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de Alimentos

**Executive Board  
Annual Session**

**Rome, 6–10 June 2011**

## **POLICY ISSUES**

### **Agenda item 5**

*For approval*



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## **OVERSIGHT FRAMEWORK AND REPORTS DISCLOSURE POLICY**



This document is printed in a limited number of copies. Executive Board documents are available on WFP's Website (<http://www.wfp.org/eb>).

## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for approval**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

Inspector General and Director, OS\*: Mr S. Sharma                      tel.: 066513-2700

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

\* Oversight Office

## EXECUTIVE SUMMARY

This document describes WFP's governance and oversight framework, reporting arrangements and policy for disclosure of oversight reports.

Oversight activities promote accountability and transparency at WFP by reinforcing the accountabilities and internal control established by the governing bodies and the Executive Director. The governance framework refers to the structure, functions and responsibilities of certain bodies in WFP, and the regulations and rules governing their work. The various bodies fall into three groups: i) those involving Member States; ii) external advisory bodies; and iii) the Secretariat, including the internal oversight bodies.

Governance and oversight reporting requirements are either laid out in the General Regulations approved by the United Nations General Assembly and the Food and Agriculture Organization of the United Nations Conference, or decided by the Board.

The policy for the disclosure of investigation reports is intended to ensure that investigation findings with a bearing on the effectiveness of internal controls and operational effectiveness may be disclosed, to enable the Board to carry out its oversight function effectively, while maintaining the confidentiality of sensitive information.

## DRAFT DECISION\*

The Board takes note of "Oversight Framework and Reports Disclosure Policy" (WFP/EB.A/2011/5-C/1) and approves "Policy for Disclosure of Investigation Reports" as contained in Annex II to that document.

\* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

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## BACKGROUND

1. This document describes WFP's governance and oversight framework, reporting arrangements, and policy for disclosure of oversight reports.
2. The General Assembly requested<sup>1</sup> the United Nations Secretary-General and the executive heads of the funds and programmes of the United Nations to examine governance structures, principles and accountability throughout the United Nations. The subsequent report of the Independent Steering Committee<sup>2</sup> stipulated that governance is the action or manner of steering or directing, and oversight is a key activity in governance.
3. Oversight activities promote accountability and transparency at WFP by reinforcing the accountabilities and internal control established by the governing bodies and the Executive Director. The Joint Inspection Unit (JIU) states<sup>3</sup> that oversight, as an integral part of the system of governance, provides assurance that:
  - a) the activities of the organizations are fully in accordance with legislative mandates;
  - b) the funds provided to the organization are fully accounted for;
  - c) the activities of the organizations are conducted in the most efficient and effective manner; and
  - d) the staff and all other officials of the organizations adhere to the highest standards of professionalism, integrity and ethics.
4. The governance and oversight structure of WFP is illustrated in Figure 1. The related reporting lines are described in the following section.
5. The governance framework defines the functions and responsibilities of different bodies in WFP, and the rules and standards governing their behaviour. The Executive Director is responsible for supervising the management of WFP through a system of internal control and independent internal oversight.

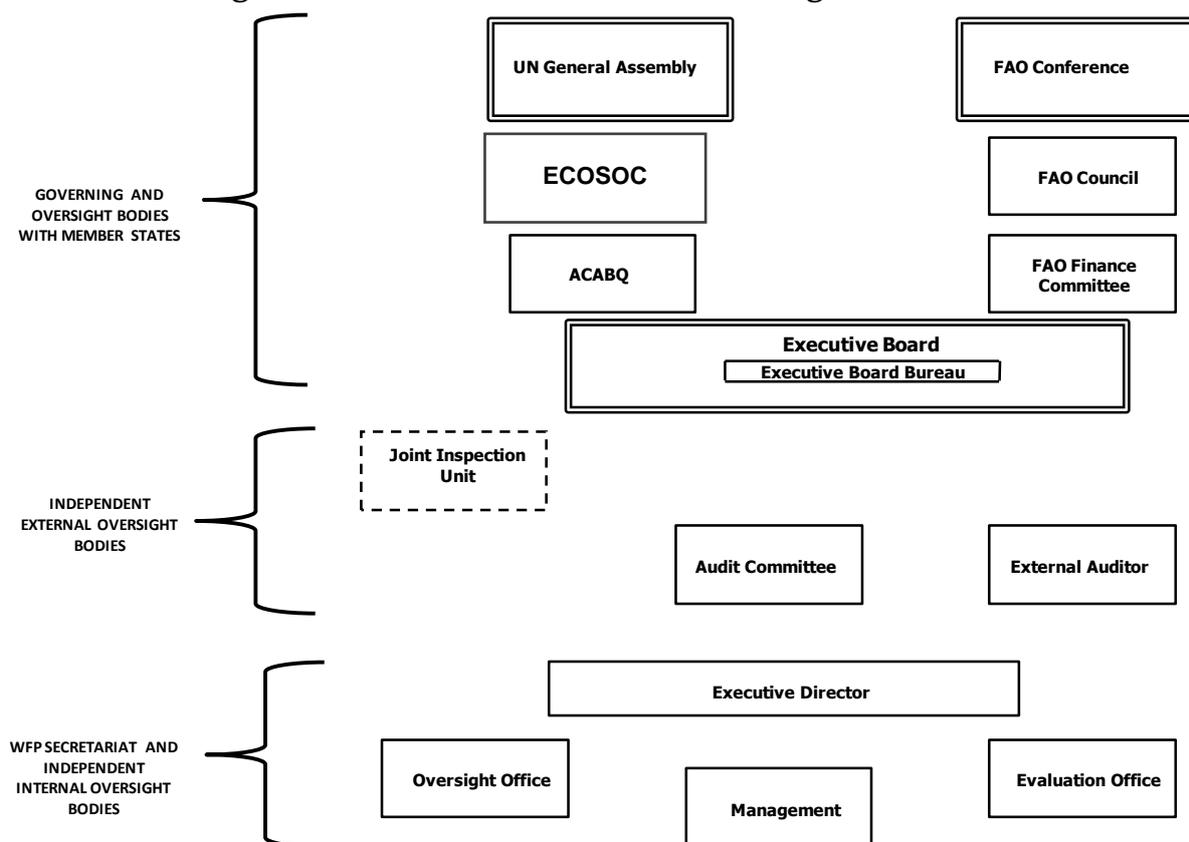
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<sup>1</sup> A/RES/57/278.

<sup>2</sup> Comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (A/60/883/Add.1 and 2).

<sup>3</sup> JIU report *Oversight Lacunae in the United Nations System*.

Figure 1: WFP Governance and Oversight Structure



## GOVERNANCE AND OVERSIGHT STRUCTURE

6. WFP's General Regulations establish the governance and oversight structure shown in Figure 1, with clear distinctions among: i) governing bodies that involve Member States – the General Assembly, the Food and Agriculture Organization of the United Nations (FAO) Conference, the Economic and Social Council of the United Nations (ECOSOC), the FAO Council, the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the FAO Finance Committee and the WFP Executive Board; ii) external advisory bodies that provide independent external oversight – JIU, the WFP External Auditor and the WFP Audit Committee; and iii) the WFP Secretariat. As head of the Secretariat, the Executive Director is responsible both for establishing effective internal control in Management, and an effective system of independent internal oversight through the Office of Evaluation (OE) and the Oversight Office (OS).

## Governance and Oversight involving Member States

7. Member States are involved in WFP's governance and oversight through various bodies and at different levels, as described in the following subsections.

### ⇒ *General Assembly and FAO Conference*

8. Article VIII of the General Regulations states that WFP is an autonomous joint subsidiary programme of the United Nations and FAO. The General Assembly of the United Nations and the FAO Conference, together with ECOSOC and the FAO Council, provide overall policy guidance to WFP. The General Assembly and the FAO Conference approve amendments to WFP's General Regulations, as per Article XV.1.

### ⇒ *ECOSOC and FAO Council*

9. ECOSOC, established under the United Nations Charter as the principal organ for coordinating economic, social and related work, serves as the central forum for discussing international economic and social issues, and for formulating policy recommendations addressed to Member States and the United Nations system.

10. In the Basic Texts of FAO, Rule XXIV of the General Rules of the Organization states that the FAO Council acts on behalf of the FAO Conference as its executive organ and makes decisions on matters that need not be submitted to the FAO Conference.

11. Article V of the General Regulations stipulates that ECOSOC and the FAO Council elect the members of the Board from among a pre-established list of States Members of the United Nations or Member Nations of FAO and with a pre-established distribution of seats, and that they receive an annual report from WFP as stipulated in Article VI.3.

### ⇒ *ACABQ and FAO Finance Committee*

12. The ACABQ is a subsidiary organ of the General Assembly, and one of its function is to advise the General Assembly on any administrative and budgetary matters referred to it.

13. The FAO Finance Committee assists the FAO Council in exercising control over the financial administration of WFP and one of its functions is to review reports submitted by the WFP Secretariat.

14. As stipulated in Article XIV.4 of the WFP General Regulations, the ACABQ and the FAO Finance Committee provide advice to the Board.

### ⇒ *Executive Board*

15. The Board is jointly established by the United Nations and FAO, as stipulated in Article V of the General Regulations, General Assembly Resolution 1714 (XVI) of 19 December 1961 and FAO Conference Resolution 1/61 of 24 November 1961. WFP's General Regulations and General Rules establish the oversight roles and responsibilities of the Board. Under Article VI, the Board is "responsible for providing intergovernmental support and specific policy direction to and supervision of the activities of WFP in accordance with the overall policy guidance of the General Assembly of the United Nations, the FAO Conference, the Economic and Social Council and the Council of FAO [...]."

16. The Board is also responsible for the intergovernmental supervision and direction of the management of WFP.

⇒ *The Executive Board Bureau*

17. Rule IV of the Rules of Procedure of the Executive Board stipulates that the Executive Board Bureau consists of a President, a Vice-President and three other members, each representing one of the five Lists of States Members of the United Nations or Member Nations of FAO. Rule V stipulates that: “The primary functions of the Bureau shall be to facilitate the effective and efficient functioning of the Board and, in particular: (a) the strategic planning of the work of the Board; (b) the preparation and organization of Board meetings; and (c) the promotion of dialogue.”

### **Independent External Oversight**

18. Independent external oversight is set up to assist the Board to fulfil its responsibility.

⇒ *Joint Inspection Unit*

19. The JIU, established by the United Nations General Assembly through Resolution 2150 (XXI) of 4 November 1966, is an independent external oversight body of the United Nations system, mandated to conduct evaluations, inspections and investigations system-wide. Its reports are submitted to the General Assembly and the governing bodies of participating specialized agencies, funds and programmes of the United Nations. The Board reviews the recommendations of the JIU on a regular basis, and reviews reports by the Secretariat on the status of actions for implementation of these recommendations.”

⇒ *WFP External Auditor*

20. The WFP External Auditor is appointed by and reports to the Board. Chapter XIV and the Annex of the Financial Regulations set out the terms and responsibilities of the External Auditor: “The External Auditor shall perform such audit of the accounts of WFP, including all trust funds and special accounts, as deemed necessary in order to satisfy himself or herself [...] (d) that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon.” The Board may request the External Auditor to perform specific examinations and issue separate reports thereon. The External Auditor is solely responsible for the conduct of the audit.

⇒ *WFP Audit Committee*

21. The WFP Audit Committee serves in an expert advisory capacity to assist the Board and the Executive Director in exercising their governance responsibilities for the financial reporting, internal control arrangements, risk management processes and other audit-related matters. Its terms of reference are approved by the Board and its mandate includes reviewing and advising on policies significantly affecting accounting and financial reporting issues and the effectiveness of WFP’s internal controls, internal audit function and operational procedures; providing a forum to discuss internal control and risk management issues, operational procedures and matters raised by internal and external audits; and providing comments on the work plans of the internal and external audit functions.

## Independent Internal Oversight

22. The Secretariat of WFP is headed by the Executive Director, who is responsible and accountable to the Board for the administration of WFP and the implementation of WFP programmes, projects and other activities. Under Financial Regulation 12.1, “The Executive Director shall establish internal controls, including internal audit and investigation, to ensure the effective and efficient use of the resources of WFP and the safeguarding of its assets.” Independent internal oversight bodies may also report to the Board in addition to the Executive Director. In all cases, they are independent from WFP’s management.

### ⇒ *Office of Evaluation*

23. Evaluation is an oversight tool of the Board and the Executive Director. Evaluation in WFP is governed by the WFP evaluation policy approved by the Board at its 2008 Second Regular Session.<sup>4</sup> The policy defines a framework that ensures the independence, credibility and utility of evaluation at WFP so that the dual purpose of accountability and learning is fulfilled; it is in line with United Nations Evaluation Group norms and standards for evaluation in the United Nations.

24. The Director of OE is responsible for implementing the evaluation policy, in particular for setting up the institutional arrangements for independent evaluation, and ensuring adherence to the code of conduct for evaluators. The Director of OE is also accountable for ensuring the quality, credibility and utility of evaluations.

25. The Board exercises an oversight function over evaluation by providing strategic guidance, reviewing and approving the work plan and budget, and reviewing the independence of the evaluation function.

### ⇒ *Inspector General and Oversight Office*

26. The Oversight Office (OS) reports to the Executive Director. OS provides assurance on governance, policy, risk, resources, operational and accountability issues. It also provides information to the Board, through the Report of the Inspector General.

27. The oversight roles and responsibilities of the Inspector General and OS are set forth in the Charter of the Oversight Office, approved by the Executive Director. The oversight services provided by OS include internal audit, investigation, inspection and advisory functions. The scope of work includes all systems, processes, operations and activities undertaken by WFP.

28. The Director of OS, with the combined roles of Inspector General and Chief Audit Executive, has the responsibility for ensuring the integrity, efficiency and effectiveness of WFP’s management, administration and operations.

29. The Director of OS is responsible for preparing an annual report on OS activities, including a summary of significant oversight findings and the implementation status of recommendations, and submitting this report to the Executive Director and the Board.

<sup>4</sup> “WFP Evaluation Policy” (WFP/EB.2/2008/4-A).

## REPORTING ARRANGEMENTS

30. Reporting requirements in support of the governance and oversight framework are either provided for in the General Regulations approved by the United Nations General Assembly and the FAO Conference, or decided by the Board. The reports are described below.

### Reports to ECOSOC and FAO Council

31. Article VI.3 of the General Regulations stipulates that the Board shall submit an annual report to ECOSOC and the FAO Council. “The annual report must contain sections referring to one or all of the following, as appropriate:
- a) monitoring of the implementation of all [relevant] previous policy decisions [formulated by the General Assembly and the FAO Conference];
  - b) policy recommendations;
  - c) coordination recommendations, including for improvement of field-level coordination; and
  - d) such other matters as may be required pursuant to decisions of the Economic and Social Council and the Council of FAO.”
32. The report to ECOSOC and the FAO Council are available to the public on WFP’s Internet site.

### Reports of the Advisory Committee on Administrative and Budgetary Questions

33. Article XIV.6 of the General Regulations stipulates that the ACABQ submit reports to the Board on the draft Board documents on financial and budgetary matters presented to it, including advice on these matters. ACABQ reports are available to the public on WFP’s Internet site.

### Reports of the FAO Finance Committee

34. Article XIV.6 of the General Regulations stipulates that the FAO Finance Committee submit reports to the Board on the draft Board documents on financial and budgetary matters presented to it, including advice on these matters. The reports of the FAO Finance Committee are available to the public on WFP’s Internet site.

### Reports by the Joint Inspection Unit Relevant to the Work of WFP

35. Article 11 of the Statute of the JIU, approved by the United Nations General Assembly in its Resolution 31/192 of 22 December 1976, states that the JIU issues reports, notes and confidential letters. Reports are addressed to the one or more organizations concerned, or to all organizations when the subject is of interest to the United Nations system as a whole, for consideration by the competent legislative organs of the organizations concerned. Notes and confidential letters are submitted to executive heads for use by them as they may decide. Article 10 of the Statute states that the JIU submits an annual report to the General Assembly and the competent organs of the participating organizations. JIU reports are available on the JIU website.
36. As requested through Board decision 2002/EB.2/17, the Secretariat reports regularly to the Board on JIU reports relevant to the work of WFP. These reports are available to the public on WFP’s Internet site.

## Report on the Financial Statements

37. In accordance with Article XIV.6 (b) of the General Regulations and Financial Regulations 13.1 and 14.8, the Executive Director submits the annual financial statements of WFP to the Board, together with the report of the External Auditor on the audit of the financial statements and relevant schedules relating to the accounts of the financial period. The reports on the audit of the Financial Statements are available to the public on WFP's Internet site.

## Annual Report of the Inspector General

38. Article VI.2 (b) (viii) of the General Regulations stipulates that the Inspector General submit an annual report to the Board. This document is available to the public on WFP's Internet site.

## Annual Report of the Executive Director

39. As stipulated in Article VII.2 of the General Rules, the Executive Director submits an annual report on WFP's performance to the Board for its consideration and approval. "The Annual Report shall, *inter alia*:

- (a) include statistical and narrative information on: global food aid and issues affecting it; approved activities and their implementation; contributions, commitments and expenditures; and procurement;
- (b) identify the highlights of each year's activities and related policy issues and report on progress made in achieving strategic objectives and implementing overall policy guidance and specific policy directions."

40. The Annual Performance Report is based on the approved Biennial Management Plan,<sup>5</sup> and is available to the public on WFP's Internet site.

## Reports of the External Auditor

41. Financial Regulation 14.8 stipulates that the External Auditor issue a report on the audit of the financial statements and relevant schedules relating to the accounts of the financial period. In addition, Financial Regulation 14.6 states that the External Auditor issues reports on specific examinations as requested by the Board. The reports of the External Auditor are available to the public on WFP's Internet site.

## Reports Related to the External Auditor's Recommendations

42. As per Board decision 2008/EB.A/8, all reports issued by the External Auditor and presented to the Board are accompanied by a response from the Secretariat, together with an action plan for implementation of the recommendations contained therein.

43. The same decision stipulates that a progress report on the implementation of all external audit recommendations be presented at each Annual Session of the Board. It is available to the public on WFP's Internet site.

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<sup>5</sup> Board decision 2000/EB.3/1, follow-up to Board decision 2000/EB.A/6 (on Governance).

## Report of the Audit Committee

44. The WFP Audit Committee submits an annual report to the Executive Director and for consideration by the Board, in line with its terms of reference, which were revised to incorporate Board comments and confirmed by the Bureau on 22 April 2009. The Audit Committee's report is available to the public on WFP's Internet site.

## Evaluation Reports

45. As stipulated in the WFP evaluation policy<sup>6</sup> approved through Board decision 2008/EB.2/2, all evaluation reports are submitted directly to the Board without prior clearance by WFP management. The evaluation reports are available to the public on WFP's Internet site.

## Internal Audit Reports

46. The Executive Director makes available, upon written request and on a confidential basis, final versions of specific internal audit reports to Permanent Representatives accredited to the United Nations Rome-based agencies ("Permanent Representatives") under the procedure and subject to the conditions set forth in the "Policy for Disclosure of Internal Audit Reports to Member States",<sup>7</sup> approved by the Board on 11 November 2010 and attached hereto as Annex I.
47. Under the policy, where disclosure would be inappropriate for reasons of confidentiality, or where it could place in jeopardy the safety and security of any individual, or run the risk of violating the due process rights of individuals, the report may be redacted or in extraordinary circumstances withheld, at the discretion of the Executive Director or the Inspector General and Director, Oversight Office, who is to provide the reasons for such action to the requesting Permanent Representative.
48. The Inspector General and Director, Oversight Office, includes in his/her annual report to the Board the titles of all audit reports issued during the year.

## Investigation Reports

49. The policy for the disclosure of investigation reports in Annex II is presented to the Board for approval.
50. Under the policy, the Executive Director would make available, upon written request and on a confidential basis, final versions of specific investigation reports to Permanent Representatives, following the procedure laid out in the "Policy for Disclosure of Internal Audit Reports to Member States". Where disclosure would be inappropriate for reasons of confidentiality, or where it could place in jeopardy the safety and security of any individual, or run the risk of violating the due process rights of individuals, the report may be redacted or, in exceptional circumstances, withheld at the discretion of the Executive Director or the Inspector General and Director, Oversight Office, who would provide the reasons for such action to the requesting Permanent Representative.
51. The Inspector General and Director, Oversight Office, would include in her/his annual report to the Board the titles of all investigation reports issued during the year.

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<sup>6</sup> WFP/EB.2/2008/4-A.

<sup>7</sup> WFP/EB.2/2010/4-B/1/Rev.1.

52. The policy is intended to ensure that investigation findings with a bearing on the effectiveness of internal controls and operational effectiveness can be disclosed, enabling the Board to carry out its oversight function effectively, while protecting the confidentiality of sensitive information.

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## **RESOURCES REQUIRED FOR IMPLEMENTATION OF THE POLICIES**

53. No significant additional costs are foreseen for implementation of the policies for reporting that could not be covered by the normal budgets of the WFP departments concerned. Should costs increase beyond a level that can normally be expected to be covered by the department concerned, budget provisions will be included in the Management Plan and submitted to the Board for approval.

## ANNEX I

### Policy for Disclosure of Internal Audit Reports to Member States

1. The World Food Programme affirms its commitment to transparency and accountability in all its activities and decision-making. Accordingly, the Executive Director will make WFP's internal audit reports, once issued in final format, available to Permanent Representatives accredited to the United Nations Rome-based agencies ("Permanent Representatives") upon request in writing for a specific report. This policy shall apply to reports issued subsequent to its approval by the Board.
2. Permanent Representatives shall treat any WFP internal audit report received under this policy as confidential; requests for access shall confirm that access will be employed for internal purposes only.
3. Where disclosure of the contents of an audit report would be inappropriate for reasons of confidentiality, or where it could place in jeopardy the safety and security of any individual, or run the risk of violating the due process rights of individuals, the report may be redacted or in extraordinary circumstances withheld at the discretion of the Executive Director or the Inspector General and Director, Oversight Office, who shall provide the reasons for such action to the requesting Permanent Representative.
4. Where the internal audit report in question contains findings related to a specific State, the Executive Director shall provide a copy of the internal audit report to the Permanent Representative of that State. If that Permanent Representative wishes to provide comments to the report in writing, those comments will be made available to the requesting Permanent Representative.
5. The Inspector General and Director, Oversight Office, shall include in his/her annual report to the Board the titles of all audit reports issued during the year, together with information on the implementation of this decision – including, *inter alia*: the number of requests to make internal audit reports available; the outcomes of those requests; and confirmation of adherence to the principle of confidentiality for audit information disclosed in accordance with this decision.

## ANNEX II

### Policy for Disclosure of Investigation Reports

1. The World Food Programme affirms its commitment to transparency and accountability in all its activities and decision-making. Accordingly, the Executive Director will make specific investigation reports, once issued in final format, available to Permanent Representatives accredited to the United Nations Rome-based agencies (“Permanent Representatives”) upon request in writing for a specific report. This policy shall apply to reports issued subsequent to its approval by the Board.
2. Permanent Representatives shall treat any WFP investigation report received under this policy as confidential; requests for access shall confirm that access will be employed for internal purposes only.
3. Where disclosure of the contents of an investigation report would be inappropriate for reasons of confidentiality, or where it could place in jeopardy the safety and security of any individual, or run the risk of violating the due process rights of individuals, the report may be redacted or in extraordinary circumstances withheld at the discretion of the Executive Director or the Inspector General and Director, Oversight Office, who shall provide the reasons for such action to the requesting Permanent Representative.
4. Where the investigation report in question contains findings related to a specific State, the Executive Director shall provide a copy of the investigation report to the Permanent Representative of that State. If that Permanent Representative wishes to provide comments to the report in writing, those comments will be made available to the requesting Permanent Representative.
5. The Inspector General and Director, Oversight Office, shall include in his/her annual report to the Board the titles of all investigation reports issued during the year, together with information on the implementation of this decision – including, *inter alia*, the number of requests to make investigation reports available; the outcomes of those requests; and confirmation of adherence to the principle of confidentiality for investigation information disclosed in accordance with this decision.

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## ACRONYMS USED IN THIS DOCUMENT

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ECOSOC	Economic and Social Council of the United Nations
FAO	Food and Agriculture Organization of the United Nations
JIU	Joint Inspection Unit
OE	Office of Evaluation
OS	Oversight Office