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Продовольственная и
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Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

منظمة
الغذية والزراعة
للأمم المتحدة

FINANCE COMMITTEE

Hundred and Eighty-sixth Session

7–9 June 2021

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

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NF660/e

EXECUTIVE SUMMARY

- This document presents the Executive Director's comments on the annual report of the Inspector General. It comments on the work of the Inspector General and the functioning of the Office of the Inspector General (OIG) and its two units, the Office of Internal Audit (OIGA) and the Office of Inspections and Investigations (OIGI).
- The Executive Director places a high value on the annual report from OIG with its insights and identification of possible risk areas, not least during these challenging times.
- The note by the Executive Director should be read in conjunction with the management review of significant risk and control issues, 2020 (hereafter: management review), which incorporates comprehensive findings from the annual Executive Director assurance exercise and oversight documents. The management review outlines significant risk and internal control issues and the steps that the organization is taking to address them.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to review the "Note by the Executive Director on the annual report of the Inspector General" and to endorse it for consideration by the Executive Board.

Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee advises the WFP Executive Board to approve the draft decision as outlined in the document "Note by the Executive Director on the annual report of the Inspector General".**



World Food Programme
Programme Alimentaire Mondial
Programa Mundial de Alimentos
برنامج الأغذية العالمي

Executive Board
Annual session
Rome, 21–25 June 2021

Distribution: General

Agenda item 6

Date: 20 May 2021

WFP/EB.A/2021/6-D/1/Add.1

Original: English

Resource, financial and budgetary matters

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 its two units, the Office of Internal Audit (OIGA) and the Office of Inspections and Investigations (OIGI).
2. The Executive Director places a high value on the annual report from OIG with its insights and identification of risk areas, not least during these challenging times.
3. The note by the Executive Director should be read in conjunction with the management review of significant risk and control issues, 2020² (hereafter: management review), which incorporates comprehensive findings from the annual Executive Director assurance exercise and oversight documents. The management review outlines significant risk and internal control issues and the steps that the organization is taking to address them.

¹ WFP/EB.A/2021/6-D/1.

² WFP/EB.A/2021/6-E/1.

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Assurance statement

4. The Executive Director welcomes the report's overall conclusion that OIG had not identified any material weaknesses in the governance, risk management or control processes in place throughout 2020 that would seriously compromise the overall achievement of the strategic and operational objectives of the organization. Considering the challenges caused by the onset of the COVID-19 pandemic, when the organization had to quickly adjust to remote working, this conclusion is reassuring as it demonstrates the strength and resilience of WFP's system of internal control.
5. The Executive Director acknowledges the areas where improvement is needed and reiterates his strong support for accountability and transparency in resource use and risk management. WFP remains ever vigilant to ensure it delivers on its commitment to the people it serves and to assure its stakeholders of robust processes and follow-up in all aspects of its work. The Executive Director continues to support WFP's internal audit strategy developed in 2015, and its updates discussed in late 2020, which is consistent with WFP's strategic objectives and centred on proactive risk management practices.
6. 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 recommendations and welcomes the overall findings in 2020.

Statement of independence

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

General comments

8. Like many other aspects of WFP's operations, the work of OIG was also impacted by the COVID-19 pandemic and the number of field audits conducted decreased substantially compared to 2019. The Executive Director appreciates the work done by OIG to identify ways of continuing the assurance work remotely and for assisting with real-time assurance on selected activities.
9. Overall, the Executive Director takes note of the strong collaboration described in the annual report including with cooperating partners and other United Nations agencies for work related to investigations. The report also references the work carried out by the Enterprise Risk Management Division related to the management assurance project (MAP), which enabled WFP to conduct an internal self-assessment of controls in a COVID-restricted context.
10. Recognizing the increase in the workload for OIG, particularly for OIGI, the budget was increased for OIG and additional investigators recruited during 2020. The budget was also increased during 2019 and this year's increase is in line with WFP's continuous commitment to zero tolerance for harassment, sexual harassment, abuse of authority and discrimination.³ The organization will continue to invest in ensuring that the process for complaints received is expeditious, yet thorough.

³ Circular issued by the Executive Director on 1 March 2018 (OED2018/007).

11. Following an enhanced focus on addressing audit concerns, and particularly overdue audit actions, the Executive Director is pleased to note that there has been marked improvement in the implementation and closure of internal audit agreed actions. As reported by the Inspector General, at the end of 2020, the number of outstanding actions was at its lowest since 2013. Outstanding issues related to external oversight recommendations were also at the lowest level since 2013 despite an increase in the number of recommendations.
12. The Executive Director is pleased to note the Inspector General's comments in paragraph 28 to the effect that WFP's core competencies remain strong and that the organization is able to deliver effectively on its mandates. It was highlighted that the organization has adapted effectively to the impact of the COVID-19 pandemic, and the Executive Director wants to recognize all WFP offices that contributed to that.
13. The focus on strengthening gender awareness and parity across the organization remains strong, and several initiatives have been launched through the recently created Workplace Culture Department. Therefore, the Executive Director takes note of the positive remarks in paragraph 44 concerning the gender maturity of audited operations yet agrees that this needs to be accelerated in specific areas.

Overview of activities of the Office of Internal Audit

14. OIGA had to cancel 11 out of 15 planned field audits during 2020 due to restrictions related to the COVID-19 pandemic. However, the office was able to carry out 13 audit engagements and a wide range of real-time assurance assignments including some related to the COVID-19 response. The Executive Director notes that the majority of cancelled audits have been rescheduled for 2021.
15. The Executive Director takes note of the main risk areas identified in 2020 and notes that while some of the thematic areas highlighted in the OIG report, e.g. beneficiary management, are recurring issues, progress is being made in all the identified areas. This includes for example the recruitment of the data protection officer, who assumed her duties in mid-March, which will allow WFP to strengthen its policies and tools in this area. The organization recognizes that beneficiary management continues to require much work, and it will use the findings of both internal and external audits to review the area through a holistic approach. Similarly, the concerns raised in relation to workforce planning are being addressed through comprehensive initiatives spearheaded by the Workplace Culture Department, which was established in 2020 under the leadership of a new Assistant Executive Director, building on the work commenced in January 2020 with the appointment of the senior advisor. Following extensive consultations, the department is in the process of developing a people policy and a new staffing framework.
16. Further details on the issues and actions taken to address them are available in the management review and the respective management responses developed by the responsible division or office following each audit and which are, in accordance with the oversight reports disclosure policy,⁴ approved by the Executive Board and published on WFP's external website.⁵
17. The annual report highlights strong improvement across the audit landscape, as no audit conducted in 2020 received an unsatisfactory rating; the vast majority were deemed to be partially satisfactory, with some improvements needed.

⁴ WFP/EB.2/2012/4-A/1.

⁵ [Audit and inspection reports webpage](#).

18. During the reporting period, several initiatives were implemented by management to achieve these results, including:
- **Prioritization exercise.** Once the possible impact of the COVID-19 pandemic became clear, a prioritization exercise was launched in early 2020. Recognizing the extraordinary demands placed on different divisions and WFP offices around the world, a decision was made to review and prioritize completion of outstanding audit recommendations enabling offices to focus on the implementation of those deemed most critical with a time-bound plan.
 - **Consistent monitoring.** Building on the momentum created by the Executive Director's focus on the area during the last half of 2019 and early 2020, the Office of the Executive Director continues, in close collaboration with OIGA, to monitor progress and issue frequent reminders regarding audit actions.
 - In line with the 2019 response, updates on oversight recommendations are presented to the Oversight and Policy Committee, which specifically focuses on oversight recommendations, including from audits and evaluations.
 - **Revised Executive Director assurance exercise.** In 2019, the Executive Director assurance exercise⁶ (previously the "assurance statement") underwent an extensive revision to ensure its applicability and comprehensive coverage of control issues, while also making it easier for respondents to complete the exercise through a focus on automation and streamlining. During 2020, approval workflows were simplified and the list of questions was further reduced from 64 to 50, which allowed for more specific questions while also reducing the response time by an estimated 25 percent.
 - **Verifying internal controls.** Recognizing that 2020 was a year of unprecedented and exceptional challenges related to COVID-19 pandemic restrictions, in mid-October 2020 the Executive Director launched the 2020 MAP, designed to report on control implementation in the field within a limited timeframe for himself and stakeholders. The project identified 89 key controls across eight functions and sought information about their implementation from all regional bureaux and 34 higher risk country offices. In their self-assessments, field offices reported that in almost 90 percent of control assessments they had fully complied with the 2020 key assurance controls and that documentation was available to demonstrate their compliance. The MAP also provided insights regarding control self-assessment tools and oversight standardization.

Audit agreed actions

19. As noted above, in contrast to prior years the number of audit agreed actions from internal audit reports has decreased considerably. In 2019, WFP received 85 new high-risk internal audit recommendations, nearly triple the number received in 2018. In contrast, only 56 were received in 2020. While the decrease can mainly be attributed to the decrease in the number of audits conducted and more focus on advisory reports, the annual report clearly recognizes the positive trends. The downward trend is also a result of the enhanced focus and management efforts to follow-up with relevant offices to close out the actions.
20. There has been a substantial reduction in the number of outstanding and overdue audit actions. The Executive Director extends his appreciation to all WFP offices for the diligent and proactive attention paid to these matters despite the 17 concurrent high-level emergencies during the year and the rapid changes in operational modalities due to the COVID-19 pandemic.

⁶ More details can be found in the management review of significant risk and control issues, 2020 (WFP/EB.A/2021/6-E/1).

21. Considering the positive results achieved during 2020 and early 2021 – overdue audit actions numbered 28 on 10 May 2021 compared to 105 on the same date last year – the Executive Director commits to maintaining a close focus on this area to ensure continued accountability and transparency.
22. The OIG report notes that across all offices, overdue actions are on average 24 days over the initial estimate for implementation. However, it should be noted that this is following the prioritization exercise carried out during 2020.
23. Starting in 2021, OIGA will resume presenting updates on high-risk recommendations directly to the Oversight and Policy Committee as well as to the Audit Committee three times per year.
24. The increase in resources allocated to OIG allows for broader audit and investigation coverage in line with WFP's strong commitment to the area. While some offices face challenges in terms of their capacity to absorb and respond to audit recommendations for a variety of reasons, the Executive Director expects that offices will strongly prioritize assurance work and work closely with OIGA when audits are carried out to ensure clear direction, recommendations and timelines.

Overview of the activities of the Office of Inspections and Investigations

25. The Executive Director is pleased to state that WFP continues to reinforce its policy of zero tolerance for inaction in the areas of fraud, corruption, sexual exploitation and abuse, and any form of harassment, including sexual harassment, in the workplace.
26. Workplace culture, and any misconduct related thereto, has been a key focus since the 2018 global staff survey and the 2019 *External Review of Workplace Culture and Ethical Climate at World Food Programme*. The Executive Director recognizes that there remains substantial work to be done in this area; however, he appreciates the substantial progress made during 2020. A key aspect was the creation of the new Workplace Culture Department in the fall, following the appointment of the senior advisor on workplace culture in January 2020, as well as growing awareness of the topics. A key component of the new department is the implementation of the comprehensive action plan for the implementation of the recommendations of the joint Board/management working group on harassment, sexual harassment, abuse of power and discrimination (CAP).⁷ A progress report was shared with the Executive Board during 2020.⁸
27. OIGI has seen a marked increase in complaints received (2017: 186; 2018: 368; 2019: 584; 2020: 616) in recent years, which has necessitated additional resources. Despite the additional resources, each investigator now manages about 14 cases, up from 6.5 in 2017. In recognition of the increase, OIGI has implemented new workflow procedures, including a strengthened intake team and prioritization of cases, with allegations of sexual violence and sexual harassment or material fraud cases taking priority. Moreover, the organization is working on further alternative dispute resolution mechanisms to address workplace conflicts in a non-adversarial, timely and effective manner.
28. The Executive Director extends his appreciation for the work done by OIGI to strengthen processes as well as the enhanced collaboration with cooperating partners and other United Nations agencies.

⁷ The CAP addresses issues in six core areas of the organization: reaffirming values, the role of leadership, employee engagement, policy and system revisions, disciplinary processes, and communications.

⁸ WFP/EB.2/2020/10-A: [Progress report on the implementation of the comprehensive action plan on the recommendations of the joint Board/management working group on harassment, sexual harassment, abuse of power and discrimination](#).

29. WFP continues to invest in its framework on anti-fraud and anti-corruption (AFAC). According to the annual report, about half of all cases reported to OIGI relate to fraud or corruption. In June 2020, the first ever WFP handbook on fraud and corruption prevention was launched, presenting good practices in fraud prevention and risk assessment as well as information on fraud schemes and warning signs. The handbook was developed in consultation with relevant units. Recognizing that cooperating partners need greater awareness of WFP AFAC procedures, guidance was issued in early 2020. An updated AFAC policy is expected to be approved by the Board at its 2021 annual session.