

Internal Audit of ICT Governance in WFP

Office of the Inspector General
Internal Audit Report AR/15/11



World Food Programme

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Internal Audit of ICT Governance in WFP

I. Executive Summary

Introduction

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of Information and Communications Technology (ICT) governance in WFP. The audit focused on activities from 1 January 2014 to 31 March 2015. The audit included an assessment of ICT governance processes and testing of selected ICT-enabled initiatives and projects. Fieldwork was conducted in WFP's Headquarters in Rome. In addition to WFP's Information Technology Division (RMT), the audit team liaised with other headquarter functional units, Executive Management members and selected country offices and Regional Bureaux.

2. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit Conclusions

3. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **partially satisfactory**. Conclusions are summarised in Table 1 by internal control components:

Table 1: Summary of conclusions by internal control components

Internal control component		Conclusion	
1.	Internal environment	Medium	
2.	Risk management	Low	
3.	Control activities	Medium	
4.	Information and communication	Low	
5.	Monitoring	Medium	

Key Results of the Audit

Positive practices and initiatives

4. The audit noted some positive practices and initiatives such as a revised governance structure and process for the assessment and prioritization of information technology-enabled initiatives, an evolution from project governance to strategic governance, a shift from an IT driven to a business driven ICT strategy and the completion of an inventory of field IT applications.

Audit observations

5. The audit report contains one high risk observation and seven medium-risk observations. The high-risk observation is:

Governance – Corporate ICT Governance: The roles and responsibilities of WFP's ICT governance body, the Management Information Systems Steering Committee (MISSC) required review and clarification as well as a structure that allowed it to perform all of its functions in the most effective way. Major ICT initiatives were being assessed by two high-level committees with the same members from a project viability and funding perspective, and the information flow between the two committees was not clear. There was a need to establish guidance over the prioritization of ICT-enabled initiatives. The roles, responsibilities and authority of the MISSC with regard to the timely



resolution of ICT-enabled project issues and the repayment of advance funding required by the projects was unclear. The corporate guidelines were not clear whether IT initiatives with their funding already secured should be presented to the MISSC. This challenged the ability of WFP to prioritize and align ICT investments to corporate strategic objectives. The Chief Information Officer did not have full visibility of all the ICT-enabled initiatives and on-going projects in WFP.

Actions agreed

6. Management, in discussion with the Office of Internal Audit, has agreed to take measures to address the reported observations. Work is in progress to implement the agreed actions.
7. The Office of Internal Audit would like to thank managers and staff for the assistance and cooperation accorded during the audit.

David Johnson
Inspector General

II. Context and Scope

ICT Governance in WFP

8. ICT governance is a set of principles, strategies, activities and structures to ensure that stakeholder needs, conditions and options are evaluated to determine balanced, agreed-on enterprise objectives to be achieved; setting direction through prioritisation and decision making; and monitoring performance and compliance against agreed-on direction and objectives¹.

9. Within the governance framework of WFP, the formulation of an ICT strategy is an important element that provides a holistic view of WFP's current business and ICT environment, the future direction, and the initiatives required to reach the desired environment and WFP's organizational objectives set in the 2014-2017 Corporate Strategy.

10. WFP has established governance mechanisms for ICT since the establishment of RMT in 2001, starting with the Information and Communications Technology Board to the present MISSC. In May 2014, the Executive Director revised the structure and terms of reference of the MISSC to further the achievement of WFP's strategic goals (OED2014/004).

11. The MISSC is chaired by the Deputy Executive Director and includes WFP's Executive Management, the Chief Information Officer (CIO) and a Regional Director who is appointed by the Chairperson on a yearly basis. The MISSC receives advice from an IT Advisory Board which is composed of external experts.

WFP ICT environment and activities

12. WFP has a large and complex ICT environment and enterprise architecture serving 12,000 staff in headquarters and over 400 offices across 79 countries. Through its IT Partnership Services channel, WFP provides support to external parties in the humanitarian community including governments, other agencies and NGOs.

13. The ICT function is supported by the RMT, headed by the CIO in Rome who oversees policy and portfolio management, user services, business solutions and IT partner services. The CIO is supported by a Deputy Director overseeing IT management support, IT security communications and the field IT management centre. The RMT division employs some 76 IT staff located in HQ, Bangkok, Dubai, Nairobi, and India, as well as a staff member posted to each Regional Bureau. RMT has an equivalent number of consultants augmenting the staff members or performing the FITTEST2 emergency response activities. In addition, WFP has a functional field network comprising some 670 persons located in country offices and other sites globally to support WFP operations, client agencies and partners.

14. At the time of the audit, ICT initiatives with an estimated cost of USD 300,000 (threshold subsequently revised to USD 150,000) or more had to be presented to the MISSC for review and approval. Such initiatives, supported by a document that justified the investment, were reviewed by WFP's Strategic Resource Allocation Committee (SRAC) which made recommendations regarding the funding of the project.

15. As at November 2014, there was a total of eight major ICT-enabled projects at different stages of development with total estimated costs of USD 45 million, and a further six projects owned by RMT to support IT infrastructure, communications, benefits delivery and security objectives. As at August 2014, RMT had a total of 190 field developed ICT solutions registered, some supporting key business processes including the delivery of food assistance through cash and vouchers and the monitoring of food deliveries.

¹ ISACA's COBIT 5 framework for governance and management of enterprise IT.

² Fast IT and Telecommunications Emergency and Support Team

Objective and scope of the audit

16. The objective of the audit was to provide reasonable assurance on the internal controls, governance and risk management processes over the governance and strategic planning of ICT, and the project selection, review, approval and oversight processes undertaken by WFP's ICT governance bodies.

17. The audit was carried out in conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. It was completed according to an approved engagement plan and took into consideration the risk assessment exercise carried out prior to the audit.

18. The scope of the audit covered WFP's ICT governance processes from 1 January 2014 to 31 April 2015. Where necessary, transactions and events pertaining to other periods were reviewed. Fieldwork was conducted in WFP's Headquarters in Rome. In addition to RMT, the audit team liaised with other headquarter functional units, Executive Management members and selected Country Offices and Regional Bureaux to review the governance, oversight, management and monitoring of selected activities.

III. Results of the Audit

19. In performing the audit, the following positive practices and initiatives were noted:

Table 2: Positive practices and initiatives

1. Internal Environment
<ul style="list-style-type: none">• Evolution of governance processes from project governance to strategic governance.• A shift by RMT from a technology-driven strategy to a strategy that is driven by business requirements.• A revamped governance process aimed at providing Executive Managers with a basis for strategic decision making.
2. Control Activities
<ul style="list-style-type: none">• Systematic recording of lessons learned by RMT after each meeting of the MISSC to allow for process improvements and greater efficacy of the governance process.
3. Monitoring
<ul style="list-style-type: none">• RMT's completion of an IT field applications inventory, providing a basis for the identification of functionality gaps and ICT solutions as well as opportunities for innovation, change management and improved efficiencies in information and data management.

20. Having evaluated and tested the controls in place, the Office of Internal Audit has come to the following conclusions on the residual risk related to the processes:

Table 3: Conclusions on risk, by internal control component and business process

Internal Control Component/ Business Process	Risk
1. Internal environment	
Strategic planning and performance	Medium
Organizational structure and delegated authority	Medium
Internal oversight	Medium
2. Risk management	
Enterprise risk management	Low
3. Control activities	
Information and Communications Technology (ICT)	Medium
4. Information and communication	
Internal and external communication	Low
5. Monitoring	
Monitoring and evaluation	Medium

21. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **partially satisfactory**³.

22. The audit report makes one high-risk observation, which is explained in detail in Section IV. Seven medium-risk observations arose from the audit. Tables 4 and 5 below present the high and medium risk observations respectively.

Action agreed

23. Management, in discussion with the Office of Internal Audit, has agreed to take measures to address the reported observations. Work is in progress to implement the agreed actions.⁴

³ See Annex A for definitions of audit terms.

⁴ Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.

Table 4: Summary of high-risk observations (see Section IV for detailed assessment)

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Internal Environment					
<p>1 Governance – Corporate ICT Governance: WFP’s ICT governance body, the Management Information Systems Steering Committee (MISSC), was not supported by a structure that allowed it to perform all of its functions in the most effective way. The roles and responsibilities of the MISSC itself required review and clarification. Major ICT initiatives were being assessed by two high-level committees with the same members but from different aspects (project viability and funding), and the information flow between the two committees was not clear.</p> <p>The processes for decision making were not sufficiently clear while guidance over the prioritization of ICT-enabled initiatives was absent. The roles, responsibilities and authority of the MISSC with regard to the timely resolution of ICT-enabled project issues and repayment of advance funding by the projects was unclear. The corporate guidelines were not clear whether IT initiatives with their funding already secured should be presented to the MISSC. This challenged the ability of WFP to prioritize and align ICT investments to corporate strategic objectives.</p> <p>The Chief Information Officer did not have full visibility of all the ICT-enabled initiatives and on-going projects in WFP and the audit noted a lack of compliance with ICT policies by corporate units and field operations.</p>	<p>The Chair of the MISSC, in consultation with the Chair of the SRAC and the CIO will:</p> <p>(a) Undertake a review of the terms of reference of the MISSC and of the SRAC and seek the best complementary structure and roles that will fully support WFP’s ICT governance function; and</p> <p>(b) Review and establish corporate-wide appropriate delegation of authority, monitoring and reporting requirements that will allow the CIO full visibility of all the ICT-enabled initiatives and on-going projects in WFP.</p>	<p>Strategic</p> <p>Accountability and funding</p> <p>Programmatic</p>	Guidance	Chair, MISSC	31 March 2016

Table 5: Medium-risk observations

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Internal Environment					
<p>2 Strategic planning and performance – ICT Corporate Strategy: WFP had implemented an ICT strategy that covered the period 2009 to 2013. RMT developed a plan to cover the years 2013 and 2015, and at the time of the audit was in the process of drafting a corporate ICT strategy for the years 2015 to 2020. An approved ICT strategy that covered all of the investments that had a significant ICT component is important for determining the prioritization and alignment of such investments.</p> <p>The audit noted factors such as resources, input from Executive Management and content gaps that were creating a challenge to the completion of the strategy by the set timeline of 31 July 2015.</p>	<p>RMT will:</p> <p>(a) Review the draft ICT corporate strategy document and address any gaps such as provisions on resourcing, people, skills and capacity, and align the strategy with commitments entered by WFP in the UN Quadrennial Comprehensive Policy Review;</p> <p>(b) Perform an assessment of the resources required to finalize the strategy within a reasonable timeframe and allocate these as required; and</p> <p>(c) Present the strategy to the MISSC for review and approval.</p>	<p>Strategic</p> <p>Accountability and funding</p> <p>Programmatic</p>	Guidance	Information Technology Division	30 November 2015
<p>3 Strategic planning and performance - Corporate ICT Value Framework: A value framework that allows for effective decision making was not in place to support and enable effective corporate ICT governance.</p> <p>The total cost of ownership (TCO) and other significant criteria such as risks and potential value realization gains to the organization were not being used consistently when presenting or assessing ICT-enabled projects. The link between the TCO and the strategic direction for systems development was not clearly established.</p>	<p>The Chair of the MISSC will request that RM, in consultation with INC and any other relevant operational units take steps to review and improve the tools for determining the TCO of ICT-related investments, taking into account the size, complexity and context of these projects, and establish a value framework that is linked to the corporate ICT strategy.</p>	<p>Strategic</p> <p>Accountability and funding</p> <p>Programmatic</p>	Guidelines	Chair, MISSC	31 March 2016

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
<p>4 Organizational structure and delegated authorities – Governance over on-going ICT-enabled initiatives and projects: the audit noted opportunities for establishing governance policies and improving procedures covering ICT-enabled projects whose cost did not meet the minimum established for MISSC review. The roles, responsibilities and reporting lines of project steering committees for such projects were not always defined or cohesive. Moreover, Systems Development Lifecycle (SDLC) policies were not consistently complied with due to their onerous nature and the lack of project resources.</p> <p>A review of field-developed applications indicated real and perceived gaps in existing corporate application functionalities. This resulted in the uncoordinated development of numerous applications and the sub-optimal use of resources.</p> <p>The roles and responsibilities of field IT officers in supporting IT governance were not sufficiently defined.</p>	<p>(a) RMT, in coordination with the Resource Management Department (RM) and the Operations Services Department (OS), will define a governance structure for small, medium and field ICT-enabled initiatives and projects along the same lines as that for major projects but with an appropriate level of flexibility so that such initiatives are not stifled;</p> <p>(b) RMT will review and tailor its current SDLC policies to ensure these will specifically address the needs and context of small and medium projects, as well as field-developed ICT-enabled initiatives and projects with a focus on agile development and rapid realization of benefits;</p> <p>(c) RMT, in collaboration with INC will agree on a common framework and establish guidelines and procedures for the identification of corporate ICT solution requirements with a focus on knowledge-sharing on corporate and other field solutions through business process and ICT portfolio reviews and determine where corporate solutions are required; and</p> <p>(d) RMT will review the roles and responsibilities of field IT officers and determine the level of training and capacity building required to effectively support field ICT initiatives and projects.</p>	<p>Strategic</p> <p>Processes and systems</p> <p>Programmatic</p>	Guidelines	Information Technology Division	31 August 2016

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Control Activities					
<p>5 Information and communications technology – Coordination and oversight over on-going projects: Project updates to the MISSC were not frequent enough or sufficiently detailed to allow for timely identification of major risks and the implementation of corrective action. Cost performance data was not presented to the committee in a consistent and easy-to-use manner. Moreover, updates to the MISSC were not sufficiently clear on the meeting of target milestone dates for past project cycles while RMT and non-RMT projects were not always presented using common project and cost performance indicators.</p> <p>At the time of the audit, a number of key-projects were being rolled-out simultaneously without sufficient coordination to facilitate the process and provide the necessary support. This put a strain on the capacity and resources of field offices.</p>	<p>RMT will take the lead, in coordination with INC, in reviewing the current process for the coordination and oversight of on-going ICT-enabled projects and present the MISSC with recommendations on how best to improve the process.</p>	<p>Operational</p> <p>Accountability and funding</p> <p>Programmatic</p>	<p>Guidance</p>	<p>Information Technology Division</p>	<p>31 March 2016</p>

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
<p>6 Information and communications technology – Release management process: RMT guidelines required that projects involving IT services and applications follow a strict release management process to ensure they will not negatively impact WFP’s existing infrastructure or other applications.</p> <p>In the case of corporate applications, the audit noted instances when key components of the release process, such as the documentation of release schedules and quality assurance procedures had not been completed. Field-developed applications, including applications critical to the delivery of assistance to beneficiaries, did not follow a formal release-management type of process.</p>	<p>RMT, in coordination with the business stakeholders, will review the policies and procedures covering the release management process and the roles and responsibilities of its sections, the business stakeholders, the MISSC and the project review function and update them to ensure ICT-enabled releases meet all the objectives of the process for both corporate and field-developed applications.</p>	<p>Compliance</p> <p>Processes and systems</p> <p>Programmatic</p>	<p>Guidelines</p>	<p>Information Technology Division</p>	<p>31 December 2015</p>
<p>7 Information and communications technology – Acceptance of ICT enabled projects: Corporate guidelines for systems development required that quality assurance and acceptance processes be carried out to ensure the agreed functionality objectives have been fully achieved, and quality standards have been met.</p> <p>The audit noted that evidence of functionality and quality assurance acceptance testing by the relative business owners was either not present or was applied inconsistently in the majority of sampled projects. Only 20 percent of the sampled field-developed applications showed evidence of an adequate acceptance process.</p>	<p>RMT, in coordination with the business stakeholders, will review the existing completion criteria and acceptance procedures and advise the MISSC on how these can be strengthened to ensure accountability and compliance by all those who are designated as owners of the delivered system or application.</p>	<p>Compliance</p> <p>Processes and systems</p> <p>Programmatic</p>	<p>Guidance</p>	<p>Information Technology Division</p>	<p>31 December 2015</p>

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Monitoring					
<p>8 Monitoring – Post-implementation evaluation and benefits realization: Corporate ICT guidelines call for the completion of a review of the fulfilment of the scope, functionalities and foreseen benefits of ICT-enabled projects as set out in the approved business cases after the application has been put into production to help mainstream the running costs of applications into WFP’s long-term funding facilities. It is also good practice to assess such projects after their delivery to determine the real cost and establish a return on investment, ascertain whether the intended benefits are being achieved and identify any lessons learned.</p> <p>No post-implementation evaluations were being performed. Moreover, the existing corporate policy did not define the key financial and operational performance indicators for such evaluations.</p>	<p>RM, in consultation with RMT, RMB and RMP will review the existing policies, procedures, criteria and performance indicators for performing post-implementation reviews and benefits evaluation of ICT-enabled projects and provide updated versions to the MISSC for their review and approval.</p>	<p>Strategic Programmes Institutional</p>	<p>Guidance</p>	<p>Resource Management Department</p>	<p>31 March 2016</p>

IV. Detailed assessment

Internal Environment

High Risk

Observation 1 Governance – Corporate ICT governance

24. WFP's ICT governance body, the Management Information Systems Steering Committee, was not supported by a structure that allowed it to perform all of its functions in the most effective way. These functions included a holistic assessment of ICT-enabled initiatives and oversight over on-going IT-enabled projects from a technical, financial and strategic perspective. Major ICT initiatives were being assessed by two high-level committees, the MISSC and the Strategic Resource Allocation Committee, with the same members but from different aspects (project viability and funding), and the information flow between the two committees was not clear. The roles and responsibilities of the MISSC itself required review and clarification. These roles and responsibilities included the assessment of proposals for ICT-enabled projects, a timely resolution of project issues and the repayment of advance funding facilities.

25. There were opportunities for streamlining the governance processes, in particular with regard to the ICT-enabled project assessment, approval, and selection and funding. The processes for decision making were not sufficiently clear while guidance over the prioritization of ICT-enabled initiatives was absent.

26. The audit noted some gaps in the completion of investment cases, business cases and other supporting documents required for the assessment and selection of ICT-enabled projects, and a lack of compliance with existing ICT policies by corporate units and field operations. The corporate guidelines were not clear whether IT initiatives with their funding already secured should be presented to the MISSC. This challenged the ability of WFP to prioritize and align ICT investments to corporate strategic objectives. The Chief Information Officer did not have full visibility of all the ICT-enabled initiatives and on-going projects in WFP. These factors were contributing to an uncoordinated approach towards ICT investments.

Underlying cause of observation:

The roles and responsibilities of the MISSC required review and clarification.

A corporate project review function to support the MISSC in the assessment and oversight of ICT-enabled initiatives was absent.

RMT may not be sufficiently empowered to ensure ICT-enabled projects and investments, regardless of the source of funding or assessed costs, meet the expected governance processes prior to securing funding.

The processes for decision making are not sufficiently transparent and viable and guidance over the prioritization of ICT-enabled initiatives is absent.

Implication:

Important aspects of ICT governance may not be addressed in an effective and timely manner. Proposals for major ICT-enabled investments may not undergo a sufficiently rigorous and consistent review by WFP's ICT governance body prior to their approval. The investments are not assessed against the corporate strategic direction and may be assessed on a case-by-case basis, missing opportunities for achieving more efficiency and cost-saving that could otherwise result from a more holistic approach. Monitoring may not be sufficiently effective to ensure timely corrective action. The deliverables and benefits from the investment may not be properly assessed.

Policies, procedures and requirements:

OED2014/004, OED2015/010, ODIP/2012/March/002/v.1 Information Note on the Solution Development Lifecycle, ODIP2012/001.

Agreed action: The Chair of the MISSC in consultation with the Chair of the SRAC and the CIO will:

- a) Undertake a review of the terms of reference of the MISSC and of the SRAC and seek the best structure and roles that will fully support WFP's ICT governance function; and
- b) Review and establish corporate-wide appropriate delegation of authority, monitoring and reporting requirements that will allow the CIO full visibility of the ICT-enabled initiatives and on-going projects in WFP.

Due Date: 31 March 2016.

Annex A – Definition of Audit Terms

1. WFP's Internal Control Framework (ICF)

A 1. WFP's Internal Control Framework follows principles from the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Integrated Internal Control Framework, adapted to meet WFP's operational environment and structure. The Framework was formally defined in 2011.

A 2. WFP has defined internal control as a process designed to provide reasonable assurance regarding the achievement of objectives relating to (a) effectiveness and efficiency of operations; (b) reliability of reporting; and (c) compliance with WFP rules and regulations. WFP recognises five interrelated components (ICF components) of internal control, which need to be in place and integrated for it to be effective across the above three areas of internal control objectives. The five ICF components are (i) Internal Environment, (ii) Risk Management, (iii) Control Activities, (iv) Information and Communication, and (v) Monitoring.

2. Risk categories

A 3. The Office of Internal Audit evaluates WFP's internal controls, governance and risk management processes, in order to reach an annual and overall assurance on these processes in the following categories:

Table A.1: Categories of risk – based on COSO frameworks and the Standards of the Institute of Internal Auditors

1	Strategic:	Achievement of the organisation's strategic objectives.
2	Operational:	Effectiveness and efficiency of operations and programmes including safeguarding of assets.
3	Compliance:	Compliance with laws, regulations, policies, procedures and contracts.
4	Reporting:	Reliability and integrity of financial and operational information.

A 4. In order to facilitate linkages with WFP's performance and risk management frameworks, the Office of Internal Audit maps assurance to the following two frameworks:

Table A.2.1: Categories of risk – WFP's Management Results Dimensions

1	People:	Effective staff learning and skill development – Engaged workforce supported by capable leaders promoting a culture of commitment, communication & accountability – Appropriately planned workforce – Effective talent acquisition and management.
2	Partnerships:	Strategic and operational partnerships fostered – Partnership objectives achieved – UN system coherence and effectiveness improved – Effective governance of WFP is facilitated.
3	Processes & Systems:	High quality programme design and timely approval – Cost efficient supply chain enabling timely delivery of food assistance – Streamlined and effective business processes and systems – Conducive platforms for learning, sharing and innovation.
4	Programmes:	Appropriate and evidence based programme responses – Alignment with Government priorities and strengthened national capacities – Lessons learned and innovations mainstreamed – Effective communication of programme results and advocacy.
5	Accountability & Funding:	Predictable, timely and flexible resources obtained – Strategic transparent and efficient allocation of resources – Accountability frameworks utilised – Effective management of resources demonstrated.

Table A.2.2: Categories of risk – WFP’s Risk Management Framework

1	Contextual:	External to WFP: political, economic, environmental, state failure, conflict and humanitarian crisis.
2	Programmatic:	Failure to meet programme objectives and/or potential harm caused to others through interventions.
3	Institutional:	Internal to WFP: fiduciary failure, reputational loss and financial loss through corruption.

3. Causes or sources of audit observations

A 5. Audit observations are broken down into categories based on causes or sources:

Table A.3: Categories of causes or sources

1	Compliance	Requirement to comply with prescribed WFP regulations, rules and procedures.
2	Guidelines	Need for improvement in written policies, procedures or tools to guide staff in the performance of their functions.
3	Guidance	Need for better supervision and management oversight.
4	Resources	Need for more resources (funds, skills, staff, etc.) to carry out an activity or function.
5	Human error	Mistakes committed by staff entrusted to perform assigned functions.
6	Best practice	Opportunity to improve in order to reach recognised best practice.

4. Risk categorisation of audit observations

A 6. Audit observations are categorised by impact or importance (high, medium or low risk) as shown in Table A.4 below. Typically, audit observations can be viewed on two levels: (1) observations that are specific to an office, unit or division; and (2) observations that may relate to a broader policy, process or corporate decision and may have broad impact.⁵

Table A.4: Categorisation of observations by impact or importance

High risk	Issues or areas arising relating to important matters that are material to the system of internal control. The matters observed might be the cause of non-achievement of a corporate objective, or result in exposure to unmitigated risk that could highly impact corporate objectives.
Medium risk	Issues or areas arising related to issues that significantly affect controls but may not require immediate action. The matters observed may cause the non-achievement of a business objective, or result in exposure to unmitigated risk that could have an impact on the objectives of the business unit.
Low risk	Issues or areas arising that would, if corrected, improve internal controls in general. The observations identified are for best practices as opposed to weaknesses that prevent the meeting of systems and business objectives.

A 7. Low risk observations, if any, are communicated by the audit team directly to management, and are not included in this report.

5. Monitoring the implementation of agreed actions

A 8. The Office of Internal Audit tracks all medium and high-risk observations. Implementation of agreed actions will be verified through the Office of Internal Audit’s system for the monitoring of the implementation of agreed actions. The purpose of this monitoring system is to ensure management actions are effectively implemented within the agreed timeframe so as to manage

⁵ An audit observation of high risk to the audited entity may be of low risk to WFP as a whole; conversely, an observation of critical importance to WFP may have a low impact on a specific entity, but have a high impact globally.

and mitigate the associated risks identified, thereby contributing to the improvement of WFP's operations.

6. Rating system

A 9. Internal control components and processes are rated according to the degree of related risk. These ratings are part of the system of evaluating the adequacy of WFP's risk management, control and governance processes. A rating of satisfactory, partially satisfactory or unsatisfactory is reported in each audit. These categories are defined as follows:

Table A.5: Rating system

Engagement rating	Definition	Assurance level
Satisfactory	Internal controls, governance and risk management practices are adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.	Reasonable assurance can be provided.
Partially Satisfactory	Internal controls, governance and risk management practices are generally established and functioning, but need improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.	Reasonable assurance is at risk.
Unsatisfactory	Internal controls, governance and risk management practices are either not established or not functioning well. The issues identified were such that the achievement of the overall objectives of the audited entity could be seriously compromised.	Reasonable assurance cannot be provided.

Annex B – Acronyms

CIO	Chief Information Officer
COBIT	Control Objectives for Information Technology
COSO	Committee of Sponsoring Organizations of the Treadway Commission's
DED	The Office of the Deputy Executive Director
ICT	Information and Communications Technology
INC	Innovation and Change Management Division
ISACA	Information Systems Audit and Control Association
MISSC	Management Information Systems Steering Committee
RAB	Release Advisory Board
RMB	Budget and Programming Division
RMP	Performance Management and Monitoring Division
RMT	Information Technology Division
SRAC	Strategic Resource Allocation Committee
TCO	Total cost of ownership