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WFP Oversight Framework

Executive Board Informal Consultation

11 April 2018

Vision and Framework for Oversight at WFP

Introduction and Overview



Cross-List Statement

The Framework update is made following a request in a cross-List statement at EB.A/2017:

“We would like to see a comprehensive and overarching vision for WFP’s control environment, one that includes WFP’s plans to define its risk thresholds and to revise its current risk frameworks, policies and assurance statements.”

“We are requesting WFP management to share its vision for WFP’s control environment and a clear definition of roles and responsibilities, including those of the regional bureaux within the operating model envisaged under the IRM. ”

Vision for Oversight at WFP

WFP's vision for organizational oversight is for it to drive continuous improvement, reinforce the highest standards of integrity, ethics and professionalism, and safeguard stakeholder confidence for the benefit of the people we serve.

Oversight activities are an opportunity for:

- Reflection and action in a dynamic, innovative and responsive organization.
- Dissemination of good practices and lessons learned.
- Critical assurance to stakeholders.
- Addressing emerging issues.

The Oversight Framework

The framework is a snapshot of evolving architecture and activities in place to operationalize the vision:

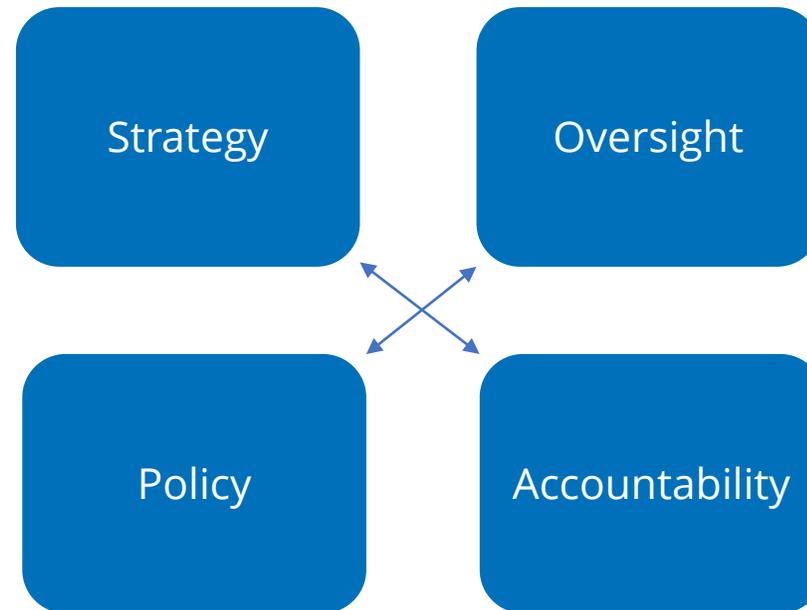
- ✓ Governance
- ✓ Activities
- ✓ Reporting arrangements

These components collectively comprise the oversight framework



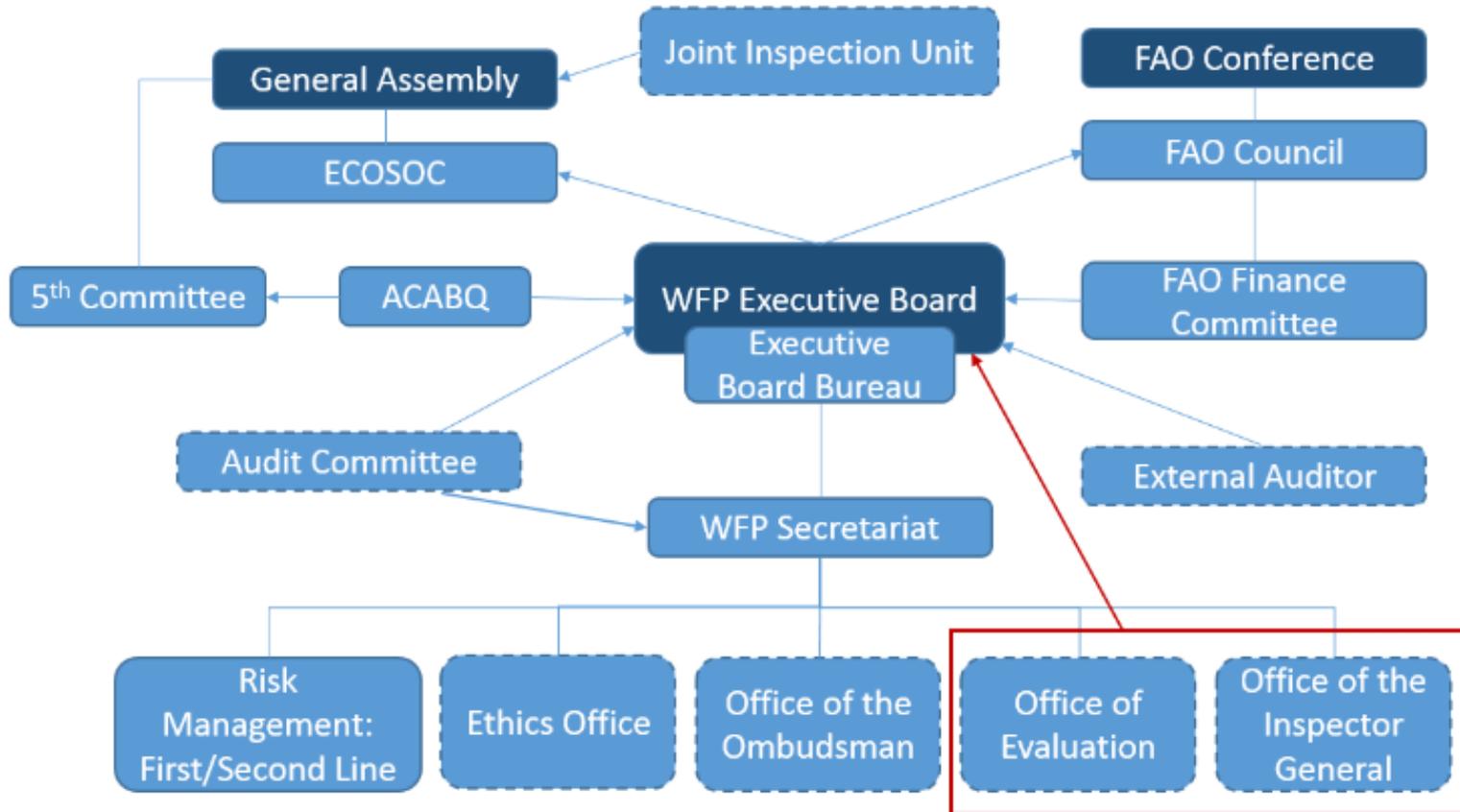
Progress since the 2011 Oversight Framework

The framework builds on the work of the Executive Board Governance Group, which defined four interlinked frameworks:



...and considers enhancements to governance and oversight since 2011, when the framework was first presented to the Executive Board.

WFP Governance and Assurance Architecture



The Framework considers the overall architecture of WFP governance and oversight within the Three Lines of Defense model

Enhancements to Governance and Oversight since 2011

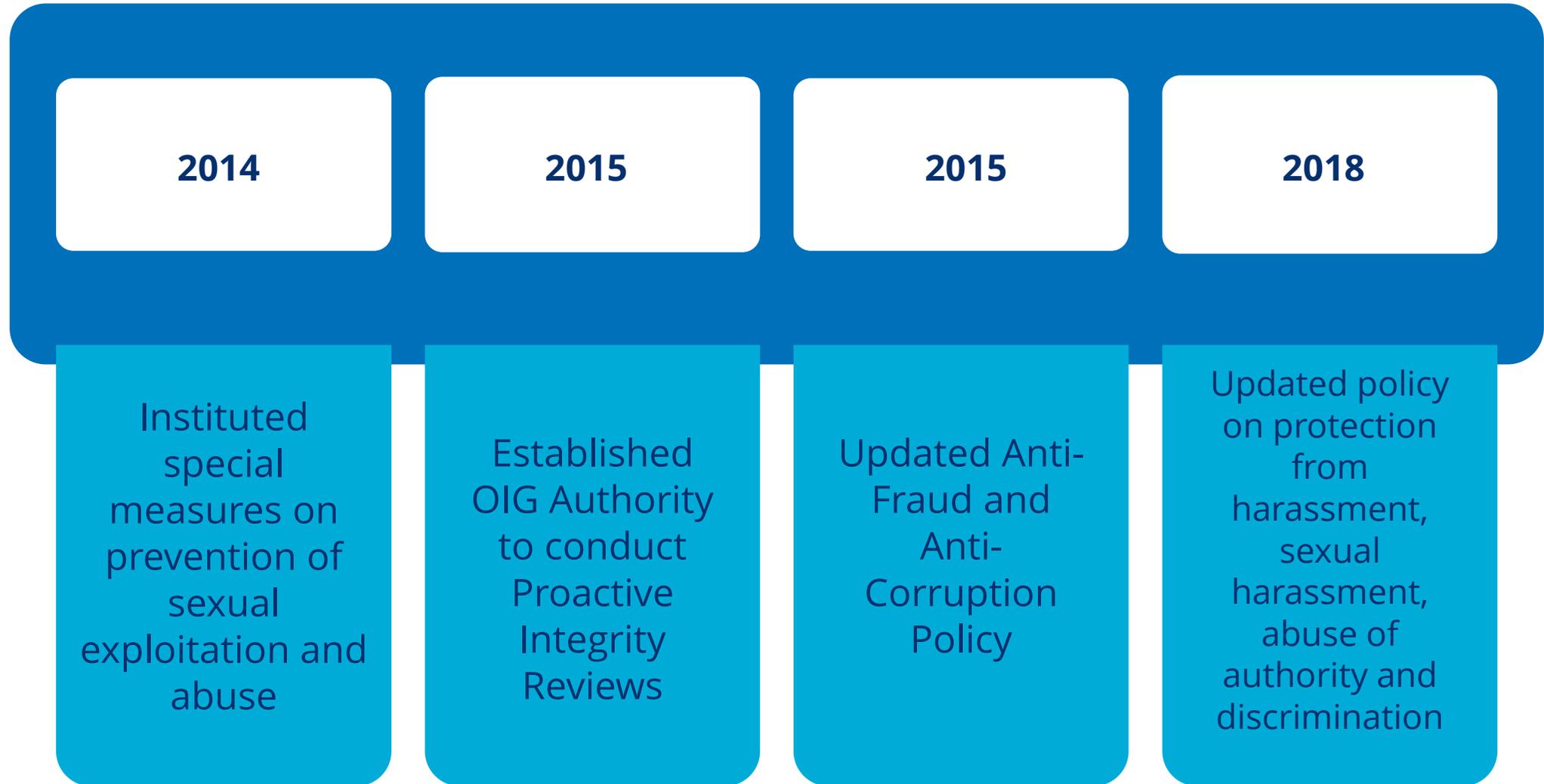
Overview of progress since the first Oversight Framework



Progress since 2011 – Governance Update



Progress since 2011 – AFAC and Staff Conduct



Progress since 2011 – Internal Control and Oversight

2012 / 2017

Established public disclosure of internal audit and inspection reports, and disclosure of PIRs to Member States

2014

Established consolidated analysis of oversight findings to support management and Audit Committee risk discussions

2015

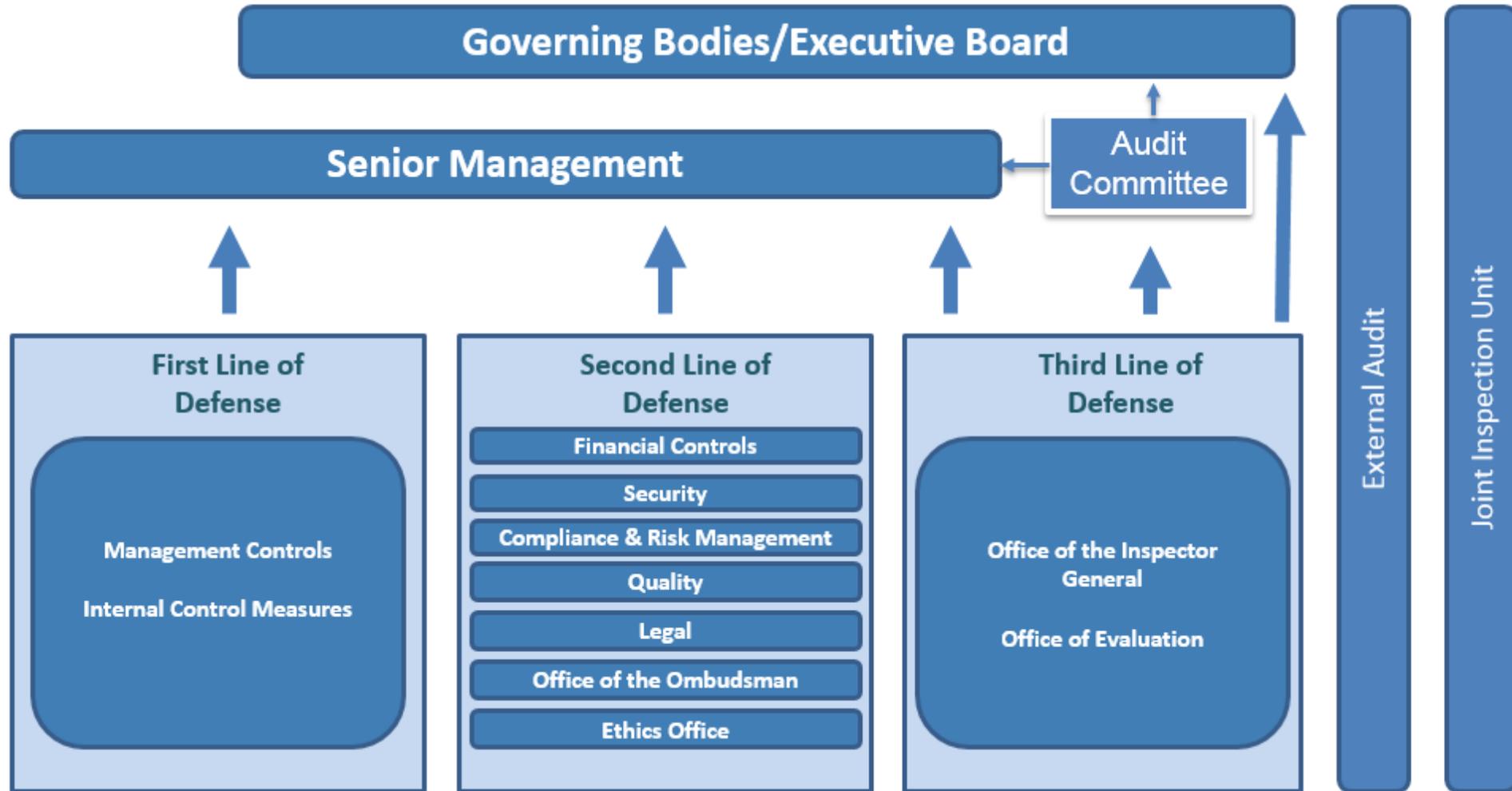
Updated Internal Control Framework in line with latest COSO2013 international standard

The Three Lines of Defense at WFP

Overview of Roles and Responsibilities



The Three Lines of Defense at WFP



The Three Lines of Defense

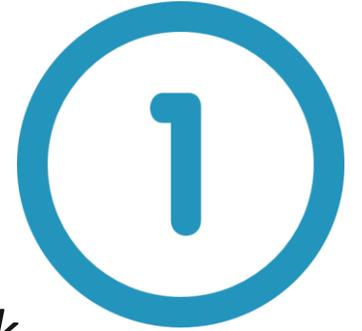
Roles and Responsibilities are distributed among:

- First Line: Operational management that owns and manages risk as part of day-to-day work
- Second Line: Management and independent functions that monitor risk and controls and serve as standard setters
- Third Line: Parties that provide independent assurance to the Executive Board and Executive Director.

External parties provide additional lines of defense.



First line of Defense – General Overview



Activities carried out in the course of core operations by the owners of risk and controls.

- Personnel and committees in WFP sub-offices, country offices, regional bureaux and HQ carry out first line functions in line with established delegations of authority.
- Activities involve ensuring checks and balances in decision-making and adequate supervision.
- Examples: Approvals, checks, due diligence, internal monitoring.

Second line of Defense – General Overview



Management and advisory functions that independently monitor risks and controls and set policies and standards for the control environment

- Personnel and committees in WFP sub-offices, country offices, regional bureaux and HQ carry out second line functions.
- Activities may be fully integrated or operate in a standalone manner.
- Functional management sets standards and manages functional risk.
- Risk and Compliance Advisers support first and second line activities in complex operations.
- Regional Bureaux play a key role in the first and second lines of defense.
- Second line activities continuously evolve with WFP's operating environment and based on major changes.

Second line of Defense – Spotlight on Key Actors

Management, advisory and independent functions that monitor risks and controls and set policies and standards for the control environment.

- **Enterprise Risk Management Division:** Management function that aims to accelerate improvements in ERM, internal control and assurance reporting. Steward for risk management policy, internal control framework, integrated analysis of oversight findings, and building maturity in management counter-fraud activities.
- **Ethics Office:** Independent office that aims to cultivate and nurture a culture of ethics, integrity and accountability through various advisory activities, annual conflicts of interest and financial disclosure programme, standard setting, and more. The fully independent whistleblower protection role is fulfilled by the Ethics Office.
- **Office of the Ombudsman:** Informal independent mechanism that provides conflict resolution services and advocates for fairness and equitable administration. Helps identify overarching and systematic issues.

First and Second Lines of Defense – Regional Bureaux

Regional Bureaux play a key role in both the first and second lines of defense.

- Regional Bureaux first and second line roles include:
 - ✓ Providing policy support and direction for operations
 - ✓ Providing leadership and guidance for Level 2 (regional) and 3 (global) emergencies
 - ✓ Ensuring quality of project design and project documents
 - ✓ Monitoring country office performance
 - ✓ Overseeing management and budgetary matters
 - ✓ Facilitating sharing of technical resources
- In 2018, WFP will define consolidated roles, responsibilities and terms of reference for the Regional Bureaux.

Third Line of Defense



Independent internal bodies that provide assurance to the Executive Director and Executive Board.

Office of the Inspector General (OIG)

- Activities include internal audit, investigations, proactive integrity reviews, inspections and advisory services.
- Activities performed in accordance with Institute of Internal Auditors Mandatory Guidance and the Uniform Principles and Guidelines for Investigations.
- Annual Report of the Inspector General synthesizes significant oversight findings for the Executive Board.

Office of Evaluation (OEV)

- Director of Evaluation sets standards and oversees the global evaluation function – including centralized and decentralized evaluation.
- All evaluation reports and management responses are available to the public.
- OEV Annual Report provides an update on progress in implementation of the Evaluation Policy; OEV also issues various synthesis reports.

External Lines of Defense

When coordinated effectively, external parties may provide additional lines of defense.

External Auditor

- Appointed by and reports to the Executive Board
- Single Audit Principle provides that external audits will be conducted exclusively by the External Auditor.
- Annual Financial Statement audit, and two performance audits.
- Management provides annual updates on progress on External Audit recommendations.

Joint Inspection Unit

- System-wide external oversight body reporting to the General Assembly.
- The Secretariat updates the Board annually on Joint Inspection Unit recommendations for management and Board action. It engages directly with the Membership on Board recommendations.
- In 2017, JIU maturity assessment placed WFP among top performers, with the highest possible maturity rating on JIU matters.

WFP Audit Committee

Expert advisory body that assists the Executive Board and Executive Director in fulfilling their governance responsibilities.

- Composed of external experts that are independent of Member States and management.
- Advises on the effectiveness of internal control systems, risk management, audit and oversight functions and governance.
- Aims to add value by strengthening accountability and governance within WFP.
- Terms of Reference regularly updated in line with emerging best practices (twice in 2017).
- Submits an annual report to the Executive Board.

Senior Management: The Secretariat

The Executive Director heads the Secretariat and is responsible and accountable for the administration of WFP.

- The Executive Director is responsible for supervising the management of WFP through a system of internal control and independent oversight.
- In line with the Accountability Framework, reporting includes:
 - ✓ **Annual Performance Report** based on the approved Management Plan
 - ✓ **Audited Annual Accounts**, presented together with the report of the External Auditor
 - ✓ **Executive Director's Statement on Internal Control**, which highlights significant risk and internal control matters.

Thank You.

