



Internal Audit Vice Presidency (IADVP)

FY13 Second Quarter Activity Report

January 25, 2013



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The Internal Audit Vice Presidency (IAD) is an independent and objective assurance and advisory function designed to add value to the World Bank Group (WBG) by improving the operations of the WBG organizations. It assists WBG in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization’s risk management, control and governance processes.

The purpose of this report is to provide a high level overview of IAD activities in the quarter to Senior Management and the Audit Committee. This Quarterly Activity Report is also publicly disclosed, under the Bank’s Access to Information Policy.

1. Summary of Key Engagement Outcomes

IAD conducted audits of Windows server platform, and mobile computing, in parallel, for both the Bank and IFC.

Differences exist between the Bank and IFC in the understanding of roles and responsibilities, security configurations, change management, and the oversight and monitoring of the processes to manage, secure, and monitor the Windows server platforms.

Eight audits and two advisory reviews were finalized during the quarter. These included: two World Bank Group (WBG) advisory reviews, four International Bank for Reconstruction and Development/International Development Association (IBRD/IDA) audits, and four International Financial Corporation (IFC) audits.

1. IAD's audit of **Bank Windows Server Platform** covered Windows servers at the Bank, focusing on the processes to manage, secure, and monitor these servers. Although management has implemented a number of robust controls to secure the Windows server environment, weaknesses exist in the understanding of roles and responsibilities, security configurations, change management, and the oversight and monitoring.

Unclear roles and responsibilities for managing a specific domain has led to inconsistencies in adherence to security policies and standards as well as additional overhead. To mitigate the risks identified by IAD during the audit, Information Management and Technology (IMT) is (i) transitioning all the responsibilities for managing the domain to IMT; (ii) conducting a forensic analysis of the affected servers to ensure that they were not compromised; and, (iii) has published a new configuration standard for Windows servers.

2. IAD's audit of **IFC Windows Server Platform** evaluated IFC Windows servers, focusing on the processes to manage, secure, and monitor these servers. Controls over Windows servers are designed and operating effectively. In particular, policies and standards have been implemented to manage and secure Windows servers in accordance with leading security practices. Although no major issues were identified, IAD noted that IFC currently does not have an automated process to report server inventory changes. In response to the audit, Corporate Business Technologies (CBT) will implement a process to reconcile the list of servers.

1. Summary of Key Engagement Outcomes (contd.)

Currently the Bank and IFC have distinct mobile computing policies and rules, different Mobile Device Management (MDM) solutions and separate provisioning and help desk functions.

Opportunities exist for more effective monitoring of risks in the Bank's rapid response operations.

3. IAD's audit of **IFC's Mobile Computing** evaluated processes for managing, securing and controlling the mobile devices connecting to the IFC network or containing IFC data. IFC rules for Personal Productivity Devices (PPDs) provide sufficient guidance for the Apple iOS platform, they do not provide similar policy guidance for BlackBerry devices. The lack of WBG Information Security Standards (ISS) for Mobile Devices has resulted in inconsistent security configurations for IFC BlackBerry and Apple iOS devices. In addition, while a process to manage mobile communication costs is in place, inconsistent compliance with the monitoring process, and the absence of a mobile usage pattern analysis to guide users towards more cost effective alternatives, has resulted in high charges being billed for extended periods of time, across several IFC units. To mitigate the risks identified by IAD, IMT together with IFC's Corporate Business Technology (CBT) has finalized the WBG ISS and communicated them to all stakeholders. CBT has also agreed to update the existing PPD rules to include guidance for BlackBerry devices, and the interim mobile guidelines will be revised to emphasize cost reduction and monitoring approaches.
4. IAD's audit of **Bank's Mobile Computing** evaluated processes for managing, securing and controlling the mobile devices connecting to the Bank network or containing the Bank data. Mobile computing policies and relevant procedures are defined and implemented to assure protection of the Bank's assets, and to provide sufficient guidance to users. Processes exist to evaluate and appropriately manage risks associated with mobile computing, and mobile device provisioning and tracking processes are also operating effectively.
5. IAD's audit of **Bank's Management of Rapid Response Operations** evaluated the application of relevant Bank policies to individual projects, project preparation and supervision, and management's oversight of rapid response operations at corporate and regional levels. The Regions review the streamlined preparation process for Rapid Response projects, OPCS confirms the review, and management actively monitors the implementation of the projects. In response to the audit, management is working with INT to improve documentation for tracking risks by incorporating risk assessments into Implementation Status and Results Reports (ISRs), and making it mandatory to update the Operational Risk Assessment Framework (ORAF) in ISRs.

1. Summary of Key Engagement Outcomes (contd.)

There is an effective governance structure and risk management framework over the FIF commitment and disbursement processes.

Strong governance exists over the process of IFC's liquid asset and cash management.

Opportunities exist to improve the design of the regional and country-level controls over management of IFC's country office financial activities.

6. The audit of **Financial Intermediary Funds (FIFs) Disbursements** reviewed the adequacy and effectiveness of the governance structure, risk management, controls over data quality and accuracy of FIFs. Current automated and manual controls are effective to ensure data quality and accuracy; disbursements authorized by the FIFs' governing bodies are processed accurately; cash transfer limits are enforced; and, IT general and application controls are in place.
7. The audit of **IFC's Liquid Asset and Cash Management** reviewed the design and implementation of controls within IFC's liquid asset and cash management. Strong governance exists over the process, and there are clearly defined roles and responsibilities, effective policies and procedures, and sufficient management oversight of portfolio performance, asset allocations, and exposures. IFC has a clearly defined strategy which guides trading activities, sufficient segregation of duties, and strong controls over trading activities.
8. IAD's review of **IFC's Institutional Framework for Managing Financial Activities in Country Offices** highlighted that controls over the management of IFC country office financial activities exist at the institutional, regional and country office levels. The institutional control activities are provided to IFC by Bank Controller's (CTR), and were reviewed in a previous Bank audit. IAD identified the following opportunities for improvement in its review of the design of the regional and country-level controls over the management of IFC country office financial activities: (i) develop a methodology for on-site country office reviews and monitoring program for the implementation of corrective actions on issues identified by the reviews; (ii) review and monitor training needs for country office based accounting and finance staff, and country heads; and (iii) identify and disseminate institution-wide best practices in management and oversight of country offices.

1. Summary of Key Engagement Outcomes (contd.)

The WBG is effectively meeting its primary objective of protecting the safety and security of its staff.

The review noted that SFAP administration is hampered by fragmentation across Bank units and field offices, and policies and procedures governing the SFAP have not been updated.

9. The objective of the **Advisory Review of Emergency Relocation/Evacuation Processes in WBG Country Offices** was to examine the governance, risk management and control processes over the emergency relocation and/or evacuation of staff and their eligible dependents during security emergencies in Country Offices. Although the WBG is effectively meeting its primary objective of protecting the safety and security of its staff, IAD provided recommendations to management for strengthening the overall framework and policy.
10. The objective of the advisory review of the **WBG Staff Financial Assistance Programs (SFAP)** was to assist HR management in its evaluation of the Programs. SFAP administration is hampered by fragmentation across Bank units and field offices, and policies and procedures governing the SFAP have not been updated. IAD recommended that the operations and administration of the SFAP be streamlined with increased oversight. Management should determine if the evolution of the SFAP is consistent with its expectations for the Programs and its broader benefits framework. IAD also provided management comparative financial assistance benchmarking practices from peer organizations offering similar programs.

2. Budget Update

Total expenditures during FY13 Q2 were \$4.48 million representing approximately 40% of the FY13 budget of \$11.2 million.

Annex 1: List of Reports issued in the FY13 Q2*

WBG Engagements

No.	Entity	Engagement Title	Report No.	Date Issued
1	WBG	Advisory Review of Emergency Relocation/Evacuation Processes in WBG Country Offices	WBG-FY13-01	10-Jan-13
2	WBG	Advisory Review of the WBG Staff Financial Assistance Programs	WBG-FY13-02	10-Jan-13

IBRD/IDA Engagements

No.	Entity	Engagement Title	Report No.	Date Issued
3	IBRD/IDA	Audit of Bank's Mobile Computing	IBRD FY13-04	30-Nov-12
4	IBRD/IDA	Audit of the Bank's Management of Rapid Response Operations	IBRD FY12-14	3-Dec-12
5	IBRD/IDA	Audit of Bank Windows Server Platform	IBRD FY13-05	15-Jan-13
6	IBRD/IDA	Audit of Financial Intermediary Funds (FIFs) Disbursements	IBRD FY13-06	17-Jan-13

IFC Engagements

No.	Entity	Engagement Title	Report No.	Date Issued
7	IFC	Audit of IFC's Mobile Computing	IFC FY13-02	29-Nov-12
8	IFC	Audit of IFC's Windows Server Platform	IFC FY13-03	20-Dec-12
9	IFC	Audit of IFC's Liquid Asset and Cash Management	IFC FY13-04	16-Jan-13
10	IFC	Limited Review of IFC's Institutional Framework for Managing Financial Activities in Country Offices	Internal Audit Memo	20-Dec-12

FY12 carry-overs: One audit has been carried over from FY12.

*As per paragraph 16 (d) of the Bank's Access to Information Policy, July 1, 2010, audit reports prepared by IAD shall not be publicly disclosed, except its finalized Annual and Quarterly Activity Reports.