Office of the Inspector General

Informal Consultation with the Executive Board

Proposed Updates to the Disclosure Policy for Oversight Reports

27 July 2020
Today’s Discussion

I. Objectives of Oversight and Oversight Disclosure Policies

II. Overview of Current Policies
   - Evolution of Oversight Report Disclosure Policies
   - Compendium of Current Policies
   - Types of Oversight Communications and Current Disclosure Protocols

III. Areas for Discussion

IV. Next Steps
I. Objectives of Oversight and Oversight Disclosure Policies

Oversight activities within WFP promote transparency and reinforce the accountabilities and internal control established by governing bodies and the Executive Director (ED). Oversight provides assurance that:

a) The activities of the organization are fully in accordance with legal mandates;
b) The funds provided to the organization are fully accounted for;
c) The activities of the organization are conducted in the most efficient and effective manner; and
d) The staff and other officials of the organization adhere to the highest standards of professionalism, integrity, and ethics.¹

WFP is directly accountable to its Executive Board (EB), the communities that WFP serves, and its donors. Open dialogue with stakeholders and the public, including beneficiaries, will help enhance the sustainability and effectiveness of WFP projects and programmes. WFP is committed to transparency and accountability in all its activities and decision-making, and aims to strike a balance between disclosing information and its obligation to respect confidentiality.

It is with these objectives in mind that the Policy for Disclosure of Oversight Reports is revisited and revised.

¹WFP Oversight Framework (WFP/EB/2018/5-C)
II. Evolution of Oversight Report Disclosure Policies

Prior to 2012

- Internal Audit Reports available to membership on request – 2010
- ED or Inspector General (IG) granted discretion to withhold and redact reports due to confidentiality or security concerns – 2010
- Annual Report of the Inspector General is to be publicly disclosed – 2011
- Investigation Reports available to membership on request – 2011

2012 - 2017

- Internal Audit and Inspection Reports to be publicly disclosed – 2012
- Investigation Reports remain available to membership on request – 2012
- Management Advisory Reports and other OIG correspondence defined as internal working documents for management’s – 2012
- IG granted sole discretion to withhold and redact reports due to confidentiality or security concerns – 2012
- Proactive Integrity Reports made available to the membership upon request – 2017

2017 - present

- OIG begins sharing Quarterly Reports through the EB Secretary – Q1 2018
- 48-hour notice of public disclosure announced through the EB Secretariat with copy of executive summary – Q1 2018
- Charter of the Office of Inspector General is revised, updated and approved by the EB – 2019
- Disclosure Policy for Oversight Reports is revisited and discussed with the EB – 2020
III. Compendium of Current Policies

Updated Policies

- Policy for Disclosure of Reports of the Office of the Inspector General (TBD)

Current Policies

- Policy for Disclosure of Oversight Reports (November 2012 - Amended June 2017)
- WFP Oversight Framework (June 2018)

Replaced Policies

- Policy for Disclosure of Internal Audit Reports to Member States (November 2010)
- Policy for Disclosure of Investigation Reports (June 2011)
- Oversight Framework and Reports Disclosure Policy (June 2011)

2 Minor administrative revisions to the WFP Oversight Framework will be needed as a result of the changes proposed
<table>
<thead>
<tr>
<th><strong>Annual Report of the Inspector General</strong></th>
<th>Description</th>
<th>Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report summarizing the work of OIGA and OIGI during the year and performance against the annual assurance plan. Includes assurance opinion and high level overview of audit findings and consolidated insights, management’s efforts in addressing outstanding audit recommendations, as well as the value of fraud substantiated through investigations and a high level description of investigation activities. Provides annual summary of OIG resources and staffing. Lists all OIGA reports and OIGI investigation reports that were substantiated and issued during the year.</td>
<td>Public website after EB acceptance.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Quarterly Activity Reports</strong></th>
<th>Description</th>
<th>Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report summarizing the work of OIGA and OIGI during the quarter, including quarterly status of the progress against the annual assurance plan, key findings of individual internal audit reports, quarterly status of management’s efforts in addressing outstanding audit recommendations, key performance indicators, and additional detail on quarterly OIGI statistics. Provides update on OIG resources and staffing activities during the quarter. Lists all OIGA reports issued during the quarter and OIGI investigation reports that were substantiated and issued during the quarter.</td>
<td>Shared with EB through EB Secretary.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Annual Assurance Plan</strong></th>
<th>Description</th>
<th>Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal memo documenting the annual assurance plan and the risk-based approach in determining projects and coverage of the audit risk universe. Provides a brief description of the projects planned, including field audits, thematic and technology audits, proactive integrity reviews, and management advisories.</td>
<td>Shared with management and the Audit Committee. Discussed with EB through quarterly reports and EB consultations.</td>
<td></td>
</tr>
</tbody>
</table>
IV. Types of Oversight Communications and Current Disclosure Protocols

OIGA Reports

<table>
<thead>
<tr>
<th>Description</th>
<th>Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Audit Reports</strong></td>
<td>48-hour advance notice shared with the EB prior to public disclosure. Executive summary sent to the EB by the EB Secretary with the disclosure notice.</td>
</tr>
<tr>
<td>Conclusions reached by OIGA in assessing the effectiveness, adequacy and application of WFP’s governance, risk management, and control (GRC) processes as well as the performance with respect to the achievement of WFP’s stated goals and objectives. When applicable, these reports include recommendations to improve GRC processes and the actions agreed to by management to implement the necessary improvements.</td>
<td></td>
</tr>
<tr>
<td><strong>Proactive Integrity Reviews (PIRs)</strong></td>
<td>Disclosure to members upon request to ED on Note Verbale.</td>
</tr>
<tr>
<td>Results of the evaluation of anti-fraud controls performed over a process, activity, or location based on a tailored fraud risk assessment. PIRs assist management in determining WFP’s susceptibility to fraud-related activities in order to mitigate operational, financial and reputational risks. Instances of suspected fraud identified during a PIR are referred to the OIGI Intake team for assessment and, when warranted, formal investigation.</td>
<td></td>
</tr>
</tbody>
</table>

3 The current disclosure policy provides the IG authority to redact or withhold information or the entirety of reports to protect confidentiality or due process.
### IV. Types of Oversight Communications and Current Disclosure Protocols

<table>
<thead>
<tr>
<th>OIGA Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Advisory Reports</strong></td>
</tr>
<tr>
<td><strong>Special Purpose Reviews</strong></td>
</tr>
</tbody>
</table>

#### Description

**Management Advisory Reports**

Results of consulting services performed by OIGA either on request from management or initiated by OIGA. The aim of an advisory is to improve the management of risks, add value, and strengthen WFP operations, especially in emerging risk areas or with reference to best practices in absence of a defined process within WFP. Advisory services should not be used as a replacement for internal audits - the objective of which is to provide assurance over the effectiveness and efficiency of controls. Professional standards define these as internal documents with the requirement for Internal Audit to raise significant matters identified in all its work, including advisories, to the attention of the ED, the Audit Committee, and the EB.

**Special Purpose Reviews**

Special purpose reviews are generally performed under International Standard of Auditing for Special Purpose Engagements (ISA 800). These engagements are generally authorized through audit clauses in contractual agreements with third parties, including cooperating partners, NGOs, vendors, service providers, donors, or others. The scope of special purpose reviews are more narrowly defined than risk-based internal audits and detailed results remain confidential between the contracting parties, unless the third party grants permission for the report to be shared. Risk of claims against WFP for reputational harm or loss of business by the third party is of concern, making public disclosure of such reports unlikely.

#### Disclosure

- Internally distributed and owned by the client with summary of significant matters reported by OIGA through quarterly reports and EB presentations.
- Internally distributed with summary of significant matters reported through quarterly reports and EB presentations.
- Shared with donors under special agreement and with third-party consent.
IV. Types of Oversight Communications and Current Disclosure Protocols

OIGA - Other Correspondence to Management

**Description**

**Management Information Notes**

Internal communication of matters for management information, interest, or attention resulting from the performance of planning, by observation, or other activities. These generally result from unplanned analysis or expansion of audit scope on emerging issues. When this communication is part of an internal audit, the information is also communicated in the internal audit report. Management Information Notes may also include the discussion of new auditing standards or trends, benchmarking of common or best practices, or the results of surveys and other matters that OIGA believes may be of interest to management.

**Consolidated Insights from Past Audit Reports**

Recognizing that analysis and reporting of systemic or recurring issues adds value and should be timely (and not just at year-end), Consolidated Insights were developed recently as internal communication that provides analysis of common themes identified across previously issued audit reports. These insights generally form the basis of key issues identified in the annual report of the Inspector General, or are opportunities to drive efficiency or focus attention on recurring issues. As all internal audit findings and recommendations are also included in internal audit reports, the information is not new – but can focus the attention of management to foster better coordination across the organization in addressing commonly found issues.

**Disclosure**

**Management Information Notes**

Internally distributed with summary of significant matters reported through quarterly reports and EB presentations.

**Consolidated Insights from Past Audit Reports**

Internally distributed during the year with disclosure of key issues included in the Annual Report of the Inspector General.
### IV. Types of Oversight Communications and Current Disclosure Protocols

#### OIGI Reports

<table>
<thead>
<tr>
<th>Investigation Reports – Fraud and Corruption</th>
<th>Disclosure&lt;sup&gt;3&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports that have been substantiated, indicating that OIGI could establish facts and provide sufficient evidence and analysis to determine whether a reported allegation of fraudulent activity has occurred and, if so, the persons or entities responsible. Investigation reports enable management to take action in light of the findings.</td>
<td>Disclosure on request to ED on Note Verbale. Reports are redacted to protect confidentiality.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investigation Reports – HSHAAD and SEA</th>
<th>Disclosure&lt;sup&gt;3&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports that have been substantiated, indicating that OIGI could establish facts and provide sufficient evidence and analysis to determine whether a reported allegation of harassment, sexual harassment, abuse of authority, discrimination or sexual exploitation and abuse has occurred and, if so, the persons or entities responsible. Investigation reports enable management to take action in light of the findings.</td>
<td>Disclosure is permitted, but generally withheld by the IG to protect confidentiality or due process.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inspection Reports</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports on inquiries performed with the purpose of discovering facts that, if proven, indicate that fraudulent acts or misconduct may have occurred and should be reported. Instances of suspected wrongdoing identified in an inspection are referred to the OIGI Intake team for assessment and, when warranted, formal investigation.</td>
<td>Since 2017, all reports have been withheld with disclosure on request to ED on Note Verbale. Policy of public disclosure was relevant for different product.</td>
</tr>
</tbody>
</table>

---

<sup>3</sup> The current disclosure policy provides the IG authority to redact or withhold the entirety of reports to protect confidentiality or due process.
## IV. Types of Oversight Communications and Current Disclosure Protocols

### OIGI - Other Correspondence to Management

<table>
<thead>
<tr>
<th>Description</th>
<th>Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Briefing Notes</strong></td>
<td>Internal communication of investigative work that was unfounded or not substantiated. This communication summarizes the evidence gathered and the conclusions reached to inform management in areas where allegations may be well known or of interest to stakeholders (i.e. media stories, risks raised in external auditor reports, or inquiries by management or donors).</td>
</tr>
<tr>
<td><strong>Management Implication Letters</strong></td>
<td>Internal communication of process or control enhancements identified during an investigation that may otherwise not be communicated broadly. Formerly known as “Internal Control Weakness Reports”, the definition was narrowed as investigations are focused on specific allegations and are not broad enough to encompass the totality of the control environment.</td>
</tr>
</tbody>
</table>
III. Areas for Discussion

✓ Include definition of and disclosure guidance for new types of oversight reports

• OIG Quarterly Reports of the Inspector General
• OIG Annual Assurance Plan
• OIGA Special Purpose Reviews
• OIGA Management Information Notes
• OIGA Consolidated Insights from Past Audit Reports
• OIGI Management Briefing Notes
• OIGI Management Implication Letters

✓ Ensure Policy reflects current practice

• Inspection Reports – change in approach to Inspections in 2019 Charter
• Investigation Reports – maintain confidentiality of staff misconduct to protect victims, witnesses and subject due process rights, timing of disclosure

✓ Review disclosure practices under current policy for possible updates

• Management Advisory Reports
• Proactive Integrity Reviews
V. Next Steps

1) Obtain feedback from EB as well as management

2) Use feedback and comments to formulate recommendations for Policy Revisions

3) Review recommendations with Audit Committee and management

4) Circulate draft of Disclosure Policy with recommended changes to EB for comments – incorporate changes

5) Discuss recommendations with EB at 2nd informal consultation

6) Submit final policy for approval by the EB (after ACABQ and FAO Finance Committee review, if required)