Internal Audit of WFP Field Security

Office of the Inspector General
Internal Audit Report AR/14/19

WFP

World Food Programme

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Contents

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I. Executive Summary

Introduction

1.   As part of its annual workplan for 2014, the Office of Internal Audit conducted an audit of field security within WFP. The audit covered activities from 1 June 2013 to 31 May 2014, and also looked at events prior and subsequent to this period as required. The audit encompassed testing, surveys and interviews involving the WFP Field Security Division (OMF), seventeen country offices and three regional bureaux.

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 **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	Low	

Key Results of the Audit

Positive practices and initiatives

4.   The audit noted some positive practices and initiatives such as: identification via a business process review of key security issues and areas for improvement; development of a pilot model to collate and analyse the total costs of security in country offices; and development and delivery of a training course in French for Local Security Assistants in Cameroon.

Audit observations

5.   No high-risk observations arose from the audit. The audit report contains eleven medium-risk observations.

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 eleven 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

Field Security

8.   WFP conducts operations in locations where there are significant and ongoing security risks. The organisation's Security Management Policy states: "The goal for WPF is to enable the conduct of WFP activities and the implementation of WFP objectives while ensuring the safety and security of its personnel and recognised dependents, and security of premises and assets". The Security Management Policy contains a Framework of Accountability which sets out accountabilities, responsibilities and authority in respect of field security issues within WFP. Country Directors and Regional Directors are responsible for ensuring that the security goal of WFP is met within their areas of authority.

9.   In furtherance of the goal articulated in the Security Management Policy, the WFP Field Security Division (OMF) works to ensure the safety and security of WFP's staff, assets and operations. The division identifies threats, and creates and implements mitigation measures for those threats. The Director of OMF acts as the WFP Security Focal Point; the Framework of Accountability notes that the Director of OMF is responsible for coordinating WFP's response to safety and security, and for providing the Executive Director and all relevant actors within WFP with advice, guidance and technical assistance.

10.   The Security Management Policy also notes that in respect of achievement of the security goal of WFP: "This will be accomplished under the overall policy guidance of and in coordination with the United Nations Department of Safety and Security (UNDSS)". UNDSS conducts global security programmes and operations to enable the mandates of United Nations Security Management System (UNSMS) organisations, including WFP. The costs of UNDSS are shared between UNSMS organisations, at a global level via the Jointly Financed Activities (JFA) system, and at a local country level via the Local Cost Share Security Budget system. WFP is a member of the Inter-Agency Security Management Network (IASMN), which consists of security focal points from each member of the UNSMS, and aims at reviewing existing and proposed UNDSS security policies, procedures and practices.

Objective and Scope of the Audit

11.   The objective of the audit was to evaluate and test the adequacy and effectiveness of the processes associated with the internal control components of field security within WFP. 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.

12.   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.

13. The scope of the audit covered field security within WFP from 1 June 2013 to 31 May 2014. Where necessary transactions and events pertaining to other periods were reviewed. Audit work encompassed detailed testing, surveys and interviews involving the OMF, seventeen country offices and three regional bureaux. In addition, audit evidence was drawn from other audit field visits where appropriate.

III. Results of the Audit

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

Table 2: Positive practices and initiatives

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1. Internal environment

- Identification via a business process review, including completion of three regional workshops, of key security issues and areas for improvement.

- Implementation of measures to increase the field orientation and focus of OMF, including posting of two security analysts and two training positions to regional bureaux.

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2. Risk management

- Close interaction with the Performance Management and Monitoring Division as part of the enterprise risk management framework.

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3. Control activities

- Development of a pilot model to collate and analyse the total costs of security in country offices.

- In liaison with the Training and Development Section of UNDSS, OMF conducted the first UNSMS Local Security Assistant (LSA) training in French in Cameroon. This was the first UNSMS certification course to be produced and conducted by an agency instead of UNDSS and the first LSA course conducted in French. Upon completion OMF has made all the course material available to UNDSS.

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15. 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 business processes in relation to field security:

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

Internal Control Component/Business Process	Risk
1. Internal environment	
Corporate organisational and reporting structure	Medium
Strategic planning and performance accountability	Low
2. Risk management	
Enterprise risk management	Low
3. Control activities	
Finance and accounting	Medium
Human resources	Low
Security	Medium
4. Information and communication	
Internal and external communication	Low
5. Monitoring	
Corporate monitoring	Low

16. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **partially satisfactory[1]**.

17. No high-risk observations were noted in the audit. Eleven medium-risk observations arose from the audit. These are presented in Table 4.

Action agreed

18. 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 eleven agreed actions[2].

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[1] See Annex A for definitions of audit terms.
[2] Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.

Table 4: Medium-risk observations

Observation	Agreed action	Risk categories[3]	Underlying cause category	Owner	Due Date
Internal Environment					
1 **Corporate organisational and reporting structure**: Security Policy and Framework of Accountability – Need to increase awareness of Country and Regional Directors – Although a general level of awareness of the WFP Security Policy and Framework was reported by Country and Regional Directors and Deputy Directors, in a majority of cases reviewed it was apparent that specific briefings and/or training on their accountabilities, responsibilities and authority had not been provided.	In liaison with other relevant units, OMF will develop a standard procedure to ensure that upon appointment and prior to deployment, Country and Regional Directors and Deputy Directors are briefed and/or trained in their accountabilities and responsibilities under the Security Policy and Framework of Accountability.	Compliance People Institutional	Guidance	OMF	31 December 2014
2 **Corporate organisational and reporting structure**: Need to update the Security Policy and Framework of Accountability – The audit noted that the WFP Security Policy and Framework of Accountability require updating to reflect changes which have taken place since these documents were issued, particularly to reflect the creation of Regional Security Officer roles and to define the accountabilities and responsibilities of these positions.	OMF will update the Policy and Framework to reflect all relevant changes which have taken place since they were originally issued, including the introduction of the Regional Security Officer positions and their responsibilities and accountabilities.	Strategic Processes & Systems Institutional	Guidelines	OMF	31 March 2015

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[3] See Annex A for definition of audit terms.

	Observation	Agreed action	Risk categories[3]	Underlying cause category	Owner	Due Date
3	**Corporate organisational and reporting structure**: Assurance regarding compliance with the Security Policy and Framework of Accountability – The audit noted that there is no defined system in place to provide assurance regarding compliance with and consistent application of the Policy and Framework, and that there is no systematic mechanism exercised to provide assurance regarding consistency of delivery of responsibilities at country and regional level. Moreover the audit noted that the OMF Director is not responsible for ensuring compliance with the Policy and Framework, but for providing advice to assist in the acquittal of responsibilities of staff entrusted with security related duties under the Policy and Framework; instances were identified in the period reviewed where advice provided by OMF was not followed.	OMF will convene a working group to clarify and define mechanisms for provision of assurance regarding compliance and consistency of delivery in respect of the Policy and Framework. This will encompass consideration of: • Accountability, responsibility and authority defined in the Policy and Framework. • The role of country offices and regional bureaux in providing assurance that the security goal of WFP is met and that there is consistent delivery of responsibilities at country and regional level.	Compliance Processes & Systems Institutional	Compliance	OMF	30 June 2015
Control Activities						
4	**Finance and accounting:** Security Emergency Fund (SEF): approval and verification of expenditure – The SEF is administered by OMF, and amongst other functions provides funding to Country Offices for essential security-related items which cannot be charged to project budgets. The audit noted that rigourous processes were not in place to gain assurance before approving applications to the SEF that costs could not be charged to Country Office (CO) project budgets, and to gain assurance that SEF funds granted were used for the purposes approved.	OMF will amend the SEF application procedure to require that, prior to authorisation of SEF funding, applicants demonstrate the inability of the CO security budget to cover expenditure for which SEF funds are requested. A procedure will be implemented to require recipients of SEF funding to report on the use of funds received, including verifying that expenditure was incurred for the purposes stated in the original SEF application.	Operational Processes & Systems Institutional	Guidance	OMF	31 December 2014

	Observation	Agreed action	Risk categories[3]	Underlying cause category	Owner	Due Date
5	**Finance and accounting:** Ability to verify and monitor shared services provided by UNDSS – WFP as a participating member of the UNSMS bears a share of the costs of the UNDSS at both a global level and local level in countries where WFP has operations. The audit noted that there are no mechanisms in place to permit verification and assessment, in terms of both quantity and quality, of the specific services provided by UNDSS for which payment is made. The audit noted that discussion of transparency in relation to services provided by UNDSS has been a regular topic discussed by the IASMN of which WFP is a member.	Via WFP's membership of the IASMN, the OMF Director as WFP Security Focal Point will: • Continue to support calls for increased transparency and accountability in relation to services provided by UNDSS, and will support the retention of these issues on the IASMN agenda; and • Raise the issue of the introduction of either a service-level agreement or another mechanism or process by which to judge the service level provided by UNDSS.	Operational Partnerships Contextual	Best practice	OMF	31 January 2015
6	**Security:** Review of security elements of project proposals – It is a requirement of the WFP Security Policy and Framework of Accountability that safety and security be a core component of all programmes. The audit noted that there is not a process in place requiring that, prior to approval of new projects by the Project Review Committee (PRC), a review of the security elements of all new project proposals take place and that results of the review be communicated to the PRC.	OMF will develop a standard operating procedure to require that all project documents are reviewed and that the results of the review are communicated to the PRC.	Compliance Processes & Systems Institutional	Compliance	OMF	31 October 2014
7	**Security:** Reference to security issues in agreements with cooperating partners – The audit noted that the standard Field Level Agreement (FLA) template, used for entering into agreements with Cooperating Partners (CPs), contains no reference to mutual responsibilities in relation to field security. Instances were noted during the audit of an inconsistent approach in this area, including in some cases additions to the standard template.	OMF will liaise with relevant units and divisions to determine whether reference to field security should be made in the standard FLA template, and if relevant the form and content of such reference.	Operational Partnerships Programmatic	Guidelines	OMF	30 June 2015

	Observation	Agreed action	Risk categories[3]	Underlying cause category	Owner	Due Date
8	**Security:** Field Security Officer (FSO) presence – On the basis of specific risk assessments OMF provides advice to COs regarding the assessed need for FSO positions in country and sub-offices, including recommendations regarding the experience and grades of such positions. The audit noted that there was no formal process to document and authorise the security risk assessment considerations and decisions in respect of such advice.	OMF will develop a structured and accountable method for documenting the security risk assessment process undertaken to provide advice on the presence and level of FSO positions, including documenting the authorisation of advice communicated.	Operational Processes & Systems Institutional	Guidelines	OMF	31 December 2014
9	**Security:** Crisis Management Training – The audit noted that in a majority of countries surveyed Country Directors and Deputy Country Directors had not undertaken crisis management training. Undertaking such training as provided by UNDSS is a requirement of the WFP Security Policy and Framework of Accountability; however it was established that UNDSS does not systematically provide crisis management training, and that such training is not provided directly by WFP.	In liaison with UNDSS, OMF will make an assessment to determine whether crisis management training should be provided directly by WFP. OMF will develop a process to monitor and ensure that all Country Directors and Deputy Country Directors systematically receive crisis management training.	Operational People Institutional	Guidelines	OMF	31 December 2014
10	**Security:** Security Awareness Training – The audit noted that training provided by OMF focuses on security professionals including FSOs. General security awareness training or oversight of such training by OMF at a centralised level is not provided or facilitated. As such the audit noted that there may be a gap in the provision of central oversight and quality control of security awareness training provided across the organisation. Several interviews conducted during the audit indicated a perceived need and desire for security awareness training to be provided, particularly to national staff and in countries where there is no FSO presence.	In parallel to implementation of the decentralised model of training of trainers, OMF will provide for facilitation of security awareness training across all fields of operations.	Operational People Institutional	Guidance	OMF	31 December 2014

Observation	Agreed action	Risk categories[3]	Underlying cause category	Owner	Due Date
11 **Security:** Decision process for operations involving exposure to high security risk – As part of WFP's security risk management process the OMF Director is responsible for decisions regarding authorisation of operations involving exposure to high security risk. The audit noted that there is no systematic process in place for documentation of these decisions, and as such it was not possible to verify that all operations involving exposure to high security risk had been appropriately assessed and authorised.	OMF will develop a procedure to document the decision by the OMF Director authorising operations in areas involving exposure to high security risk. Consideration will be given to the mechanism for review and/or confirmation of such decisions in operations which routinely involve exposure to high security risk over the life of a project.	Compliance Processes & Systems Institutional	Compliance	OMF	31 December 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[4] 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.

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[4] 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 though 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.[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 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 agreed actions will be monitored through the Office of Internal Audit's electronic system to ensure that actions agreed with management are effectively implemented within the agreed

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[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.

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

CO	Country Office
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPs	Cooperating Partners
FLA	Field Level Agreement
FSO	Field Security Officer
IASMN	Inter-Agency Security Management Network
ICF	Internal Control Framework
LSA	Local Security Assistant
OMF	WFP's Field Security Division
PRC	Project Review Committee
SEF	Security Emergency Fund
UN	United Nations
UNDSS	United Nations Department of Safety and Security
UNSMS	United Nations Security Management System
WINGS	WFP's Corporate Enterprise Resource Planning system
WFP	World Food Programme