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# Annual Report

Fiscal Year  
**2013**

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## Internal Audit Vice Presidency

*December 13, 2013*

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THE WORLD BANK



World Bank Group



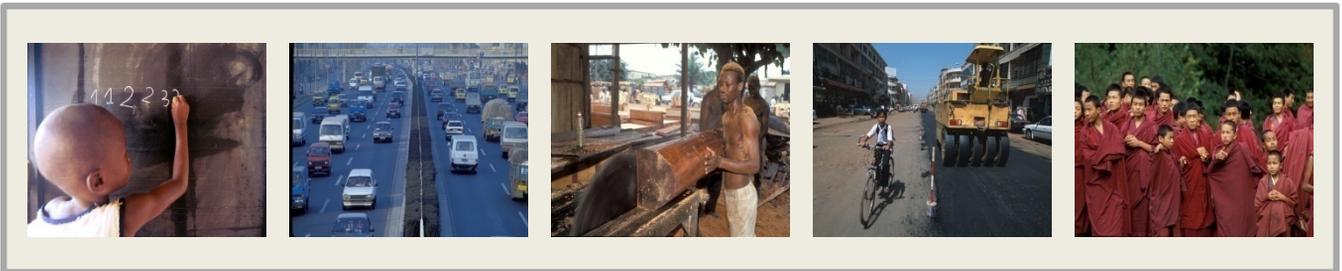
WBG | INTERNAL AUDIT VICE PRESIDENCY

# Abbreviations and Acronyms

<b>ADR</b>	Audit Director Roundtable
<b>AG</b>	Vice President and Auditor General
<b>AML</b>	Anti-Money Laundering
<b>CAE</b>	Chief Audit Executive
<b>CAO</b>	Compliance Advisor/Ombudsman
<b>CEB</b>	Corporate Executive Board
<b>CFT</b>	Combating the Financing of Terrorism
<b>CIF</b>	Climate Investment Fund
<b>COO</b>	Chief Operating Officer
<b>CTR</b>	Controllers' Vice Presidency
<b>EVP</b>	Executive Vice President
<b>FIF</b>	Financial Intermediary Funds
<b>FM</b>	Financial Management
<b>GAIN</b>	Global Audit Information Network
<b>GPOBA</b>	Performance Based Grants Initiative
<b>HR/HRS</b>	Human Resources
<b>IAD</b>	Internal Audit Vice Presidency
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ICAS-E</b>	Integrated Corporate Accounting System for Equity
<b>ICFR</b>	Internal Controls Over Financial Reporting
<b>ICSID</b>	International Center for the Settlement of Investment Disputes
<b>IDA</b>	International Development Association
<b>IDD</b>	Integrity Due Diligence
<b>iDesk</b>	IFC's document repository system
<b>IEG</b>	Independent Evaluation Group
<b>IFC</b>	International Finance Corporation
<b>IIA</b>	Institute of Internal Auditors
<b>ILT</b>	Implementation Leadership Team
<b>INT</b>	Integrity Vice Presidency
<b>iOS</b>	iPhone Operating System
<b>IPN</b>	Inspection Panel
<b>IRMR</b>	Integrated Risk Management Report
<b>ISR</b>	Implementation Status and Results Reports
<b>ISS</b>	Information Security Standards
<b>IT</b>	Information Technology
<b>ITS</b>	Information Technology Services
<b>LMT</b>	Leadership Management Team
<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>MD</b>	Managing Director
<b>MD-CFO</b>	WBG Managing Director, Finance and CFO
<b>OPCS</b>	Operations Policy and Country Services Unit
<b>ORAF</b>	Operational Risk Assessment Framework
<b>PREM</b>	Poverty Reduction and Economic Management Network
<b>SAP</b>	Systems, Applications and Products software
<b>SFAP</b>	Staff Financial Assistance Programs
<b>SMT</b>	Senior Management Team
<b>SVP</b>	Senior Vice President
<b>UN RIAS</b>	Representatives of the Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions
<b>VP</b>	Vice President
<b>VPU</b>	Vice Presidential Unit
<b>WBG</b>	World Bank Group

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# 1. World Bank Group Internal Audit Vice Presidency

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## Internal Audit Vice Presidency's ("IAD") Mandate

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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 WBG's entities. It assists the Bank Group in accomplishing its objectives by bringing a systematic and disciplined approach, to evaluate and improve the effectiveness of the organization's governance, risk management, and control processes. IAD also focuses on raising awareness of risks and controls, providing advice to management in developing control solutions, and monitoring the implementation of management's corrective actions to mitigate risks and strengthen controls. IAD's work is carried out in accordance with the Institute of Internal Auditors (IIA)'s International Professional Practices Framework.

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## Oversight of IAD

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IAD reports to the President and is under the oversight of the Audit Committee. The Audit Committee of the Board of Executive Directors has a mandate to assist the Board in overseeing the WBG's finances, accounting, risk management and internal controls. The Audit Committee oversees the external auditors with respect to the integrity of the financial statements for the entities and financial reporting for trust funds; the Integrity Vice Presidency with respect to anti-fraud and anti-corruption measures; and IAD with respect to governance, risk management, and internal controls. The Audit Committee's responsibilities with respect to IAD include:

- ❑ The review of IAD's Terms of Reference and recommendation to the Board for approval.
- ❑ The review of IAD's annual Work Program and recommendation to the Board for approval.
- ❑ The review of the results of IAD's work covering operations and compliance with key provisions of IBRD/IDA, IFC and MIGA's charters and policies.
- ❑ The review of the overall effectiveness of IAD.

On at least a quarterly basis, IAD briefs and updates the President and the Audit Committee on engagement outcomes and the progress of management action plans to improve the Group's controls. IAD also briefs the Audit Committee on any changes to the annual Work Program, that may occur as a result of emerging risks, significant changes to the business, or requests from Management for advice on internal control matters.

## 2. Governance, Risk Management and Internal Control

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### Executive Commentary

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The objective of this qualitative commentary is to support management and the Board of the World Bank Group by providing an objective and high level perspective on governance, risk management and internal control matters in the Group. The Auditor General (AG) is well positioned to give insights from the privileged vantage point of a position that is both included in management discussions, but appropriately excluded from management decision-making. In essence, what this section is attempting to do is to help think through some of the challenges facing the WBG in the immediate future, by drawing on a backward looking body of knowledge and experience. These insights are informed by both objective observations from IAD's audit work over time and also broader qualitative assessments from the AG's professional judgment.

The WBG Senior Management Team (SMT) has delivered a strategy that repositions the WBG with the dual goals of ending extreme poverty and boosting shared prosperity. The SMT has also endorsed a number of proposals, as part of an institutional change management effort, to make the WBG more effective in achieving these goals. In addition, the MD-CFO has initiated a number of actions to support the longer term financial sustainability of the Group.

With this as the contextual backdrop, a significant operational challenge faces the leadership team. A multitude of decisions need to be taken, and actions initiated: to implement the WBG Strategy; to manage the change program; and to drive through financial sustainability measures; more or less, at the same time, while also managing the day to day business of delivering to clients. Any one of these initiatives is ambitious in itself. The oversight, sequencing, and management of inter-dependencies will require careful and consistent Senior Management involvement.

### Governance

On the first subject of governance, there are five areas that the AG suggests might benefit from some attention:

1. As part of the clarification of roles and responsibilities, a very positive “tone at the top” could be established by clarifying the remit of the SMT. It has operated over the past year without terms of reference, but these have now been drafted. In the context of a multiplicity of Senior Management groups (SMT, ILT, LMT, etc.), clarifying the arrangements for running the Bank and related decision-making roles, i.e. the Bank equivalent of the IFC and MIGA Management Teams, would be a welcome step. One of the MD positions has recently been designated as the Chief Operating Officer (COO) for the Bank. It may be helpful to think about this role as having overall responsibility for the business activities of the Bank. In this context, given the significance of the external and client facing responsibilities of the role, due consideration must be given to the juxtaposition of those front line responsibilities against the equally demanding tasks of running the internal day-to-day operating activities of the Bank. Any missing governance or Senior Management ingredient(s) may then become clearer – see comment below.
2. From IAD's perspective, there is a significant challenge in establishing clear accountability for effective and timely resolution of strategic and cross-cutting issues that straddle multiple business areas and that are beyond the authority and remit of individual VPUs. As a result, sub-optimal solutions tend to be “brokered” across VPUs. The SMT could give attention to this governance challenge and consider the convening power and authority needed to address intractable problems at the corporate level. Absent such arrangement, there is a risk that tactical fixes are chosen to address complex issues that instead require the design and roll out of technically sound and sustainable solutions.

## 2. Governance, Risk Management and Internal Control

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### Executive Commentary (contd.)

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3. Historically, WBG has had significant management turnover, which presents risks and challenges worth considering for an organization with a long term mandate and aspirational goals. The institution has had four presidents in the past decade and, in the four-year tenure of the current AG, approximately 30 senior executives (MDs/EVPs/SVPs/VPs) have left the Group. If VP reassignments were to be added to that figure, the number of transitions during that period would be even greater. In stark contrast, the annual numbers for staff turnover are consistently very low. The effects of this corporate asymmetry are well worth examining against the long term goals of the institution. The level of churn, in the upper reaches of the World Bank Group, may not readily foster the grip and tenacity that is required for a large change effort. Even on a day to day basis, the organization's ability to evolve and adapt its operational practices can be hampered as a consequence of the 'political term' effect, i.e. the perception that most VPs/MDs have a four year time period in which to make any organizational changes and achieve their deliverables. Unless accountability arrangements for VPU and institutional performance and results are adequately maintained, persistence of this historical trend may present a serious practical challenge for the stewardship of a multi-year change effort of this magnitude.
4. For critical "enabling" functions, such as Human Resources (HR), it might be worth considering the pre-existing workload and the HR activities that will be required to support the change effort. Previous diagnostic assessments and institutional surveys have consistently highlighted significant weaknesses in the Bank's spectrum of core HR processes: recruitment and strategic staffing, career planning, performance management, benefits framework, supporting systems and tools, etc. HR management has recognized these issues and undertaken a number of initiatives to address them. These initiatives remain, however, work-in-progress. The HR function faces the dual challenge of supporting a significant institutional change agenda while addressing existing deficiencies. The prominent role that the HR function will have to play should be factored into implementation plans as early as possible.
5. On a separate subject, knowledge, which is so central to the WBG Strategy, is generally not managed as a strategic asset, especially at the portfolio level. One of the main comparative advantages of the WBG is its ability to bring global knowledge and local expertise to support the design of customized development solutions to its clients. However, knowledge has traditionally been managed in an unstructured way, resulting in missed opportunities to maximize the Bank Group's value proposition. We noted in our FY12 review that the Bank does not take a portfolio approach to managing its knowledge products, and urged management to revisit the governance framework for knowledge, and to establish clear lines of accountability for the oversight, delivery and tracking of the Bank's investment in knowledge products. Management has recognized that deployment of institutional knowledge and expertise is hampered by current structures and incentives. The recent establishment of Global Practice Groups is designed, among other objectives, to remedy this situation. Other initiatives include the creation of a new VPU for Change, Knowledge and Learning, and steps taken by OPCS and IMT to improve the functionality of the portal for knowledge products, in order to facilitate consistent project approval and management. In addition to these important initiatives related to the organizational design and the supporting infrastructure, work to address the issues in product coding should be prioritized and accelerated. The absence of clear definitions has, for a long time, bedeviled any attempt to aggregate useful knowledge-related management information (MI) at the corporate level.

## 2. Governance, Risk Management and Internal Control

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### Executive Commentary (contd.)

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#### **Risk Management**

Moving to matters of risk management; the change agenda presents a real opportunity to address structural impediments to informed risk-taking. Management has clearly stated its intention to move to a culture of smart and informed risk-taking. The recognition that informed risk-taking and risk management are integral to achievement of results is important, as it underscores the need for a shared risk management culture. IAD has consistently pushed for more informed risk-taking across the institution. In our view, two important enablers need to be in place to effectively support this welcome transition to informed risk-taking: (i) an understanding of the level of risks to be taken; and, (ii) clear accountability for ownership of risks in Bank operations.

1. We have previously noted that while financial risks (liquidity, credit, and market) are generally well defined, measured and monitored, the institutional approach remains far less structured in operational areas – making it difficult for management to make cohesive business decisions.
2. IAD's FY12 Annual Report noted that "in the absence of clearly articulated risk appetites, there is a widespread perception, within the Bank, that risk-taking is not encouraged, thus potentially reinforcing a culture of risk aversion that may be inconsistent with long-term strategic results, goals, and desired developmental impact". IAD's reviews in FY13 continued to highlight the need for institutional level risk appetites and tolerances in a number of significant business process areas. This had previously been advocated by the WBG Chief Risk Officer and is now being sponsored by the Risk and Accountability Working Group.
3. Continuing focus needs to remain on strengthening accountability for the management of risks in Bank operations. While the Group Chief Risk Officer played a key role in ensuring consistency in risk reporting across the WBG entities, the ownership for management of risks in Bank operations needs to be clarified. In the absence of an effective corporate monitoring function, divergent practices across regional units often undermine the consistent implementation of operational policies. Initiatives recently taken by management to harmonize the processes that operational staffs use for lending and knowledge services represent a welcome step towards reducing such divergence. Consistent operational practices and clearly defined roles and responsibilities in the management of risks in operations are even more important today, in the context of: (i) the delineation of roles between the Bank and the client, and the move towards increasing reliance on country systems; and, (ii) effective differentiation between overall project risks and the Bank's risks in its own internal operations and processes.

It is difficult to leave risk management without mentioning corporate culture. One of Peter Drucker's most repeated quotes: "culture eats strategy for breakfast" is particularly pertinent as we prepare to implement the WBG Strategy. Consider that the WBG's FY13 Integrated Risk Management Report (IRMR) listed corporate culture as the Bank's second highest risk. Directionally, this risk increased the most of all the risk categories from FY12 to FY13. The Board Audit Committee urged management to think about their response to this and other risks assessed in the IRM work. What are the members of staff, who responded in the corporate risk scan, referring to? Much of what is termed as corporate culture is behavioral, and can only be tackled by examining, and fixing, the system of incentives and disincentives. The extent to which ingrained behaviors may undermine the change effort should not be underestimated. The real root causes of many of the issues that are being discussed by the SMT will not be sustainably addressed until we tackle the bag of behavioral ailments commonly known as 'corporate culture'.

## 2. Governance, Risk Management and Internal Control

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### Executive Commentary (contd.)

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#### Internal Control

Good control and efficient, cost effective, processes are not mutually exclusive. From an operational perspective, the current direction of simplification and elimination of duplication is very welcome, particularly in the Bank. The rethinking of roles and responsibilities is an ideal time to try to build more intuitive groupings of activities and to establish clearer lines of sight for swift, unambiguous decision-making.

1. With the increased emphasis on strengthening country fiduciary systems, the Bank's capacity building activities at the country level will become mainstream. The recent move to integrate fiduciary units - PREM, procurement and financial management - is a step towards providing more structured and coordinated capacity building support to client countries. In this new operational setting, there is a need to explicitly consider how capacity building for country fiduciary systems will influence the Bank's fiduciary assurance at the project level. Management has recognized this issue and working groups have been setup to think about balancing the two functions in the Global Practice model. As the Bank defines the details of the Global Practice for Governance, it is critical to address up-front any potential pitfalls that might otherwise undermine the effectiveness or the operational efficiency of this model. Key areas of focus, in this regard, should include: clear definition of functional mandates to achieve proper balance between fiduciary assurance and capacity building; effective reporting structures and incentive mechanisms to monitor and maintain that balance; and a funding model that ensures institutional resources are effectively allocated to jointly pursue these two important goals without compromising either of them.
2. The President has emphasized the need to learn from past experience, including failure, and this logic can be applied to the current change challenge. For example, let us think about the 2010 introduction of the Operational Risk Assessment Framework (ORAF). ORAF was introduced as part of a new "risk-based approach" that was designed to link risk to results and development objectives; differentiate projects and their process and resource allocation on the basis of their risks; and create a better environment for learning. Three years after its launch, the Bank is now moving to replace ORAF with a "unified risk accountability framework in operations". Whilst this move is consistent with management's acknowledgment of the limited and inconsistent implementation of ORAF in the past, a case study approach to the failed implementation of ORAF would be a good place to start this exercise. This should include a hard look at the problems that beset project implementation and the extent to which cost/benefit analysis was taken into account in decision-making. More focus and attention should be given to designing simple and efficient business processes, end-to-end, at the same time as mainstreaming changes into day-to-day working practices. Business process design is an undervalued skill in the organization and changes will not be sustainable if processes are poorly designed.

## 2. Governance, Risk Management and Internal Control

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### Executive Commentary (contd.)

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- Aggregate level management information is generally not sufficiently robust or periodic to support strategic decision making. This is a common theme from IAD's audit results, mentioned earlier in the context of the governance of knowledge. We have repeatedly observed that the absence of reliable and complete portfolio-level management information undermines management's ability to make cohesive and consistent business decisions, based on a top-down institutional view. The Bank's ability to identify cost improvement opportunities has been hampered by a lack of clarity on the real drivers of costs. Costing practices and coding structures are not uniformly defined or followed, leading to inconsistent and incomplete management information. The complexity of coding limits the ability to meaningfully aggregate data, conduct analysis across products and business processes (e.g., knowledge products, trust funded products, HR related data) and requires greater use of assumptions and estimates. Alignment of management information with business needs will be vital for selectivity in making strategic choices and trade-offs and will reinforce informed risk-taking and accountability for results.

Whilst the many challenges noted above present significant risks that need close management focus, the current change agenda, if properly sequenced and well implemented, presents WBG with a clear opportunity to reinvent itself and position the institution to realize the twin goals of its strategy. In that context, the organization's new focus on building a culture of cost-consciousness, eliminating overlaps, driving synergies across the group, and fostering long-term financial sustainability, represents a positive and welcome development. In conclusion, the IAD team can relate to the feeling of cautious optimism that is reported around the WBG, in terms of the direction of the forthcoming institutional changes. IAD stands ready to lend its expertise to support the President, the Senior Management Team and the Board Audit Committee in this critical change effort.

**Clare Brady**

**Vice President and Auditor General**



# 3. Management Response to the IAD FY13 Annual Report

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## Management Response

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The World Bank Group's Management Team welcomes the FY13 Annual Report of the Internal Audit Vice Presidency (IADVP). Management appreciates IAD's views on the challenges facing the World Bank Group as the institution implements the change agenda and believes that a critical view of the Bank's governance, risk management and internal control, is timely and valuable to management and the Board. These areas were also examined in Management's own diagnostic over the past year as part of the "what will it take" initiative that led to the change agenda. As such, the report comments on a number of areas and issues that are already being addressed by the institution as part of these reforms.

The comments below focus on IAD's qualitative comments presented in its FY13 Annual Report, in the areas of governance, risk management, and internal controls. Management notes these qualitative comments by the Auditor General are not necessarily based on systematic audit findings or supported by audit missions carried out during the year. Rather, they are based on the Auditor General's personal observations and perspectives. Any constructive views to identify areas requiring particular attention and to avoid inertia experienced by the Bank in some of the previous reforms are welcomed. Management recognizes the complexity of the change agenda and the challenges that come with it. It also comes as no surprise that many of the details of the change agenda are still work in progress. As such, for the future, it would be helpful if IAD could identify some specific issues and recommendations based on the audit findings.

### Governance

Management agrees on the central message of the importance of having clarity of roles and responsibilities, and accountability and decision making. As recommended in the FY12 IAD Annual Report, a managing director has recently been designated as the Chief Operating Officer for the Bank with the overall responsibility for the operational business activities of the Bank. Regarding the Senior Management Team (SMT), its terms of reference have been developed to clarify its remit as recommended in Bullet 1. The SMT provides advice, to ensure coordination and coherence among the various Bank Group units and with the overall direction and goals of the organization, to assess progress against key objectives of the institution, and to resolve strategic and cross-cutting issues.

Regarding the "comments" by the Auditor General that "...sub-optimal solutions tend to be "brokered" across VPUs...", the General Counsel is developing an accountability and decision-making framework for the SMT and the organizational units that report to the President. This will clarify the corporate-decision making process at the operating level and make more systematic the delegation of authority from the President. In Management's view, this will be a concrete step to "...give attention to this governance challenge and consider the convening power and authority needed to address intractable problems at the corporate level." The SMT has a key role in ensuring coherence among the various Bank Group units, and to address strategic, cross-cutting issues.

# 3. Management Response to the IAD FY13 Annual Report

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## Management Response (contd.)

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The qualitative comments note the asymmetry between recent high turnover among Senior Management in the Bank and the four- year rotation rule in contrast to the relatively lower turnover among staff, and identify this as an issue “well worth examining”. We would welcome greater clarity from IAD on the basis for this comment – what are the comparator institutions used as benchmark that indicate that this is a noteworthy governance issue. Management is of the view that any differences in turnover rates between Senior Management and staff, if at all significant, do not necessarily constitute a governance issue. There are enormous benefits to the Bank from rotation of management and staff within and outside the Bank to bring added perspectives, experiences, and opportunities for bringing innovative ideas and solutions. Continuity of operations, including continuity in changes and reforms, in our view, is not compromised by any difference in turnover rates and/or with the four-year rotation of Senior Management. Implementation of Bank-wide reforms, initiatives and activities are often carried out through various committees across VPUs, providing diverse and multi-faceted perspectives that cut across units, and enabling continuity of efforts. This is the same process Management adopted in the implementation of the current change agenda.

Related to the Bank governance, the Auditor General has highlighted the critical role of the HR function, and the importance of knowledge and learning for the institution. The HR strategy recently discussed by the HR committee prioritizes and sequences key activities to support the implementation of the World Bank Group strategy and the changes. As for knowledge, learning and innovation, this is at the core of the Bank’s change agenda - it is a central aspect of the evolving Global Practice structure, and is taking on more prominence in the Bank’s work, drawing from all sources and not just operations. Working groups are now looking at the Global Practices’ structures so that they are most supportive of a culture for knowledge, learning and innovation; the Bank is building a culture of the “science of delivery” by systematic application and gathering of knowledge from operations and services globally, and this will support active learning from country operations and engagements to establish the World Bank Group as the knowledge and solutions leader in the key areas of institutional engagement. Management recognizes the need for systems and processes that enable adequate and timely generation, gathering, curating and dissemination of knowledge. These are integral to the ongoing discussions to develop the knowledge management function within the Bank Group.

### **Risk Management**

Management agrees on the importance of improving operational risk management and strengthening informed risk taking through the implementation of the change agenda. Work is ongoing to implement the four key recommendations identified by the Risk and Accountability Working Group that were endorsed by the SMT. These areas include: culture change (values and behavior); risk assessment process to replace the ORAF in an effort to simplify the risk assessment, ensure consistency and integration of the operations risk management across instruments and regions; systems and tools as the supporting elements of the risk management infrastructure; and structure and internal organization including accountability and decision making aspects.

# 3. Management Response to the IAD FY13 Annual Report

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## Management Response (contd.)

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A key ongoing initiative is to develop an integrated risk management framework that may be applied across instrument. This effort aims to establish a framework that will provide a better understanding of the overall risk profile of the Bank's portfolio and help identify appropriate corporate level of review during preparation. Linked to this effort, is a need to clearly distinguish between the responsibility of the client governments and of the Bank in managing risks, which will not be altered even with increasing reliance on country systems.

Regarding ORAF, which is specifically raised in the qualitative comments (under the section on Internal Control), the Bank is moving forward to develop a simplified tool for assessing and monitoring risk to harmonize the way we consider risk across instruments. In doing so, the experience and learning from the team involved in ORAF implementation and inputs obtained through focus group discussions that took place in identifying key areas change initiatives in the area of risk. It should be clarified that ORAF was developed for investment project financing, and is not used across instruments. The proposed simplified tool would harmonize across all Bank instruments and provide systematic and consistent information on the risk profile of the Bank's operations pipeline and portfolio. This would help focus management attention on the highest risk operations and facilitate the allocation of resources for preparation and supervision. The tool would form an integral part of a broader risk and accountability framework that is currently being developed and that would address the need for a cultural change as well as adjustments in the institutional architecture to support informed risk taking and risk management, mentioned above. This responds to IAD's recommendation in their advisory work on the Bank's Resource Allocation Process for Project Implementation Support, which highlighted, among others, the need to implement a consistent methodology for identifying and capturing portfolio risk in the regions.

### Internal Control

The qualitative comments state that, "good control and efficient, cost effective processes are not mutually exclusive", and that management needs to learn from experience. These comments very much resonate with ongoing efforts to transition to a new organizational structure with the Global Practices and to improve the Bank's internal process efficiencies. As noted previously, fiduciary assurances and capacity building activities in the areas of financial management and procurement in Bank operations are often times two sides of the same coin. Bank financial management and procurement staff ensure that Bank fiduciary requirements are observed in our operations and at the same time support capacity building of implementing institutions in countries. Management agrees that balancing the two aspects in the global practice model should continue, building and supporting countries' own systems and ensuring fiduciary assurance for Bank funded operations, rather than viewing these efforts as mutually exclusive activities. This matter is being carefully considered in developing the global practice on governance, to focus on strengthening country institutions and to ensure that fiduciary due process remains a key part of Bank operations, including through clear reporting and incentive structures.

# 3. Management Response to the IAD FY13 Annual Report

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## Executive Commentary (contd.)

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Regarding aggregate level management information, Management has a cascading system of information for monitoring and decision making. For example, on reporting and management of operational information, the Bank has a monthly, a quarterly and an annual reporting system in place for the monitoring of the operational portfolio and pipeline. These updates are prepared based on data and indicators generated by various systems and are used for decision making purposes at the corporate, regional, and sectoral levels. Through these reports, problem projects are identified and discussed, regional and sectoral trends are analyzed, and decisions are made to address problems. There is also a new Management Action Tracking System to monitor implementation of these decisions that assign clear accountabilities for action. Work is ongoing to strengthen aggregation of information for use as management tool. The World Bank Group Corporate Scorecard is being developed, building on the experience of the World Bank Corporate Scorecard and the findings of the IAD audit, as a key management tool for high-level strategic monitoring of the World Bank's performance, results, and contribution to the two goals under the new World Bank Group Strategy. Management is also continuing to build the Management Dashboard that provides a common data platform for the whole organization. As part of the ongoing work to transition to a new organizational structure with the Global Practices, the systems are being assessed to ensure that information and reporting needs are met for monitoring and business continuity purposes. The coding system is being revised with a view to ease analysis across products and business processes.



## 4. Summary of Audit Results

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### World Bank Group

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IAD's audit of the **Selection and Use of Consultants by the World Bank Group for Operational Purposes** assessed the adequacy and effectiveness of the governance structure, control framework and processes relating to the selection and use of consultants for operational purposes. Although operational consultants represent a significant portion of WBG's overall staffing complement, institutional oversight of this contingent workforce is weak. To satisfy the legitimate business need for operational flexibility, WBG has adopted a highly decentralized approach to the management of operational consultants. However, it is not clear whether the use of consultants is consistent with long term business needs; is cost effective; or is aligned with strategic priorities. Transaction level controls are generally adequate, although the monitoring of exceptions could be improved to identify 'red flags' and significant trends. Management has set up a multi-VPU task force chaired by HR to address the issues raised.

IAD's audit of the **WBG Global Communications Network** assessed the WBG's global communications network architecture design and implementation with respect to the business needs of the headquarters and country offices. The audit found that the global communication network architecture and infrastructure are designed and implemented in a secure and resilient manner, and the design and implementation of the WBG's global communications network is consistent with leading practices. Given the dynamic technology landscape and evolving WBG business requirements, management will need to maintain its focus on opportunities to improve resiliency and performance, and address harmonization of differences between Bank's and IFC's global communications management practices, such as bandwidth allocation and cost sharing.

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### IBRD/IDA

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IAD's audit of **IBRD/IDA's Corporate Budget Process** highlighted that the some of the weaknesses that limit the usefulness of the budget as a strategic tool include: (i) lack of adequate criteria or clear metrics to assess the reasonableness of budget allocations; (ii) absence of an institutional framework to incorporate external sources of funds into the overall budget planning process; and, (iii) weak processes for measuring and integrating results and delivery metrics into corporate business and budget planning. Management, under the leadership of the MD-CFO, is developing a strategic planning function and a new budget execution methodology designed to redirect resources to areas of focus or strategic importance.

IAD's audit of the **Bank's Corporate Scorecard** assessed the adequacy and effectiveness of processes and controls over the Scorecard. Recognizing that the Scorecard was introduced only two years ago, and that it is a living document that is still evolving, IAD identified certain weaknesses which reduce the usefulness of the Scorecard as a tool for promptly identifying significant areas that require corrective actions. Many of these challenges are related to the early stage of maturity of the framework. Management has initiated work to streamline the structure of the Corporate Scorecard to provide a clearer, more strategic, and focused vision of corporate priorities.

## 4. Summary of Audit Results

### IBRD/IDA (contd.)

IAD's audit of the **Bank's Operational Framework for using Investigation Results in Bank Funded Projects** highlighted that the existing framework lacks effective corporate oversight; the respective roles and responsibilities of the Regions, Operations Policy and Country Services (OPCS) Vice Presidency, and the Integrity Vice Presidency are not well defined; and, the current design does not ensure that there is a consistent flow of investigation-related feedback into Bank operations. Management has committed to providing a comprehensive action plan, to be discussed with the Board in early FY14.

IAD's audit of the **Bank's Fiduciary Monitoring of Bank-Funded Projects through External Financial Audits** assessed whether adequate controls are in place to monitor the use of funds in Bank-funded projects through external financial audits, and whether those controls are operating effectively. The audit showed that though Regional Financial Management (FM) teams diligently review client governments' selection of auditors, ensuring strict adherence to the Bank's eligibility criteria, and closely monitor receipt of auditors' reports, the analysis of audited financial statements and the follow-up of key audit findings is much less structured. Management has since modified the FM information platform, to incorporate new features to streamline and strengthen audit report monitoring and documentation.

IAD's audit of **IBRD's Capital Markets Processes** evaluated the governance mechanisms, roles and responsibilities, policies and procedures relating to borrowing, hedging, and trading activities. Comprehensive policies and procedures are in place, there is adequate management oversight of the key activities, traders are provided guidance regarding the hedging strategy, and trading activities are reviewed and monitored.

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 existed 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. Information Technology Services (ITS) has addressed the issues by (i) assuming all the responsibilities for managing the domain; (ii) conducting a forensic analysis of the affected servers to ensure that they were not compromised; and, (iii) publishing a new configuration standard for Windows servers.

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 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.

IAD's 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 Bank FIFs. The audit found that 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.

## 4. Summary of Audit Results

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### IBRD/IDA (contd.)

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IAD's audit of the **Management of Operational Policy Waivers in Bank Projects** assessed the processes and governance arrangements for managing operational policy waivers related to Bank-funded projects and trust funds administered by the Bank. The audit showed that governance arrangements and processes for managing operational policy waivers are robust and effective. Roles and responsibilities are clear, and the review processes are consistently followed. Appropriate solutions are found for projects where the waiver request was rejected. The Board is informed monthly on the status of waivers, and management provided the Board a briefing on the implementation of the agreed waiver process.

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 ITS to improve documentation for tracking risks in special cases such as natural disasters and conflict situations.

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### IFC

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IAD's audit of **IFC's Corporate Budget Process** noted that: (i) the formulation of IFC's institutional strategy and work-program precedes, and is integrated with, the development of its corporate budget; (ii) IFC has established an integrated institutional framework for the use of external funds (donor funds and client fees); (iii) results are institutionally monitored by IFC's Management Team both at the aggregate IFC level as well as VPU level; and, (iv) IFC's Management Team is effectively supported by key corporate center teams.

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 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. Management will: (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.

## 4. Summary of Audit Results

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### IFC (contd.)

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IAD's audit of **IFC's Performance Based Grants Initiative** (GPOBA) covered the oversight, implementation and reporting of results for its three tranches and for the overall Initiative. IFC's GPOBA is aligned with IFC's advisory services strategy; has a rigorous process for the approval of grants; and, a monitoring framework. Management will report back to the Board on the results of the strategic value of the overall initiative, and also formalize its internal management review process for its oversight of the GPOBA partnership activities.

IAD's audit of **IFC's Loan Accounting Operations** evaluated the management and operation of loan accounting. The design and implementation of controls within IFC's loan accounting operations are effective. Roles and responsibilities are clearly defined, there is adequate management oversight, with robust systems support and automation.

IAD's audit of the **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, IFC's technology team will implement a process to reconcile the list of servers.

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 (PPD) provide sufficient guidance for the Apple iOS platform, but they did not provide similar

policy guidance for BlackBerry devices. IFC has updated the PPD to include guidance on provisioning, funding, entitlement, security and network access for Blackberry devices. Lack of approved and formalized mobile device configuration standards resulted in inconsistent security configuration for IFC BlackBerry and Apple iOS devices. ITS has finalized and published the WBG Information Security Standards for Mobile Devices. 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 resulted in high charges being billed for extended periods of time, across several IFC units. IFC has revised the interim mobile guidelines to emphasize cost reduction and monitoring approaches, to be carried out by the business units.

IAD's audit of **IFC's Liquid Asset and Cash Management** reviewed the design and implementation of controls within IFC's liquid asset and cash management. The audit noted that strong governance exists over the process, there are clearly defined roles and responsibilities, effective policies and procedures, and 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.

IAD's audit of the **Management of Integrity Due Diligence (IDD) in IFC's Projects** assessed whether IFC has a robust IDD process for investment and advisory projects. The audit showed that IFC management has paid increased attention to integrity risk and developed an improvement plan, which introduces a more systematic approach to risk identification with a view to ensuring that all projects with a high integrity risk are identified and referred to IFC's Integrity and

## 4. Summary of Audit Results

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### IFC (contd.)

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AML/CFT unit. However, the plan did not include effective oversight of the business units' rigor in adhering to IFC's corporate principles on integrity risk management. Management has agreed to implement a more robust oversight process to address the weaknesses identified in the audit.

IAD's audit of **IFC's Counterparty Credit Risk Management** evaluated IFC's counterparty credit risk management operations and the adequacy and effectiveness of: (i) governance elements; (ii) credit approval; (iii) counterparty credit limits framework; (iv) collateral management (derivatives); and, (v) credit valuation adjustment and reporting of collateral in financial statements. The audit highlighted that controls over counterparty credit risk are adequately designed and operate effectively. Strong governance exists over the process, including: clearly defined roles and responsibilities within treasury and risk teams; adequate policies and procedures; and sufficient management oversight over credit exposures. IFC also has a robust process in place for setting up new

counterparties and timely monitoring of credit events. Trading activities are executed within explicit risk limits that are regularly monitored.

IAD's audit of **IFC's Management of Climate Change Operations** assessed the adequacy and effectiveness of governance, risk management and controls over mainstreaming of the climate change strategy; setting of climate change operational standards and procedures; and, application of climate change standards and procedures. The audit showed that IFC has a well-defined corporate strategy for climate change, with measurable public goals, and a center of excellence which provides expertise to help achieve those goals. In addition, IFC has a clear vision and action plan in place, to build on its existing climate strategy, prepare for the launch of IFC Development Goals, and further improve policies and procedures for originating and processing climate business. The audit identified a few areas for improvement, which in part, reflect a growing business and an evolving strategy for IFC.

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### MIGA

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The audit of **Environmental and Social Safeguards Risk Management in MIGA Projects** highlighted that although MIGA has adequate controls in place to identify and assess environmental and social risks in the underwriting process, its related risk monitoring of existing projects is not systematic and organized. Information about monitoring activities is not always

accurate, and key project documents are difficult to locate due to the absence of an effective record management system. Management has agreed to strengthen monitoring by redefining process and introducing a more disciplined approach to tracking implementation of environmental and social action plans.

# 5. Summary of Advisory Work

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## Advisory Reviews

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The World Bank Group Integrated Services organization was created effective July 1, 2013 to provide critical services across the group, including WBG Information and Technology Solutions; WBG Human Resources; and WBG External and Corporate Relations. Integrating information and technology functions across the WBG provides an opportunity to create a Group-wide information and technology vision and strategy; improve service quality by leveraging best practices across WBG IT; decrease duplication; and, increase career opportunities for staff. Through its advisory review of the **WBG Information Technology Integration**, IAD assisted the IT management teams of IBRD and IFC in devising control processes for successful integration. IAD provided support to the integration effort; in setting up an Integration Management Office; in developing the future state Functional Organization Model; and producing a process convergence risk assessment.

IAD's advisory review of the **HRS Global Staff Mobility Processes and Infrastructure**, provided recommendations to management on the operational processes and procedures, and the design of the control environment of the HRS Global Mobility unit. Although the global mobility process has been improved in the past two years, IAD noted opportunities to strengthen its effectiveness through increased accountability, and a more formal operational framework.

IAD's advisory review of the **Emergency Relocation/Evacuation Processes in WBG Country Offices** examined 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.

IAD's advisory review of the **WBG Staff Financial Assistance Programs (SFAP)** assisted 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.

IAD's advisory review of the **PeopleSoft HR System Renewal** assessed whether effective program governance practices had been established to align project decisions with organizational requirements. In addition, the review covered testing strategies and management monitoring. The review highlighted that the application was at risk of not being implemented on time. Management is implementing remediation plans to expedite the project.

IAD's advisory review of the **Bank's Funding of "Below the Line Grant-Making Facilities"** reviewed the Bank's budget allocation to five grant-making facilities, and highlighted that these allocations had been based on historical precedent, and not fully reassessed at the time of annual renewal. At the facility level, the absence of established financial management practices impedes comparative assessment of funding needs. Management will define clear accountability and ownership, and design a new policy framework to address the issues identified.

## 5. Summary of Advisory Work

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### Advisory Reviews (contd.)

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IAD's advisory review of the **Management of Finance Systems Renewal** covered the effectiveness of: (i) program management practices including investment planning, the governance and oversight framework; and, (ii) project management and monitoring activities in place to enable the delivery of systems on time, within budget, and in line with business requirements and intended benefits. IAD highlighted opportunities for improvement in the areas of: measurement of benefits for optimal value realization; business requirements delivery; project cost monitoring; project/system interdependencies and synergies; tracking and reporting of non-capital IT investment projects.

IAD's advisory review of **WBG's Management of its Climate Investment Funds (CIF)** activities examined whether operational risks are proactively managed by the Bank and IFC. IAD advised and supported management in making appropriate operational arrangements for its growing CIF activities. The review

noted that operational processes to manage the highly innovative CIF activities were developed through close collaboration and knowledge sharing with other MDBs and client countries. IAD recommended that WBG management clarify the accountability of CIF focal points, adopt a formal process for quality review of Strategic Climate Fund investment plans, standardize and automate program level performance and results reporting, and establish a framework for maintaining CIF policy and procedural guidance.

IAD's review of **IFC's Collateral Management Process** focused on the sufficiency of collateral documentation, the operational consistency of processes around collateral creation and ongoing maintenance, and the adequacy of management monitoring of the collateral portfolio. The review identified areas of improvement with regard to IFC's monitoring of collateral risks at the portfolio level and the development of more comprehensive institutional guidelines for collateral management.

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### Controls Testing - ICFR

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IAD's **FY12 Testing of IBRD/IDA's Internal Control over Financial Reporting (ICFR)**, did not identify any deficiencies, which management deemed either individually or in the aggregate, a significant deficiency or material weakness in IBRD's and IDA's internal control over external financial reporting as of June 30, 2012. However, IAD noted that there is room for improvement in streamlining the number of controls to focus only on those key disclosure controls with an impact on external financial reporting.

IAD tested the operating effectiveness of the **Bank's Disclosure Controls and Procedures over External Financial Reporting**, on behalf of management. Based on the information and evidence provided by management, all the disclosure controls tested by IADVP were operating effectively as of June 30, 2012, except for one control relating to application development and maintenance policies and procedures, for which management has initiated a review of the policy.

Consistent with IAD's emphasis on developing a risk-based audit Work Program and based on specific considerations of management accountability, the scope of ICFR assurance, and logistical efficiency, IBRD/IDA management will take over the ICFR testing in FY13. IFC and MIGA management took over testing for ICFR in FY12. Going forward, IAD will incorporate ICFR in its universe of business processes subject to annual risk assessment.

# 6. Methodology and Professional Practices

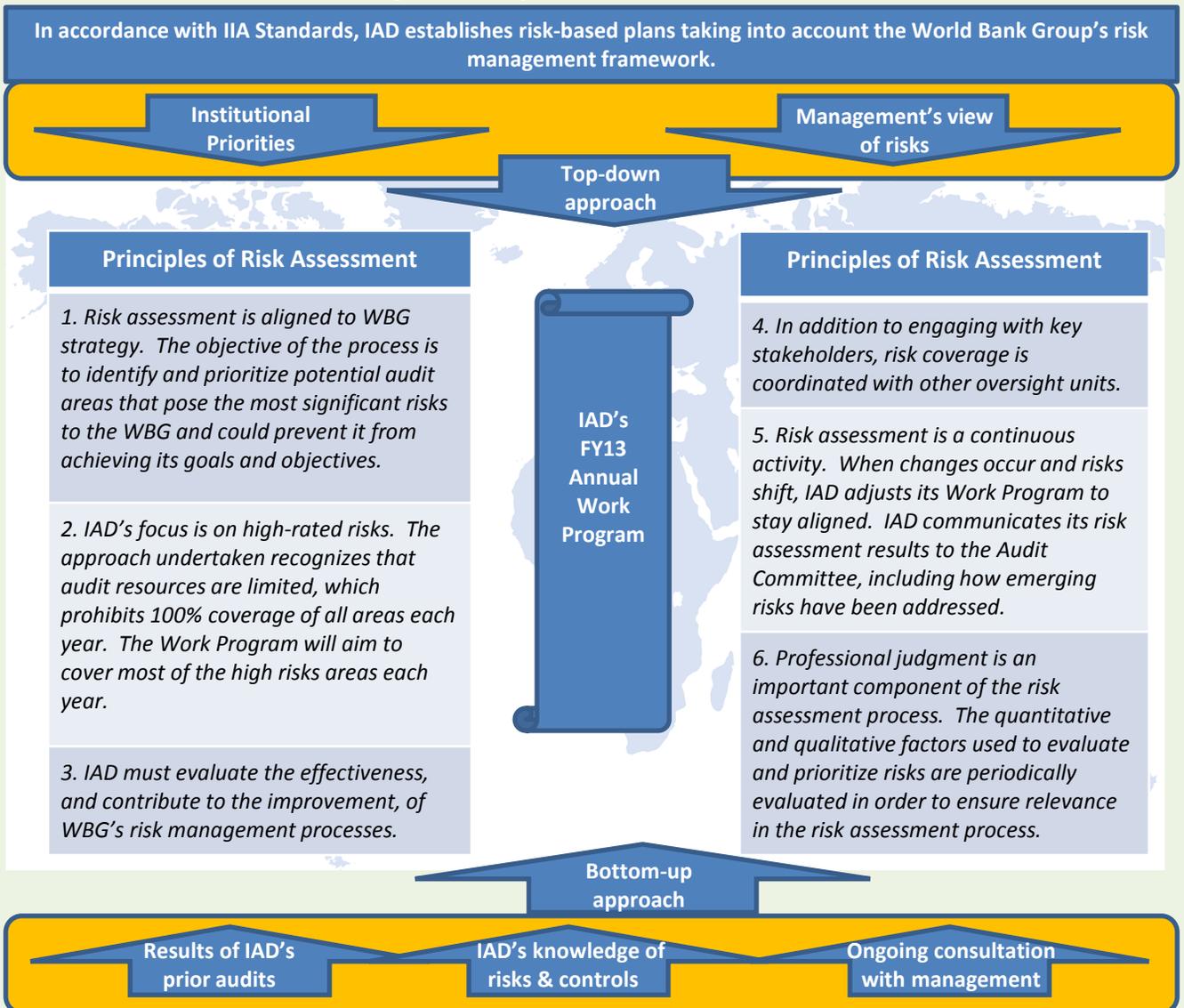
## IAD’s Risk Assessment Principles

The Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing (“the Standards”) emphasize top-down, risk-based planning consistent with the organization’s goals, taking into consideration the input of Senior Management and the Board. Internal audit planning needs to make use of the organizational risk

management process and consider the most significant risks of the organization in determining priorities for allocating internal audit resources. (IIA Practice Advisory 2010).

IAD’s risk assessment process is consistent with IIA standards. **Figure 1** describes the principles on which IAD bases its annual risk assessment.

**Figure 1: Principles for IAD’s Risk Assessment**



## 6. Methodology and Professional Practices

### Responsiveness to Institutional Changes – Risk Refresh Process



#### Practice Advisory 2010-1 – Planning

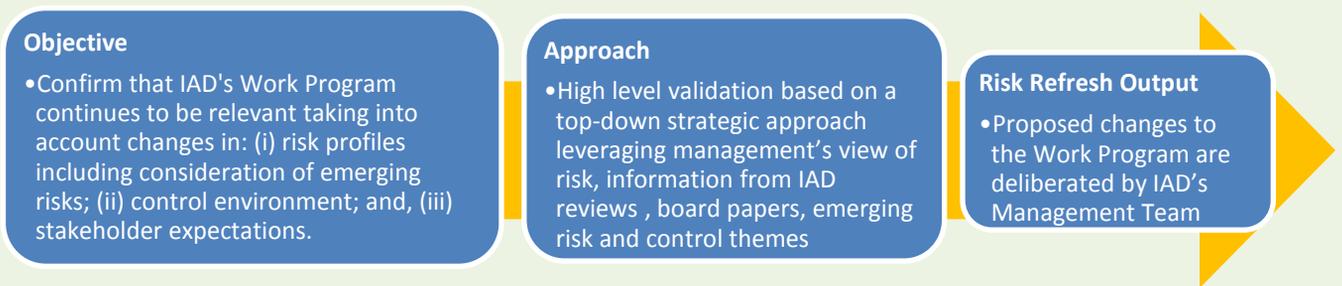
The audit universe and related audit plan are updated to reflect changes in management direction, objectives, emphasis and focus. It is advisable to assess the audit universe on at least an annual basis to reflect the most current strategies and direction of the organization. In some situations, audit plans may need to be updated more frequently (e.g. quarterly) in response to changes in the organization's business, operations, programs, systems, and controls.

**Mid-Year Risk Refresh:** IAD conducts a mid-year risk refresh to ensure that its Work Program remains current. The risk refresh outputs are translated into proposed changes to the Work Program.

**Work Program Modifications:** In addition to the formal and comprehensive mid-year risk refresh exercise, IAD also makes modifications to its Work Program in response to ongoing organizational changes and institutional requirements.

The objective, approach and output of IAD's risk refresh process shown below in **Figure 2**.

**Figure 2: IAD's Risk Refresh Process**



The business case for the Work Program changes are deliberated by IAD's Management Team and approved by the Vice President and Auditor General. The proposed changes are communicated to Senior Management and the Audit Committee through IAD's Quarterly Results Report.

### Responsiveness to Institutional Changes – Advisory Engagements



#### 2010.C1 – Planning

The Chief Audit Executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. Accepted engagements must be included in the plan.

- ❑ Consistent with the IIA Standard 2010.C1, IAD's Work Program is designed to include a **reasonable proportion of advisory reviews**.
- ❑ Advisory reviews provide management with guidance on risk and controls and are typically focused on new and developing units, processes and systems. Advisory engagements **are designed to be "preventative" in nature and assists management in developing appropriate control frameworks**.
- ❑ IAD retains the **flexibility** to support Management's change initiatives by increasing its level of advisory engagements, as required.

# 6. Methodology and Professional Practices

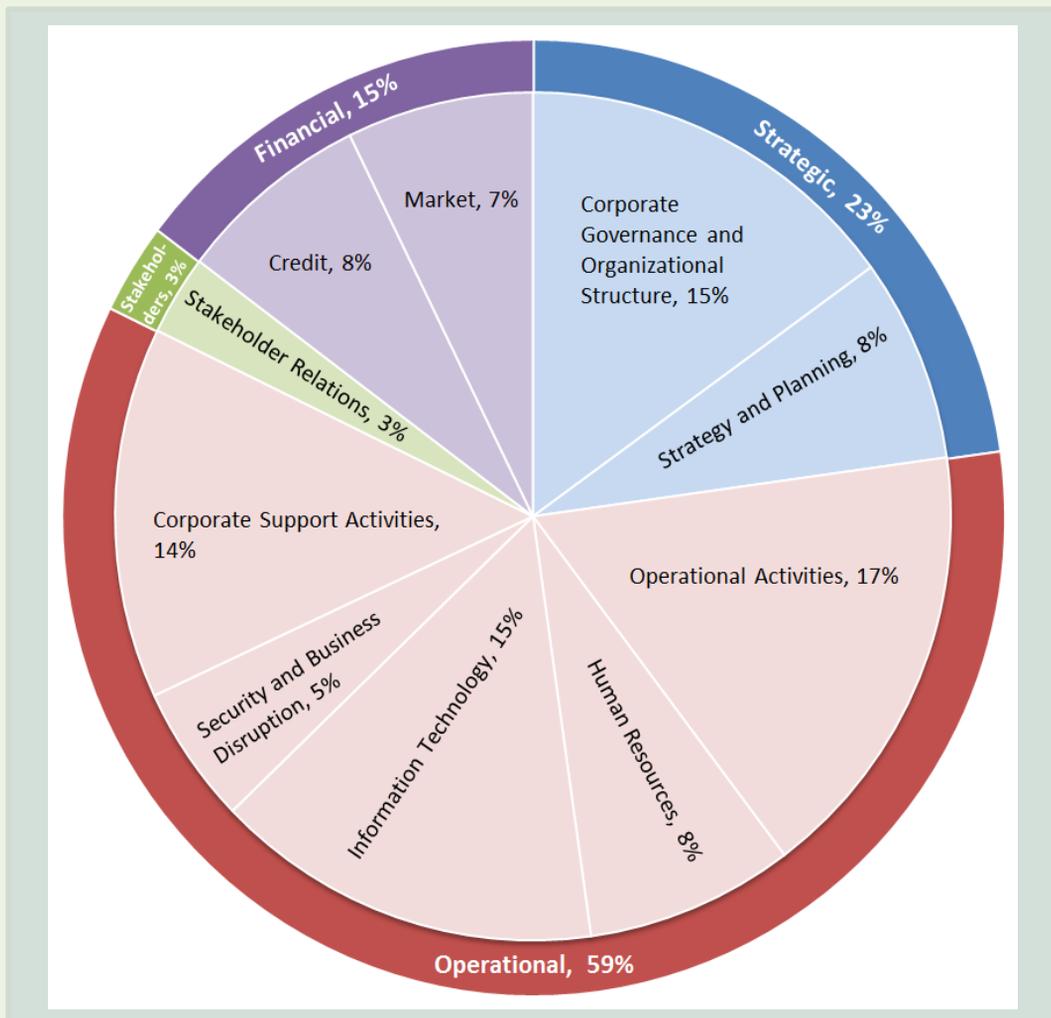
## Institutional Risk Management Processes

IAD participates in an ongoing dialogue with its stakeholders to understand emerging risk areas and areas of priority. IAD also engages closely with the institutional risk and control units, oversight functions, and the External Auditors (KPMG) throughout the year, both at a strategic level, and during the course of planning and execution of its Work Program. This ongoing collaboration is a significant component of IAD's overall risk assessment approach, and helps IAD contribute to the improvement of WBG's risk management processes.

Specific issues identified during IAD's audits are mapped to relevant IRMR risk areas and clusters, to enable aggregation and analysis of risk and control themes at the institutional level. The linkage of the audit results to the underlying risk dimensions is reflected in IAD's Quarterly Results Reports.

**Figure 3** provides a snapshot of the distribution of IAD's audit results during the period of FY11-FY13 by the WBG IRMR risk areas and clusters.

**Figure 3: Distribution of IAD's FY11, FY12, and FY13 audit results by WBG Risk Taxonomy**



# 6. Methodology and Professional Practices

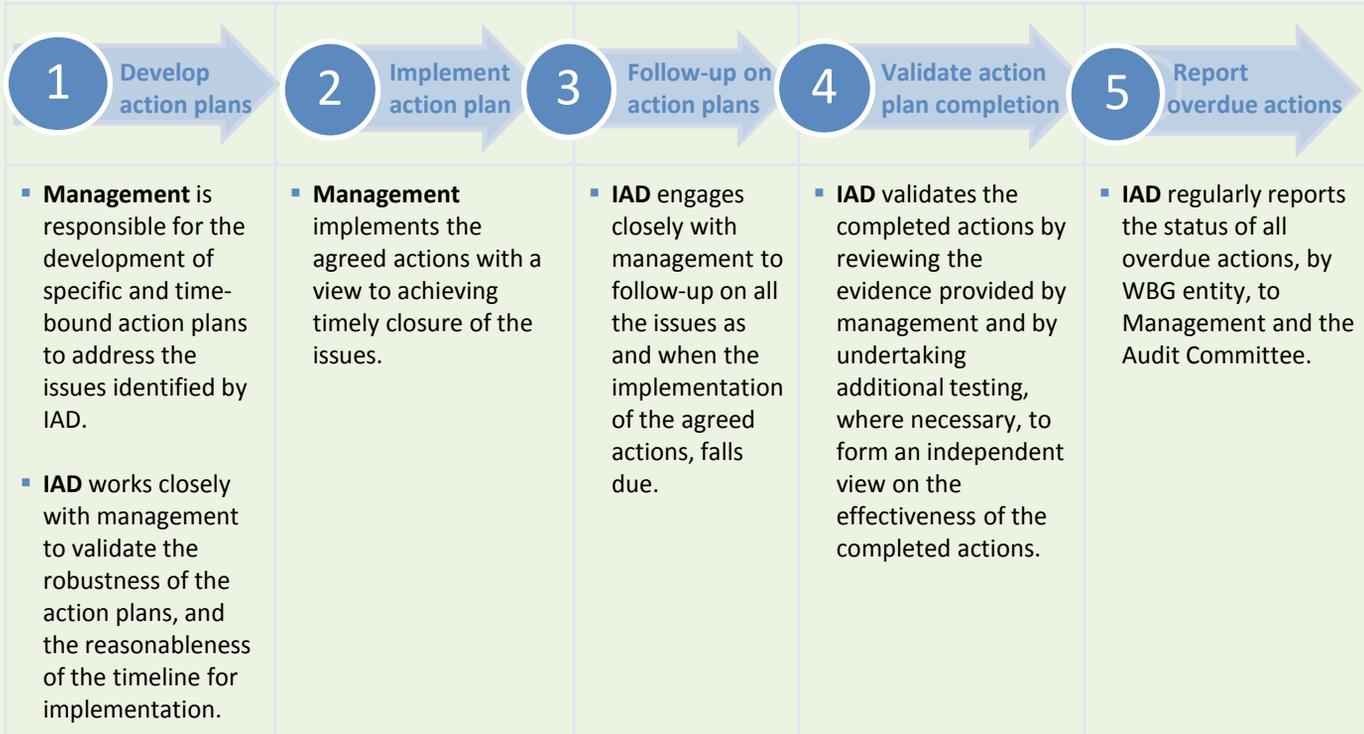
## IAD’s Follow-Up Process

During FY13, IAD has continued to strengthen its follow-up process, with the support of the Audit Committee and Senior Management. Specifically, IAD has helped contribute to a culture of accountability, by:

- ❑ independently validating the robustness of the action plans formulated by management to address the issues identified in IAD’s reviews;
- ❑ vetting the reasonableness of the implementation timeline established by management for resolution of audit issues;
- ❑ providing more granular information to Management and Audit Committee on overdue issues. For e.g., presenting information on overdue issues, broken out by WBG entity, to better reflect the responsiveness of individual WBG entities in addressing outstanding issues; and
- ❑ flagging specific issues for Senior Management and Audit Committee attention, where enough progress has not been made with respect to implementation of agreed actions.

IAD’s follow-up process is described in **Figure 4** below.

**Figure 4: IAD’s Follow-Up Process**



# 6. Methodology and Professional Practices

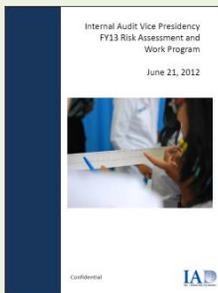
## Communication with the Audit Committee and Reporting



### 2020 – Communication and Approval

The Chief Audit Executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and board for review and approval. The Chief Audit Executive must also communicate the impact of resource limitations.

**Communication with the Audit Committee:** IAD has several meaningful touch-points during the year with the Audit Committee. Some examples are provided below.



**IAD’s Annual Risk Assessment and Work Program:** IAD’s annual risk assessment and Work Program formulation process is designed to deliver a body of work that is relevant and well aligned with the strategic objectives of the WBG. The Work Program document, describes IAD’s risk assessment principles, coverage of high risk areas, linkage with change priorities, and the consultation process, to provide a holistic view to the Audit Committee of IAD’s approach in developing the Work Program coverage.

**Discussion of relevant engagement reports:** The Vice President and Auditor General (AG) has meetings with the Audit Committee, as needed, to discuss all “Unsatisfactory” rated audits as well as specific “Needs Improvement” rated audits that warrant Audit Committee attention, based on the significance and potential impact of the issues. In addition, the AG also has frequent informal discussions with the AC Chair and AC members.

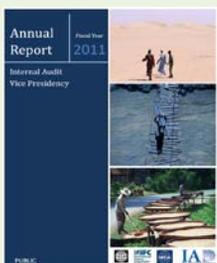
**Discussion of significant policy changes:** The Vice President and Auditor General participates in Audit Committee discussions involving policy changes implemented by management that have been informed by IAD’s work (eg. WBG Policy and Procedures framework, and IBRD Corporate Scorecard).



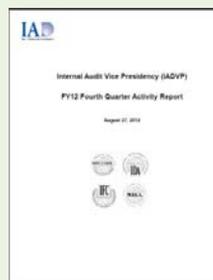
**IIA Insight: Delivering Value to Stakeholders:** “.....Insight is an end-product from internal audit’s work and involves ‘connecting the dots’...”

IAD’s Annual Report, which is a publicly disclosed document, includes a qualitative commentary on broader risk management, governance and control themes, designed to provide valuable "insights" beyond individual engagement results. These candid, constructive and forward-looking perspectives draw upon the sum total of IAD’s institutional knowledge and understanding of business processes. These perspectives reflect ongoing challenges and emerging priorities that require continued management attention.

IAD has raised the level of public disclosure by publicly disclosing its Annual Report, and also publishing a quarterly summary of the results of all its engagements in its Quarterly Activities Report.



**IAD’s Annual Report:** IAD’s Annual Report summarizes audit results for the fiscal year and includes a commentary on broader themes.



**IAD’s Quarterly Activity Reports:** The Quarterly Activity Report provides a high level overview of IAD’s quarterly activities and engagement results.

## 6. Methodology and Professional Practices

### Coordination with WBG Oversight Units



#### IIA Standard 2050– Coordination

The Chief Audit Executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.

The mandates of the oversight functions (IAD, IEG, and INT) are both distinct and complementary to better inform and strengthen the oversight architecture of the institution. IAD's mandate covers risk management, governance and internal controls while IEG and INT focus on evaluation of development effectiveness and integrity risks of WBG projects.

Coordination of risk coverage with other oversight functions (INT, IEG) is a key tenet of IAD's risk assessment and Work Program planning process. The objective is to engage in upstream collaboration as part of the Work Program formulation process to optimize risk coverage, reduce potential for overlap, and drive valuable insights for the organization.

To this end, considerable progress has been made in moving away from an informal and ad-hoc collaboration to a more disciplined and systematic approach, both in terms of better coordination of planning at the engagement level and on-going exchange of relevant operational information during the year.

In FY14 this was achieved through:

- ❑ Quarterly meetings of the Principals of IAD, IEG and INT (and Principals of Accountability Units - IPN and CAO) to discuss common issues of strategic relevance; and,
- ❑ Periodic Working Group meetings comprising senior staff members of IAD, INT, and IEG, with the objective of instituting a structured approach to collaboration and knowledge sharing at the operating level.

Achieving greater coordination with oversight and risk functions to maximize strategic impact will continue to be an area of focus for IAD.

### Benchmarking and Sharing Best Practices

IAD routinely benchmarks its processes and methodologies with leading practices, and shares best practices with other MDBs and peer groups. IAD participates in a number of global internal audit best practice studies, including those conducted by the Institute of Internal Auditors (IIA) - the Chief Audit Executive (CAE) Roundtable Survey and the Global Audit Information Network (GAIN) benchmarking study. IAD also participates in peer group discussions with the Audit Director Roundtable (ADR) of the Corporate Executive Board (CEB) and the Representatives of the Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions (UN RIAS).

# 6. Methodology and Professional Practices

## Organizational Independence

IIA Standards on Organizational Independence (Standard 1110) requires that the Chief Audit Executive must confirm to the Board, at least annually, the organizational independence of the internal audit activity.

IAD reports to the President and is under the oversight of the Audit Committee, acting on behalf of the Board. The Audit Committee is responsible for the review of IAD's Terms of Reference, Annual Work Program and the results of IAD's work. In addition, the Vice President and Auditor General has free and unrestricted access to the Board through the Audit Committee.



### IIA Standard 1110 – Organizational Independence

The Chief Audit Executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The Chief Audit Executive must confirm to the Board, at least annually, the organizational independence of the internal audit activity.

This reporting relationship has permitted appropriate organizational independence for IAD to fulfill its professional responsibilities.

## Staffing and Budget

IAD continued to leverage internal efficiency gains to fully deliver its FY13 Work Program, within a flat budget envelope of \$11 million. In line with the institutional 'One World Bank Group' theme, to achieve greater efficiency, and eliminate working in silos, during FY13, IAD strengthened its delivery model to provide for greater fungibility and internal mobility of staff across functional areas. Consistent with the approach in prior years, IAD leveraged external subject matter expertise for highly technical IT and business areas.



## Section 7: Appendix A FY13 Work Program Overview



# 7. Appendix A: FY13 Work Program Overview

The FY13 Work Program was designed to focus on the most significant risks for the institution, consistent with the IIA's International Standards for the Professional Practice of Internal Audit (Performance Standard 2010), which requires the Chief Audit Executive to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals. The objective was to provide balanced coverage of core operational processes, corporate and finance areas, and information technology.

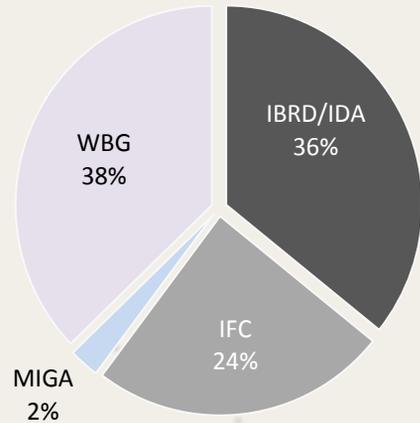
The development of IAD's FY13 Work Program was undertaken through a comprehensive risk assessment process and extensive consultations with management. IAD's risk assessment was driven by a number of qualitative factors such as: (i) linkage to strategic objectives and internal reforms; (ii) pace of change within the area; (iii) extent of fiduciary responsibilities; (iv) complexity of the process; (v) potential impact of external events; and, (vi) results from IAD's prior reviews and known risk mitigation mechanisms. In determining audit priorities, IAD also took into account areas of focus for the President and the Audit Committee.

Thirty-four engagements were completed during FY13 comprising reviews of key end-to-end business processes, spanning operations, corporate and information technology areas. These included seven Group-wide process reviews, 15 IBRD/IDA engagements, 11 IFC specific reviews, and one MIGA engagements.

**Appendix B** lists all IAD engagement reports issued in FY13. **Figure 1** shows the Work Program break-down by World Bank Group entity for FY13, and **Figure 2** shows the Work Program break-down by World Bank Group entity for the three year period FY11-FY13.

In FY13, relative to the previous years, IAD increased its proportion of Group-wide engagements, to draw

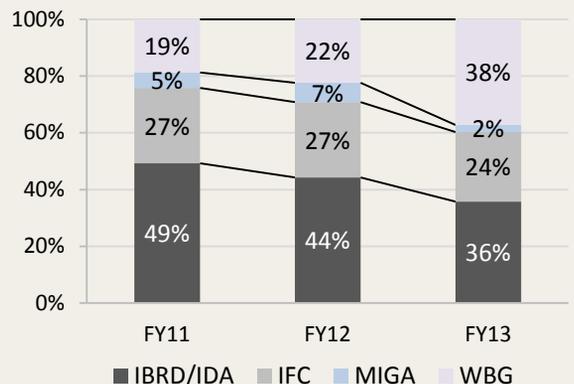
**Figure 1: FY13 Work Program Breakdown by Entity (based on staff days)**



broader thematic conclusions as well as compare and contrast practices across entities. Consequently there has been a reduction in specific coverage of each entity (IBRD/IDA, IFC, and MIGA), relative to FY12.

FY13 marks the end of the three year cycle since IAD enhanced its risk-based approach. **Appendix C** provides a snapshot of IAD's coverage of key risks in the three-year period FY11 to FY13, mapped to WBG risk taxonomies.

**Figure 2: FY13, FY12, and FY11 Work Program Breakdown by Entity (based on staff days)**



# 7. Appendix A: FY13 Work Program Overview

The WBG’s modernization efforts were aimed at creating a more nimble, flexible institution that can respond to shifting global priorities and strengthening the focus on results, openness, and accountability. At the 2013 Spring Meeting, the Development Committee endorsed two goals in, “A Common Vision for the World Bank Group”, which are to: (i) **End extreme poverty**; and (ii) **Boost shared prosperity**.

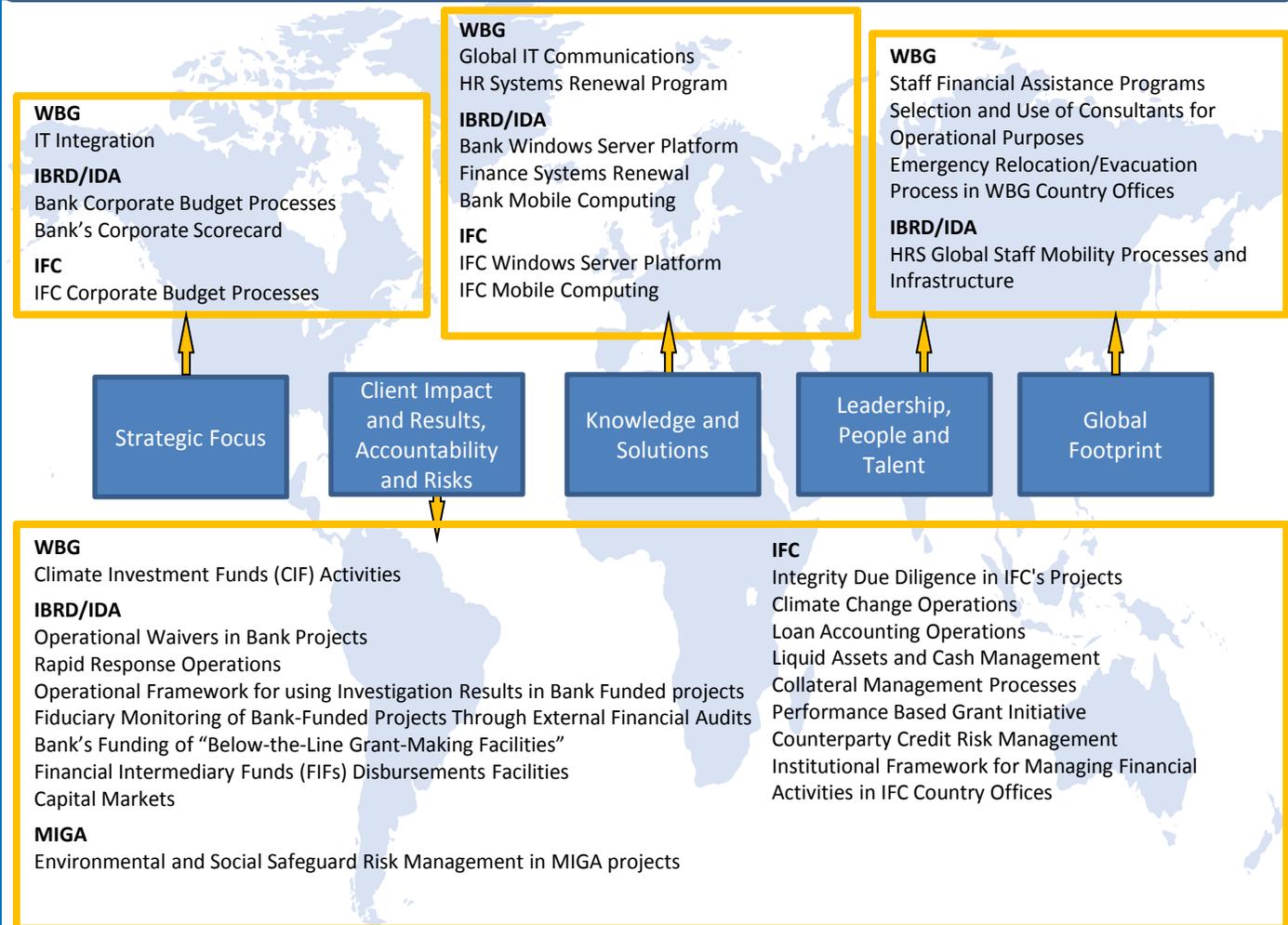
As part of the institutional change agenda, five priority areas have been identified by the Senior Management team (SMT):

- ❑ Strategic Focus
- ❑ Knowledge and Solutions
- ❑ Client Impact and Results, Accountability and Risk
- ❑ Leadership, People and Talent
- ❑ Global Footprint

IAD’s FY13 Work Program remained well aligned to these institutional change focus areas. **Figure 3** below provides an overview of IAD’s FY13 coverage of the WBG Change Agenda components.

**Figure 3: Alignment of IAD’s FY13 WBG Coverage with WBG Change Agenda**

**WBG goal - Deliver the best development solutions that will help end extreme poverty and boost shared prosperity**



## 7. Appendix A: FY13 Work Program Overview (continued)

The FY13 assurance engagements were rated in accordance with IAD’s ratings framework\*.

During FY13, there was an increase in the overall proportion of “Satisfactory” rated audit reports, and a corresponding decrease in the “Needs Improvement” rated audit reports, as compared to FY11 and FY12. A key contributing factor to this trend has been continued improvement in controls in the treasury, information technology, and some operational areas.

The following engagement level ratings were used for FY13:

- ❑ **Satisfactory** – Internal Audit identified no significant issues related to the design of controls or to the proper functioning of controls as designed. If issues were noted, they were considered minor in nature.
- ❑ **Needs improvement** – Internal Audit identified issues related to the design of the controls and/or In the functioning of the controls. Although none of these issues, either individually or in the aggregate, indicate significant weaknesses, management should address these issues in a timely manner to further strengthen the system of controls.
- ❑ **Unsatisfactory** – Internal Audit identified issues that indicate significant weaknesses in the design and/or operating effectiveness of controls. Management should take immediate action to establish a satisfactory system of controls.

Summaries of engagement outcomes were included in the quarterly reports provided to the President and to the Audit Committee. Full audit reports for assurance engagements rated “Unsatisfactory” were systematically circulated to the President and to the Audit Committee for discussion.

**Figure 4: FY13 Engagement Ratings by Entity**

<b>WBG</b>	<b>7</b>
▶ Satisfactory	1
▶ Needs Improvement	1
▶ Unsatisfactory	0
▶ Unrated (Advisory)	5
<b>IBRD/IDA</b>	<b>15</b>
▶ Satisfactory	5
▶ Needs Improvement	3
▶ Unsatisfactory	2
▶ Unrated (Advisory)	3
▶ Internal Controls over Financial Reporting (ICFR) testing on behalf of management**	2
<b>IFC</b>	<b>11</b>
▶ Satisfactory	7
▶ Needs Improvement	2
▶ Unsatisfactory	0
▶ Unrated (Advisory/Memo)	2
<b>MIGA and ICSID</b>	<b>1</b>
▶ Satisfactory	0
▶ Needs Improvement	1
▶ Unsatisfactory	0
▶ Unrated (Advisory)	0
	<b>34</b>

\* During FY11, IAD introduced issue level ratings and modified its engagement level rating descriptions to better reflect IAD’s overall assessment of the internal controls in the areas under review.

\*\* IBRD/IDA management will take over the internal control over financial reporting (“ICFR”) testing in FY13 (IFC and MIGA management took over testing for ICFR in FY12).

## Section 8: Appendix B IAD Reports Issued in FY13



## 8. Appendix B: IAD Reports issued in FY13

WBG Engagements				
No.	Entity	Engagement Title	Report No.	Date Issued
1	WBG	Advisory Review of World Bank Group's Management of its Climate Investment Funds (CIF) Activities	WBG-FY12-10	10-Sept-12
2	WBG	Advisory Review of Emergency Relocation/Evacuation Processes in WBG Country Offices	WBG-FY13-01	10-Jan-13
3	WBG	Advisory Review of the WBG Staff Financial Assistance Programs	WBG-FY13-02	10-Jan-13
4	WBG	Advisory Review of the PeopleSoft HR System Renewal	WBG FY13-03	14-Feb-13
5	WBG	Audit of the WBG Global Communications Network	WBG FY13-04	26-Jun-13
6	WBG	Advisory Review of the WBG Information Technology Integration	WBG FY13-05	03-Jul-13
7	WBG	Audit of the Selection and Use of Consultants by the World Bank Group for Operational Purposes	WBG FY13-06	15-Jul-13

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 \*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.

## 8. Appendix B: IAD Reports issued in FY13

IBRD/IDA Engagements				
No.	Entity	Engagement Title	Report No.	Date Issued
8	IBRD/IDA	FY12 Testing of IBRD/IDA's Internal Control over Financial Reporting (ICFR)	IBRD FY13-01	07-Aug-12
9	IBRD/IDA	FY12 Testing of the Bank's Disclosure Controls and Procedures over External Financial Reporting	IBRD FY13-02	07-Aug-12
10	IBRD/IDA	Advisory Engagement on the HRS Global Staff Mobility Processes and Infrastructure	IBRD FY13-03	28-Sept-12
11	IBRD/IDA	Audit of Bank's Mobile Computing	IBRD FY13-04	30-Nov-12
12	IBRD/IDA	Audit of the Bank's Management of Rapid Response Operations	IBRD FY12-14	3-Dec-12
13	IBRD/IDA	Audit of Bank Windows Server Platform	IBRD FY13-05	15-Jan-13
14	IBRD/IDA	Audit of Financial Intermediary Funds (FIFs) Disbursements	IBRD FY13-06	17-Jan-13
15	IBRD/IDA	Audit of IBRD's Capital Markets Processes	IBRD FY13-07	14-Feb-13
16	IBRD/IDA	Audit of the Management of Operational Policy Waivers in Bank Projects	IBRD FY13-08	26-Feb-13
17	IBRD/IDA	Audit of the Bank's Fiduciary Monitoring of Bank-Funded Projects through External Financial Audits	IBRD FY12-15	21-Mar-13
18	IBRD/IDA	Audit of the Bank's Operational Framework for using Investigation Results in Bank Funded Projects	IBRD FY12-16	15-May-13
19	IBRD/IDA	Audit of IBRD/IDA's Corporate Budget Process	IBRD FY13-09	15-May-13
20	IBRD/IDA	Advisory Review of the Bank's Funding of "Below the Line Grant-Making Facilities"	IBRD FY13-10	22-May-13
21	IBRD/IDA	Advisory Review of the Management of Finance Systems Renewal	IBRD FY13-11	26-Jun-13
22	IBRD/IDA	Audit of the Bank's Corporate Scorecard	IBRD FY13-12	11-Jul-13

\*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.

## 8. Appendix B: IAD Reports issued in FY13

### IFC Engagements

No.	Entity	Engagement Title	Report No.	Date Issued
23	IFC	Audit of the Management of IFC's Performance Based Grants Initiative	IFC FY12-11	21-Sept-12
24	IFC	Audit of IFC's Loan Accounting Operations	IFC FY13-01	15-Oct-12
25	IFC	Audit of IFC's Mobile Computing	IFC FY13-02	29-Nov-12
26	IFC	Audit of IFC's Windows Server Platform	IFC FY13-03	20-Dec-12
27	IFC	Audit of IFC's Liquid Asset and Cash Management	IFC FY13-04	16-Jan-13
28	IFC	Review of IFC's Institutional Framework for Managing Financial Activities in Country Offices	Internal Audit Memo	20-Dec-12
29	IFC	Audit of the Management of Integrity Due Diligence (IDD) in IFC's Projects	IFC FY13-05	03-Apr-13
30	IFC	Audit of IFC's Corporate Budget Process	IFC FY13-06	24-Apr-13
31	IFC	Review of IFC's Collateral Management Process	Internal Audit Memo	11-Jul-13
32	IFC	Audit of IFC's Counterparty Credit Risk Management	IFC FY13-07	10-Jul-13
33	IFC	Audit of IFC's Management of Climate Change Operations	IFC FY13-08	10-Jul-13

### MIGA Engagements

No.	Entity	Engagement Title	Report No.	Date Issued
34	MIGA	Audit of Environmental and Social Safeguards Risk Management in MIGA Projects	MIGA FY13-01	April 3, 2013

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 \*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.

## Section 9: Appendix C IAD's Coverage in FY11-13



## 9. Appendix C: IAD's Coverage in FY11-13

IAD's Coverage in FY11-13				
#	WBG Risk Taxonomy	FY13 Engagements	FY12 Engagements	FY11 Engagements
<b>STRATEGIC EFFECTIVENESS</b>				
1	<b>Strategy and Planning</b>	<ul style="list-style-type: none"> <li>Bank and IFC Corporate Budget Processes</li> </ul>	<ul style="list-style-type: none"> <li>Information Management and Technology Strategy Implementation</li> <li>Bank Knowledge Portfolio Management</li> </ul>	<ul style="list-style-type: none"> <li>Bank's Process for Integrating Trust Funds in Country Programs</li> </ul>
2	<b>Corporate Governance, Accountability, and Organizational Structure</b>	<ul style="list-style-type: none"> <li>Bank Corporate Scorecard</li> <li>Management of Integrity Due Diligence in IFC's Projects</li> </ul>	<ul style="list-style-type: none"> <li>Management of WBG Offshored Corporate and Back Office Functions</li> <li>Quality Assurance Process for Investment Lending Operations in IBRD/IDA</li> <li>IFC's Risk Management Process for Decentralized Investment Operations</li> <li>Fund Management Operations of IFC Asset Management Company</li> </ul>	<ul style="list-style-type: none"> <li>IFC's Activities related to its Asset Management Company</li> </ul>
<b>OPERATIONAL EFFICIENCY</b>				
3	<b>Operational Areas and Policy Framework</b>	<ul style="list-style-type: none"> <li>Management of Operational Waivers in Bank Projects</li> <li>WBG Management of its Climate Investment Funds Activities</li> <li>Management of IFC's Performance Based Grant Initiative</li> <li>Management of IFC's Climate Change Operations</li> <li>Institutional Framework for Managing Financial Activities in IFC's Country Offices</li> <li>Bank's Management of Rapid Response Operations</li> </ul>	<ul style="list-style-type: none"> <li>WBG Framework for Policies and Procedures</li> <li>Bank's Institutional Control Framework for Financial Activities of Country Offices</li> </ul>	<ul style="list-style-type: none"> <li>Management's Implementation of the IDA Internal Controls Five-Point Action Plan*</li> <li>IFC's Anti-Money Laundering and Countering the Financing of Terrorism Framework</li> <li>IFC's Global Trade Liquidity Program</li> <li>Process for Managing IFC's Investment and Advisory Services Fees from Clients</li> <li>Bank's Process for Managing the Global Facility for Disaster Reduction and Recovery Partnership</li> </ul>

\* The Implementation of the IDA Internal Controls Five-Point Action Plan was mapped to multiple Risk Taxonomies given the extensive scope of the review.

## 9. Appendix C: IAD's Coverage in FY11-13

IAD's Coverage in FY11-13 (continued)				
#	WBG Risk Taxonomy	FY13 Engagements	FY12 Engagements	FY11 Engagements
<b>OPERATIONAL EFFICIENCY</b>				
4	<b>Implementation /Supervision</b>		<ul style="list-style-type: none"> <li>Regional Integration Projects in the Africa Region</li> <li>ICSID's Case Management Process</li> </ul>	<ul style="list-style-type: none"> <li>Management's Implementation of the IDA Internal Controls Five-Point Action Plan*</li> </ul>
5	<b>Environment and Social Safeguards</b>	<ul style="list-style-type: none"> <li>Environmental and Social Safeguard Risk Management in IFC and MIGA Projects</li> </ul>		
6	<b>Fraud and Corruption Risks</b>	<ul style="list-style-type: none"> <li>Bank's Operational Framework for using Investigation Results in Bank Funded Projects</li> </ul>		<ul style="list-style-type: none"> <li>Management's Implementation of the IDA Internal Controls Five-Point Action Plan*</li> </ul>
7	<b>FM, Procurement, and Disbursement</b>	<ul style="list-style-type: none"> <li>Fiduciary Monitoring of Bank-Funded Projects Through External Financial Audits</li> </ul>	<ul style="list-style-type: none"> <li>Management of Procurement Risk for Bank-Funded Projects</li> </ul>	<ul style="list-style-type: none"> <li>Bank Processes for Managing Procurement Complaints</li> <li>Management's Implementation of the IDA Internal Controls Five-Point Action Plan*</li> </ul>
8	<b>Management of External Funds</b>	<ul style="list-style-type: none"> <li>Bank's "Below-the-Line Grant Making Facilities"</li> <li>Bank Financial Intermediary Funds Disbursements</li> </ul>		<ul style="list-style-type: none"> <li>Bank's Donor Fund-Raising Activities</li> <li>Bank's Administration of the Partnership for Capacity Building in Africa Trust Fund and Development Grant Facility Grants to the African Capacity Building Foundation</li> <li>IBRD/ IDA Trust Fund Cost Recovery Framework</li> <li>IFC's Donor Fund-Raising Activities for Advisory Services</li> <li>Trust Funds Financial Risk Management</li> </ul>
9	<b>Human Resources</b>	<ul style="list-style-type: none"> <li>WBG Staff Financial Assistance Programs</li> <li>WBG PeopleSoft HR Systems Renewal Program</li> <li>HRS Global Staff Mobility Processes and Infrastructure</li> </ul>		<ul style="list-style-type: none"> <li>Management and Administration of WBG Staff Benefits</li> </ul>

\* The Implementation of the IDA Internal Controls Five-Point Action Plan was mapped to multiple Risk Taxonomies given the extensive scope of the review.

## 9. Appendix C: IAD's Coverage in FY11-13

IAD's Coverage in FY11-13 (continued)				
#	WBG Risk Taxonomy	FY13 Engagements	FY12 Engagements	FY11 Engagements
<b>OPERATIONAL EFFICIENCY</b>				
10	<b>Information Technology</b>	<ul style="list-style-type: none"> <li>• WBG Global Communications Network</li> <li>• WBG IT Integration</li> <li>• Bank and IFC Bank Windows Server Platform</li> </ul>	<ul style="list-style-type: none"> <li>• Bank Data Management</li> <li>• Bank's Server Virtualization</li> <li>• SAP Upgrade Project</li> <li>• IFC Data Management</li> <li>• IFC's Server Virtualization</li> <li>• Post-Implementation Review of the MIGA Guarantee System</li> </ul>	<ul style="list-style-type: none"> <li>• Bank Application Development and Maintenance</li> <li>• Bank's eDisbursements Application</li> <li>• Development of the Risk Based Releasing Functionality within the iLAP system</li> <li>• IFC Application Development and Maintenance</li> <li>• IFC ICAS-E System Replacement</li> <li>• IFC iDesk Platform</li> </ul>
11	<b>Corporate Areas: (i) Financial Reporting</b>	<ul style="list-style-type: none"> <li>• IBRD/IDA's Internal Controls over Financial Reporting</li> <li>• Bank's Disclosure Controls and Procedures over External Financial Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Bank's Internal Controls over External Financial Reporting</li> <li>• Bank's Disclosure Controls and Procedures over External Financial Reporting</li> <li>• IFC's Internal Controls over External Financial Reporting</li> <li>• MIGA's Internal Controls over External Financial Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Bank's Internal Controls over External Financial Reporting</li> <li>• Bank's Disclosure Controls and Procedures over External Financial Reporting</li> <li>• IFC's Internal Controls over External Financial Reporting</li> <li>• MIGA's Internal Controls over External Financial Reporting</li> </ul>
	<b>Corporate Areas: (ii) Other Corporate Areas</b>	<ul style="list-style-type: none"> <li>• Selection and Use of Consultants by the WBG for Operational Purposes</li> <li>• IFC's Loan Accounting Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Management of WBG Vendors</li> <li>• WBG Pension Plan Administration</li> <li>• WBG Pension Plan Investments</li> </ul>	<ul style="list-style-type: none"> <li>• WBG's Risk Management Framework</li> <li>• Framework for WBG Cost Sharing Arrangements and Chargeback Mechanisms</li> <li>• Management of WBG Corporate Insurance</li> <li>• WBG Global Real Estate and Facilities Management</li> <li>• Implementation of the Code of Conduct</li> <li>• Administrative Expenses of the Global Environment Facility Evaluation Office</li> <li>• Administrative Expenses of the Global Environment Facility Secretariat</li> </ul>

# 9. Appendix C: IAD's Coverage in FY11-13

IAD's Coverage in FY11-13 (continued)				
#	WBG Risk Taxonomy	FY13 Engagements	FY12 Engagements	FY11 Engagements
<b>OPERATIONAL EFFICIENCY</b>				
12	<b>Security and Business Disruption</b>	<ul style="list-style-type: none"> <li>Emergency Relocation/ Evacuation Processes in WBG Country Offices</li> <li>Bank Mobile and IFC Computing</li> </ul>	<ul style="list-style-type: none"> <li>WBG Business Continuity Management</li> <li>WBG Management of Two-Factor Authentication</li> <li>WBG Network Perimeter Security</li> </ul>	<ul style="list-style-type: none"> <li>WBG Information Security Management</li> <li>WBG Vulnerability Management</li> <li>WBG Corporate Security</li> </ul>
<b>STAKEHOLDER SUPPORT</b>				
13	<b>Stakeholder Support</b>		<ul style="list-style-type: none"> <li>WBG External Web and Social Media</li> <li>Reserves Advisory and Management Program</li> <li>Portfolio Analytics Tool: Version 2</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the World Bank Policy on Access to Information</li> </ul>
<b>FINANCIAL SOUNDNESS</b>				
14	<b>Financial Risks</b>	<ul style="list-style-type: none"> <li>Bank Capital Market Processes</li> <li>Management of Finance Systems Renewal</li> <li>IFC Liquid Assets and Cash Management</li> <li>IFC's Loan Collateral Management Process</li> <li>IFC's Counterparty Credit Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Audit of MIGA's Portfolio Risk Monitoring and Reinsurance Processes</li> <li>IBRD's Market Risk Management Process</li> <li>IFC's Process for Credit Risk Management</li> <li>IFC's Asset and Liability Management Framework</li> <li>IFC's Treasury Valuation Process</li> <li>IFC's Investments in Private Equity Funds</li> <li>IFC's Structured Finance Operation</li> <li>IFC's Profitability Measurement</li> </ul>	<ul style="list-style-type: none"> <li>Commercial Credit Risk Management</li> <li>IBRD Trading Operations</li> <li>IBRD Valuation and Pricing</li> <li>IFC's Equity Operations and Supervision</li> <li>IFC's Equity Valuation Process</li> <li>IFC's Process for Market Risk Management</li> <li>MIGA's Provisioning for Guarantee Losses</li> <li>Risk Management Framework Governing World Bank Group Financial Models</li> <li>Sovereign/Country Credit Risk Management</li> </ul>

