

External Audit World Food Programme

Annual session of the Executive Board
28 June 2023

Mr. Kay Scheller, Präsident des Bundesrechnungshofes

Outline

- Bundesrechnungshof
- Audit approach
- External auditor
- Audit reports financial year 2022
- Observations beyond the 2022 audit

Bundesrechnungshof - Our audit expertise

- United Nations Board of Auditors, New York, 2016 to 2022
 - ✓ UN Peacekeeping Operations
 - ✓ UN High Commissioner for Refugees
 - ✓ UN Development Programme
 - ✓ other UN entities
- Other audit mandates:
 - ✓ OSCE, IAEA, UNIDO, WTO, EUMETSAT, OPCW, and others

Bundesrechnungshof - Our audit approach

- *“The constructive approach and the wide spectrum of audit topics laid the groundwork for the UN administration to make well-founded and swift decisions”* (Under-Secretary-General Catherine Pollard)
- Recommendations that add value to the entity, are focused, and allow for timely implementation
- Focus on the field and the coordination between country offices, regional bureaux, Headquarters, partners, and other UN entities
- Together with WFP - pulling in the same direction - adding value

External Auditor - Mandate

- WFP Financial Regulations
 - ✓ *Contract with the Executive Board*
 - ✓ *Independent and exclusive*
 - ✓ *Audit opinion on the financial statements*
 - ✓ *Enables the Board to approve the financial statements*
 - ✓ *Sole responsibility for the conduct of the audit*

External Auditor - Mandate (cont'd)

- WFP Financial Regulations
 - ✓ *Observations regarding efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of WFP*
 - ✓ *Performs specific examinations and issues separate reports upon request of the Executive Board*

External Auditor - Internal audit

- International Standards on Auditing
 - ✓ *Internal audit function is not independent as is required of the External Auditor*
 - ✓ *Limitations on the use of the work of the internal audit function*
 - ✓ *Coordination of audit visits to the extent possible*

External Auditor - Those Charged with Governance

- International Standards on Auditing require direct communication with those charged with governance
 - ✓ *Executive Board, Executive Board Bureau, committees*
 - ✓ *United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ)*
 - ✓ *FAO Finance Committee*

Audit Financial Year 2022 - Audit opinion

- Unmodified audit opinion
 - ✓ *“In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WFP as at 31 December 2022 and its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).”*

Audit Financial Year 2022 - Audit work

- Recommendations: 27 financial audit, 30 performance audit
- Audit visits 2022
 - ✓ Headquarters
 - ✓ Regional Bureaux Cairo and Johannesburg
 - ✓ Country Offices Egypt, Jordan, Lebanon, Malawi, Mozambique, Tanzania, and remotely Zimbabwe

Audit Financial Year 2022 - Audit results

- Financial audit
 - ✓ Contribution agreement management to be improved
 - ✓ Commodities at partners to be accounted for
 - ✓ Tangible assets to be disposed, processes to be analysed
 - ✓ Cost-benefit analysis for outsourcing of payroll needed

Audit Financial Year 2022 - Audit results cont'd

- Support Services
 - ✓ Lack of central database for long-term agreements
 - ✓ No comprehensive overview of local software and redundant solutions
- Fuel Management
 - ✓ Insufficient use of long-term agreements for fuel
 - ✓ Lack of robust and reliable production data of solar power systems

Observations beyond the 2022 audit

- Rapid growth of WFP in the past decade
 - ✓ Less rapid adaptation of processes and IT-systems
 - ✓ Need for restructuring, re-centralization?
- Transparency, accountability
 - ✓ Delegation of authority
- Needs based budget and implementation plan
- Governance review

Questions?