

**World Food  
Programme****Programme  
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Mondial****Programa  
Mundial de  
Alimentos****برنامج الأغذية  
العالمي****February 2017****Internal Audit of WFP's Management of Treasury Operations (AR/17/06)**

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**Management Comments**

WFP Management welcomes the audit observations and conclusions of partially satisfactory by the Office of the Inspector General for the audit of WFP's Management of Treasury Operations. The audit report encompasses the period of 1 January 2015 to 30 September 2016, and focuses largely on the management of cash, bank accounts, payments, foreign exchange, petty cash and the field office replenishment process.

WFP Management notes the audit report's acknowledgement of positive developments including greater cash management centralization, a strong decrease of operational and fraud risks in the payment process through the introduction of the Bank Communication Management module in SAP, regular counterparty risk monitoring and assessments and a robust awareness of WFP's foreign exchange risks.

WFP Management recognizes the significance of audit recommendations and acknowledges the actions to further improve internal controls, governance and risk management practices in light of the increase in the size of treasury operations centrally managed by headquarters. Some of the agreed actions are already being initiated such as a more robust feedback mechanism when managing field office bank account closures and introducing better co-ordination for payment systems user management. The Finance and Treasury Division will address other observations in the report by providing updated guidance on procedures in the Financial Resource Management Manual, providing enhanced guidance to Country Offices in foreign exchange management procedures, facilitating greater independence to the bank reconciliation process, improving monitoring of Country Office cash management in the context of reducing counterparty risks and evaluating the opportunity to introduce an independent Risk and Compliance function. The Finance and Treasury Division will coordinate with relevant divisions to complete the agreed action within the respective timeframes.

WFP Management appreciates the recognition that significant attention and effort has been, and continues to be, directed towards the area of treasury management, recognizing the importance of such activities in achieving WFP's objectives.



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WFP management would like to thank the Office of the Inspector General for the meaningful collaboration and support.