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Organización de las
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Alimentación y la Agricultura

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الغذية والزراعة
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FINANCE COMMITTEE

Hundred and Fifty-third Session

Rome, 12 - 14 May 2014

Annual Report of the WFP Inspector General

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EXECUTIVE SUMMARY

- In accordance with Article VI (2) (b) (viii) of the WFP General Regulations, this annual report of the Inspector General covering January through December 2013 is presented to the Board for consideration. It gives an oversight perspective on governance, risk management and control in WFP and an overview of the work undertaken by the Office of the Inspector General.
- The work of the Office of the Inspector General assists the Inspector General to express an opinion as to whether WFP's internal controls, governance and risk management processes provide reasonable assurance that WFP's objectives will be achieved. In 2013, as in previous years, the oversight work performed and reported did not disclose any significant weaknesses in the internal control, governance and risk management processes in place across WFP that would have a pervasive effect on the achievement of WFP's objectives.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to take note of the "Annual Report of the WFP Inspector General".

Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee advises the WFP Executive Board to take note of the "Annual Report of the WFP Inspector General" and notes that the oversight work performed and reported did not disclose any significant weaknesses in the internal control, governance or risk management processes in place across WFP that would have a pervasive effect on the achievement of WFP's objectives.**
- **The FAO Finance Committee advises the WFP Executive Board to encourage management to take advantage of the opportunities for further improvement highlighted in the report.**

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**Executive Board
Annual Session**

Rome, 3–6 June 2014

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

For consideration



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ANNUAL REPORT OF THE WFP INSPECTOR GENERAL



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EXECUTIVE SUMMARY

The Office of the Inspector General of the World Food Programme submits to the Board its annual report for the year ended 31 December 2013. The report provides an oversight perspective regarding WFP's governance, risk management and control, and an overview of the activities of the Office of the Inspector General, including the Office of Internal Audit and the Office of Inspections and Investigations.

DRAFT DECISION*

The Board takes note of "Annual Report of the Inspector General" (WFP/EB.A/2014/6-F/1) and notes that the oversight work performed and reported did not disclose any significant weaknesses in the internal control, governance or risk management processes in place across WFP that would have a pervasive effect on the achievement of WFP's objectives.

The Board encourages management to take advantage of the opportunities for further improvement highlighted in the report.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

OVERVIEW OF THE OFFICE OF THE INSPECTOR GENERAL

Mandate and Operations

1. The Office of the Inspector General (OIG) is established by the Executive Director under Financial Regulation 12.1, and is regulated by a charter approved by the Executive Director. The charter, updated in March 2012, forms an annex to the Financial Rules and is communicated to the Board.
2. The Office of the Inspector General carries out its audit function in compliance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and its investigation function in conformity with the Uniform Principles and Guidelines for Investigations endorsed by the Conference of International Investigators. The Inspector General performs the functions of Chief Audit Executive and Inspector General.
3. The Office of the Inspector General submits all internal audit, inspection and investigation reports to the Executive Director. A public disclosure policy approved by the Board stipulates the disclosure of internal audit and inspection reports on a public website; reports disclosed in 2013 are listed in Annex V. The Inspector General also submits quarterly reports to the Executive Director and the Audit Committee, and this annual report to the Board.
4. The Office of the Inspector General expresses an opinion as to whether WFP's internal controls, governance and risk management processes provide reasonable assurance that WFP's objectives will be achieved. In 2013, as in previous years, the oversight work performed and reported did not disclose any significant weaknesses in the internal control, governance and risk management processes in place across WFP that would have a pervasive effect on the achievement of WFP's objectives. However, some internal control, governance and risk management practices noted in individual audit engagements need improvement.
5. Annex I provides an assurance statement for 2013.

Statement of Independence

6. The Office of the Inspector General hereby confirms to the Board its organizational independence. During 2013, there was no management interference in work planning or reporting, and there were no resourcing constraints or other issues that affected the independence of oversight activities and the assurance statement.

Assurance in WFP

7. To achieve its goal of providing assurance on WFP's internal controls, governance and risk management processes, OIG conducts audits covering a mix of business units and processes; these include country offices, Headquarters divisions and units, and organization-wide processes.
8. Following a detailed risk assessment exercise, an annual audit work plan was formulated for 2013 that was to cover 50.6 percent of WFP's total audit-assessed risk in 2013. Audit results covered 57.5 percent of WFP's total audit-assessed risk and gave unsatisfactory ratings for 3.3 percent of total audit-assessed risk. In comparison, results reported in 2012 covered 44.3 percent of WFP's total audit-assessed risk for that year and gave unsatisfactory ratings for 18.2 percent of total audit-assessed risk.
9. The Office of the Inspector General and WFP management will determine together the most appropriate assurance opinion that is reasonable and useful for WFP.

Activities in 2013

10. Table 1 summarizes OIG activities for 2011, 2012 and 2013 covering all systems, processes, operations and activities undertaken by WFP. Details on 2013 are provided in Annexes II–V.

TABLE 1: OFFICE OF THE INSPECTOR GENERAL ACTIVITIES (2011–2013)						
Year	Internal Audit			Investigation		Inspections
	No. of reports issued	No. of audit missions completed	Advisory services	No. of registered cases	No. of completed cases (at 31 Dec. 2013)	No.
2011	23	25	30	76	142	1
2012	15	21	22	33	62	2
2013*	20	19	21	46	39	1

* In Table 1, the number of reports issued in 2013 refers to assignments conducted and reported in 2013; 13 reports on 2012 audit fieldwork were also issued in 2013 and therefore contribute to the 2013 audit opinion. Details are provided in Annex II.

11. Reports for all 2013 audit missions and some held over from 2012 were completed; details are provided in Annex II.
12. Regarding investigations, 46 cases were registered in 2013 and 30 completed; none of the cases outstanding at the end of 2013 were more than six months old. Further details are given in Table 8.

Resources

13. The budget allocation for the Oversight Office decreased from USD 7.8 million in 2012 to USD 7.0 million in 2013. Actual expenditure in 2013 represented 99 percent of the budget allocation, compared with an actual expenditure rate of 76 percent in 2012.

TABLE 2: OFFICE OF THE INSPECTOR GENERAL BUDGET (USD thousand)				
	2010	2011	2012	2013
Budget allocation	5 818	6 592	7 766	6 993
Actual expenditures	5 816	6 532	5 923	6 927

14. The number of professional staff positions remained the same as in 2012.

TABLE 3: OFFICE OF THE INSPECTOR GENERAL STAFF				
	2010	2011	2012	2013
Professional	25	25	28	28
General service	8	8	9	8
TOTAL	33	33	37	36

15. During 2013, six staff members left OIG, five of them leaving WFP; eight new staff members were hired from outside WFP; one staff member moved to a higher position within the same unit; and one was promoted in the same post. Several consultants were brought in for specific expertise and to provide extra resources when required.

OVERVIEW OF ACTIVITIES OF THE OFFICE OF INTERNAL AUDIT

Internal Audit and Advisory Services

16. Internal audits provide the Executive Director and the Board with independent and objective assurance and advisory services to help WFP accomplish its objectives and improve operations.
17. The Office of Internal Audit (OIGA) examines and evaluates the adequacy and effectiveness of WFP's internal control, governance and risk management processes overall and the performance of assigned responsibilities for achieving WFP's stated goals and objectives. OIGA aims to provide assurance that:
- resources are utilized as intended by donors and management;
 - resources are used efficiently and effectively;
 - assets are adequately safeguarded; and
 - corporate information is accurately processed and reported.
18. In 2013, OIGA provided 20 limited-scope advisory services to management, compared with 22 in 2012, including advice to the Logistics Division on reports of the Committee on Commodities, Transport and Insurance. Commentaries and reviews of policies, contracts and other documents, were also provided along with other types of advice.

Audit Results and Areas for Improvement

19. The work of OIGA is planned according to a risk-based methodology that is continually adjusted. OIGA completed 100 percent of the number of audit engagements in the adjusted work plan communicated to the Executive Director and the Audit Committee.
20. Assurance work indicates a stable control environment. OIGA reported on the component areas shown in Table 4¹ in 33 internal audit reports – 20 reports in respect of the 2013 work plan, and 13 reports relating to 2012 fieldwork – covering activities in 23 country offices, 7 Headquarters offices and 1 regional bureau. Table 4 also shows the average risk rating, by process, for 2013 compared with 2012 and 2011.

¹ Five of these component areas are identified in WFP's corporate framework, adapted from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework; the other four are from the Control Objectives for Information and Related Technology (COBIT) framework created by the Information Systems Audit and Control Association (ISACA).

TABLE 4: INTERNAL CONTROL COMPONENT AND IT PROCESSES (2011–2013)					
No.	Internal control component/ IT processes	Average risk rating*			No. of process area audits 2013
		2011	2012	2013	
1	Internal environment	1.8	2.2	2.1	27
2	Risk assessment	1.6	1.7	1.8	23
3	Control activities	2.0	2.4	2.3	26
4	Information and communication	1.4	1.9	1.4	17
5	Monitoring	1.8	2.0	2.0	24
6	IS/IT** plan and organize	2.4	1.7	1.8	6
7	IS/IT acquire and implement	2.1	1.8	1.4	11
8	IS/IT deliver and support	1.6	2.0	2.0	6
9	IS/IT monitor and evaluate	-	2.0	-	-

* Grouped according to the 2013 internal control components. Ratings are as follows: low risk = 1; medium risk = 2; high risk = 3.

** IS/IT = information systems/information technology.

21. A summary of these components' risk ratings:

- *Internal environment.* The risk level decreased slightly, but continues to be medium, with several areas requiring attention; there are also instances of processes maturing.
- *Risk assessment.* The risk rating has increased slightly but steadily since 2011, although it is still relatively low. This area is in the COSO framework; extensive work on it will be concluded in 2014.
- *Control activities.* The risk rating decreased slightly, but continues to be medium.
- *Information and communication.* The risk level fell from the already reasonably low 2012 risk level.
- *Monitoring.* The component remained at a medium risk level, as in 2012.
- *Information technology.* Risks remained relatively stable; extensive work will be continued in 2014 to define risk areas and develop an audit strategy for the medium term.

22. Each audit is rated using harmonized ratings for United Nations funds and programmes. Table 5 shows the audit ratings of reports issued for, or in final reporting phase in, 2013. The total audit-assessed risk coverage reflects the fact that an audit of a small operation brings a lower level of corporate assurance than an audit of a significant operation or a corporate emergency.

23. The Office of the Inspector General requests WFP management to provide comments on each individual audit report for public disclosure. WFP management has consistently welcomed all audit and inspection reports and has positively and effectively committed to addressing identified risks within the timeframe provided.

TABLE 5: RESULTS OF AUDIT RATINGS FOR REPORTS ISSUED IN 2013					
Rating	Assurance level	No. of reports issued or in final reporting phase in 2013			% of audit-assessed risk coverage
		2012 work plan	2013 work plan	Total	
Satisfactory*	Reasonable assurance can be provided	2	3	5	2.6
Partially satisfactory**	Reasonable assurance is at risk	10	10	20	45.8
Unsatisfactory***	Reasonable assurance cannot be provided	1	1	2	3.3
Not rated	Not applicable	0	6	6	5.8
TOTAL		13	20	33	57.5

* Internal control, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect achievement of the objectives of the audited entity.

** Internal control, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that might negatively affect achievement of the objectives of the audited entity.

*** Internal control, governance and risk management processes were either not established or not functioning well. Issues identified might seriously compromise achievement of the objectives of the audited entity.

Themes Arising in 2013

24. During 2013, OIG's attention was drawn to risks in: i) cash and voucher distributions; ii) infrastructure construction activities; and iii) food manufacturing, quality and safety. Future audit work will focus on these areas.
25. *Cash and vouchers.* Cash and vouchers is an area of increasing significance: in 2013 cash and vouchers accounted for 20 percent of the value of beneficiary transfers compared with 8 percent in 2012 and 1 percent in 2009.² OIGA notes that WFP management recognizes that this area contains risks, and has carried out significant work on it, in part as a result of the audit by the External Auditor. OIGA findings indicate that further attention is required, including to ensuring that appropriate controls over cash and voucher distributions are in place.
26. *Infrastructure construction activities.* Audit work in 2013 noted instances of country offices undertaking and managing large construction projects, in one case valued at tens of millions of dollars, in the absence of formally approved guidelines for such activities.
27. *Food manufacturing, quality and safety.* Risks associated with the manufacture and supply of foods present growing challenges to internal control systems, particularly given WFP's increasing focus on fortified and nutritionally enhanced foods in meeting programmatic

² OIGA examined the percentage of cash and vouchers as compared with the value of food and food equivalents distributed (20 percent) rather than with the total cost (11 percent).

objectives and on procuring foods from local manufacturers as part of the Purchase for Progress initiative.

Audit Recommendations

28. Internal audits issue recommendations for overcoming weaknesses found in the audited entity's processes. These recommendations are addressed to the entity's manager or corporate director, as appropriate.

TABLE 6: 2013 AUDIT RECOMMENDATIONS*		
Risk rating	Definition**	Number of recommendations
Medium	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.	288
High	Issues or areas arising relating to important matters that are material to the internal control system. The matters observed might be the cause of a non-achievement of a corporate objective, or result in exposure to unmitigated risk that could highly impact corporate objectives.	24
TOTAL		312

* Including reports on 2012 fieldwork.

** Low-risk issues are brought to management's attention, but are not included in the final audit reports. OIGA does not track implementation of low-risk recommendations through the standard system.

29. Significant progress was made through coordination between OIG and WFP management in closing high-risk and medium-risk recommendations carried over from previous years. Table 7 shows that 19 high-risk and 186 medium-risk recommendations relating to previous years were closed in the latter part of 2013, leaving 3 high-risk and 63 medium-risk recommendations pending in respect of pre-2013 audit reports. Managers are expected to implement accepted recommendations within 12 months for medium-risk issues and 18 months for high-risk issues, to effectively and comprehensively mitigate critical risks.

TABLE 7: STATUS OF AUDIT RECOMMENDATIONS								
Risk rating	Prior audits		2012 reports		2013 reports		Total	
	High	Medium	High	Medium	High	Medium	High	Medium
Outstanding at 1 Jan. 2013	6	157	16	92	0	0	22	249
Issued in 2013	0	0	0	0	24	288	24	288
Total	6	157	16	92	24	288	46	537
Implemented in 2013	6	120	13	66	2	41	21	227
Outstanding at 31 Dec. 2013	0	37	3	26	22	247	25	310

Strengths and Good Practices

30. A number of strengths and positive practices in WFP's internal control, governance and risk management processes were noted from audits conducted and reported in 2013, as described below.

- *Internal environment.* Positive practices identified included: i) implementation of procedures to identify lessons learned and utilization of the information, particularly with regard to emergencies; ii) issuance of clearer guidance regarding the activation and management of Level 2 regional emergencies; iii) strong commitment and engagement of WFP management in developing good relationships and partnerships and communicating and coordinating with host governments; and iv) the existence of counter-fraud mechanisms.
- *Risk assessment.* A decentralized, empowered Regional Emergency Coordinator Office in response to the Syrian crisis was created, along with risk assessment processes and development and implementation of emergency preparedness and response packages in a number of countries and divisions.
- *Control activities.* Effective capacity development and awareness training that contributed to achieving WFP's Strategic Objectives in many instances. Several audits, including of emergencies, noted that there was a fast and better response on the ground despite challenging circumstances, including well-coordinated logistics that were ready for emergencies. Several audits noted proactive fundraising and efforts to increase donor visibility.
- *Information and communication.* Processes to produce resource management information used for internal management communications were streamlined and improved.
- *Monitoring.* In a number of difficult operational environments there was reasonable monitoring of activities despite challenges, and a commitment to strengthening the monitoring function.
- *Information technology.* The approval of new IT projects by the Management Information Systems Steering Committee was a positive practice, as was the incorporation into the Information and Technology Operations Manual of corporate technology standards for information architecture. Security administration was organized in three separate streams, which segregated functions in line with good practice.

OVERVIEW OF ACTIVITIES OF THE OFFICE OF INSPECTIONS AND INVESTIGATIONS

31. The mission of the Office of Inspections and Investigations (OIGI) is to provide independent and objective inspection and investigation services that strengthen WFP's functioning by safeguarding its assets and promoting an ethical work environment.

Investigations

32. An investigation is a legally based, analytical process for gathering information to determine whether misconduct or wrongdoing has occurred and, if so, the persons or entities responsible.

33. The Office of Inspections and Investigations investigates reports of violations of WFP rules and regulations, policies, procedures and other administrative requirements. These include fraud, corruption, theft, harassment, sexual harassment, sexual exploitation and abuse, abuse of authority and others. Based on its investigative findings, OIGI recommends administrative or disciplinary action, and/or highlights areas for improvement in WFP systems. Management has exclusive responsibility for implementation of OIGI's recommendations. When an investigation results in evidence of criminal conduct, OIGI may recommend that the case be referred to the appropriate national authorities.
34. WFP has shifted from food aid to food assistance, increasingly procuring food from developing countries and formulating new programmes such as cash and vouchers and electronic cards, which require enhanced risk assessment and mitigation strategies. The traditional oversight focus on staff misconduct may not be adequate to effectively address the risks inherent in the volume and changing nature of WFP operations.
35. In 2013 OIGI reviewed its compliance, effectiveness and efficiency and identified the following opportunities to enhance its capacity to deliver more value to WFP:
- increase the focus on fraud and corruption, including vendor/third party fraud, and shift to proactive investigations in high-risk fraud/corruption areas;
 - enhance the legal framework of OIGI, in particular its ability to access records and enforce cooperation, to allow it to adjust to a rapidly changing environment and carry out its mandate with clear legitimacy and accountability;
 - develop a mechanism to determine whether vendors have committed fraudulent, corrupt or prohibited practices, and to implement sanctions against them;
 - enhance communication and raise awareness, including by devising a mandatory e-learning system, especially concerning anti-fraud and anti-corruption and sexual exploitation and abuse policies;
 - enhance internal digital forensic evidence collection and analytical capability, to meet increasing judicial scrutiny and a higher evidence threshold from the United Nations Appeals Tribunals (the United Nations Dispute Tribunal and the Administrative Tribunal of the International Labour Organization); and
 - improve internal cooperation with other WFP units and external cooperation with investigation units of other international organizations and law enforcement bodies.
36. In 2013 OIGI further emphasized risk mitigation, enhanced its investigative capacity, increased its outreach activities and engaged more actively with WFP units to identify and mitigate emerging risks and add value. It shifted its oversight priority towards fraud and corruption, including investigations into vendor/third party fraud. It also increased its focus on cases that have a potential serious impact on WFP's reputation and perception, such as sexual harassment and sexual exploitation and abuse. The results of this strategy shift are illustrated in Results of Investigative Work, below.
37. The Office of Inspections and Investigations is also training investigation officers in digital forensics. OIGI prioritized the collection of forensics evidence, where available, shifting from its traditional preponderant reliance on testimonial evidence, with a view to building stronger, evidence-based findings that allow management to take swifter action and meet heightened standards of proof.

38. In line with areas for improvement identified in the 2012 report and the Executive Director's comments on them,³ OIGA began reviewing the internal justice system to increase efficiency and effectiveness, improve timeliness and enhance communication among stakeholders in WFP's justice system. An independent panel was formed to provide findings and recommendations to be implemented by the units responsible, including OIGI.
39. Outreach and awareness-raising activities were increased, and the Inspector General travelled to eight country offices and regional bureaux. OIGI officers delivered anti-fraud and anti-corruption training to 804 staff members in 2013, up from 228 staff members in 2012. An e-learning course on countering fraud, with a section on preventing sexual exploitation, is being developed and will be mandatory for all staff.

Results of Investigative Work

40. The Office of Inspections and Investigations established a robust intake and preliminary review mechanism whereby the reliability and relevance of allegations and their impact on WFP's work are assessed to determine whether they meet the criteria for opening an investigation. This ensures that investigative effort is focused on matters with potential high impact and risk to WFP, while other matters are referred to the appropriate manager for action. In 2013, OIGI received 186 complaints, of which 46 – 24 percent – were investigated. This is roughly in line with trends from the previous year, when 33 of the 154 complaints received – 21 percent – were investigated.
41. The office continues to reduce turn-around times for investigations: only 8 investigations were carried over from 2012, a significant decrease with respect to 2011 (103 cases) and 2012 (37 cases). As shown in Table 8, at the end of 2013 no cases were outstanding for more than six months, in line with OIGI's commitment to complete investigations within six months. The investigation completion rate also remains high: in 2013, 39 investigations were completed, or 72 percent of the investigations handled during the year.

	2011	2012	2013
Outstanding cases carried over from previous period	103	37	8
Cases registered during the year	76	33	46
Total cases handled in the year	179	70	54
Cases closed during the year	142	62	39
Outstanding cases at year end	37	8	15
– of which outstanding for more than 6 months	15	0	0

42. The number of fraud cases OIGI investigated in 2013 (23) did not change significantly with respect to 2012 (25). However, because OIGI increased its focus on identification and recovery of third party/vendor fraud it identified losses totalling of USD 444,349,⁴ of which USD 4,382 was recovered. This is more than four times the USD 99,533 in losses identified in 2012.

³ "Note by the Executive Director on the Annual Report of the Inspector General" (WFP/EB.A/2013/6-E/1/Add.1).

⁴ Losses from cases of fraud investigated in 2013.

43. As shown in Table 9, OIGI investigated seven cases of fraud or theft resulting in losses to WFP, of which three involved wrongdoing by a third party. Those three cases account for USD 363,082 – 80 percent – of the total losses.

TABLE 9: LOSSES IDENTIFIED IN 2013, BY CASE				
Number	Category	Entities involved	Losses (USD)	Recoveries (USD)
1	Fraud	WFP staff	47 498	-
2	Fraud*	Vendor/third party	276 000	-
3	Fraud*	Vendor/third party	83 000	-
4	Theft	Perpetrators were not identified	12 757	-
5	Theft	WFP staff	300	300
6	Theft - food items	WFP staff	20 712	-
7	Theft - food items	Vendor/third party	4 082	4 082
TOTAL			444 349	4 382
Of which from cases involving vendor/third party			363 082	4 082

*Investigation not completed by 31 December 2013.

44. As shown in Table 10, the number of harassment/sexual harassment/abuse of power (HSHAP) cases registered remained steady in 2013 (11, against 12 registered in 2012). As in the past, relatively few cases – four – were substantiated. OIGI continues to observe that many complaints filed under the HSHAP policy are owing to weaknesses in performance management rather than misconduct.

TABLE 10: 2013 CASE STATUS, BY CATEGORY

Category		Outstanding at 1 Jan. 2013	Registered in 2013	Total	Completed		Outstanding 2014
					Total	Substantiated	
HSHAP	Harassment, abuse of power	1	9	10	7	2	3
	Sexual harassment	1	2	3	2	2	1
Sexual exploitation		0	2	2	0	0	2
Conflict of interest/bribery		0	1	1	0	0	1
Food diversion/theft		2	5	7	6	2	1
Fraud		2	21	23	16	8	7
Other theft		1	3	4	4	2	0
IT		0	0	0	0	0	0
Mismanagement		0	0	0	0	0	0
Miscellaneous		1	4	5	4	3	1
Retaliation against whistleblower		0	0	0	0	0	0
TOTAL*		8	47	55	39	19	16

* A total of 46 cases were registered in 2013. One of the cases has two types of misconduct, i.e. sexual exploitation and fraud. As a result, the sum in the column "registered in 2013" is 47, the sum in the column "total" is 55 and the sum in the column "outstanding 2014" is 16.

45. Among the 11 HSHAP cases registered in 2013, two were sexual harassment cases, of which one was substantiated.⁵ In conducting the investigation, focus was placed on digital forensic evidence to ensure WFP management had a firm legal basis on which to act swiftly and the subject, a staff member who held an indefinite appointment, was summarily dismissed. Sexual harassment cases pose a serious risk to WFP in terms of perception, reputation and well-being of staff. OIGI takes swift action to investigate such allegations and applies its zero tolerance principle rigorously. The case with substantiated evidence was referred to national authorities for criminal investigation.
46. The Office of Inspections and Investigations notes the commitment of the Executive Director to allocate appropriate resources in 2014 for the development of digital forensics that provide a higher standard of proof.
47. Investigations into sexual exploitation and abuse, are also given high priority because of the reputational risks they imply. OIGI opened two such investigations in 2013, which were still ongoing on 31 December.
48. Investigation reports include findings not only on wrongdoing but also on ways to improve WFP processes. OIGI is moving from its traditional approach of formulating recommendations, to providing observations that suggest alternatives to ensure effective systems are in place. This practice is in line with OIG's strategic objectives to increase business partnership, communicate better and provide a higher level of service. It may also contribute to increasing management's sense of ownership, commitment and accountability for implementing corrective actions.

⁵ The other case was still open on 31 December 2013.

Inspections

49. An inspection is a proactive review of systems and processes that assists management in making more effective and efficient use of physical, financial and human resources.
50. One inspection was undertaken, in 2013, in Mauritania (see Annex IV). An inspection report was issued and disclosed to the public.

ANNEX I

Assurance Statement

1. The mission of the Office of the Inspector General (OIG) is to provide assurance on governance, policy, risk, resources, operational and accountability issues through independent and objective oversight services, and to facilitate WFP's adoption and implementation of best United Nations and private-sector practices to enable managers to provide assurance on their work.
2. The Office of the Inspector General's annual overall assurance opinion provides reasonable assurance that WFP's strategic and operational objectives will be achieved.
3. The overall opinion is intended to provide reasonable assurance regarding the existence of issues at the institutional level that significantly affect achievement of WFP's strategic and operational objectives, as distinct from the individual engagement level. Issues at the individual engagement level that significantly affect achievement of the objectives of the audited entity often do not become significant also at the institutional level.
4. Reasonable assurance is not absolute assurance: while diligence is exercised in planning and carrying out risk-based audit work that will assess the adequacy and effectiveness of governance, risk management and control processes, the possibility remains that significant deficiencies may nevertheless not be detected during audits. In particular, the presence of inherent limitations in controls, such as faulty judgements, unintentional errors, and circumvention by collusion and management overrides, may not always be detected because of the nature of audit work.
5. WFP management is responsible for establishing and maintaining effective internal controls, governance and risk management processes to ensure WFP objectives are achieved; OIG is responsible for expressing an opinion on the adequacy and effectiveness of these processes in achieving WFP's strategic and operational objectives.
6. The Office of the Inspector General's annual work plan is intended to provide sufficient coverage of WFP's business processes to enable OIG to form an assurance opinion on whether governance, risk management and internal control processes provide reasonable assurance in achieving WFP's strategic and operational objectives. OIG's annual opinion is formed on the basis of internal audit, investigation and inspection results for the year. OIG also takes into account the results of other WFP review and control groups and external assurance providers.
7. To contribute to OIG's assurance opinion, the Office of Internal Audit (OIGA) provides assurance services and engages proactively with management on emerging risks and how these should be managed. For the purposes of informing an annual assurance opinion on governance, risk management and control processes, OIGA organizes its assurance strategy and work plan using a risk-based approach. This involves obtaining audit assurance on the processes put in place to manage risks and achieve WFP's objectives. In providing this assurance, internal audit considers the control concepts included in WFP's internal control framework, which is an adaptation of the industry-recognized frameworks established by COSO and ISACA. Because WFP is a decentralized global organization, obtaining cost-effective and reliable audit assurance requires a risk-assessment methodology that encompasses the processes in field offices and Headquarters. OIGA rates and selects the country offices and Headquarters units – and the processes to audit within each unit – in order to provide the overall assurance required.

8. The Office of the Inspector General's 2013 work plan was based on the results of a risk assessment exercise carried out in 2012. This work plan foresaw coverage of 50.6 percent of WFP's total audit-assessed risk in 2013. Audit work performed in 2013 covered 45.8 percent of WFP's total audit-assessed risk. Audit results reported in 2013 (including 13 audits carried over from 2012 and reported in 2013), and audit results from the third quarter of 2013 reported in early 2014, covered 57.5 percent of WFP's total audit-assessed risk, and gave unsatisfactory ratings for 3.3 percent of total audit-assessed risk.

OPINION

9. The oversight work performed and reported for 2013 did not disclose any significant weaknesses in the internal control, governance and risk management processes in place across WFP that would have a pervasive effect on the achievement of WFP's objectives. However, some internal control, governance and risk management practices noted in individual audit engagements need improvement.

ANNEX II

2013 Audits, Reports and Ratings

TABLE II (A): ASSIGNMENTS CONDUCTED AND REPORTS ISSUED FOR 2013 AUDIT PROGRAMME			
Audit engagement		Report	Rating
1	Internal audit of WFP operations in Mali	Issued	Unsatisfactory
2	Internal audit of WFP operations in the Democratic People's Republic of Korea	Issued	Partially satisfactory
3	Internal audit of WFP South Sudan country office	Issued	Partially satisfactory
4	Internal audit of WFP operations in the Niger	Issued	Partially satisfactory
5	Internal audit of WFP operations in Chad	Issued	Partially satisfactory
6	The Syrian crisis: WFP operations in the Syrian Arab Republic and neighbouring countries	Issued	Partially satisfactory
7	Internal audit of baseline security in WFP's enterprise resource planning system ¹	Issued	Partially satisfactory
8	Field verification of WFP operations in Colombia	Issued	Partially satisfactory
9	Internal audit of WFP operations in Afghanistan	Issued	Partially satisfactory
10	Internal audit of WFP operations in South Sudan (corporate)	Issued	Partially satisfactory
11	Internal audit of WFP's Sahel emergency response (corporate)	Issued	Partially satisfactory
12	Internal audit of WFP's internal control assurance process in 2013	Issued	Satisfactory
13	Internal audit of WFP operations in Palestine	Issued	Satisfactory
14	Internal audit of WFP operations in Bangladesh	Issued	Satisfactory
15	Inspection of WFP operations in Mauritania	Issued	Not rated
16	Desk review of WFP operations in Pakistan ²	Issued	Not rated
17	Desk review of WFP operations in Somalia ²	Issued	Not rated
18	Desk review of WFP operations in Yemen ²	Issued	Not rated
19	Desk review of WFP operations in Kenya ²	Issued	Not rated
20	Desk review of WFP operations in Ethiopia ²	Issued	Not rated
TOTAL		20*	

* This figure includes all reports issued in 2013 and 2014, and those in draft.

¹ This audit report has not been publicly disclosed on the basis of information security

² Desk reviews are not publicly disclosed because they follow up prior audit reports.

TABLE II (B): REPORTS ISSUED IN 2013 FOR THE 2012 AUDIT PROGRAMME

Audit engagement		Report	Rating
1	Internal audit of WFP operations in Haiti country office	Issued	Unsatisfactory
2	Internal audit of WFP operations in Pakistan	Issued	Partially satisfactory
3	Internal audit of WFP's internal control assurance process 2012	Issued	Partially satisfactory
4	Internal audit of WFP operations in Libya	Issued	Partially satisfactory
5	Internal audit of WFP's information architecture	Issued	Partially satisfactory
6	Internal audit of WFP Operations in Yemen	Issued	Partially satisfactory
7	WFP's Aviation Service and Aviation Safety Unit	Issued	Partially satisfactory
8	Internal audit of WFP operation in Haiti (corporate)	Issued	Partially satisfactory
9	Internal audit of WFP operations in Senegal	Issued	Partially satisfactory
10	Internal audit of WFP operations in the Dakar Regional Bureau	Issued	Partially satisfactory
11	Internal audit of WFP operations in the Sudan	Issued	Partially satisfactory
12	WFP's hosting arrangements for the REACH* Secretariat	Issued	Satisfactory
13	Internal audit of WFP Office of the Executive Director	Issued	Satisfactory
TOTAL		13**	

* Renewed Efforts Against Child Hunger and Undernutrition

** This figure includes all reports issued in 2013 and 2014, and those in draft.

ANNEX III

The table shows reports that were issued after the Board approved the “Policy for Disclosure of Investigation Reports”¹ and can therefore be requested by Permanent Representatives. Each request for disclosure will be reviewed in accordance with the policy to ensure that the confidentiality, safety and security of any individual and the due process rights of individuals are considered before a report is made available to a Permanent Representative.

2013 INVESTIGATION REPORTS ON MISCONDUCT AND WRONGDOING			
	Report no.	Report name	Issue date
1	I 03/13	Yemen – procurement fraud – short-term contractor	12 March 2013
2	I 16/12	Zimbabwe – abuse of power – long-term staff	18 March 2013
3	I 08/13	South Sudan – fraud – short-term contractor	18 March 2013
4	I 02/13	Ethiopia – theft of food items – long-term staff	18 June 2013
5	I 14/13	Mauritania – harassment items – long-term staff	25 June 2013
6	I 15/13	Mauritania – harassment – long-term staff	8 August 2013
7	I 04/13B	Headquarters - sexual harassment – long-term staff	31 July 2013
8	I 04/13A	Afghanistan – fraud – long-term staff	30 August 2013
9	I 28/13	Afghanistan – fraud – long-term staff	25 October 2013
10	I 18/13A	Democratic Republic of the Congo – fraud – short-term contractor	7 November 2013
11	I 18/13B	Uganda – fraud – long-term staff	7 November 2013
12	I 18/13C	Uganda – fraud – long-term staff	7 November 2013
13	I 18/13D	Uganda – fraud – long-term staff	7 November 2013
14	I 18/13E	Uganda – fraud – long-term staff	7 November 2013
15	I 18/13F	Uganda – fraud – long-term staff	7 November 2013
16	I 24/13	Uganda – fraud – long-term staff	11 November 2013
17	I 32/13	Pakistan – miscellaneous – short-term contractor	14 November 2013
18	I 20/13	Pakistan – miscellaneous – long-term staff	15 November 2013
20	I 33/13	Ethiopia – harassment – long-term staff	25 November 2013
21	I 17/13	Sudan – fraud – short-term contractor	23 December 2013

¹ WFP/EB.2/2012/4-A/1

ANNEX IV

2013 INSPECTIONS			
	Report no.	Inspection	Issue date
1	IR/01/2013	Inspection report on WFP operations in Mauritania	2 October 2013

ANNEX V

Disclosure of Oversight Reports in 2013

1. The policies for disclosure of internal audit reports, approved in November 2010, investigation reports, approved in June 2011, and oversight reports, approved in November 2012, set out the conditions under which WFP's internal audit, inspection, and investigation reports are made available.
2. Table V(A) shows the requests for disclosure received in December 2012 and disclosed in 2013. All requesting Permanent Representatives confirmed their adherence to the principle of confidentiality of the information disclosed. There were no requests for clarification of the contents of the disclosed reports. Table V(B) shows all oversight reports disclosed on WFP's public website in 2013.

TABLE V(A): REQUESTS FOR DISCLOSURE OF OVERSIGHT REPORTS			
Date of request	Report no.	Report title	Date report provided
12 December 2012	AR/12/05	WFP operations in South Sudan	21 January 2013
12 December 2012	AR/12/08	WFP operations in the Central African Republic	28 March 2013
12 December 2012	AR/12/10	WFP's Food Procurement Service	28 March 2013

TABLE V(B): DISCLOSURE OF OVERSIGHT REPORTS ON WFP WEBSITE		
Date of issuance	Report no.	Report title
31 December 2013	AR/13/12	Internal audit report of WFP operations in the Sudan – November 2013
31 December 2013	AR/13/10	Internal audit report of WFP operations in Senegal – November 2013
23 December 2013	AR/13/13	Internal audit report of WFP operations in the Syrian Arab Republic and neighbouring countries – The Syrian Crisis – November 2013
22 November 2013	AR/13/09	Internal audit report of WFP operations in Chad – November 2013
11 November 2013	AR/13/08	Internal audit report of WFP's hosting arrangements for the REACH Secretariat – November 2013
2 October 2013	IR/01/13	Inspection report of WFP operations in Mauritania – September 2013
30 September 2013	AR/13/07	Internal audit report of WFP's Aviation Service and Aviation Safety Unit – September 2013
30 August 2013	AR/13/03	Internal audit report of WFP's internal control assurance process – August 2013
30 August 2013	AR/13/02	Internal audit report of WFP operations in Pakistan – August 2013
30 August 2013	AR/13/01	Internal audit report of WFP operations in Yemen – August 2013
26 August 2013	AR/13/05	Internal audit report of WFP's information architecture – August 2013
23 August 2013	AR/12/14	Internal audit report of WFP operations in Côte d'Ivoire – August 2013
13 August 2013	AR/13/06	Internal audit report of WFP Office of the Executive Director – August 2013
12 August 2013	AR/13/04	Internal audit report of WFP operations in Libya – August 2013
25 February 2013	01/12	Inspection report of small country offices in OMC region* – December 2012
3 January 2013	AR/13/13	Internal audit report of Government Donor Relations Division – November 2012

* Middle East, North Africa, Eastern Europe and Central Asia

ACRONYMS USED IN THIS DOCUMENT

COSO	Committee of Sponsoring Organizations of the Treadway Commission
HSHAP	harassment, sexual harassment, abuse of power
ISACA	Information Systems Audit and Control Association
IT	information technology
OIG	Office of the Inspector General
OIGA	Office of Internal Audit
OIGI	Office of Inspections and Investigations
REACH	Renewed Efforts Against Child Hunger and Undernutrition