

# **Internal Audit of WFP Operations in Burundi**

Office of the Inspector General  
Internal Audit Report AR/14/10



**World Food Programme**

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# Internal Audit of WFP Operations in Burundi

## I. Executive Summary

### Introduction






1. As part of its annual work plan for 2013, the Office of Internal Audit conducted an audit of WFP Operations in Burundi. WFP's direct expenses in Burundi in 2012 totalled US\$20.7 million<sup>1</sup>, representing 0.5 percent of WFP's total direct expenses for the year. The audit covered activities from 1 October 2012 to 30 September 2013. It included field visits to various locations in Burundi and a review of related corporate processes that impact across WFP.

2. The audit was carried out in accordance with the Institute of Internal Auditors' 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 **unsatisfactory**<sup>2</sup>. Conclusions are summarised in Table 1 by internal control components<sup>3</sup>:

**Table 1: Summary of conclusions by Internal Control Components**

Internal Control Component	Conclusion
1. Internal environment	High 
2. Risk assessment	Medium 
3. Control activities	High 
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 the development of a national contingency plan for emergencies in coordination with the Government and other UN Agencies operating in the country, the organisation of After-Action Review for the Protracted Relief and Recovery Operation (PRRO), the effective and efficient management of voucher distribution in different locations, particularly in the Bwagiriza, Kinama and Musasa refugee camps; and the roll-out of WFP's payroll system for the holders of service contracts and special service agreements in the field (PASport).

<sup>1</sup> Annual Performance Report 2012 - WFP/EB.A/2013/4 – Annex IX-B.

<sup>2</sup> See Annex A for definitions of audit terms.

<sup>3</sup> See Annex A for definition of WFP's Internal Control Framework and Components.

## Audit observations

5. The audit report contains three high-risk observations and ten medium-risk observations. The high-risk observations are:

**Internal control environment:** The review of the Assurance Statement prepared by the CO and subsequent audit tests identified various weaknesses in the internal control environment. In addition to those reported under specific headings, the audit confirmed that the following weaknesses had not been addressed: failure to or delay in completing the mid-year review of the Annual Performance Plan and to update the risk register; absence of CO oversight missions to the sub-office to review certain functional areas; inadequate segregation of duties in the review and approval process for projects and in the process of vehicle refuelling; delays in the recruitment of staff, weaknesses in the staffing structure of the IT function and lack of a system to monitor and report IT incidents. Management agreed to take immediate steps to address these shortcomings, including the application of mitigating controls such as involving staff from other UN Agencies in review committees when CO staff resources are restricted.

**Security management:** The Ngozi sub-office did not meet the Minimum Operating Security Standards (MOSS) for field offices set by the United Nations Department of Safety and Security (UNDSS) although the shortcomings had been drawn to the CO's attention several times since December 2012 by the UNDSS Security Field Coordinator. Management agreed to take immediate steps to ensure that the sub-office is fully MOSS-compliant.

**IS/IT deliver and support:** The sub-office had been without a functioning central uninterruptible power supply (UPS) since July 2013 and no system back-ups had been taken since then. The CO's UPSs were not physically secure. A scanner at the sub-office was not password-protected. The IT disaster recovery plan to ensure continuity dated to 2010 and had not been tested. Management agreed to take immediate action to ensure: UPS facilities are functioning and secure; back-ups are taken and stored in line with WFP policies; and access to digital scanners is properly configured to safeguard security and accountability. Management also agreed to test a comprehensive IT disaster recovery plan that will provide an effective means of restoring the core ICT systems and applications within a timeframe that ensures the minimum disruption to operations.

## Action agreed

6. Management, in discussion with the Office of Internal Audit, has agreed to take measures to address the reported observations. Two of the 13 agreed actions have been implemented and work is in progress to implement the others.

7. The Office of Internal Audit would like to thank the managers and staff for the assistance and cooperation accorded during the audit.



**David Johnson**  
Inspector General

## II. Context and Scope

### Burundi

8. Burundi ranks 178 out of 186 countries on the 2012 United Nations Development Programme's Human Development Index as a result of extreme poverty, climatic shocks, chronic vulnerability to food insecurity and high levels of malnutrition. Of all the countries ranked in the 2012 Global Hunger Index (GHI) of the International Food Policy Research Institute, Burundi had the highest score. The prevalence of child underweight has declined since 2000, but remained one of the highest in Sub-Saharan Africa. The combined effects of high food prices and the economic downturn have worsened the socio-economic and food security situation of both the rural and urban poor, resulting in the adoption of harmful coping strategies such as reducing the number of meals consumed.

### WFP Operations in Burundi

9. WFP has been present in Burundi since 1968. The Country Office (CO), in consultation with the Government of Burundi, other UN agencies, donors and partners, developed a five-year country strategy for the period 2010 through 2014. This defined three priority areas, with a focus on food and nutrition security, capacity development of Government institutions, and humanitarian response action.

10. During the audit period, the Country Office managed and implemented the following projects:

- A Country Programme for the period 2011 to 2014 with a budget of US\$43.6 million. The programme's objective was to improve food and nutrition security by targeting vulnerable groups and promoting the national ownership of food assistance programmes. The operation was consistent with the Government of Burundi's Poverty Reduction Strategy Paper;
- A Protracted Relief and Recovery Operation (PRRO): *Assistance to Refugees, Returnees and Vulnerable Food-Insecure Host Populations* for three years starting 1 January 2011 with a budget of US\$78.5 million. The specific objectives of this project were to save lives and maintain the nutritional status of refugees, returnees and severely food-insecure people, and to restore and rebuild the lives and livelihoods of returnees and of the vulnerable host communities affected by successive shocks.

In November 2012, the CO initiated a pilot project for the use of the food voucher modality in the recovery component (Food-For-Work activity) of the PRRO project for a period of six months. The pilot project was extended to the relief component of the project (voucher distribution in Refugee camps) for the period February to September 2013.

11. WFP's direct expenses in Burundi in 2012 totalled US\$20.7 million<sup>4</sup>, representing 0.5 percent of WFP's total direct expenses for the year.

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<sup>4</sup> WFP/EB.A/2013/4 – Annual Performance Report for 2012 – Annex IX-B.

## Objective and Scope of the Audit

12. The objective of the audit was to evaluate and test the adequacy and effectiveness of the processes associated with the internal control components of WFP's operations in Burundi. Such audits are part of the process of providing an annual and overall assurance statement to the Executive Director on governance, risk management and internal control processes.

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

14. The scope of the audit covered WFP's operations in Burundi from 1 October 2012 to 30 September 2013. Where necessary, transactions and events pertaining to other periods were reviewed. The audit fieldwork, which took place in November 2013, included a visit to the WFP sub-office in Ngozi and to a distribution site in the same area.

### III. Results of the Audit

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

**Table 2: Positive practices and initiatives**

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**1. Risk assessment**

- The Country Office was working with the Government and with other UN agencies operating in the country to develop a national contingency plan aimed at reinforcing the country's preparedness for an adequate and efficient response at all levels to potential emergencies.

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**2. Control activities**

- Execution of travel plans by merging trips for cost-efficiency.
  - Successful implementation of the voucher distribution modality.
  - Preparation of an After-Action Review for the PRRO.
  - Effective roll-out of WFP's payroll system for the holders of service contracts and special service agreements in the field (PASport).
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16. 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 business processes in the Country Office:

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

Internal Control Component/Business Process	Risk (Country Office)
<b>1. Internal environment</b>	
Organisational and reporting structure	Medium
Assurance Statement on internal controls	High
<b>2. Risk assessment</b>	
Enterprise risk management	Low
Emergency preparedness and response	Medium
<b>3. Control activities</b>	
Finance and accounting	Medium
Programme management	Medium
Transport and logistics	Low
Commodity management	Low
Procurement	Medium
Human resources	Medium
Administration and travel	Medium
Mobilise resources	Low
Property and equipment	Low
Security	High
IS/IT deliver and support	High
<b>4. Information and communication</b>	
External relations and partnerships	Low
<b>5. Monitoring</b>	
Programme monitoring and evaluation	Medium

17. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **unsatisfactory**<sup>5</sup>.

18. The audit report makes three high risk observations. These are detailed in Section IV. Ten medium-risk observations arose from the audit. Tables 4 and 5 present the high and medium risk observations respectively.

## Action agreed

19. Management, in discussion with the Office of Internal Audit, has agreed to take measures to address the reported observations. Two of the 13 agreed actions have been implemented and work is in progress to implement the others by 31 December 2014.<sup>6</sup>

<sup>5</sup> See Annex A for definitions of audit terms.

<sup>6</sup> 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
<b>Internal Environment</b>					
1 <b>Internal control environment:</b> Management oversight - The review of the Assurance Statement prepared by the CO and subsequent audit tests identified various weaknesses in the internal control environment. In addition to those reported below under specific headings, the audit confirmed that the following weaknesses had not been addressed: failure to conduct or delay in conducting the mid-year review of the Annual Performance Plan and to update the risk register; inadequate segregation of duties in the review and approval process for projects and the procurement of fuel; delays in the recruitment of staff; weaknesses in the management structure of the IT function; lack of a system to monitor and record IT incidents; absence of CO oversight missions to the Ngozi sub-office to review certain functional areas.	The Country Office (CO) will immediately take steps to ensure that: a) the mid-year review of the Annual Performance Plan (APP) and risk register is completed on a timely basis and the information included in the Internal Control Self-Assessment Checklists is accurate; b) include oversight missions to the sub-office in the APP and see that all units are covered; c) segregation of duties is in line with corporate policies or implement mitigating controls such as the participation of staff from other UN Agencies in review committees when CO staff resources are restricted; and d) the IT staffing structure for the sub-office as recommended by the oversight mission from the Regional Bureau is adopted and a reporting system for IT incidents is implemented.	Compliance Processes & Systems Institutional	Guidance	Burundi Country Office	30 June 2014
<b>Control Activities</b>					
2 <b>Security:</b> Compliance with United Nations Minimum Operating Security Standards- The Ngozi sub-office (SO) did not meet the Minimum Operating Security Standards (MOSS) for field offices set by the United Nations. The shortcomings had been drawn to the CO's attention several times since December 2012 by the UNDSS Security Field Coordinator. Exceptions included a radio room that was not operational and the storage of fuel in the SO compound that was within the set minimum distance.	The CO will take immediate steps to ensure that the Ngozi sub-office is fully compliant with UN Minimum Operating Security Standards in the field.	Compliance Processes & Systems Institutional	Guidance	Burundi Country Office	31 December 2014

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due Date
<p>3 <b>IS/IT Deliver and Support:</b> Weaknesses in the security over IT support equipment and back-up media; untested IT disaster recovery plans – The sub-office had been without a functioning central uninterruptible power supply (UPS) since July 2013 and no system back-ups had been taken since then. The CO’s UPSs were not physically secure. A scanner at the sub-office was not password-protected. The IT disaster recovery plan to ensure continuity was dated 2010 and had not been tested.</p>	<p>The CO will (a) take immediate action to ensure the provision of functioning and secure UPS facilities, back-ups are taken and stored in line with WFP policies and access to digital scanners is properly configured to safeguard security and accountability. It should take the initiative to enter into an agreement with other UN agencies in Burundi for the off-site storage of each other’s back-up media; and (b) update and test a comprehensive IT disaster recovery plan that will provide an effective means of restoring its core ICT systems and applications within a timeframe that ensures the minimum disruption to its operations.</p>	<p>Compliance Processes &amp; Systems Institutional</p>	<p>Guidance</p>	<p>Burundi Country Office</p>	<p>31 May 2014</p>

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Table 5: Medium-risk observations

Observation	Agreed action	Risk categories <sup>7</sup>	Underlying cause category	Owner	Due Date	
<b>Internal Environment</b>						
4	<b>Organisational and reporting structure:</b> Staffing resources – Insufficient funding did not allow the timely recruitment of staff for key positions. The length of time that positions remained vacant led to delays in the preparation of a new programme and limited the ability of staff to perform or supervise field assessments. The recruitment process for staff under service contracts and special service agreements was lengthy.	The CO will seek to obtain support and funding sources for its operations in a timely manner. Reduce the recruitment time for service contract and special service agreements while identifying temporary measures to minimize the negative effects created by the length of the recruitment process.	Strategic Accountability & Funding Programmatic	Resources	Burundi Country Office	Implemented
<b>Risk Assessment</b>						
5	<b>Emergency Preparedness and Response:</b> Emergency Preparedness and Response Package (EPRP) – A contingency plan was developed in February 2010. This was not updated before the CO adopted EPRP during 2012. Key elements of the EPRP, such as the Minimum Preparedness Actions (MPAs) had not been initiated and no EPRP simulation had been conducted.	The CO will ensure that all EPRP elements are initiated, the package is kept up-to-date and a simulation is performed on a regular basis.	Operational Processes & Systems Institutional	Compliance	Burundi Country Office	31 July 2014
<b>Control Activities</b>						
6	<b>Finance and accounting:</b> Method of payment and management of staff receivables – Daily Subsistence Allowance cheques were not stamped to render them non-negotiable. The audit noted exceptions in the timely recording of amounts due from staff.	The CO will comply with the WFP Financial Resources Management Manual provisions on the use of cheques and introduce a tracking system to ensure the timely recording of payments due from staff.	Compliance Processes & Systems Institutional	Compliance	Burundi Country Office	31 July 2014

<sup>7</sup> See Annex A for definition of audit terms.

Observation	Agreed action	Risk categories <sup>7</sup>	Underlying cause category	Owner	Due Date	
7	<b>Programme management:</b> Management of Field Level Agreements (FLAs) and the creation of related liabilities – The audit noted delays of up to 225 days between the start of activities under FLAs and the actual signing of the agreements with the Cooperating Partners. There were delays ranging from 70 to 330 days between the starting date of the FLA and the creation of the corresponding liabilities in the corporate Enterprise Resource Planning system.	The CO will implement procedures to ensure that Field Level Agreements and project support documentation, as well as the corresponding liabilities are completed, approved and recorded in the corporate Enterprise Resource Planning system before commencement of the project activity.	Compliance Programmes Programmatic	Compliance	Burundi Country Office	31 July 2014
8	<b>Procurement:</b> Supply sourcing and solicitation of suppliers for food and non-food items (NFIs) – The audit noted instances when envelopes with bids did not have a date and time stamp. The NFI roster had not been updated since 2010. There was no audit trail of the decisions taken regarding the choice of potential suppliers of food items to be contacted.	The CO will improve the supervisory controls over the procurement of food and non-food items to ensure compliance with corporate procedures and guidelines.	Compliance Accountability & Funding Institutional	Compliance	Burundi Country Office	31 July 2014
9	<b>Administration and Travel:</b> Travel claim settlement (TEC) - There was no system to verify the actual completion of approved trips. Application of the Daily Subsistence Allowance (DSA) was not always consistent with corporate directives.	The CO will take action to ensure that the correct Daily Subsistence Rate is applied in all cases and introduce a system for tracking and verifying official travel.	Compliance Accountability & Funding Institutional	Compliance	Burundi Country Office	Implemented
10	<b>Administration and Travel:</b> Management of fuel and spare parts for light vehicles - The audit noted an absence of segregation of duties between the procurement of fuel supplies and its payment. The CO did not make use of the corporate system for recording, tracking and valuing vehicle spare parts and no inventory counts of the parts had been conducted for 18 months.	The CO will (a) improve the controls over vehicle refuelling by introducing monitoring of performance measures and better reconciliation procedures; and (b) implement the corporate system for managing vehicle spare parts and perform regular counts of the parts.	Compliance Processes & Systems Institutional	Compliance	Burundi Country Office	31 May 2014

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Observation	Agreed action	Risk categories <sup>7</sup>	Underlying cause category	Owner	Due Date
11 <b>Administration and Travel:</b> Use of office vehicles – The audit noted instances of non-compliance with corporate rules when assessing the use of WFP vehicles by international staff within the context of the duty station’s classification as per United Nations International Civil Service Commission and Department of Safety and Security criteria.	The CO will comply with WFP corporate rules regarding the administration and management of WFP vehicles.	Compliance Processes & Systems Institutional	Compliance	Burundi Country Office	31 July 2014
<b>Monitoring</b>					
12 <b>Programme Monitoring and Evaluation:</b> Documenting and tracking of recommendations from monitoring activities - The CO undertook monitoring missions to assess the effectiveness of Cooperating Partners’ (CPs) activities and performed quality checks on the reports submitted by the CPs. The implementation of the recommendations made to CPs as a result of these monitoring activities and checks was not systematically documented and tracked.	The CO will strengthen the process for systematically documenting the implementation of recommendations made to Cooperating Partners after field missions and the review of reports submitted.	Operational Programmes Programmatic	Guidance	Burundi Country Office	31 July 2014
13 <b>Programme Monitoring and Evaluation:</b> Reconciliation of Cooperating Partners (CPs) distribution data - The audit noted discrepancies between the data recorded in the system used for tracking commodity movements (COMPAS) and the CO’s Monitoring and Evaluation (M&E) database. Data reconciliation was made more difficult by the fact that the COMPAS module for capturing CP distribution data at the sub-office level was not available.	The CO will implement measures to bring into alignment the data of the tracking system with that of the monitoring database. These measures should include bringing the COMPAS CP module operational at the sub-office level.	Operational Accountability & Funding Programmatic	Guidance	Burundi Country Office	31 July 2014

## IV. Detailed assessment

## Internal Environment

## High Risk

**Observation 1 Internal Control Environment: Management Oversight**

20. The review of the Assurance Statement and supporting annexes prepared by the CO and subsequent audit tests identified various weaknesses in the internal control environment. In addition to those reported under specific headings, the audit confirmed that the following had not been addressed:

- The mid-year review of the 2012 Annual Performance Plan (APP) was not completed and the 2013 mid-year review was only completed in November 2013. The risk register was not updated on a regular basis. Audit reviews of the internal control self-assessment checklists showed a tendency towards over-rating the strength of internal controls, with subsequent audit tests identifying weaknesses in the relevant business processes.
- Absence of CO oversight missions to the sub-office to review certain functional areas.
- Inadequate segregation of duties in the review and approval process for projects, in the administration and procurement of fuel. In the re-fuelling process for cars, the initiation of the request for re-fuelling, holding of the electronic fuel cards and corresponding pin codes, and preparation of the monthly reconciliation between the CO records on fuel purchased and the supplier's statements was performed by the same person. Furthermore, the reconciliation was not performed on a regular basis and the audit identified reconciling differences that were not reflected in the CO's reconciliation records.
- Unavailability of staff to serve on recruitment committees led to delays in recruitment.
- The IT function was made up of four posts in the CO and one in the sub-office, all reporting to the Finance Officer. A report by the Regional Officer following a visit in April 2013 commented that the present design "makes it impossible for IT to be effective as a support partner to their business and to be accountable for their actions"<sup>8</sup>. The report suggested alternative structures but these had not been implemented. The CO did not have an incidents registry to monitor the activities of the ICT team. Other issues resulting from the weak ICT function are reported in a separate high-risk observation.

**Underlying cause of observation:**

Guidance: Management failure to correctly assess the implications of these weaknesses and take appropriate and timely corrective action.

**Implication:**

Failure to monitor the internal control environment effectively, for example by performing the mid-year review of the APP on a timely basis and update the risk register, prevents management from obtaining assurance on the achievement of the results set out in the APP, and to take timely action on weaknesses and avoid the relative risks materialising. Risks may increase in the absence of segregation of duties and where staffing structures are not adequate. In the absence of oversight missions to the sub-office, the CO may not be aware of weaknesses in business processes and of staff needs and take corrective action, while potential risks of fraud or misconduct may not be identified in a timely manner and avoided.

**Policies, procedures and requirements:**

Assurance Statement. Financial Resource Management Manual. WFP ICT guidelines.

**Agreed action:** Burundi Country Office will immediately take steps to ensure that:

- a) The mid-year review of the Annual Performance Plan and risk register is completed on a timely basis and the information included in the Internal Control Self-Assessment Checklists is accurate;
- b) Include oversight missions to the sub-office in the APP and see that all units are covered;
- c) Segregation of duties is in line with corporate policies or implement mitigating controls such as the

<sup>8</sup> OSTC Mission Report CO Burundi April 2013 page 5.

participation of staff from other UN Agencies in the case of review committees when staff resources are restricted; d) The IT staffing structure for the sub-office recommended by the oversight mission from the Regional Bureau is adopted and a reporting system for IT incidents is implemented.

**Due Date:** 30 June 2014.

## Control Activities

## High Risk

### Observation 2 Security: Compliance with UNDSS Minimum Operating Security Standards

The Ngozi sub-office did not meet the Minimum Operating Security Standards (MOSS) in the field set by the United Nations Department of Safety and Security (UNDSS). Exceptions included:

- The radio room activities in Ngozi were discontinued in 2012 following the abolishment of the UNDSS-funded position of radio operator due to funding constraints. The radio room remained non-operational at the time of the audit fieldwork. No measures were implemented to mitigate the risks arising from the situation. The exception was raised by the UNDSS Security Field Coordinator during the Ngozi Area Security Management Team (ASMT) meetings of 13 December 2012, 25 July 2013 and 14 October 2013 and WFP was urged to recruit a new radio operator. In March 2013, the CO was requested to monitor all field missions in the North by the Bujumbura radio room. This was not taking place at the time of the audit fieldwork. As a result, tracking of road movements by means of mandatory radio checks on way-points along approved routes was either not performed or was only done on some occasions using cell phones. The weekly mandatory Security Management Team radio checks were not performed.
- The satellite phone was not activated at the time of the audit fieldwork.
- There was no evidence that technical inspection and maintenance of the fire extinguishers had taken place.
- MOSS required that building emergency and evacuation plans were to be tested every six months; however, the last exercise was conducted in 2012.
- UNDSS installed two tanks each with a capacity of 3,000 litres of fuel in the WFP compound for the purpose of generators' refuelling. The tanks were not located outside the minimum stand-off distance from the sub-office premises.

#### Underlying cause of observation:

Guidance: Failure by CO management to take timely measures to address the risks created by the closure of the SO radio room, and to monitor the SO's compliance with MOSS requirements and take immediate corrective action with regard to any exceptions.

#### Implication:

Non-compliance with MOSS exposed WFP personnel, property and other assets to higher security risks.

#### Policies, procedures and requirements:

MOSS policy document attached to UNDSS memorandum dated 21 July 2004 and Burundi inter-office memorandum dated 10 July 2013 for MOSS.

**Agreed action:** Burundi Country Office will take immediate steps to ensure that the Ngozi sub-office is fully compliant with UN Minimum Operating Security Standards in the field.

**Due Date:** 31 December 2014.

## Control Activities

## High Risk

**Observation 3 IS/IT Deliver & Support: Weaknesses in the security over IT support equipment and back-up media; untested IT disaster recovery plans**

The Country Office was equipped with three stand-by generators that alternated the power supply for the building. The central uninterruptible power supply (UPS) that was installed to protect the circuits was located in the corridor leading to the cafeteria with no restricted access. The issue had been raised in a report by the Regional Bureau following an oversight mission in April 2013. Back-up media were not stored in a secure location but in an unlocked cupboard. No back-ups were stored in an offsite location. An IT disaster recovery plan to ensure continuity was developed in 2010. The audit did not see evidence of the plan having being tested to see whether it was sufficiently robust to support the re-setting of IT facilities and systems recovery should the premises that house the IT equipment be lost due to a major incident.

The Ngozi sub-office was without a functioning UPS since July 2013. A number of IT file server failures (crashes) due to power fluctuations had occurred and the sub-office was without an operating file server since August. Staff in the sub-office were restricted to the hard drives of their computers. No system back-ups had been taken since July 2013.

The sub-office (SO) was equipped with a digital scanner that was connected to the WFP network so that when a document was scanned, an e-mail was automatically created from the virtual address of the scanner and sent to an e-mail address chosen by the user. The digital scanner allowed the sender to alter his or her profile and to adapt another person's e-mail address.

**Underlying cause of observation:**

Guidance: The CO had not given priority to updating and testing its IT disaster recovery plans to ensure continuity, finalise its data back-up and storage plans, and arrange for the secure off-site storage of its back-up media.

**Implication:**

Delays in restoring systems and data with a negative impact on the ability of the CO and the SO to perform their day-to day administrative and operational functions. Possible manipulation of e-mail addresses in the sub-office digital scanner.

**Policies, procedures and requirements:**

WFP ICT guidelines and recommendations from a Regional Bureau oversight mission. ISACA's COBIT Deliver and Support 4: Ensure Continuous Service; DS4.9 Offsite Backup Storage.

**Agreed action:** Burundi Country Office will: (a) take immediate action to ensure the provision of functioning and secure UPS facilities, back-ups are taken and stored in line with WFP policies and access to digital scanners is properly configured to safeguard security and accountability. It should take the initiative to enter into an agreement with other UN agencies in Burundi for the off-site storage of each other's back-up media. (b) Update and test a comprehensive IT disaster recovery plan that will provide an effective means of restoring its core ICT systems and applications within a timeframe that ensures the minimum disruption to the operations.

**Due Date:** 31 May 2014.



## 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 recognizes 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<sup>9</sup> and the Standards of the Institute of Internal Auditors**

1	Strategic:	Achievement of the organization'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 enable 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.

<sup>9</sup> Committee of Sponsoring Organizations of the Treadway Commission.

**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. The observations were 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. The audit observations were 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 is 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.<sup>10</sup>

**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 made 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 high and medium-risk observations. Implementation of observations will be verified through the Office of Internal Audit’s system for the monitoring of the implementation of audit observations. The purpose of this monitoring system is to ensure that

<sup>10</sup> 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.

actions agreed with management are effectively implemented within the agreed timeframe so as to manage 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 severity of their 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 and 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

APP	Annual Performance Plan
ASMT	Area Security Management Team
CO	Country Office
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPs	Cooperating Partners
COMPAS	WFP's commodity tracking application
EPRP	Emergency Preparedness and Response Package
FLA	Field Level Agreement
IASMN	Inter Agency Security Management Network
IIA	Institute of Internal Auditors
IS/IT	Information Systems/Information Technology
ICSC	International Civil Service Commission
ICF	Internal Control Framework
ICT	Information Communication and Technology
M&E	Monitoring and Evaluation
MOSS	Minimum Operating Security Standards
NFI	Non Food Item
PASport	WFP's payroll system for the holders of service contracts and special service agreements in the field
PRRO	Protracted Relief and Recovery Operation
PRSP	Poverty Reduction Strategy Paper
SO	Sub Office
SRE	Staff Review Exercise
TEC	Travel Expense Claim
UPS	Uninterruptible power supply
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDSS	United Nations Department of Safety and Security
WINGS	WFP's corporate Enterprise Resource Planning system
WFP	World Food Programme