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برنامج الأغذية العالمي

Executive Board
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Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

WFP management response to the recommendations in the report of the External Auditor on oversight by management

Background

1. Management welcomes the recommendations made in the report of the External Auditor on oversight by management at WFP.
2. The external audit started in July 2021 and was conducted in two phases: an initial headquarters mission from 19 to 23 July 2021, and a final headquarters mission from 17 to 28 January 2022. In addition, the External Auditor used field missions to seven country offices – in Algeria, Armenia, Namibia, the Central African Republic, the Dominican Republic, Pakistan, the Democratic Republic of the Congo – and the Regional Bureau for Latin America and the Caribbean to inform the report.
3. The audit team interacted mainly with the Enterprise Risk Management Division (ERM), which was tasked as the organizational focal point to gather evidence and interacted with the Chief Financial Officer and Assistant Executive Director, Resource Management Department, the Chief of Staff and the Operations Management Support Office (OMS) under his direction, the Office of the Inspector General, the Office of Evaluation, the Corporate Planning and Performance Division, and the Corporate Finance Division. A questionnaire was sent to regional bureaux and country offices from which to obtain a field perspective on the audit questions. The report was also informed by the Office of Internal Audit's independent review of enterprise risk management and the assessment of enterprise risk management maturity conducted by Baldwin Global from 29 September 2021 to 6 December 2021.¹ On 11 February 2022, the auditors shared a draft report with WFP management who shared their observations on the report on 8 March. On 1 April, the auditors submitted the final table of recommendations and the

¹ Final report issued on 31 March 2022 as "OIGA Advisory Assignment: Enterprise Risk Management Review and Assessment AA-22-01".

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final report in French, and these were translated by 12 April (recommendations) and 21 April 2022 (full report).

4. The main objectives of the audit were to examine:
 - the second line oversight mechanisms used by management, and their effectiveness;
 - the complementarity and coherence between second line control measures and the activities of third line functions; and
 - the efficiency of oversight mechanisms in the second and third lines, including the use of technology in supporting oversight effectively.
5. Management welcomes the External Auditor's observations and concurs on the need for robust planning, monitoring and oversight mechanisms for WFP's decentralized structure.
6. Management also agrees with the report's observations that WFP should clarify the definition of oversight and commits to updating the 2018 oversight framework by the first quarter of 2024, including by clarifying the definition of oversight in relation to first, second and third line responsibilities.
7. In April 2021, ERM launched the management oversight project, which has to date produced ten principles of regional bureau monitoring and oversight and a draft handbook on the same topic, which will be codified in an Executive Director's circular by the fourth quarter of 2022.
8. WFP has implemented three of the External Auditor's recommendations and is exploring additional ways of implementing the remaining 12 by the end of 2024.
9. Management thanks the External Auditor for its constructive engagement and collaboration throughout the process.
10. The following matrix sets out WFP's planned actions in response to the audit recommendations, and the timelines for their implementation.

Draft decision*

The Board takes note of the WFP management response to the recommendations in the report of the External Auditor on oversight by management (WFP/EB.A/2022/6-I/1/Add.1).

WFP MANAGEMENT RESPONSE TO THE RECOMMENDATIONS IN THE REPORT OF THE EXTERNAL AUDITOR ON OVERSIGHT BY MANAGEMENT			
External audit recommendation	Action by	WFP management response	Timeframe
<p>Recommendation 1</p> <p>The External Auditor recommends that the concept of oversight as used at WFP be clarified and standardized.</p>	Enterprise Risk Management Division (ERM)	<p>Agreed.</p> <p>ERM will formally clarify the definition of oversight in relation to first, second and third line responsibilities in an updated oversight framework to be presented at the Board's 2024 first regular session, and will seek to issue internal guidance in the interim.</p>	End of February 2024
<p>Recommendation 2</p> <p>The External Auditor recommends that the roles performed by the various oversight structures be clarified.</p>	Office of the Executive Director (OED) and Chief of Staff	<p>Agreed.</p> <p>OED will update the Executive Director's circular on executive management for policy, operations and strategy (OED 2020/017) to clarify the various management oversight structures and their terms of reference in relation to oversight.</p>	Third quarter of 2023
<p>Recommendation 3</p> <p>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.</p>	OED, with support from the Resource Management Department	<p>Agreed.</p> <p>OED will together with the Resource Management Department review the organizational structure, grading and positioning of ERM in connection with the findings of the Office of Internal Audit's independent review and assessment of enterprise risk management maturity conducted by Baldwin Global.</p>	Third quarter of 2022
<p>Recommendation 4</p> <p>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.</p>	ERM	<p>Agreed.</p> <p>ERM will clarify the use and understanding of the word "monitoring" from the perspective of the first and second lines, include that clarification in the updated oversight framework to be presented at the Board's 2024 first regular session, and aim to issue internal guidance in the interim.</p>	End of February 2024
<p>Recommendation 5</p> <p>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.</p>	ERM and OMS	<p>Agreed.</p> <p>In the draft regional bureau monitoring and oversight handbook to be codified in an Executive Director's circular by the fourth quarter of 2022, ERM has envisaged that high-risk issues will be transferred to headquarters for management as a matter of formal governance.</p>	31 December 2022

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External audit recommendation	Action by	WFP management response	Timeframe
<p>Recommendation 6</p> <p>The External Auditor recommends that the modalities for following up on recommendations made by the regional bureaux be clarified and formalized.</p>	ERM and OMS	<p>Agreed.</p> <p>ERM will formalize modalities for following up on recommendations that are concerned with high-risk issues in an Executive Director's circular to be issued by the fourth quarter of 2022. Internal guidance on recommendations concerned with medium- or low-risk issues, will be provided in the regional bureau monitoring and oversight handbook to be codified in the same Executive Director's circular.</p>	31 December 2022
<p>Recommendation 7</p> <p>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.</p>	ERM, with support from the Corporate Planning and Performance Division (CPP), the Research, Assessment and Monitoring Division and OMS	<p>Agreed.</p> <p>Management will define and incorporate performance monitoring and oversight obligations into the Executive Director's circular mentioned in the response to recommendations 5 and 6.</p>	31 December 2022
<p>Recommendation 8</p> <p>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.</p>	ERM, with support from OMS and ERM	<p>Agreed.</p> <p>Guidance will be provided to regional bureaux on measuring the number of oversight missions and assessing the relative weight of oversight, technical support and strategic direction activities.</p>	30 November 2022
<p>Recommendation 9</p> <p>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.</p>	ERM	<p>Agreed.</p> <p>During the pandemic in November 2020, ERM conducted an exercise to collect information on remote oversight activities, key findings and best practices of the regional bureaux. The exercise will be repeated to cover remote oversight in calendar years 2021 and 2022.</p>	31 December 2022

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<p>Recommendation 10</p> <p>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.</p>	OMS with regional bureaux, with support from ERM	<p>Agreed.</p> <p>Some regional bureaux already have dashboards that track the follow-up to management oversight mission recommendations,¹ particularly high-risk recommendations. Management envisages incorporating high-risk recommendation tracking and follow-up into the corporate risk and recommendation (R2) tracking tool across all regional bureaux by the first quarter of 2023.</p>	31 March 2023
<p>Recommendation 11</p> <p>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.</p>	ERM	<p>Agreed.</p> <p>Generic job profiles for P-2 to P-5-level risk and compliance advisors based in the field will be updated and completed by the end of 2022. The main accountabilities of risk focal points based in the field, which have largely covered facilitating the annual performance planning and risk register exercise, supporting the annual Executive Director assurance exercise and following up on internal audit recommendations, will also be updated.</p>	31 December 2022
<p>Recommendation 12</p> <p>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.</p>	ERM	<p>Agreed and completed.</p> <p>The country risk profile index is used to determine the risk level of a WFP operation in a given country, based on external and objective data, while the country office risk prominence rating is derived from the country office's self-assessment of risk concerns of its choosing. The nature and intended use of the two datasets are inherently different and, in ERM's view, it is important to maintain both. To identify the level of risk and the support required in a country, ERM overlays the two datasets and also takes into account the presence of any full-time, in-country risk and compliance support. ERM periodically reviews the weighting of the various criteria that underpin both risk assessments.</p>	Completed

¹ Via an Excel tracking workbook or a Tableau dashboard.

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<p>Recommendation 13</p> <p>The External Auditor recommends that risk monitoring be locally adapted according to the level of risk indicated by the selected indicator.</p>	ERM	<p>Agreed and completed.</p> <p>ERM notes that risk monitoring is already adapted to the various risk and capacity levels of country offices. Risk monitoring is regularly promoted in the field through communications in relation to exercises such as annual performance planning, which includes the risk register process, particularly in high-risk country offices, and through the standard operating procedures for risk monitoring issued in early 2021. ERM will continue to support country offices in adapting risk monitoring processes to local conditions, including by reviewing the suitability of the indicators and thresholds used to determine local risk appetites.</p>	Completed
<p>Recommendation 14</p> <p>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.</p>	ERM	<p>Agreed.</p> <p>ERM will work with the R2 vendor to advocate further automation of the data input process, including the automated upload of risk register templates and, where appropriate, risk monitoring reports. The vendor has indicated that this is a feature that it intends to release on the platform in 2023. The R2 system already allows the centralized uploading of issues and actions.</p>	30 September 2023
<p>Recommendation 15</p> <p>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.</p>	CPP	<p>Agreed and completed</p> <p>In addition to a dedicated COMET resource page on WFPgo as well as WeLearn training, CPP regularly holds webinars with country offices to ensure procedures are understood. To date, a number of webinars and in-person training sessions have been held since the 2015/2016 rollout of COMET. Through either remote or on-site training, the CPP COMET team provides continuous support to the field for reconciling data, taking into account country office feedback which resulted in several updates to COMET's reconciliation dashboard. In 2022, work is under way to further enhance COMET to include new visualization features and other improvements to facilitate country office reconciliation.</p>	Completed

Acronyms

COMET	country office tool for managing effectively
CPP	Corporate Planning and Performance Division
ERM	Enterprise Risk Management Division
OED	Office of the Executive Director
OMS	Operations Management Support Office