

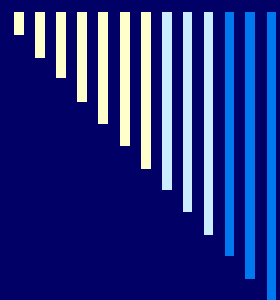
# Outstanding Issues on Governance and Oversight

**Executive Board Seminar**

**8 November 2007**

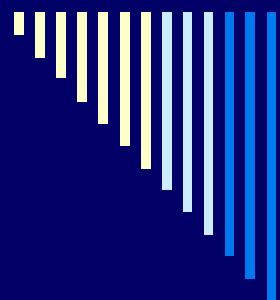
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Executive Board Seminar: Outstanding Issues on Governance and Oversight



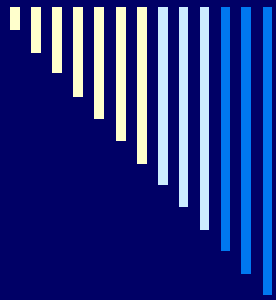
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1. Background
2. Code of Governance
3. JIU Recommendations
4. Gaps & Implementation Plan



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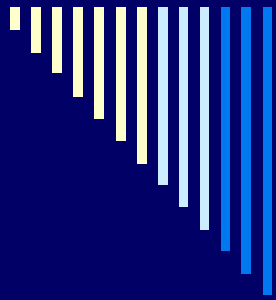
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## Background

# WFP Oversight Reforms

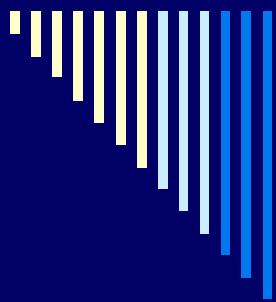
- First to establish an office of Inspection and Investigation (1994);
- New financial framework based on full-cost recovery with flexible budgeting (1995)
- Pioneered RBM with results-oriented Strategic Plan, Management Plan and the Annual Performance Report
- Audit committee with external members and chair
- Developed and adapted a Risk Management Policy
- Developed policy for Whistleblower protection
- Early adopter of International Public Sector Accounting Standards (IPSAS)(2008)



## Background

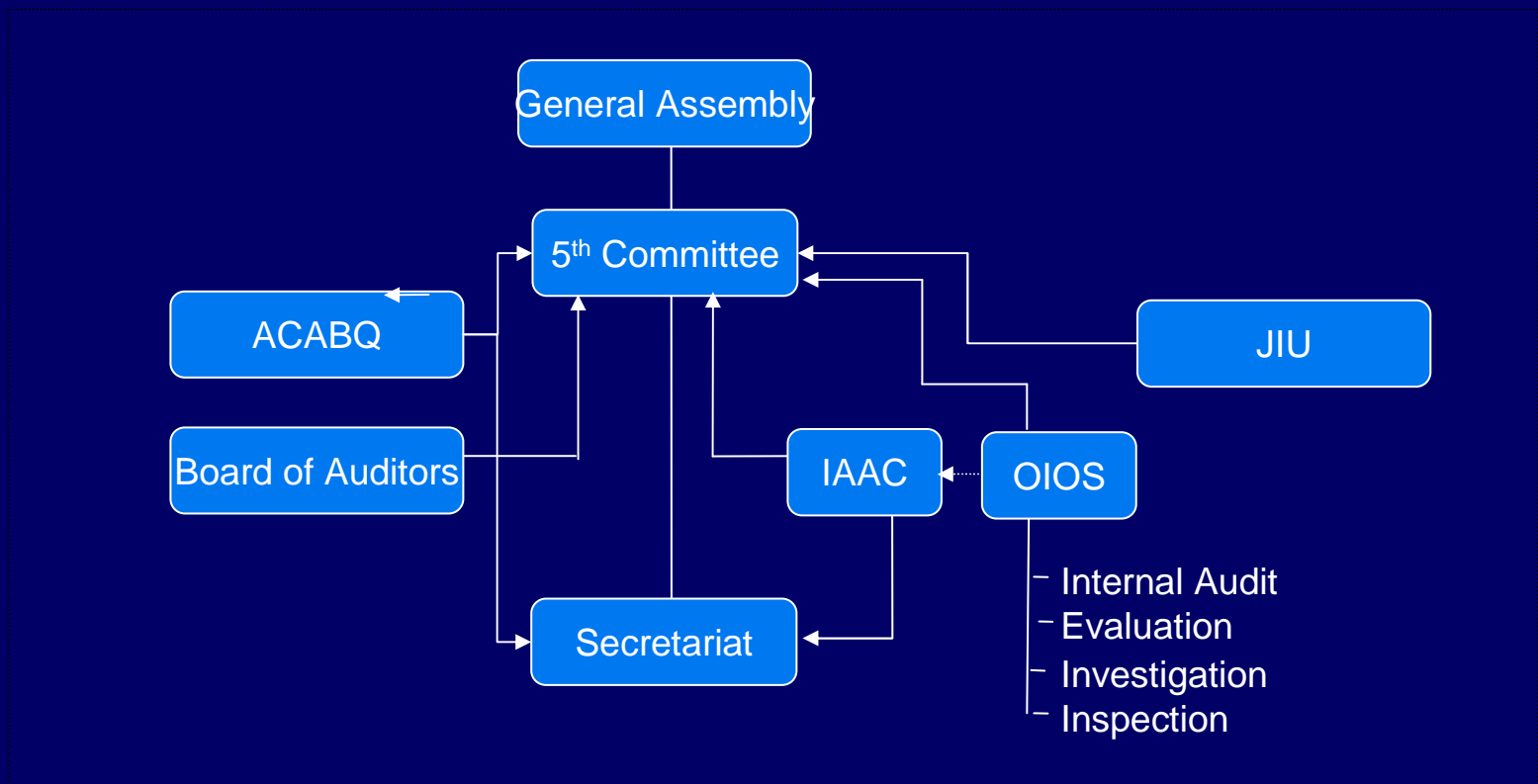
# WFP History

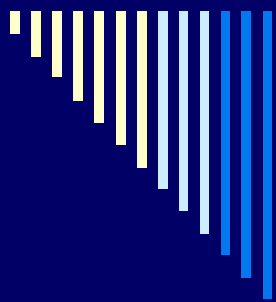
	<u>Governing Body Type</u>	<u>No.</u>
1960 WFP Established	Intergovernmental Committee (ICG)	
1975 Change in Governing Board	Committee on Food Aid Policies and Programmes	30
1991 Enlargement of Governing Body	Increases from 30 to 42	42
1995 Proposed change to Governing Board	Proposed Executive Board	
1996 Change to Executive Board	In effect since Jan. 1996	36



Background

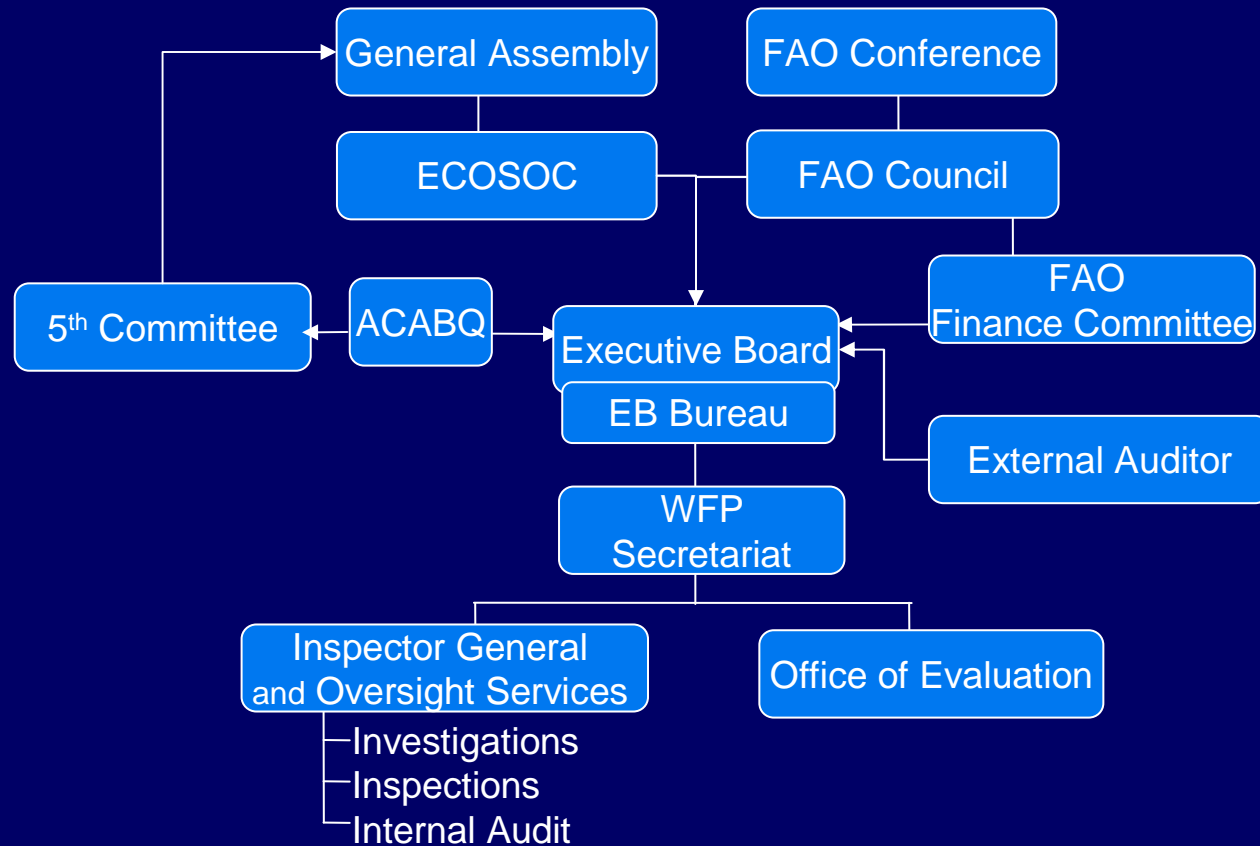
# UN Secretariat Governance and Oversight Architecture

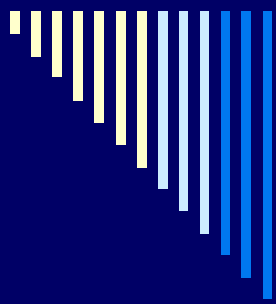




Background

# WFP Governance and Oversight Architecture





Background

# Governance and Oversight Architecture

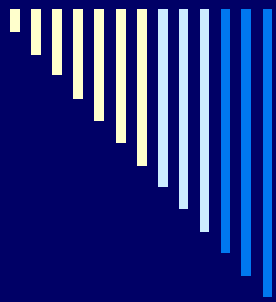
UN System:

- UN Secretariat
- Funds and Programmes
- Specialized Agencies

Accountability:

- ➔ General Assembly and its Committees
- ➔ Respective Executive Boards, and through ECOSOC, to the General Assembly
- ➔ Agency-specific governing bodies (The Conference and the Council for FAO)





## Background

# WFP within the Oversight Structure

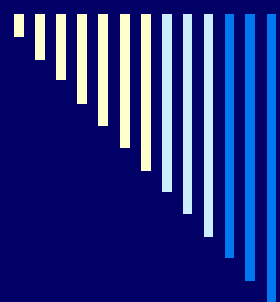
Because of its dual parentage, WFP reports to both the:

- ECOSOC/General Assembly, and
- the FAO Council/Conference

On finance and budgetary matters,

The Executive Board draws on the advice of:

- The ACABQ (Advisory Committee on Administrative and Budgetary Questions)
- The Finance Committee of FAO



## Background

# Review of Governance and Oversight – In the United Nations

### Review Initiatives:

- Comprehensive Review of the Governance and Oversight within the UN system  
(A/60/883-10 July 2006)



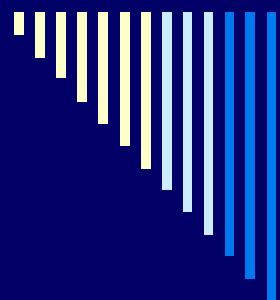
### Review Results:

The United Nations Code of Governance  
(Annex I)

- JIU study on “Oversight Lacunae in the UN System”  
(JIU/REP/2006/2)

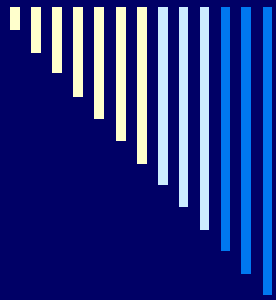


17 Recommendations  
(Annex II)



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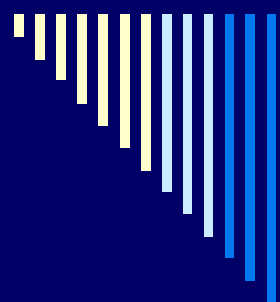
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## Code of Governance

# Code of Governance

1. Strategy, Mission, Planning and the Governing Body
2. Governing Body and Committee Structures
3. Human Resource Management
4. Transparency and Disclosure
5. Ethical Environment
6. Audit, Risk Management and Compliance

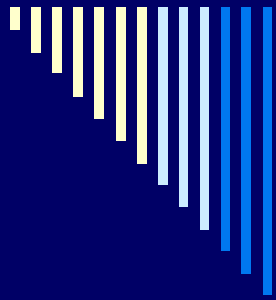


## Code of Governance

# 1. Strategy, Mission, Planning and the Governing Body

- A. Governing Body appointed by the Member States' representatives
  - No Gap. General Regulations Articles V and VI
- B. Governing Body sets and maintains strategic direction, allocation of resources and monitoring
  - No Gap. General Regulations Article VI
- C. Governing Body establishes strategic plan
  - No Gap. General Regulation Article VI
- D. Governing Body communicates purpose, tolerance for risk and key performance indicators
  - No Gap. General Regulation Article II General Rule II.1
- E. Expert Committees comprised of independent members
  - Not prohibited by the General Regulations

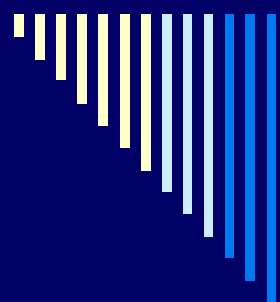




Code of Governance

## 2. Governing Body and Committee Structures

- A. The Governing Body appoints independent committees
  - Not prohibited by the General Regulations ?
  
- B. Responsibility for a Committee's actions or omissions remains with Board
  - Not specified in the General Regulations that the Board ever relinquishes responsibility ?
  
- C. Access to independent expert advice
  - Not prohibited by the General Regulations ?



## 2. Governing Body and Committee Structures

D. Formal, Transparent Nomination Procedures for Committees

- Not specified in the General Regulations



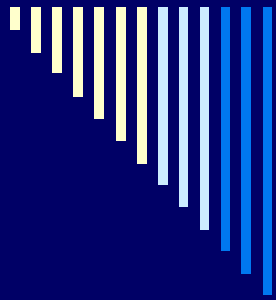
E. Governing Body and Committee membership rotation

- No Gap for Executive Board member
- Not specified for Committee membership





D. Formal, Transparent Nomination Procedures for Executive Director through Governing Body

- The Executive Director appointed by the Secretary-General and the Director-General. The Executive Board performs a consultative role.






## Code of Governance

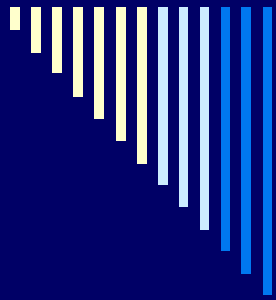
# 3. Human Resource Management

- A. Competencies of the Board, Committees and Executive management reflect the knowledge, skills needed
  - No Gap
  
- B. Providers of funding support compensation policies for expert committee members and Executive Management
  - No Gap for Executive Management
  - Not specified in the General Regulations for committee 
  
- C. Succession plans are in place for the Governing Body, its Committee and executive management
  - No Gap for the Board; members elected
  - Some gap for Executive Management 



## 4. Transparency and Disclosure

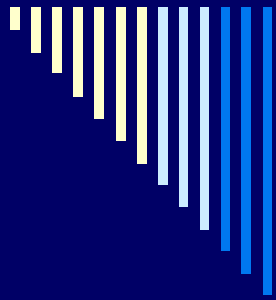
- A. Provision disclosure of significant matters to the Board
  - No Gap. General Rule VII.2
- B. Oversight responsibilities reflected in biennial report
  - No Gap. Annual Report to the FAO Council and UN ECOSOC
- C. Disclosure of personal and related party financial matters that may give rise to any conflict of interest
  - In process 
- D. Code of conduct for governing body members
  - Gap exists 
- E. Board performance review through facilitated evaluation
  - Gap exists 



## Code of Governance


# 5. Ethical Environment

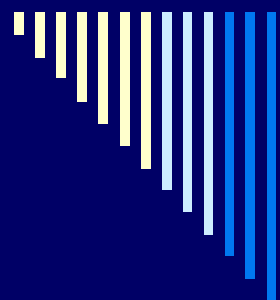
- A. Responsible and responsive actions toward Stakeholders
  - No Gap. General Regulations Article II
- B. Written Code of Conduct
  - No Gap.
- C. “Whistle-Blowing” mechanisms and protections
  - No Gap. Executive Circular on “Whistle-Blower” protections



## Code of Governance

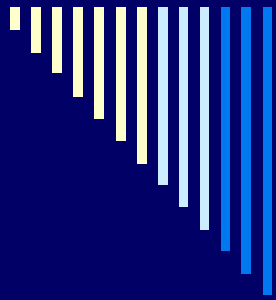
# 6. Audit, Risk Management and Compliance

- A. Disclosure in biennial report on robust internal controls, risk management systems, and compliance with laws and accounting standards
  - No gap. Refinement possible.
- B. Audit Committee with independent members
  - External membership
  - Gap in appointment/reporting line 
- C. Internal Audit Function
  - No Gap
- D. External Audit appointed by and accountable to the Assembly of Member states through the Audit Committee
  - No Gap. Appointed by the Executive Board



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## JIU Recommendations

### 1. Independent External Oversight Board

- Some Gap exists



### 2. Peer Review for ACABQ, ICSC and JIU

- Not Applicable to WFP

### 3. Budgets for ACABQ, ICSC, JIU

- Not Applicable to WFP

### 4. Oversight Staff Employment Restrictions-ACABQ, ICSC, JIU

- Not Applicable to WFP



## JIU Recommendations

### 5. External Auditor Term Limits

- A. Establish term limits for the External Auditors
  - No Gap; Improvement possible
  
- B. Bar External Auditor staff from employment in organizations audited for 3 years
  - Gap exists



### 6. Consolidated Internal Oversight Functions.

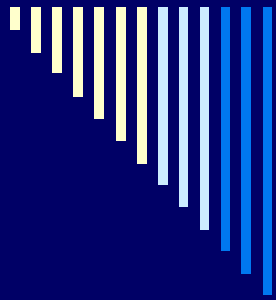
Consolidate audit, inspection, investigation and evaluation in a single oversight unit reporting directly to the Executive Director

- These functions report directly to the Executive Director
- Some Gap exists in consolidation



## 7. Investigation Capacity

- A. Establish minimum in-house investigation capacity
  - No Gap
- B. Ensure that investigations is staffed with qualified investigators
  - No Gap
- C. Ensure that the investigation units is authorized to initiate investigations without management interference
  - No Gap
- D. Establish independent reporting procedures for investigations
  - No Gap. Reports directly to the Executive Director



## JIU Recommendations

### 8. “Whistle-Blower” Mechanisms and Protections

- No Gap.

### 9. Budget Proposals presented to External Oversight Board

- Budget not presented separately to the Executive Board






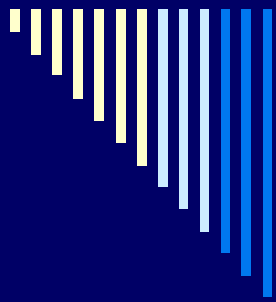




## JIU Recommendations

# 10. Transparent Selection of Head of Internal Oversight

- A. Candidates should be identified on the basis of a vacancy announcement
  - No Gap
  
- B. Appointment should be subject to Executive Board consultation and prior consent
  - Gap exists 
  
- C. Termination for just cause should be subject to Executive Board review and consent
  - Gap exists 
  
- D. Term-limits of 5 to 7 years, with no expectation of further employment in the same organization
  - Gap exists 

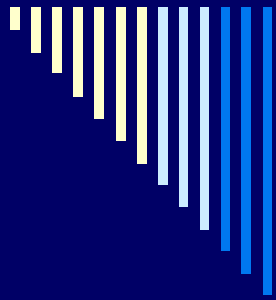


## JIU Recommendations

# 11. Reporting Standards for Internal Oversight

- A. Internal oversight reports submitted to the Executive Director
  - No Gap
- B. Annual internal oversight summary report submitted to oversight board
  - Oversight Board does not exist
- C. Individual internal audit, inspection and evaluation reports to be provided to oversight board
  - Oversight Board does not exist
- D. Individual investigation reports to be provided to the oversight board
  - Oversight Board does not exist





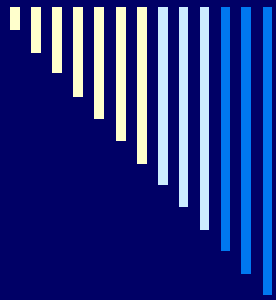
## JIU Recommendations

### 12. Oversight Recommendation Follow-Up

- A. Establishment of database for follow-up of oversight recommendations
  - No Gap
- B. Summary of recommendations not fully implemented to be included in the annual internal oversight summary
  - Being incorporated in the next report

### 13. Internal Oversight Peer Review

- No Gap.



## JIU Recommendations

### 14. In-House Oversight Capacity

- No Gap

### 15. Ethics Function and Staff Ethics Training

- A. Establish an Ethics function
  - No Gap
- B. Establish Ethics Officer post
  - No Gap
- C. Provide mandatory integrity and ethics training for all staff
  - Under development. Expected rollout in 2008



## 16. Financial Disclosure Requirements

A. Establish financial disclosure requirements for all elected officials and all staff at the D-1 level and above

➤ In process. Expected by mid-2008



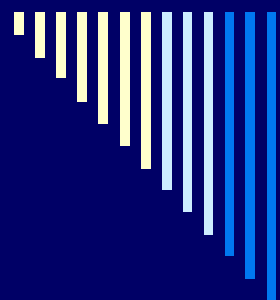
B. File financial disclosures annually to Ethics Officer

➤ In process. Expected by end-2008



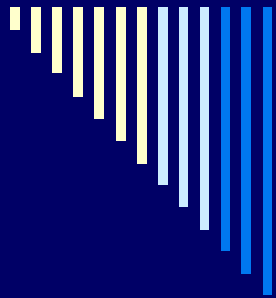
## 17. System-Wide Oversight Coordination

➤ WFP participates in System-wide oversight fora



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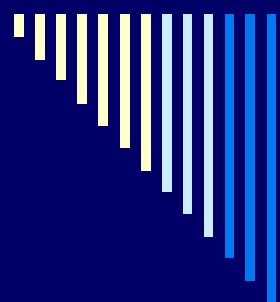
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## Gaps & Implementation Plan

# Gaps and Implementation Plan

Approval by Executive Board	Action Items
<b>Short-Term: 6-9 Months</b> <ul style="list-style-type: none"><li>➤ Under Board Authority</li></ul>	4
<b>Medium-Term: 1-3 Years</b> <ul style="list-style-type: none"><li>➤ Requires consultation and advice from advisory bodies for harmonization</li></ul>	3
<b>Long-Term: 3-5 Years</b> <ul style="list-style-type: none"><li>➤ May require changes in the General Regulations; approval by the General Assembly and the FAO Conference</li></ul>	1
<b>Action by Management</b>	5



## Short-Term Implementation

# 1. Evaluation of the Board's Performance

Code of Governance: Governing Body conduct and report on its performance annually through facilitated evaluation (4.5)

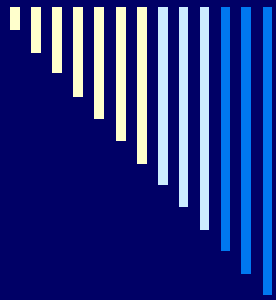
WFP Current Status:

Board issues an annual report to ECOSOC and FAO

**Possible Action:**

The Board may wish to decide to discuss its performance at the end of each session, or consider facilitated evaluation.





## Short-Term Implementation

# 2. Code of Conduct for the Board

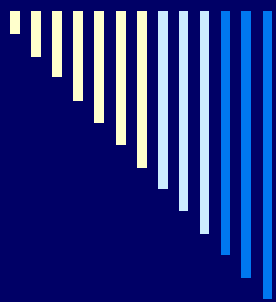
UN Code of Governance provides that there should be a written Code of Conduct (5.2)

WFP Current Status:

There is no such code for the members of the Board

**Possible Action:**

The Board could decide to establish a code of conduct for itself, drafted by the Secretariat for adoption in 2008



#### Short-Term Implementation

### 3. Term Limit of the External Auditor

Code of Governance: External Auditor shall be appointed through the Board's audit committee

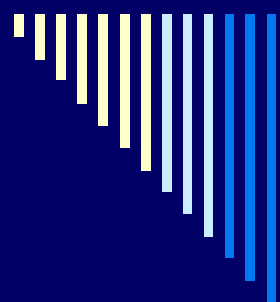
JIU recommendation: term limits be established for external auditors and its employees be barred from employment at WFP for 3 years

WFP Current Status:

External Auditors' terms are 4 years, with the possibility of a further 4-year appointment

**Possible Action:**

The Board is discussing the length of the terms and the modalities of reappointment and could decide at its next session



### Short-Term Implementation

## 4. Submission of the Internal Oversight Reports

The Steering Committee and JIU recommend that internal oversight reports be submitted to the Oversight Board

WFP Current Status:

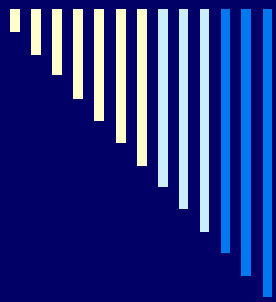
All evaluation reports, the annual evaluation report, and the biennial report of the Inspector General are presented to the Executive Board

Individual audit, inspection and investigation reports are not shared with the Executive Board

Recently CEB has given guidance. The Secretariat is preparing a policy proposal for the consideration of the Executive Board .

**Possible Action:**

Consider the Secretariat's proposal in February 2008



## Medium-Term Implementation

# 1. Independent Oversight Board / Audit Committee

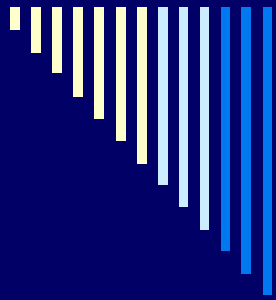
UN Code of Governance provides that there should be an Audit Committee (6.2); JIU recommends the establishment of an external oversight board (overseeing evaluation as well).

WFP Current Status:

WFP has no independent external oversight/audit committee but has an internal audit committee reporting to the Executive Director

**Possible Action:**

Provide guidance on establishing an external oversight board/audit committee



## Medium-Term Implementation

# 2. Budget of Oversight Bodies

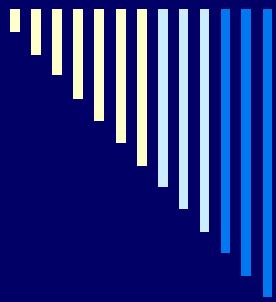
JIU recommendation 9 provides that oversight budgets be presented to external oversight board

WFP Current Status:

WFP does not have an external oversight board

**Possible Action:**

Depending on the guidance on establishing an external oversight Board/audit committee, the Executive Board could provide guidance on the submission of budgets for oversight functions



## Medium-Term Implementation

# 3. Comprehensive Accountability Framework

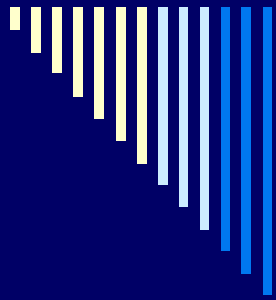
UN Code of Governance provides that it should ensure that management has a robust framework for internal controls, risk management and compliance mechanisms (6.1); JIU recommendations, taken together, become an accountability framework

WFP Current Status:

WFP has no specifically named accountability framework

**Possible Action:**

The Secretariat can develop a comprehensive accountability framework for the Board's review



## Long-Term Implementation

# 1. Independent Expert Committee

UN Code of Governance provides that the expert committees of the Board are independent (1)

WFP Current Status:

Procedures of the Board (Rule XIII) provide for the establishment of working groups or other bodies in WFP

**Possible Action:**

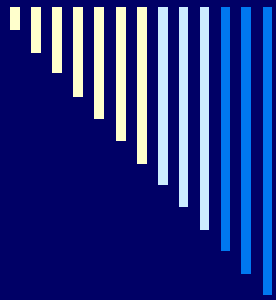
The Secretariat can draft an amendment to Rule XIII of the Procedures of the Board to specify committees with independent members, if the Board wishes



# Action for the Secretariat

	Implementation Period
A. Management Succession Plan	As required
B. Institute External Audit Staff employment restrictions	Short-Term
C. Consolidate oversight services	As required
D. Review procedures for appointment of the Head of Oversight Services and term limits	Medium-Term
E. Amend staff rules with financial disclosure requirements for staff at the D-1 level and above	Short-Term





## Issues under the Board's Authority

# Short-Term Implementation

The Board may wish to take the following actions:

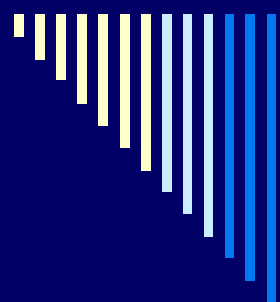
### 2008 Regular Sessions

- A Decide to discuss the Board's performance at the end of each session
- B Decide to have the Secretariat draft Code Of Conduct for the Board for discussion at the Second Regular Session
- C Discuss and decide the terms and reappointment of the External Auditor
- D Consider the Secretariat proposal on sharing internal audit reports with the Executive Board

## Medium-Term Implementation

The Board may wish to take the following actions:

- A. Provide guidance on establishing an external oversight board/audit committee
- B. Provide guidance on the submission of budgets for oversight functions
- C. Instruct the Secretariat to develop a comprehensive accountability framework for the Board's review and adoption



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Requiring changes to the General Regulations

## Long-Term Implementation

The Board may wish to ask the Secretariat to draft an amendment to Rule XIII of the Procedures of the Board on Working Groups and Subsidiary bodies of the Executive Board.