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برنامج الأغذية العالمي

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For consideration

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

Note by the Executive Director on the annual report of the Inspector General

Introduction

1. This document presents the Executive Director's comments on the annual report of the Inspector General.¹ It comments on the work of the Inspector General and the functioning of the Office of the Inspector General (OIG) and outlines actions for addressing issues raised in the report.
2. The following text refers to specific paragraphs and sections in the report.

Actions and comments

Assurance statement – opinion

3. The Executive Director welcomes the report's overall conclusion – in paragraph 7 – that OIG had not identified any significant weaknesses in internal control, governance and risk management processes in WFP that would have a serious effect on achievement of the strategic and operational objectives of the organization. In the Executive Director's vision for WFP, accountability and transparency in resource use and risk management are important to the people WFP serves and paramount to WFP's donors. While some practices require improvement, the Executive Director continues to support the WFP internal audit strategy for 2016–2020, which is coherent with WFP's Strategic Objectives and centred on proactive risk management practices. The Executive Director is also pleased to announce that WFP has allocated USD 1.3 million to OIG in 2018, enabling the office to increase its activities

¹ WFP/EB.A/2018/6-F/1.

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aimed at making WFP operations more effective while delivering to the people in greatest need in ways that protect their dignity and integrity.

Absence of management interference

4. The Executive Director is pleased to note OIG's confirmation – in paragraph 12 – of its independence, the absence of management interference in its work planning and reporting and the absence of resource constraints or other issues affecting the independence of oversight activities or the assurance statement.

Internal audit and advisory services; audit results and areas for improvement

5. The Executive Director notes the value of OIG's continued contribution to strengthening WFP's controls, governance and risk management. The Executive Director takes note of OIG's recommendation on strengthening enterprise risk management and welcomes the overall positive findings in 2017, with no audit engagements rated as unsatisfactory and improved results reported in the Nigeria, Somalia and Yemen emergency operations.
6. The Executive Director appreciates the advice of the Office of Internal Audit and its support to the Committee on Commodities, Transport and Insurance.

Major issues identified in 2017 and assurance coverage planned for 2018

7. The Executive Director takes note of the main risk areas in 2017 and emerging risks identified for 2018 and reports the following progress:
 - *Implementation of the Integrated Road Map (IRM):* Working with its partners, WFP embarked on an ambitious project to align itself with the 2030 Agenda for Sustainable Development by designing and implementing the IRM. As part of the United Nations reform process and the new way of working, WFP continues to augment its capacity to implement the IRM and undertake the necessary changes to its organizational structure. Financial and human resources have been dedicated to reinforcing accountability and oversight mechanisms and fostering more effective change management processes. Further efforts are needed however in relation to the standardization and streamlining of processes and the transition to the new financial framework.
 - *Cash-based transfers (CBTs):* Building on its competitive advantages in supply chain and large-scale field presence, WFP has positioned itself as the global leader in the use of CBTs in humanitarian response. In 2017, WFP's CBTs delivered a total of USD 1.4 billion to 19.2 million people in 61 countries – accounting for more than 30 percent of the total transfer value delivered by WFP. While significant improvements need to be made as the transfer modality and its governance structure mature, compared with previous years, WFP put in place more rigorous control frameworks and supporting tools and significantly strengthened its own capacities in CBT programmes and those of its partners. The appointment of a global coordinator of CBTs reporting to the Chief of Staff demonstrates the importance of CBT management as a corporate priority.
 - *Beneficiary data management:* SCOPE is WFP's main digital platform supporting beneficiary and transfer management. In 2017, SCOPE was introduced in 51 countries with WFP operations. WFP continues to accelerate SCOPE adoption and to transform SCOPE into a common digital platform for supporting all transfer modalities. Information technology capacities at the international and national levels have been established in all regions to enable country offices to use SCOPE. WFP has been strengthening its governance and process ownership structure for SCOPE including by developing more coherent policy and guidance. Overall, WFP improved the alignment between its corporate priorities and commitments and resource allocations through the management plan and extra-budgetary allocation processes.

- *Gaps in workforce planning and alignment of the workforce:* People with the right skills are essential to WFP. The gaps identified in 2016 remained a major concern in 2017, particularly in regard to the IRM. WFP allocated additional resources to its Human Resources Division to support country offices in aligning their organizational structures and staffing with the requirements of the new country strategic plans. The Executive Director is pleased to announce that WFP continues its efforts to improve its workforce management by establishing an international talent pool and senior leadership competency assessments. There is still a gap in long-term and more purposeful planning and management of the overall workforce, however, and the information systems needed to provide the requisite data and analysis are currently being upgraded, including through the introduction of a succession planning tool. In 2018/19, the Human Resources Division will build its capacity to significantly strengthen workforce planning.
- *Information Technology Division:* By working towards our corporate vision of digital transformation, WFP aims to enhance data-driven, real-time decision-making to position itself as a global leader in the use and management of digital data for humanitarian and development efforts. WFP will continue to address critical issues such as data management, cybersecurity and the enhancement of SCOPE as an inter-agency digital platform. WFP has invested significant resources in these areas in 2017, and innovative projects are under way to strengthen the production of automated indicators and the wider control environment.
- *Enterprise risk management and internal control:* Reflecting WFP's increased attention to this area, a new Enterprise Risk Management Division headed by a chief risk officer was created in 2017 to accelerate improvements in enterprise risk management, internal control and assurance reporting and to serve as the steward for risk management policy, the internal control framework, integrated analysis of oversight findings and the achievement of maturity in the management of counter-fraud activities. An updated enterprise risk management policy and risk appetite statement (including tolerance levels and thresholds) are currently being developed and will be presented to the Executive Board for approval at its 2018 second regular session.
- *Gaps in the definition of management's oversight responsibilities and roles:* Oversight activities at WFP enhance accountability and transparency and help to ensure that resources are used cost-effectively to serve the most vulnerable populations. In 2018, WFP is conducting a review of the roles and responsibilities of regional bureaux and headquarters vis-à-vis strategic guidance, oversight functions and technical support to country offices. Its outcome will clarify roles and responsibilities and strengthen the capacities at the regional and global levels.
- *Management of non-governmental organizations (NGOs):* Based on a view of NGOs as partners in the fight against hunger rather than mere implementing partners, WFP's Partnership and Governance Department has made significant efforts to improve the criteria for selecting partners and the management of NGO performance and governance with the aim of delivering on the 2030 Agenda together with its partners. In order to further strengthen these critical operational partnerships, responsibility for NGO management was assigned to the Operations Services Department in 2018, and augmented guidance for country offices was released in January 2018.

- *Procurement*: Additional funding was required to address most of the issues identified in the 2016 audit report on goods and services procurement,² such as clarification of roles and responsibilities in procurement practices and processes throughout WFP, revision of the levels of delegated authority for procurement and improvements to vendor processes. Using corporate funds made available in 2018, the outstanding agreed actions included in the report are now being implemented, with completion expected by the end of 2018.

Audit agreed actions

8. The Executive Director is pleased to highlight the continued progress in implementing actions to address medium- and high-risk issues uncovered by internal audits, including the overall decrease in the number of outstanding actions in high-risk areas since 2016. There is, however, still scope for more timely and effective follow-up on audit recommendations. The Executive Director is focusing on the four outstanding high-priority actions to be addressed in 2018 and acknowledges the Inspector General's support to management in implementing agreed actions in a timely manner.

Overview of the activities of the Office of Inspections and Investigations

9. The Executive Director is pleased to state that WFP continues to reinforce its policy of zero tolerance of fraud, corruption, sexual exploitation and abuse and any form of harassment, including sexual harassment in the workplace. Under the revised policy, time limits for reporting any form of harassment, including sexual harassment, have been abolished, enabling both current and former employees to report past incidents. The new policy also allows OIG to investigate incidents that are reported anonymously and potential cases of abusive conduct even when no victim comes forward.
10. In its annual report, OIG emphasizes WFP's proactive and forward-looking approach to identifying risks pertaining to fraud and corruption, particularly involving vendors, cooperating partners and WFP staff members.
11. The Executive Director welcomes the findings of the external quality review of the investigative function of the Office of Inspections and Investigations, which confirm the high quality of the office's reports and its focus on achieving results; the United Nations Joint Inspection Unit recognizes some of the practices of the Office of Inspections and Investigations as best practices for inspections and investigations in the United Nations system. OIG's activities are reviewed regularly by an external quality assurance provider to ensure that the highest standards are maintained.

² OIG. 2016. *Internal Audit of WFP's Procurement of Goods and Services*. Rome.
<https://documents.wfp.org/stellent/groups/public/documents/reports/wfp285084.pdf>

Acronyms used in the document

CBTs	cash-based transfers
IRM	Integrated Road Map
NGO	non-governmental organization
OIG	Office of the Inspector General