Statement on Internal Control and initiatives to strengthen control and accountability

Finance seminar
16 May 2012

World Food Programme
Agenda

1. Introduction of 2011 Statement on Internal Control
2. Short briefing on initiatives to strengthen control and accountability
3. Q&A
Statement on Internal Control introduced in 2011
Part of Financial Statements package

Introduction to internal control environment
- Scope of responsibility
- Purpose of Internal Control systems
- WFP's operating environment

Current status of internal control, e.g.:
- Developing and implementing risk and internal control framework
- Review of effectiveness
- Significant risks and forward plan

Statement
- WFP operated satisfactory systems of internal control in 2011
- WFP is committed to addressing identified internal control and risk issues
Manager certification is primary source of Statement
Supported by tools to help managers reflect on internal control

**Statement on Internal Control**

**Mandatory form: The Assurance Statement**

**Support tools to help managers review internal control**

**Internal Control self-assessment checklists**

**Manager’s Guide to Internal Control (and “Mini guide”)**

**Other existing resources**
- Audit checklists
- Inspection checklists

**Other sources of assurance were also considered**
High level timeline of the implementation of the Statement on Internal Control in WFP

2011

- Pilot and refine Internal Control tools with HQ Divisions
- Sensitization meetings
  - CD/ RD session
  - HQ Divisions
  - Chief Cash for Change
  - RD Panama
- CD South Sudan
- CD Mozambique
- CD Sri Lanka
- Ecuador

2012

- Launch SIC
- Launch IC tools
  - CO missions
    - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
- Remote sessions or workshops
  - CO missions
    - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CO missions
    - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CO missions
    - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
- Share tools on regional meetings
  - CO missions
    - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CO missions
    - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CO missions
    - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CO missions
    - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
- Meetings with RDs to discuss Assurance Statement results
  - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania
  - CD Colombia
    - CD Uganda
    - CD OPT
    - CD Tanzania

- 2-5 day training with CO management
- Dedicated training meetings/calls

Countries:
- Somalia
- Pakistan
- Ecuador
- CD South Sudan
- CD Mozambique
- CD Sri Lanka
- Chad
- ETH
- DPRK
- AFG
- Haiti
- CD Colombia
- CD Uganda
- CD OPT
- CD Tanzania
- Kenya

Organizations:
- Chief Cash for Change
- RD Panama

Five areas for improvement highlighted in Statement

Overall satisfactory responses derived from Assurance Statements 2011 of offices/divisions

The Assurance Statements together with other sources highlight 5 improvement areas:

1. Full enterprise risk management strategy implementation
2. Further implementation of emergency preparedness strengthening initiatives
3. Improving operational monitoring & evaluation systems
4. Timely staff performance appraisal
5. Embedding segregation of duties in corporate IT systems
Internal Control tools and Assurance Statement process received widespread support by managers

“The self assessment tool is really impressive to monitor internal control implementation of the country office”

-Country Director, medium sized Country Office

“No doubt that the process is a good tool in enabling managers to ensure that WFP ethics and principles as well as internal control process are widely shared among staff and strictly implemented!”

-Country Director, small sized Country Office

“Assurance statement very much helps! The managers see where the Country Office stands in term of compliance, performance and identification of areas that need strengthening. It allows Unit Heads and key staff to dialogue with Management searching durable solutions in operations management.”

-Country Director, large sized Country Office

“Extremely helpful (particularly the checklist) in identifying risks and opportunities for strengthening of internal control systems.”

-Director, HQ
WFP’s approach to strengthening managerial control

Objectives of managerial control
- Effectiveness and efficiency of operations
- Reliability of financial and performance reporting
- Compliance with WFP rules and regulations

WFP approach
- Seeks better control, not more control
- Not just about compliance
- Reinforces the need for an effective Internal control environment - “tone at the top”
- It is about achieving our strategic and operational goals
Strengthening internal control and accountability in WFP

**Main deliverables**

1. **Internal Control Framework**
   - WFP’s framework applying COSO best practice

2. **Statement of Internal Control**
   - First issuance together with 2011 Financial Statement

3. **Internal Control Support tools**
   - Managers guide to Internal Control
   - Internal Control checklists

4. **Internal Audit Recommendation Follow-up**
   - Focusing management attention on outstanding Internal Audit Recommendations

5. **Delegated Authorities Review**
   - Review of accuracy and follow-up on discrepancies of the current delegation of authority within the Secretariat

6. **Accountability Guide**
   - Management level summary of key responsibilities and authorities for processes

7. **HQ Committee review**
   - Identification and closure of inoperative committees in HQ

   - Outlines resource management processes within WFP for HQ and field
The UN Joint Inspection Unit has highlighted specific WFP Internal Control elements as good practice in the UN system.

“WFP deserves special mention for having a strong internal control framework which covers many of the aspects of the key accountability components identified.”

“The Inspector learned and agrees with OECD, the United Nations and WFP that letters of assertion are a very powerful tool to push accountability down the management line.”

“WFP’s ERM implementation and oversight body recommendation follow-up were also highlighted as good practice in the UN system.”

“‘Managers’ Guide to Internal Control’ is also a commendable document which includes a strong emphasis on the culture of accountability and the need for managers to take the lead in setting the tone at the top.”

Embedding internal control and accountability going forward

- Prepare 2012 Statement on Internal Control process
- Track corporate internal control improvement areas
- Develop internal control training
- Develop additional internal control tools
- Internal Audit recommendation follow-up
- Finalize Delegation of Authority review