EXTERNAL AUDIT
ANNUAL SESSION OF THE EXECUTIVE BOARD
JULY 2020
AUDIT OF WFP FINANCIAL STATEMENTS
FOUR RECOMMENDATIONS

METHODOLOGY AND SCOPE OF THE AUDIT

- Final HQ mission: 17 Feb.-6 Mar. 2020
- Cour des comptes mandate: 1 Jul 2016-30 Jun 2022
- Main contact: Finance Division

FOLLOW-UP OF 2019 RECOMMENDATIONS

1. SCOPE deployment: IMPLEMENTED
2. Financial information: IMPLEMENTED
3. UNDP payroll: IMPLEMENTED
4. WINGS II: UNDER IMPLEMENTATION, CLOSED
5. Long-term employee benefits: UNDER IMPLEMENTATION

Cour des comptes & World Food Programme
July 2020

8.3 billion total revenue
(incl. 8 billion contributions)
7.6 billion total expenses
658 million surplus
5.9 billion net assets

UNQUALIFIED OPINION

ANNUAL SURPLUS

ACTUARIAL CALCULATIONS FOR LONG-TERM EMPLOYEE BENEFITS

INTERNAL CONTROLS ON SCOPE AND WINGS II

COMPLIANCE WITH ACCOUNTING PRINCIPLES

A

B

C

D

E
PERFORMANCE AUDIT OF WFP REAL ESTATE

15 RECOMMENDATIONS

1. ARCHIBUS DATABASE
   - 1,400 items in the real estate database (+43% since 2016)
   - 18,589 employees including 2,024 at HQ (+20% since 2016)

2. REAL ESTATE STRATEGY

3. REAL ESTATE DAY-TO-DAY MANAGEMENT

4. STAFF GROWTH AT HQ

5. UN COMMON PREMISES (2030 AGENDA)

METHODOLOGY AND SCOPE OF THE AUDIT

- Field visits: two regional bureaux (Dakar, Bangkok), seven country offices (Côte d'Ivoire, Kenya, Mali, the Democratic People's Republic of Korea, Philippines, Senegal, South Sudan)
- Main contact: Management Services Division

OBJECTIVES AND CHALLENGES OF THE AUDIT

1. Accuracy of inventory regarding IPSAS financial reporting requirements
2. Challenges of decentralization and space occupation anticipation
3. Monitoring operating expenses and environmental impact
4. Extension works, flexibility and safety norms
5. Cost-benefit of colocations, 50% target by 2021
PERFORMANCE AUDIT OF WFP AIR TRANSPORT SERVICES

16 RECOMMENDATIONS

GOVERNANCE

FINANCIAL REPORTING

ENVIRONMENTAL IMPACT

OPERATIONAL STRATEGY

RISK MANAGEMENT

412,000 passengers (404,000 with UNHAS), 35,100 MT of cargo, 90 aircraft, 620 airdrops, 17,337 MT of cargo dropped (WFP Aviation Report 2019)

METHODOLOGY AND SCOPE OF THE AUDIT

▪ Field visits: two regional bureaux (Dakar, Bangkok), seven country offices (Côte d'Ivoire, Kenya, Mali, the Democratic People's Republic of Korea, Philippines, Senegal, South Sudan)
▪ HQ missions: 15-19 July 2019 & 20-31 Jan 2020
▪ Main contact: Aviation Service (OSCA), ASU

OBJECTIVES AND CHALLENGES OF THE AUDIT

1. Proper communication of WFP’s governance, services, mandate and clients
2. Multiple budgetary schemes (CSP, Aviation Special Account), support costs, surpluses
3. Compliance with rules and update of risk registers
4. Relevance and effectiveness of air operations
5. Transparency and calculation scope
**ANNEX – AIR TRANSPORT SERVICES**

**SIMPLIFIED FINANCIAL FRAMEWORK FOR AIR OPERATIONS**

<table>
<thead>
<tr>
<th>CSP EXPENDITURE</th>
<th>ASA EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- UNHAS and Long-term aviation services operational and support costs</td>
<td>- Short-term (ad hoc) aviation service operational and support costs</td>
</tr>
<tr>
<td>- Management Cost Recovery (MCR) transferred to ASA</td>
<td>- Headquarters aviation staff and office costs</td>
</tr>
<tr>
<td>- Direct support Costs (UNHAS)</td>
<td></td>
</tr>
<tr>
<td>- Indirect Support Costs (UNHAS)</td>
<td></td>
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</tbody>
</table>

<table>
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<tr>
<th>CSP REVENUE</th>
<th>ASA REVENUE</th>
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<tr>
<td>- Donor contributions (UNHAS)</td>
<td>- Programme Support and Administrative Budget (PSA) 6.5% - \textbf{NOT IN 2019}</td>
</tr>
<tr>
<td>- UNHAS partial cost recovery on clients</td>
<td>- Management Cost Recovery (MCR) 4.5%</td>
</tr>
<tr>
<td>- Long-term aviation services full cost recovery on clients</td>
<td>- Short-term (ad hoc) aviation services recovery on clients</td>
</tr>
</tbody>
</table>

**WFP aviation operations**

- **Circuit 1 - UNHAS**
  - CSP 75.3% of total aviation expenditures (2019)
  - 247 MUSD

- **Circuit 2 - ad hoc aviation services, requested by a client**
  - ASA 3.4% of total aviation expenditures (2019)
  - 11 MUSD

- **Circuit 3 – long-term aviation services, requested by a client**
  - CSP 21.3% of total aviation expenditures (2019)
  - 70 MUSD
DOUBLE BILLING OF SUPPORT COSTS: an alternative approach

Donors pay twice for support costs (6.5% ISC on contribution, 4.5% MCR on contracts) but PSA budget fueled by ISCs does not retribute to Aviation (2019 figures)

- 6.5% ISC recovery on donors’ contributions USD 9.8 M
- 4.5% MCR recovery on aviation contract payments USD 8.4 M
- MCR resource to ASA USD 8.4 M
- Annual ASA surplus USD 1.27 M
- ASA cumulative surplus (USD 25.7M)
- PSA Allocation to ASA USD 0.004 M
- PSA Allocation to non-Aviation services USD 9.796 M
- PSA Allocation to ASA
  - MCR recovery (<4% until target of ASA cash level reached)
  - ASA surplus consumption
  - Minimum ASA cash position
- Minimum ASA cash position
- Minimum cash position
- MCR recovery (>4.5% after target of ASA cash level reached)
- PSA Allocation to ASA
  - PSA Allocation to non-Aviation services
  - PSA Allocation to ASA
- Proposition (Not implemented)
- HQ aviation staff and office costs, Advances for short-term aviation
- Minimum ASA cash level reached
- After

Today
Tomorrow
Cour des comptes & World Food Programme
July 2020