureaux allocate to oversight. Assuming that the regional bureaux have three missions to perform, and because the six regional bureaux considered in their responses to the survey sent to them that they spent between 30 percent and 50 percent of their time on oversight, the External Auditor applied a rate of 30 percent to the total costs of the regional bureaux to estimate the minimum cost of oversight. Given that total expenditure for the regional bureaux in 2021 was USD 76.7 million,⁴⁰ the proportion of their budgets allocated to oversight should be approximately USD 25 million. In parallel, the External Auditor asked WFP to provide precise figures relating to the oversight activity of the regional bureaux. According to WFP, this activity accounts for USD 14.5 million.

71. This discrepancy is explained by the fact that the budget documents do not take oversight fully into account. For example, a 2020 document on the management-related components of the corporate results framework prepared by the Corporate Planning and Performance Division

³⁹ See annex 2 (Summary of the responses to the questionnaire sent by the External Auditor to the six regional bureaux).

⁴⁰ Figure provided by the Corporate Finance Division.

defines the various categories to which the budget may be allocated, but only two of those components relate exclusively to oversight, making an effective calculation of oversight costs impossible at this stage. An organization of the scale of WFP should be able to assess its oversight-related costs more accurately.

72. Without recommending the implementation of a cost accounting system that is too onerous given the potential benefit, it would be useful for the regional bureaux to more accurately and reliably measure the respective weight of their three missions in order to enable better monitoring and distribution of the budget allocated to their activities.

Recommendation 8. The External Auditor recommends that the regional bureaux more accurately and reliably measure the number of oversight missions they undertake and the respective weight of their oversight, technical support and strategic direction activities.

3.3. Oversight and the pandemic

73. In 2020 and 2021, due to health restrictions, a significant proportion of oversight missions and audits were conducted remotely. Two actions taken by WFP in this regard can be highlighted: the launch by the Executive Director of the Management Assurance Project, which aimed to take stock of the level of internal control during the first months of the COVID-19 pandemic, and the accelerated development of a remote oversight method.

Management Assurance Project

In order to gain a picture of internal control in the context of the pandemic, in October 2020 the Executive Director launched the Management Assurance Project with the aim of analysing the controls effectively carried out during the first months of the pandemic. This project consisted of a survey of a sample of 40 field offices, including the six regional bureaux, to clarify the controls they had actually performed during the period under review. The method used was largely based on the statements of the services surveyed, which were cross-referenced with other information; clarifications were also requested from the field offices and the findings were discussed with the headquarters divisions. It emerged that 88.7 percent of the planned checks were carried out in accordance with the applicable rules, 10.6 percent were partially compliant and 0.7 percent were not carried out.

74. To facilitate the oversight missions of the regional bureaux when it was not possible to visit the country offices in person, several headquarters divisions established remotely usable oversight matrices, including the Corporate Finance Division and the Management Services Division. ERM, meanwhile, developed for 2020 a risk matrix specific to the COVID-19 pandemic, with recommendations for controlling those risks as well as a guide defining minimum control standards for the management of third-party risks during emergency situations. In addition, a guidance note on using the COVID-19 risk registers was issued for the country offices. An Executive Director's circular on checks to be carried out in the COVID-19 context was also published, listing the main risks and methods for controlling them.

75. It could be useful for headquarters to prepare an initial assessment of remote oversight and to draw recommendations from it in order to improve this approach and develop the use of video conferencing and other remote control techniques in future. Remote oversight is not intended to replace field missions, which have now largely resumed. However, the experience gained could lead to an increase in remote work, placing greater emphasis on the preparation or monitoring of controls, and could offer the possibility of covering a larger number of country offices given that some of them, particularly smaller ones, have expressed the sense that they receive insufficient audits or oversight.

Recommendation 9. The External Auditor recommends the conduct of a review of the oversight missions carried out by the regional bureaux during the pandemic in order to identify opportunities to improve the system, including the possibility of increasing the use of remote oversight methods to complement on-site missions.

4. Country offices and oversight

76. Country offices are both actors and subjects of oversight. As actors, they oversee the sub-offices, area offices and cooperating partners, notably through the work of the monitoring and evaluation officers. These activities entail significant responsibilities and workload.⁴¹

77. As subjects of oversight, the country offices audited this year, particularly the small offices,⁴² express regret that the reporting obligations linked to oversight (assurance statements, letters of representation, risk registers, financial tables, etc.) are the same regardless of the size of the office. They would also like a distinction to be made between emergency situations and other circumstances so that the obligations could be lightened in the first case.

78. The country directors met during the audits also indicated that they were not involved in the reflection on oversight conducted by headquarters. That could be regrettable and could contribute to the conceptual confusion between the monitoring that the country offices are supposed to perform under the second line of defence and the monitoring they must carry out on a daily basis under the first line.

79. Each country office has a risk focal point who works on these issues either full time or part time. The risk and compliance advisors mainly play an advisory role in relation to implementation of the risk management policy. Within the WFP network, 48 country offices have full-time "risk and compliance" capabilities and 35 country offices have part-time capabilities.

80. Among the country offices audited this year, the larger ones exposed to high risks (for example Pakistan, the Central African Republic and the Democratic Republic of the Congo) had full-time, high-ranking risk and compliance advisors (P-4 in Pakistan and the Democratic Republic of the Congo), unlike the smaller offices, such as Algeria, Armenia, Namibia and the Dominican Republic, which had lower-ranking part-time focal points.

81. Part-time focal points do not have enough time to devote to these functions and have little training. The risk and compliance focal point in the Dominican Republic, for example, was until recently also responsible for procurement, budget and information technology systems, which left him little time to support the oversight activities carried out by the country director. Reporting obligations can lead to an uneven distribution of the workload between staff, particularly at the expense of the risk focal points. When not exclusively devoted to this task, risk focal points often work in finance units. Their fields of activity sometimes cover too many functions, posing the risk that every task they perform will be performed superficially⁴³.

⁴¹ See the management letters on the WFP offices in Algeria, the Democratic Republic of the Congo and the Dominican Republic.

⁴² See the management letters on the WFP offices in Algeria, Armenia, Namibia and the Dominican Republic.

⁴³ See in particular the management letter on the WFP office in Algeria.

82. The risk and compliance advisors are generally also the focal points for the anti-fraud and anti-corruption policy. The coexistence of these two roles is logical but sometimes creates uncertainties about the precise definition and understanding of the corresponding functions. In countries that are more particularly prone to fraud, such as Pakistan and the Democratic Republic of the Congo, the focal point had little time to devote to oversight matters, which often seem less urgent or less of a priority.

83. These observations raise the question of the viability of oversight obligations. Moreover, during the field audits conducted this year, knowledge of the conditions to be met with regard to reporting appeared to be quite limited, particularly in small offices.

84. Oversight missions are generally appreciated by the country offices, in particular the smaller ones, which find them useful and sometimes ask for them to be carried out. However, not all the offices that the external audit team visited have set up systems for monitoring recommendations related to oversight yet and, in one case, the delay in the implementation of a recommendation has resulted in a heavy loss for WFP.⁴⁴

85. One of the modules of the R2 risk and recommendation management tracking tool enables the monitoring of recommendations. It could be helpful to incorporate into this same tool a complementary mechanism for monitoring the implementation of regional bureau recommendations by the country offices. This would support the recommendation of the Joint Inspection Unit in its 2020 report according to which enterprise risk management “should include a comprehensive system with relevant tools that [...] form part of a larger platform linked to other systems so that the processes can be streamlined and integrated”.⁴⁵

Recommendation 10. The External Auditor recommends the introduction in all country offices of a mechanism for following up recommendations made by the regional bureau, as is done for recommendations from internal and external audits, for example in the R2 risk and recommendation management tool.

Recommendation 11. The External Auditor recommends listing, item by item, the tasks to be performed by the risk and compliance advisor network focal points, specifying the work time to be spent on each activity.

Possible action brought to the attention of the Secretariat: Risk and compliance advisors and focal points

1. For offices that have full-time risk and compliance advisors, ask them to: a) organize regular awareness sessions on issues linked to risks and oversight for staff of the office; b) arrange the translation of the main documents into the most widely used local language.

2. For offices that do not have full-time advisors: a) study what size office and what level of risk make it necessary to recruit a full-time advisor; b) create an easily accessible file to gather the main documents, if possible translated into the most widely used local language.

⁴⁴ See the management letter on the WFP office in Armenia (fire in the office’s computer server room).

⁴⁵ See document entitled “[Enterprise risk management: approaches and uses in United Nations system organizations](#)” (JIU/REP/2020/5).

5. Risk oversight

86. Significant progress has been made since 2005 and the adoption of the first risk management policy. The initial policy has been enhanced in terms of definitions (more precise categorization of risks, clear definition of various levels of probability and severity) and tools (establishment of a library of risk indicators, guidelines on the corporate risk register and on risk indicators), driven by new actors (Chief Risk Officer, ERM).

87. The risk culture is starting to develop in the field: 84 risk registers were submitted in 2021 of the 89 expected from country offices and regional bureaux. The overall quality of these registers, measured by the quality control of the regional bureaux, increased by 10 points between 2019 and 2020, reaching a score of 86 out of 100. All the country offices included paragraphs on their risk management in the 2020 annual country reports. Each field office now has one or more risk focal points, making up a network of 110 people, 48 of whom perform these functions full time.

88. The corporate risk register is a document that is appreciated by management, and the new format adopted in November 2021 will make it even more useful. Close monitoring of the risk indicators in risk appetite statements is a useful warning mechanism.

5.1. Risk quantification

89. WFP has developed two concurrent systems for overall risk quantification by country.

90. The country risk profile rating is produced by aggregating data on risks taken from databases internal and external to WFP. Developed by ERM, it is based on a top-down logic. Its implications for risk management policy are not clear: in the countries with the highest risk (Ethiopia, Mozambique and Yemen), managers are encouraged to recruit full-time risk and compliance focal points, although this is not an obligation and an additional budget is not necessarily provided.

91. The self-assessed risk rating is the result of risk weighting carried out by the countries themselves, based on their risk registers; also developed by ERM, this rating is the sum of the severity level of each of the risks in the country register. It follows a bottom-up logic.

92. The regional bureaux perform quality control on these risk registers. Eleven criteria are used, graded from 1 to 5 and then aggregated. Some of the questions asked are generic and mainly focus on form (e.g. meeting deadlines, use of the document template, completeness of the information entered). Further checks are then carried out by ERM; they are fairly general, concerning the completeness and relevance of the data entered, and primarily aim to verify that there are no classification errors.

93. These two quantification methods do not always tally. For example, in 2021 Malawi was ranked third highest in level of risk according to its own assessment, yet it was ranked 55th according to ERM's risk profile rating. According to ERM, these inconsistencies are due to the fact that country offices enter too many or all of the risks they face in their risk registers, whereas in theory the risk register should contain only the most significant risks, requiring the attention of management.

94. However, the comparison between the top-down approach and the bottom-up approach makes it possible to identify such inconsistencies, and therefore to detect potential errors of assessment; where appropriate, corrective action must be taken. The country office risk registers remain useful because they contain detailed and subjective information that would be difficult to obtain from external and objective data corresponding to the country risk profile rating. For this reason, the External Auditor recommends that one reference indicator be selected for greater clarity, without eliminating the other.

Recommendation 12. The External Auditor recommends that, between the country risk profile rating and the self-assessed risk rating, the preferred indicator for gauging the level of risk presented by a country be specified.

5.2. Reporting and updating

95. Country offices are expected to update their risk registers mid-year. In practice, this update is carried out quite rarely. As of 28 January, according to ERM data, 53 of 83 country offices had submitted their mid-year updates for 2021; one regional bureau of six had also done so, as had just 4 of 40 headquarters divisions.

96. Furthermore, since the last quarter of 2021, countries that wish to do so may submit quarterly risk reports in a format similar to that of the corporate risk register,⁴⁶ which is more detailed than the country risk registers. In 2021 eight countries submitted quarterly reports⁴⁷ and 16 expressed an interest in doing so to ERM. For them, the quarterly updating and reporting exercises overlap, which adds little value.

97. The key risk indicators are listed and classified by category of activity. They allow country offices to monitor their risks: for example, an office enters a human resources “risk zone” if half of its management positions are vacant. This enables the country offices, as well as headquarters with the corporate risk register, to identify high-risk areas, activity by activity. Today, according to ERM, 15 offices have defined risk indicators, and two others are familiarizing themselves with the collection of such data. Of these 17 offices, three are regional bureaux (those in Panama, Johannesburg and Nairobi). The adoption of risk indicators is therefore still not very widespread, and countries with very low risks (Bhutan, India and Tunisia) must follow the same procedure as others. However, this observation should be considered bearing in mind how recent the initiatives in this area have been: the library of risk indicators was defined in 2020, and the standardized operating procedures were defined in 2021.

98. An independent review, entrusted in 2021 by the Office of the Inspector General to external consultants,⁴⁸ reveals the field directors’ overall negative perception of the enterprise risk management policy due to its cumbersome nature;⁴⁹ WFP would therefore benefit from making better use of the indicators available to it to adapt its risk management policy to country risk levels. For example, countries with the highest risk levels could monitor their risk indicators through their risk registers and report their findings to the regional bureaux, while countries with the lowest risk levels could create simplified versions of the risk register, without necessarily being required to update them mid-year. This logic could also apply to headquarters divisions.

⁴⁶ Risk indicators and comparison with the tolerance thresholds, in particular.

⁴⁷ Afghanistan, Kenya, Uganda, the Syrian Arab Republic, the Sudan, South Sudan, Chad and Zimbabwe.

⁴⁸ *Baldwin Global Independent Review – Draft report 2021*.

⁴⁹ Forty-seven percent negative opinions and only 11 per cent positive opinions.

Recommendation 13. The External Auditor recommends that risk monitoring be locally adapted according to the level of risk indicated by the selected indicator.

5.3. Quality control

99. The quality control carried out by the regional bureaux is purely formal. The new risk manual, prepared by ERM for the 2022 financial year, sets out new criteria that do not significantly change the process. No monitoring of the implementation of corrective measures is planned, although that could help reduce the likelihood or severity of any residual risk. This monitoring should be part of the classic oversight mission of the regional bureaux.

Possible action brought to the attention of the Secretariat: risk register quality control

1. Strengthen the tests in place at the various levels (particularly the regional bureaux and headquarters) by enhancing the verification processes focused on the content of the risk registers (in addition to checks of procedure and form), in order to increase the reliability of those data that continue to be provided through the statements made by the entities concerned.
2. Entrust monitoring of the implementation of corrective measures to the regional bureaux.

5.4. Headquarters and the risk culture

100. Unlike the field, headquarters has not yet fully assimilated the risk culture. While the annual planning manual explicitly provides for⁵⁰ this, only 18 of 40 headquarters divisions sent their risk registers to ERM in 2021, and only 61 percent of those were entered into the R2 tool. According to ERM, in 2022 it is planned to include in R2 all risk registers provided by the various headquarters entities.

Possible action brought to the attention of the Secretariat: preparation of risk registers – make the preparation of a risk register a criterion in the appraisal of directors at headquarters by their superiors.

6. Oversight and information technology systems

6.1. Integration and consolidation of risk levels

101. The information on risks presented by countries in the risk reports is recorded by inputting Excel files. There is scope for great flexibility in the responses, which results in highly varied files. However, steps have been taken to standardize and support this process, notably with the establishment of a risk register template. The risk registers are then manually integrated into the R2 tool, which was brought into service in 2019. This manual transfer is carried out over four to six weeks, with a total of five to ten hours being spent on this activity,⁵¹ which comprises two stages: inputting and then approval. After being checked, the data are integrated into R2. The use of R2 allows information to be aggregated and simplifies the management of processes

⁵⁰ See section 1, [Performance Overview](#), of the manual for the headquarters divisions.

⁵¹ Estimate by ERM.

involving multiple actors. A risk monitoring dashboard⁵² is then generated from the data recorded in R2.

102. Consequently, risk reporting is only partly automated. Excel spreadsheets continue to be used to prepare the risk registers, which echoes the findings of the Joint Inspection Unit in its 2020 report⁵³ that the majority of the entities use spreadsheets or standard software for enterprise risk management, while a few use internally developed systems to enter and record risks and 15 entities have stand-alone enterprise risk management systems that are not integrated with other systems. At WFP, although the use of Excel spreadsheets to enter information remains widespread, steps have been taken to integrate and consolidate this process with the implementation of the R2 tool and the generation of an overview of risks at the corporate level through the development of a dashboard.

103. Monitoring and updating of mitigation measures is not currently available in R2. Although it is not commonly completed at present, R2 does have a specific section for mitigation measures, suggesting that this monitoring will be taken into account. However, some aspects relating to implementation of the risk management policy with R2 remain poorly defined.⁵⁴ This point had already been raised in the 2017 internal audit report on implementation of the enterprise risk management policy.⁵⁵ That same report highlights the need to make this database accessible in real time to multiple users at once. At WFP the updating process is still not automatic, and an intermediary must enter the corresponding information; this generates friction costs that compromise the “real-time” aspect.

Recommendation 14. The External Auditor recommends that automated risk reporting be strengthened through the use of data input forms that make it possible to transfer information to the R2 software and to track successive changes.

6.2. Reporting in COMET

104. COMET⁵⁶ is an essential tool for WFP oversight because it contains strategic information on programme and operations management, including distributions. The vast majority of the information recorded in COMET is entered manually. As has already been noted in several previous reports, including the report of the External Auditor on the management of information on beneficiaries,⁵⁷ data reporting could be more automated, which has only been partly achieved at this stage. For example, some country offices (Ethiopia, Democratic Republic of the Congo, Yemen and Zimbabwe) have expressed the wish to be able to provide feedback on food distributions by directly uploading files. Indeed, country offices sometimes need to create notes with more than 500 locations, and recording those data directly by uploading Excel files into COMET could facilitate the inputting process.

⁵² The dashboard is available at analytics.wfp.org and is based on Tableau technology, whose interface makes it possible to perform geographical and thematic analyses.

⁵³ See document entitled “Enterprise risk management: approaches and uses in United Nations system organizations” (JIU/REP/2020/5).

⁵⁴ This is reflected in the document “R2 Timeline-VW01”, which proposes the development of a roadmap for implementation of the risk management policy in R2 as one of the objectives for 2022.

⁵⁵ Office of the Inspector General, Internal Audit Report [AR/17/13](#).

⁵⁶ Country office tool for effective management.

⁵⁷ See the [Report of the External Auditor on the management of information on beneficiaries](#) (WFP/EB.A/2021/6-G/1).

105. The manual entry of data in COMET and the need to combine those data with data from third-party sources (in particular the Logistics Execution Support System (LESS), the WFP Information Network and Global System (WINGS) and WFP's digital beneficiary information and transfer management platform (SCOPE)) raise questions about data quality, which is particularly important for distribution reports.⁵⁸ To address this, the COMET control panel, an interface where conflicts with LESS can be resolved, has been developed. As the platforms are different, reconciling data from the two systems is crucial to enable full tracking of the movement of goods. The country offices are responsible for this reconciliation. Given the important role played by the country offices and the lack of data on the time they actually spend on these aspects of quality assurance, it could be particularly fruitful to organize a consultation with them to ensure that they are familiar with and observe the procedures and that the corresponding human resource needs are adequately met.

Recommendation 15. The External Auditor recommends that a consultation for country office staff responsible for reconciling data in COMET be organized to ensure that the procedures are well understood and that the corresponding human resource needs are adequately met.

7. The Executive Director's assurance exercise

106. With his annual statement on internal control, the Executive Director provides assurance regarding the effectiveness of WFP's internal control system.⁵⁹ The annual Executive Director's assurance exercise is based, in particular, on the statements provided by each director. The new exercise to be carried out by the 130 administrative unit directors, which was revised in 2019, has acquired greater substance. It is no longer a purely formal procedure for placing responsibility for any dysfunction on the signatory of the statement: the point of view of field managers is sincerely sought and the analysis of their responses is presented in a particularly illuminating document on the issues pertaining to WFP.

107. The Executive Board welcomed what it considers to be progress towards greater transparency, as evidenced by the interventions of representatives at its June 2020 annual session.⁶⁰ The Audit Committee has also noted the progress made.⁶¹ Finally, the Finance Committee of the Food and Agriculture Organization of the United Nations (FAO)⁶² has complimented WFP on its consideration of the main risks.

108. Nevertheless, the External Auditor has questions about the added value for WFP (and not for the Board) of this new exercise in terms of its cost. Indeed, as ERM has pointed out, this operation is not a substitute for auditing: the veracity of the statements is not always established. Nor is it intended to serve as a warning system for major failings, since reporting channels exist

⁵⁸ These issues have already been addressed in the [Report of the External Auditor on the management of information on beneficiaries](#) (WFP/EB.A/2021/6-G/1).

⁵⁹ Financial Rule 112.11: "The Executive Director shall submit to the Board for information a statement on internal control within WFP. Such statement shall be submitted during the annual session of the Board."

⁶⁰ [Summary of the work of the 2020 annual session of the Executive Board](#) (WFP/EB.A/2020/14) – Audited annual accounts, 2019, paras. 152-157.

⁶¹ [Annual report of the Audit Committee](#) (WFP/EB.A/2020/6-C/1).

⁶² [Report of the FAO Finance Committee](#) (WFP/EB.A/2021/5(B,C)/3 WFP/EB.A/2021/6(A,B,C,D,E,F,G,H,J)/3).

elsewhere. At the same time, the cost of collecting and processing the data is high, and staff complain about the time they must spend on it.

7.1. The probative value of the statements

109. The assurance exercise is not an audit. Nonetheless, the regional bureaux are expected to check the veracity of the country directors' statements when they fill out their own questionnaires.⁶³ In 2021, all the regional bureaux stated that they had completed this questionnaire, however ERM found that some had not performed all the checks expected of them.⁶⁴ According to ERM, corrective measures have been put in place for the next exercise.

110. The checks made by the External Auditor, based on a comparison with his own field observations, as well as the internal audits conducted by the Office of the Inspector General, nonetheless brought to light a number of inconsistencies on specific points. That was the case for Iraq and Pakistan, for example.

7.2. The warning function of the assurance exercise

111. Most of the issues highlighted during the assurance exercise have been brought to the attention of WFP through other channels; to date, the risk review has not revealed any new dysfunction leading to the adoption of corrective measures (see example below).

Example of the anti-harassment policy

In both 2020 and 2021 the management review of significant risk and control issues emphasized the organizational culture and the rules of conduct in the workplace, which were presented as requiring special attention. The March 2020 corporate risk register also considers harassment to be a priority risk.

However, the matter was brought to the attention of management by a means other than the assurance statement: the 2018 global staff survey made it possible to quantify the proportion of employees who reported having experienced harassment during the previous 12 months (18 percent) and the proportion who reported having witnessed harassment (48 percent). In response, WFP set up a working group that issued its conclusions in 2019. In January 2020, a project manager position was created with the objective of implementing the comprehensive action plan endorsed by management.

Source: External Auditor.

112. Thus, although it engages managers at all levels and enables exchanges between them and ERM, this risk review primarily results in the production of an information document that serves to showcase the WFP Secretariat to the Board rather than warn of any dysfunction that has been identified.

⁶³ Q°5.6.3, Survey 2020: "5.6.3 Regional Bureau Certification: I, the Regional Director, confirm that the information provided in the Country Directors Assurance Exercise responses is accurate and consistent with my knowledge of the operations and, where this is not the case, I have specifically highlighted any differences in the comments provided herein."

⁶⁴ Based on the lessons learned from the 2021 exercise ("2020 ED Assurance exercise – Client experience improvements lessons learned 27 January 2022").

7.3. A cumbersome process

113. The risk of the process being unduly cumbersome is clear to ERM, which each year seeks feedback from the field offices and the various divisions with the aim of streamlining it.⁶⁵ Nevertheless, many respondents – particularly the regional bureaux – point out the sometimes excessive nature of what is asked of them.⁶⁶

114. In 2020-2021, the conduct of two additional surveys relating to internal control and risks exacerbated this perception of onerousness.

115. In conclusion, the limitations of the assurance system result from the hybrid nature of the exercise as conducted by WFP. The aim of going beyond the formalism of the earlier model has increased the demands on the respondents for precision. At the same time, even though the data are analysed, aggregated and compared, the objective of this exercise has never been to provide a factual account of dysfunction within WFP and how management addresses it. It should not become an annual internal audit exercise, with systematic checks that would be disproportionate to the intended purpose.

116. In view of the limitations of the assurance obtained, the cumbersome nature of the system and its lack of impact on the transformation of WFP, the External Auditor questions the usefulness of the annual assurance exercise, as strengthened since 2019, and its cost-benefit balance. Of course, WFP must respect the obligation to produce an annual assurance statement, as provided for in its Financial Regulations. However, it has freedom of choice regarding the arrangements for carrying out this exercise, which could be formal or more qualitative. Are the benefits for WFP – rather than for those who perform the oversight – of the new, more qualitative procedure implemented since 2019 equal to the investment (in time and staff) it requires?

117. The annual Executive Director's assurance exercise, on which the Executive Director's statement on internal control is based, increases WFP's transparency vis-à-vis its Executive Board. The External Auditor considers that it would offer added value that would justify the time invested if it served to provide an alert on emerging issues that would not be reported through other channels. By all accounts, this has not to date been the case.

IV ACKNOWLEDGEMENTS

118. The audit team would like to express its sincere thanks to all the WFP staff it met with during its audit for their excellent cooperation and availability. It would like to thank in particular ERM and the regional bureaux and country offices whose directors agreed to share their views and experiences.

End of audit observations.

⁶⁵ Consequently, ERM has added the response "not applicable" for some questions to allow smaller divisions and offices to spend less time on the exercise.

⁶⁶ *ED Assurance Exercise 2020 Quantitative analysis*, February 2020.

Annex 1: Possible actions brought to the attention of the Secretariat¹

1. Performance oversight: ensure that second-line-of-defence oversight actively contributes to improving WFP's performance, including through the establishment of specific indicators. For example, each checklist could have a section dedicated to the performance of the service subject to oversight or self-assessment.
2. Oversight planning:
 1. Arrange for the main headquarters divisions and the country offices to express in writing their priority wishes concerning oversight by the regional bureaux, each year.
 2. Introduce the systematic establishment of a comprehensive annual plan for the oversight missions planned in each region by the regional bureaux.
3. Utilization of the results of oversight: centralize, in a database to which the members of the Board also have access, the oversight reports prepared by the regional bureaux.
4. Priorities of the regional directors: revise the letters of engagement sent to newly appointed regional directors to add priorities and indicators specific to the regions of assignment and the regional bureaux concerned.
5. Risk and compliance advisors:
 1. For offices that have full-time risk and compliance advisors, ask them to: a) organize regular awareness sessions on issues linked to risks and oversight for staff of the office; b) arrange the translation of the main documents into the most widely used local language.
 2. For offices that do not have full-time advisors: a) study what size office and what level of risk make it necessary to recruit a full-time advisor; b) create an easily accessible file to gather the main documents, if possible translated into the most widely used local language.
6. Quality control of risk registers:
 1. Strengthen the tests in place at the various levels (particularly the regional bureaux and headquarters) by enhancing the verification processes focused on the content of the risk registers (in addition to checks of procedure and form), in order to increase the reliability of those data that continue to be provided through the statements made by the entities concerned.
 2. Entrust monitoring of the implementation of corrective measures to the regional bureaux.
7. preparation of risk registers: make the preparation of a risk register a criterion in the appraisal of directors at headquarters by their superiors.

¹ These actions suggested to the Secretariat complement the recommendations presented at the start of the report but do not require a follow-up report to the Executive Board.

Annex 2: Summary of the responses to the questionnaire sent by the External Auditor to the six regional bureaux

1. Despite having the same job description, the regional directors each have a slightly different view of their role, as the letter of engagement does not set strategic priorities for them with regard to oversight.
2. The bureaux do not measure the proportion of their time spent on oversight missions, and their estimates differ.
3. There are large disparities in terms of country office oversight and support missions, both between the various regional bureaux and from one year to the next for the same bureau.
4. A more operational guide setting out the oversight rules should be available. The drafting of the monitoring and oversight manual for the regional bureaux is welcome.
5. The description of the position and role of the risk and compliance advisors should be fleshed out.
6. The same member of staff sometimes performs both the oversight and support roles: someone who oversees what they themselves have recommended will have less intellectual independence in the oversight role.
7. The regional bureaux agree that, after a period of adaptation, the oversight activity could be continued during the pandemic at levels quantitatively equivalent to before the pandemic.
8. However, a drop in quality was generally noted during the pandemic due to the lack of visibility and on-site checks.
9. Several improvements are advisable, including the development of more operational documents and more field-oriented risk management procedures.
10. Some fear that ERM is expanding its functions to include more direct oversight; the sending of letters of representation and assurance statements directly to ERM, without going through the regional bureaux, could be a manifestation of that.
11. One bureau considered that it was not the responsibility of ERM to identify risks because that falls to the Office of Inspections and Investigations, the Office of Internal Audit and the External Auditor; ERM's task was rather to synthesize the information from the field without going into the details of each case.
12. The regional bureaux consider that they can provide useful information not only about systemic problems encountered but also good practices.
13. There is no standardized reporting system. Good practices or recurring problems identified by the regional bureaux are sent to headquarters via various channels.
14. Some regional bureaux note something of contradiction in the fact that the examination of the letters of representation is entrusted to the Corporate Finance Division while their content falls in part under risk management, which is the domain of ERM.
15. The content of the assurance statements, the way in which they are written and the almost permanent need to adapt them generate criticisms, although generally limited.
16. Some country offices continue to go through the regional bureaux first before sending those documents to headquarters; the regional bureaux concerned appear to want to continue to carry out prior reviews.

17. There are ways to improve the assurance statements:

- orient the exercises more towards the country offices so that they become real tools for detecting risks in the field;
- increase the number of mandatory compliance training courses;
- ensure that the guides are up to date each year;
- simplify the language used (which can lead to misunderstandings for staff for whom English is not their mother tongue).

Annex 3: Change in WFP oversight costs and comparison with other international institutions

Staff costs and operational costs (in USD)

| | 2019 | 2020 | 2021 (forecast**) | Change 2019-2020 | Change 2020-2021 | Change 2019-2021 |
|--|-------------------|-------------------|----------------------|---------------------|---------------------|---------------------|
| Office of Internal Audit | 6 121 109 | 6 288 271 | 7 030 155 | +3% | +12% | +15% |
| Office of Inspections and Investigations | 4 535 763 | 5 375 845 | 5 614 254 | +19% | +4% | +24% |
| Office of the Inspector General | 603 070 | 761 255 | 829 300 | +26% | +9% | +38% |
| Total | 11 259 942 | 12 425 371 | 13 473 709 | +10% | +8% | +20% |
| Office of Evaluation*** | 8 961 440 | 11 139 780 | 12 479 860 | +24% | +12% | +39% |
| FAO Finance Committee | 188 249 | 133 391 | 77 942 | -29% | -42% | -59% |
| Independent Oversight Advisory Committee and Secretariat | 134 517 | 68 341 | 69 229 | -49% | +1% | -49% |
| Executive Board sessions and secretariat | 1 811 698 | 1 384 120 | 812 358 | -24% | -41% | -55% |
| External audit | 380 000 | 380 000 | 380 000 | +0% | +0% | +0% |
| Enterprise Risk Management Division | 4 270 820 | 6 085 224 | 6 000 000 | +42% | -1% | +40% |
| Contribution to the Joint Inspection Unit | 1 009 269 | 1 200 119 | 1 200 119 | +19% | +0% | +19% |
| Regional bureau costs allocated to oversight* | 9 534 490 | 8 427 557 | 10 992 778 | -12% | +30% | +15% |
| Total | 37 550 425 | 41 243 903 | 45 485 995 | +10% | +10% | +21% |

Source: External Auditor, based on information provided by WFP.

* The expenditure of the regional bureaux corresponding to oversight is probably undervalued due to an imprecise breakdown of the costs of the regional bureaux. Refer to section 4.3 for more details.

** Forecast data for 2021 if staff costs remain unchanged (excluding regional bureau costs).

*** The data include the budget of the Office of Evaluation but not the budget for the overall evaluation function.

Oversight costs at WFP and in 28 international organizations surveyed (2019, in USD)

| | Internal audit | Other audit mechanisms | Independent expert committees | Audit committee | External audit | Contribution to Joint Inspection Unit | ERM | Total |
|-------------------------------|----------------|------------------------|-------------------------------|-----------------|----------------|---------------------------------------|-----------|------------|
| WFP costs | 6 121 109 | 14 100 273 | 188 249 | 134 517 | 380 000 | 1 009 269 | 4 270 820 | 26 204 237 |
| <i>(of total costs)</i> | 0.8‰ | 1.85‰ | 0.02‰ | 0.02‰ | 0.05‰ | 0.13‰ | 0.56‰ | 0.34% |
| Minimum costs | 12 500 | 18 143 | 4 335 | 4 773 | 57 447 | 20 000 | 5 500 | |
| Maximum costs | 59 497 000 | 21 000 000 | 4 610 200 | 639 248 | 15 012 800 | 7 390 600 | 4 270 820 | |
| Average of respondents | 4 403 098 | 4 697 310 | 686 281 | 144 215 | 854 000 | 720 118 | 598 842 | 9 335 054 |
| <i>(of total costs)</i> | 2.3‰ | 3.25‰ | 0.59‰ | 0.29‰ | 9.4‰ | 0.19‰ | 0.49‰ | 0.63% |
| Median of respondents | 1 403 625 | 882 000 | 149 247 | 90 828 | 187 410 | 159 387 | 161 205 | |
| <i>(of total costs)</i> | 1.77‰ | 2.66‰ | 0.25‰ | 0.04‰ | 0.27‰ | 0.16‰ | 0.17‰ | |

Source: survey of 29 international organizations conducted by the External Auditor¹.

NB: The total amount presented for WFP for 2019 in this table (USD 26,204,237) differs from the corresponding total amount presented in the first section on the study of the cost of oversight at WFP, which also included the cost of the sessions of the Executive Board and its secretariat (USD 1,811,698) and the cost allocated to regional bureau oversight (USD 9,534,490), which were not taken into account in the survey of the other 28 organizations.

¹ Financial Report and audited financial statements, United Nations, Volumes I and II, United Nations University, United Nations Office on Drugs and Crime, United Nations Environment Programme, United Nations Framework Convention on Climate Change, United Nations Capital Development Fund, United Nations Human Settlement Programme, United Nations Population Fund, United Nations Children's Fund, United Nations Relief and Works Agency for Palestine Refugees in the Near East, United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, United Nations Development Programme, United Nations Joint Staff Pension Fund, United Nations Institute for Training and Research, United Nations Office for Project Services, Office of the United Nations High Commissioner for Refugees, UN-Women, World Food Programme, International Labour Organization, Food and Agriculture Organization of the United Nations, World Health Organization, United Nations Educational, Scientific and Cultural Organization, Universal Postal Union, World Meteorological Organization, International Telecommunication Union, International Criminal Court, Council of Europe, Organization for Security and Cooperation in Europe.

List of acronyms used in this document

| | |
|-------|--|
| COMET | Country office tool for effective management |
| COSO | Committee of Sponsoring Organizations of the Treadway Commission |
| ERM | Enterprise Risk Management Division |
| FAO | Food and Agriculture Organization of the United Nations |
| ISSAI | International Standards of Supreme Audit Institutions |
| LESS | Logistics Execution Support System |
| SCOPE | WFP's digital beneficiary information and transfer management platform |
| WINGS | WFP Information Network and Global System |