

2021

GROUP INTERNAL AUDIT | FY2021 ANNUAL REPORT



WORLD BANK GROUP

Group Internal Audit | Assurance • Advice • Insight

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FOREWORD

COVID-19 has had a profound impact on the World Bank Group and our clients, many of whom are seeing hard-fought gains in development outcomes washed away by the pandemic. To stem the tide, the Bank Group responded at an unprecedented scale and with remarkable speed. I commend the hard work, dedication, and tireless efforts of World Bank staff who have stepped up during this difficult time and feel fortunate to work for an organization dedicated to improving the lives of the world's most vulnerable.

The Bank Group's response to COVID-19, which has seen changes in the Bank's delivery model regarding volume, speed, and modality, has heightened the institution's overall risk posture. The Bank Group is increasingly reliant on information technology

to keep us connected in a remote setting; third party service providers and vendors to support business continuity and business processes; contingent staff to supplement the capacity of our current workforce; and international partners to extend our footprint and impact, especially in challenging environments. The Bank Group is evolving in the face of an uncertain external landscape and future. Management must continue to keep a close eye on key risks to the institution.

But there are also opportunities in the current environment for agile thinking and new approaches. One area is the innovative use of technology to support project supervision and monitoring in places where a physical staff presence is simply not possible. There are many others.



Anke D'Angelo
Auditor General

“There are also opportunities in the current environment for agile thinking and new approaches.”

In Group Internal Audit, our job is to continuously monitor and assess whether risks are adequately and effectively managed, controlled, and governed. We are also mandated to raise awareness of risks and controls and provide advice to Management and the Board in the development of control solutions. As I often say, **risk assurance is our business**. Hence, receiving timely risk information is fundamental to our core business mandate. Risk drives the development of GIA’s work program and determines where we focus on maximizing impact and value to the organization. Risk is also the focus of our individual engagements: what could go wrong – what controls should be in place. That’s why we took several steps over the past year to strengthen our understanding of the business and focus on risk:

- We systematically increased our **outreach, dialogue, and engagement** with

stakeholders, including Management and the Board of Directors, to better understand strategic priorities, objectives, and potential changes to the business and related risk landscape.

- We strengthened **the rigor of our internal risk assessment process**, introducing a monthly risk intelligence review and quarterly risk update to identify emerging risks and regularly assess our work program risk coverage.
- We developed and launched GIA’s **Top Work Program Risk Drivers** to seek input from stakeholders on changes in the Bank Group’s risk landscape, foster open and timely dialogue around risk management and governance, and strengthen the alignment between GIA’s views of key risks and our Board-approved work program.
- We **partnered with several management risk and control functions** to launch an assurance mapping exercise focused

on ownership, compliance monitoring and related reporting and enforcement of selected internal policies and procedures. Hopefully, this joint exercise can serve as an important first step toward developing a more coordinated assurance approach to risk coverage.

“
 In Group Internal Audit, our job is to continuously monitor and assess risks—specifically, whether the risk management, control, and governance processes of the Bank Group are adequately designed and functioning effectively.
 ”

In FY21, we also developed a five-year strategy to focus GIA’s efforts and attention around three main priorities:

- supporting **improved risk management and governance**,
- providing Management and the Board with **timely insight and foresight**, and
- delivering **agile risk coverage** through a flexible delivery model.

As part of this process, we engaged extensively with Management and the Board to clarify our ambition, seek support for a sharpened risk focus, and raise awareness for the importance of coordination and collaboration across all three lines. Risk management is everyone’s responsibility. As we look to the coming year, GIA will continue to focus on delivering insight, not just hindsight, building strong partnerships, and enhancing our operating model by adopting agile audit techniques and

employing technology to improve our efficiency and deepen our analysis. We can deliver increased value when we engage early in a process to help Management spot potential control weaknesses and implement necessary course corrections. As the Institute of Internal Auditors stresses, independence of Internal Audit does not mean isolation. Today’s leading organizations see Internal Audit as an advisor and strategic partner. This requires trust, an open exchange of timely information about changes in the business and risk landscape, and candid dialogue when views differ. Internal Audit’s role is not to make decisions, but early advice from Internal Audit can help management design stronger processes and better systems so operations can focus on the delivery of the World Bank Group’s important mandate. That is our vision for GIA’s role within the institution.

The past year has been challenging but also deeply rewarding. I am incredibly proud of my

team for their commitment to the institution and delivering on our work program despite the difficult circumstances. In the end, we delivered one of the largest programs in GIA’s history—30 high-impact and high-profile engagements across development operations, strategy, corporate processes, finance, and information technology. Summaries of the findings from these engagements are included in the Appendix of this report.

I extend my deep appreciation to the World Bank Group’s President, David Malpass, and to the Audit Committee for their support, guidance, and continued trust. And finally, I would like to thank Management and colleagues across the organization for their collaboration and assistance. I look forward to continuing our important work together as we jointly support the goals of the World Bank Group in the coming years.

WHO WE ARE

OUR MANDATE

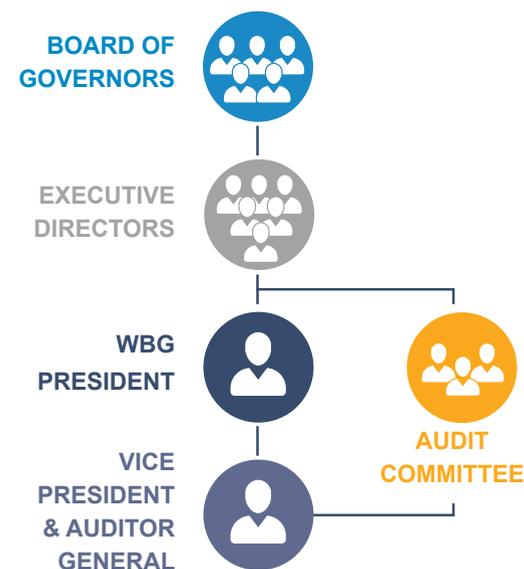
GIA is an independent and objective assurance and advisory function that adds value to and improves the processes of the World Bank Group. GIA's work assesses whether the risk management, control, and governance processes of the Bank Group entities are adequately designed by Management and functioning effectively.

Specifically, GIA applies a systematic and disciplined approach to its assessments to provide reasonable assurance that:

- Risks are appropriately identified and managed
- Governance issues impacting the Bank Group are recognized and addressed appropriately
- Significant financial, managerial, and operating information is accurate, reliable, and timely
- Institutional policies and procedures are complied with
- Resources are acquired economically and used efficiently
- Quality and continuous improvement are fostered
- Institutional assets (physical and intellectual), records, and data are safeguarded

OUR REPORTING LINES

The Auditor General reports to the President of the World Bank Group, and is under the oversight of the Audit Committee.



OUR TEAM



OUR VISION AND MISSION

Our vision is to be an agent of positive change to help the World Bank Group achieve its goals.

Our mission is to protect and enhance the value of the World Bank Group by providing independent, objective, and insightful risk-based assurance and advice.

WE ARE A SMALL AND DIVERSE TEAM

GIA's diverse staff come from around the globe, representing all the places the World Bank Group works.

34 STAFF
26 DIFFERENT COUNTRIES

SPEAKING A TOTAL OF
32 LANGUAGES

WITH
53% SPEAKING 3 OR MORE

47% FEMALE
53% MALE

QUALIFICATIONS

GIA staff are highly skilled, combining internal audit experience, knowledge of the Bank Group, and experience from external organizations to deliver value to clients and stakeholders. As essential partners to our clients, GIA staff bring technical expertise in critical processes, a passion for learning, and a commitment to the Bank Group's mission.

GIA staff have a range of professional qualifications to enable GIA to fulfill its role, including Certified Internal Auditor (50%); Certified Public Accountant, Chartered Accountant, or similar (47%); Certified Information Systems Auditor (18%); Data Analytics (15%); and Certified Fraud Examiner (15%).

A significant portion of GIA staff (44%) have worked in other parts of the Bank Group, and almost all staff worked in the private sector before joining the organization.

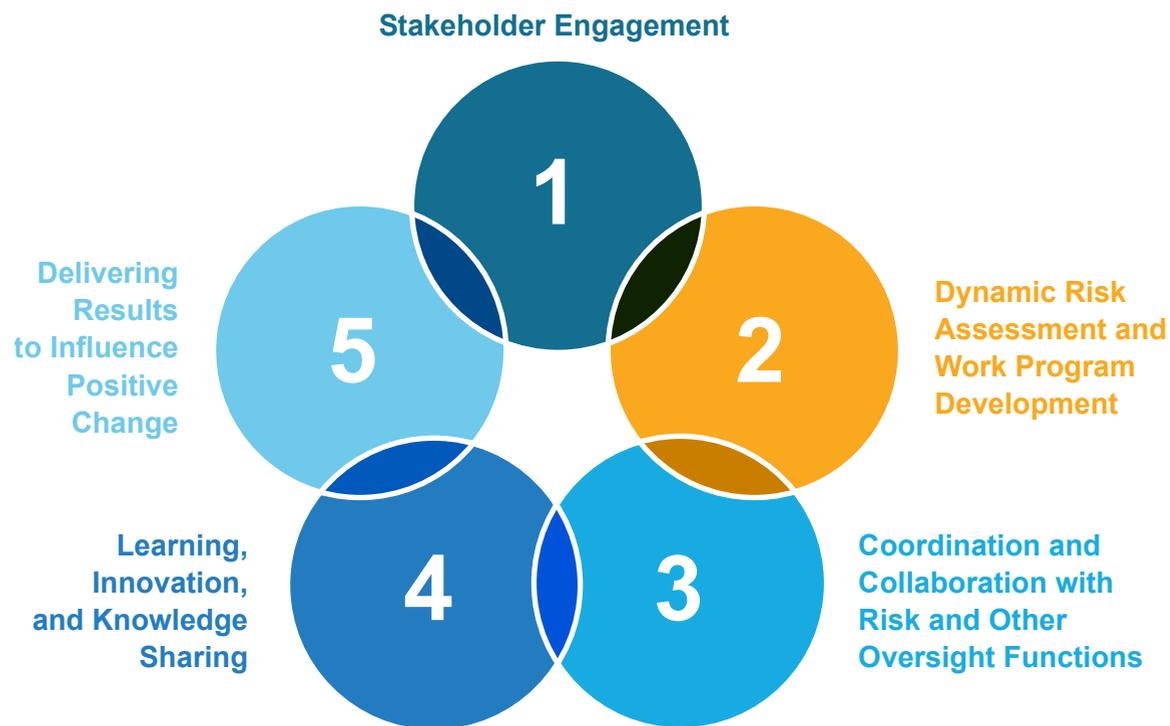
To complement the strength of the GIA team, we also engage subject matter experts from our co-sourcing partners that currently come from the Big Four consulting firms, as and when needed.

HOW WE DELIVER

GIA's work is focused on the most significant risks facing the Bank Group, with continuous reviews to align with the Group's strategic priorities.

To fulfill its broad mandate successfully, GIA focuses on five key pillars - as depicted to the right.

Our engagements are carried out in accordance with the International Professional Practices Framework of the Institute of Internal Auditors (IIA).

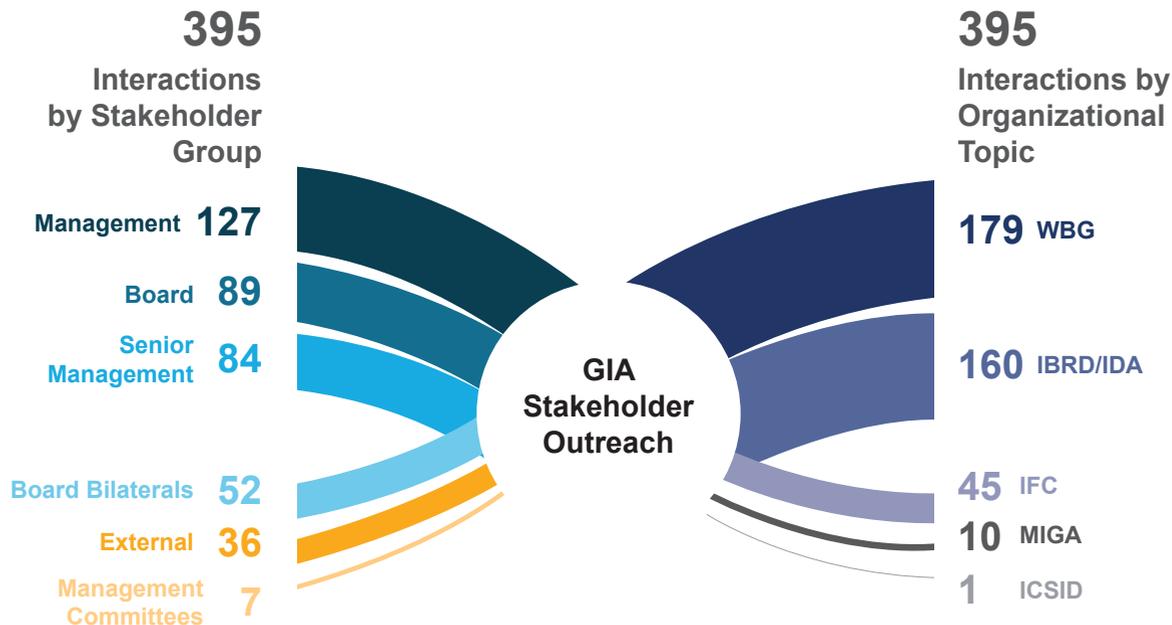


STAKEHOLDER ENGAGEMENT

Strong relations with Management and the Audit Committee are essential for GIA's effectiveness as this helps GIA deepen its understanding of institutional strategies and knowledge of the business and enables GIA to identify and respond to stakeholder concerns and emerging risks promptly.

To increase insights and understanding of the changing business and related risk landscape, GIA's engagement with stakeholders goes beyond the collaboration necessary to complete engagements.

Depicted to the right is a snapshot of the additional interactions GIA had with stakeholders in FY21.



DYNAMIC RISK ASSESSMENT AND WORK PROGRAM DEVELOPMENT

GIA adds the most value by focusing on the key risks to the institution, which requires constant learning about and assessing changes in the external and internal environment in which the organization operates. GIA’s work program is developed based on a dynamic risk assessment process throughout the year, which also considers the institution’s strategic priorities and emerging risks.

The COVID-19 pandemic continued to disrupt ‘normal operations’ for the Bank Group this fiscal year, accelerating change across the business landscape. Risk assessment must keep pace with the speed of business to remain relevant. GIA continues to operationalize and professionalize key components for an enabling environment as defined last year (FY20). For example, we have revised our Dynamic Risk Assessment (DRA) Portal technology, which synthesizes risk information. GIA also rolled out several interactive dashboards – showing the progress of our 12-month rolling work program – which allows on-demand access to GIA’s reporting and perspective of key strategic risks to the Audit Committee and enables further dialogue with Management.

Drive Value with an Enabling Environment



WORK PROGRAM OVERVIEW

OUR PRODUCTS

GIA provides two services (assurance and advisory) and delivers three engagement products (audits, assurance reviews, and advisory reviews). Product selection for each engagement is primarily determined by the maturity of the process to be reviewed and the client’s needs.

ASSURANCE

Audits and assurance reviews provide the Audit Committee and Management with independent assurance on the risk management, control, and governance processes of the organization

- **Audit:** Provides an overall report rating and individual ratings on all issues, and is for mature processes. Issues identified require Management action plans that are monitored by GIA up to implementation, and their progress is reported to the Audit Committee.
- **Assurance Review:** Provides assurance on early implementation of new processes and input for course correction before processes are fully established. While no overall report rating is provided, issues identified are rated and require Management action plans that are monitored by GIA and reported to the Audit Committee.

ADVISORY

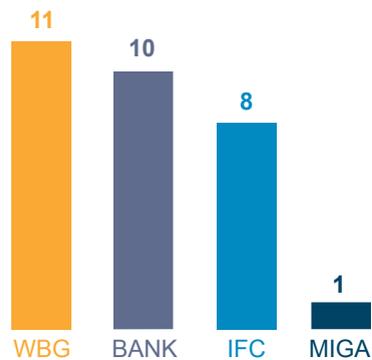
Typically for processes in design or early implementation, GIA provides Management with nonbinding advice relating to risk management, control, and governance processes. Advisory reviews provide Management with recommendations (rather than issues), and only a summary is reported to the Audit Committee.

OUR WORK PROGRAM

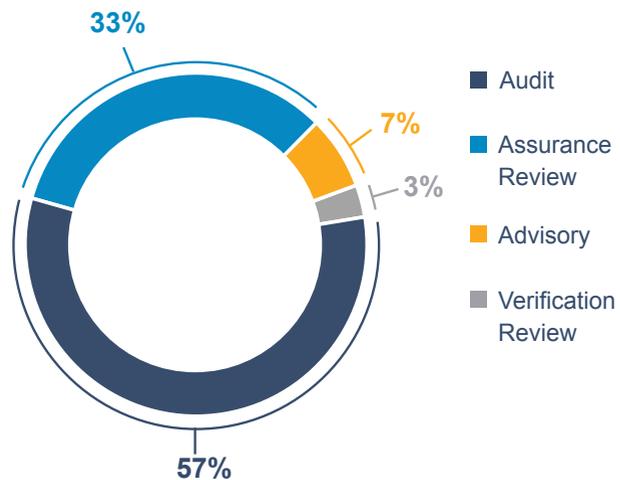
GIA delivered 30 engagements, including one verification review, as part of its FY21 work program, which focused on the most significant risks for the Bank Group institutions. The work program covered core development operations, strategy, corporate processes, finance and information technology. The list of engagements and a summary of key findings are provided in the appendix “FY21 Engagements”.

Given the maturity of business processes across the institution, the GIA FY21 work program provided a good mix of audits (57%), assurance reviews (33%), and advisory reviews (7%) that balance GIA’s primary role as a provider of assurance with the delivery of additional consulting services. A breakdown of these engagements by entity, product, and risk category is presented in the following charts.

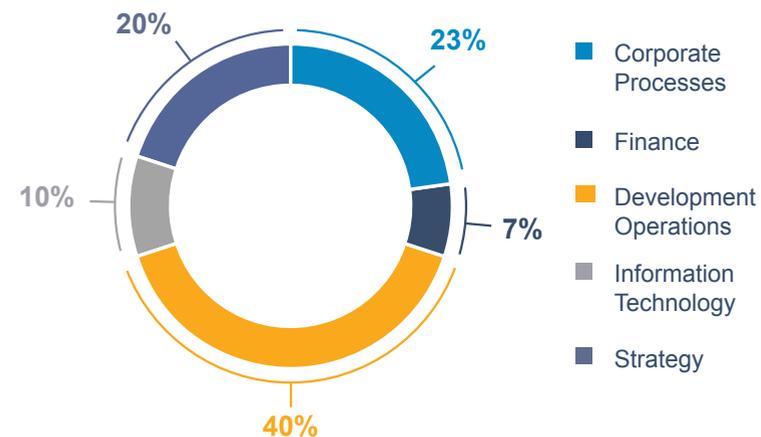
ENTITY BREAKDOWN



ENGAGEMENT PRODUCTS



FUNCTIONAL AREAS



APPENDIX: FY21 ENGAGEMENTS

Entity	No. FY21 Engagements	Product Type
WBG	Strategy	
	1. Implementation of the Cascade Decision-Making Approach as part of Maximizing Finance for Development	Assurance Review
<p>The objective was to assess the progress made by management in the early stages of implementation of the Cascade approach. The review focused on whether management has provided strategic direction, incentivized staff, developed processes to incorporate the Cascade approach within operations, and is monitoring and reporting on the progress of implementation.</p> <p>The assurance review acknowledged that the implementation of the Cascade approach entails a fundamental shift in staff behavior and the way the WBG conducts its operations, which takes time and requires constant nurturing and management focus. In the early years of implementation, key steps have been taken and a renewed focus has been established by senior management to support the implementation of the Cascade approach. The key steps include development of relevant guidance and communication materials; interinstitutional efforts to promote collaboration; and establishment of three Bank-IFC VP-level working groups.</p> <p>However, the current efforts and institutional arrangements need strengthening to effectively implement the Cascade approach across WBG institutions. Specifically, three issues need management attention: (i) although certain initiatives are in place to incentivize staff, these have not been effective in motivating staff to adopt the Cascade approach; (ii) although the guidance and initiatives taken by management have created an enabling environment, a systematic and consistent process is needed to incorporate the Cascade approach within operations; and (iii) the adoption of the Cascade approach will benefit from systematic monitoring and review using measurable metrics across WBG institutions to harness lessons learned.</p>		

WBG	Corporate Processes	
	2. Management of Safety and Security of Staff in Non-Headquarter Offices	Audit
<p>The objective was to evaluate whether governance, risk management, and control activities provide reasonable assurance that risks to the safety and security of staff working on WBG business at Non-HQ Offices are managed effectively in accordance with the ‘Operational Security Duty of Care’ and WBG staff and premises are adequately protected.</p> <p>The audit concluded that processes to support the Heads of Offices in discharging their security-related obligations are established, and several good practices for security risk management in Non-HQ Offices exist. Specifically, processes are in place to evaluate threats, identify vulnerabilities, and allocate resources to address risks in Non-HQ Offices.</p> <p>However, the audit identified the need for management attention to the following: (i) accountability, decision making, and enforcement of WBG security management practices; (ii) institutional security oversight; (iii) security risk assessment and countermeasures implementation; (iv) compliance with field mission protocols; (v) the security focal point role, scope of duties, and incentives; (vi) compliance with mandatory security training; and (vii) security training coverage and offerings.</p>		
3. Vendor Risk Management		Audit
<p>The objective was to assess the design and operating effectiveness of governance, risk management and controls relating to the WBG’s vendor risk management (VRM) process.</p> <p>The audit concluded that the VRM Framework was established with a governance mechanism that has continually improved the vendor risk management processes for risk identification, assessment, and mitigation as well as the supporting technology.</p> <p>However, the audit identified issues relating to: (i) the tracking and reporting of vendor risk-related issues; (ii) vendor access to non-HQ facilities; (iii) the criteria used to determine the applicability of the VRM Framework; (iv) management’s reporting on WBG’s exposure to vendor-related risk; (v) the performance of residual risk assessments for contracts and purchase orders (POs); (vi) monitoring of vendor performance and</p>		

WBG

Corporate Processes

application of mitigation measures; (vii) training requirements for contract managers; (viii) accountability for the inclusion of risk mitigation measures in final contracts or POs; and (ix) documentation of responsibility for end-to-end governance and oversight of the VRM Program. The audit also made one forward-looking recommendation on managing the COVID-19-related vendor risk exposure.

4. WBG’s Management of Recruitment Process

Audit

The objective was to assess the design and operating effectiveness of governance, risk management and controls relating to the WBG’s recruitment process.

The audit concluded that hiring teams are sufficiently supported throughout the recruitment process by HR and various tools and technologies. However, the audit identified issues relating to: (i) the conformance with WBG’s recent Data Privacy Procedures; (ii) the Bank’s maintenance of pipelines of candidates for future job openings; (iii) the definition and availability of the requirements and responsibilities for the competitive recruitment process; (iv) the Bank’s monitoring and reporting on the effectiveness and efficiency of the recruitment process, and its collection and analysis of stakeholder feedback; and (v) the screening and longlisting of applicants. GIA also identified two forward-looking recommendations relating to assessment and selection tools, and automation and interoperability of systems.

5. WBG’s Management of Insider Threat

Assurance Review

The objective was to evaluate whether the framework of governance and control activities relating to insider threat management has been adequately designed.

The assurance review concluded that WBG has implemented a series of essential measures to protect information from insider threats and has capabilities that can be deployed to strengthen protection and control where this is warranted, based on the level of risk identified.

However, WBG has neither (i) formally and systematically identified and assessed potential insider threat exposures and determined a corresponding risk tolerance, nor (ii) established a current and comprehensive view of its critical information assets that warrant protection from insider threat. As a result, WBG management is not in a position to completely understand or control insider threats and deploy existing capabilities accordingly.

WBG	Corporate Processes	
	<p>6. Process for Assessing and Responding to Risks Associated with Staff Health and Safety</p> <p>The objective was to assess the design of the WBG’s Occupational Health and Safety (OHS) management system and management’s plan to implement it.</p> <p>The assurance review concluded that the Health and Safety Development Directorate has developed some of the essential components of an OHS management system. However, certain aspects of the design need to be brought up to international standards. GIA identified issues relating to: (i) the definition of detailed accountabilities, roles and responsibilities, decision-making authority, and oversight of staff health and safety; (ii) the definition of certain components of the system to enable the identification and management of health and safety risks to WBG staff; and (iii) documentation of an implementation plan and roadmap. The audit also identified two forward-looking recommendations relating to good practices during the COVID-19 response and OHS software design and implementation.</p>	Assurance Review
	<p>7. WBG Crisis Response and Business Continuity Management</p> <p>The objective was to analyze the WBG COVID-19 crisis management response to inform decision-making practices on WBG emergency preparedness, resilience and post-COVID-19 work modalities, and the ongoing work of the Emergency Management Team (EMT) and Global Crisis Risk Platform (GCRP) across WBG institutions globally.</p> <p>The advisory identified several strengths related to business continuity and crisis management, which enabled a successful COVID-19 response. These included governance over crisis decision-making, a smooth transition to home-based work, support by shared services, and the development of an office reopening framework.</p> <p>GIA made 11 recommendations that aimed to clarify governance roles and responsibilities, crisis management processes, and general crisis management and business continuity program enhancements to help the WBG reach the full potential of an efficient and effective crisis response.</p> <p>However, the sustainability and success of their implementation is critically dependent on: (i) coordination among WBG institutions for crisis management and business continuity; (ii) a culture of compliance; (iii) communication and coordination between the Operations and Institutional, Governance, and Administrative (IG&A) units; and (iv) embracing the strategic opportunity to redefine work</p>	Advisory Review

WBG	Development Operations	
	8. INT’s Processes to Support WBG Operations in Integrity Risk Management	Audit
	<p>The objective was to assess the design and operating effectiveness of governance, risk management and controls relating to INT’s processes to support WBG operations in integrity risk management.</p> <p>The audit concluded that INT’s processes to support integrity risk management in WBG operations have been enhanced over the years. This has involved strengthening controls for the processes to coordinate with the WBG counterparts on integrity risk in operations; the handling of confidential and disclosure-related issues, and INT’s case management system.</p> <p>However, the audit identified issues relating to: (i) the specific scope, roles and responsibilities of the INT preventive function; (ii) definition of the risk-based criteria for ranking and prioritization of external investigation cases; (iii) capturing and dissemination of lessons learned; (iv) updating of the Working Arrangements; and (v) access controls for two systems that support INT processes. The audit also identified a forward-looking recommendation relating to Process Automation and Systems Enhancements.</p>	
	Information Technology	
9. WBG’s ServiceNow Platform – IT Service Management	Audit	
<p>The objective was to evaluate the risk management, control, and governance processes around implementation of the ServiceNow platform and IT Service Management (ITSM) capabilities.</p> <p>The audit concluded that the ServiceNow control environment is adequately designed to effectively support solutions built on the platform. Key platform level controls are implemented and are operating effectively to enable the secure deployment of hosted solutions, including controls to effectively support maintenance of the configuration management database and achievement of ITSM process objectives. Additionally, key ITSM components are configured in alignment with the defined process requirements. Although no issues were identified, GIA made several forward-looking recommendations to improve process efficiencies by further automating and enhancing the ITSM components.</p>		

WBG	Information Technology	
	10. WBG’s Database Management	Audit
	<p>The objective was to assess the design adequacy and operating effectiveness of internal controls related to database management and security. The audit concluded that database management controls over access management, change control, patch management, availability and capacity monitoring, backup, and recovery are designed adequately and operating effectively. The WBG Database Security Standard is also adequately designed and largely aligned to best practice information security benchmark recommendations.</p> <p>However, the audit identified four issues relating to: (i) the monitoring of database security configurations; (ii) the frequency of database scanning for vulnerabilities; (iii) verification of the details of databases recorded in the Configuration Management Database; and (iv) updating and completeness of database standard operating procedures. The audit also identified one forward-looking recommendation relating to configuration exception management.</p>	
	11. WBG’s Privacy Management Technology Solutions Implementation	Assurance Review
	<p>The objective was to provide reasonable assurance on whether the selected technology solutions implementation approach supports the WBG Privacy Policy and Directive requirements and is designed to provide the required confidentiality, integrity, and availability controls.</p> <p>The assurance review concluded that the design of both selected privacy technology solutions is sufficient to protect the confidentiality, integrity, and availability of personal data. Both the design and implementation approach are generally in line with industry leading practices. Data is stored in an encrypted format and the data access process is designed with sufficient controls to effectively manage and control access.</p> <p>However, the review identified two opportunities for improvement relating to: (i) the configuration of sample sizes for personal data discovery scans and (ii) prioritization for the scanning of data repositories in data discovery. Additionally, GIA made several forward-looking recommendations for management’s consideration as the WBG institutions’ privacy programs progress.</p>	

Bank	Strategy	
	12. Bank’s Strategic Planning and Budget Process	Audit
	<p>The objective was to evaluate the design adequacy and operating effectiveness of the governance, risk management, and controls in the Bank’s strategic planning and budget process.</p> <p>The audit concluded that the process has been enhanced to improve alignment of budgetary resources with strategic priorities and related business plans as well as to respond to emerging business needs. Strengths include the definition of roles and responsibilities, alignment of resources to strategy, monitoring and reporting of efficiency and usage, and flexibility mechanisms.</p> <p>However, the audit identified two issues relating to: (i) the documentation of budget tradeoff risks and consequences and (ii) the identification and documentation of key data inputs and analytics used in budget construction and execution monitoring. The audit also identified four forward-looking recommendations relating to process documentation; integration of external funds; the funding model for essential corporate services; and enabling units’ cost of doing business.</p>	
	Development Operations	
13. Bank’s Environmental & Social Framework (ESF) Internal Capacity	Audit	
<p>The objective was to assess whether the key elements of the Bank’s internal capacity to launch and implement the ESF have been designed and put in place. The audit scope covered the ESF’s roll-out, launch, and embedding of the internal capacity-building initiatives from August 2016 till March 2020.</p> <p>The audit concluded that management has made significant progress with the preparation, launch and embedding of the ESF. Management has completed the deliverables established under the Readiness Indicators (RIs) including the development and issuance of the ESF Guidance Notes, the Bank ESF Directive, Good Practice Notes, as well as templates for borrowers and Bank staff and the supporting system.</p>		

Bank

Development Operations

However, as the embedding and operationalization of the ESF are ongoing, sustained change management remains critical to promote the cultural and behavioral changes among staff and managers and the shift to the judgement-based treatment of E&S risks. In this regard, GIA identified the need for (i) sustaining change management efforts and (ii) strengthening the training and accreditation of staff assigned to ESF projects.

14. Bank’s Project Disbursement Process

Audit

The objective was to assess the design adequacy and operating effectiveness of the governance, risk management and controls relating to the Bank’s project disbursement process.

The audit concluded that the Bank’s project disbursement process is well designed and operating effectively as governance mechanisms are well established; procedures, roles and responsibilities and decision-making arrangements are clearly defined; key disbursement indicators are monitored and reported; and information systems supporting the disbursement process are operating effectively.

However, the audit identified two issues to further strengthen the internal control environment. These relate to (i) questionable expenditures, which are reviewed by Financial Management Specialists at the project level but are not centrally tracked and monitored within Operations; and (ii) the disbursement risk rating process, as Finance Officers are not required to confirm the disbursement risk rating when it is automatically assigned by the FM system. The audit also identified three forward-looking recommendations relating to: (i) the quality assurance review of non-straight through process transactions; (ii) process automation in fiduciary master data and withdrawal application setup processes; and (iii) strengthening of disbursement reporting.

Bank	Development Operations	
	<p>15. Bank’s Management of Program-for-Results (PforR) Financing</p> <p>The objective was to assess the design adequacy and operating effectiveness of governance, risk management and controls relating to the Bank’s management of PforR financing. The scope of the audit covered all phases of a PforR operation for active and closed operations during the period FY17 to FY20.</p> <p>The audit concluded that the governance mechanisms, procedures, roles and responsibilities and decision-making arrangements are defined and implemented to support the PforR financing process. However, the audit identified five issues relating to: (i) the monitoring of fraud and corruption risks during program implementation; (ii) a portfolio level review of disbursement-linked indicators and program action plans; (iii) the capacity and independence of private firms as Independent Verification Agents; (iv) monitoring of environmental and social (E&S) risks by practice managers; and (v) tracking of data for completeness in the Operations Portal.</p> <p>The audit also made two forward-looking recommendations on advancing sectoral assessments before initiating PforR programs and enhancing the interface between World Bank Group Finance and Accounting (WFA’s) Client Connection System and the Operations Portal.</p>	Audit
	<p>16. Bank’s Management of Research Publications</p> <p>The objective was to assess the design adequacy and operating effectiveness of controls for managing risks in the production and dissemination of the Bank’s high-priority publications.</p> <p>The audit concluded that the majority of the Bank’s high-priority publications follow the governance and due diligence process laid out in the Advisory Services and Analytics (ASA) Directive and Procedure. The production and publication of high-priority publications conform to stakeholder engagement protocols, and IT access and interface controls to support the production and publication process are effective.</p> <p>However, the nature and extent of these controls vary across the range of high-priority publications; they are not based on a well-defined risk-based approach. The audit identified two issues relating to the definition of: (i) a risk-based approach to categorize publications and establish a control framework for the high-priority publications; and (ii) the process for portfolio monitoring, including metrics to monitor the cost-benefit and cost-effectiveness of high-priority publications.</p>	Audit

Bank	Development Operations	
	17. Bank’s Supervision of Investment Project Financing (IPF) Projects in Countries Experiencing Fragility, Conflict and Violence (FCV)	Assurance Review
	<p>The objective was to assess the design adequacy and operating effectiveness of governance, risk management and controls relating to the supervision of IPF projects in countries experiencing FCV.</p> <p>The assurance review concluded that as management implements the WBG Strategy for Fragility, Conflict, and Violence (FCV) 2020-2025, an increased focus on the management of risks to supervision, and leveraging good practices and lessons learned will further improve the effectiveness of supervision in FCV settings. The review identified three issues relating to the need for: (i) consistent identification and management of security risks and physical access constraints to supervision throughout the project cycle; (ii) an analysis of the risks and opportunities in the use of innovative approaches and technology in supervision; and (iii) lessons learned during project implementation to be consistently captured and disseminated to task teams working in FCV settings.</p>	
	18. Data Integrity in the Production Process of the Doing Business Report	Assurance Review
<p>The objective was to assess the design adequacy and operating effectiveness of the governance, risk management and controls over data integrity in the end-to-end production process of the Doing Business (DB) Report.</p> <p>The assurance review concluded that the DB team had established processes and controls over time. However, data integrity risks might materialize if the following issues remain unaddressed: (i) establishing a workplace environment where the DB team members could speak up regarding pressures to manipulate data without fear of retaliation; (ii) defining the various roles and responsibilities for consultation, review, approval, and clearance of the DB report production and publication beyond the DB team; (iii) strengthening the controls over data changes in the DB Report production life cycle to preserve data integrity; and (iv) enhancing procedures and guidance, as the standards and processes to document the inherent judgments involved in the production of the DB Report and to safeguard data integrity are not sufficiently defined to enable consistency.</p>		

Bank	Development Operations	
	19. Independent Verification of the Management Review of Data Irregularities in the Doing Business Reports from 2016 to 2020	Verification Review
<p>On August 27, 2020, World Bank management announced reports of data irregularities in the Doing Business 2018 report (published in October 2017) and the Doing Business 2020 report (published in October 2019). Development Economics Vice Presidency (DEC) management conducted a review of data changes in the Doing Business (DB) reports from 2016 to 2020 in response to the data irregularities reported by the DB team.</p> <p>The objectives of GIA’s independent verification of the DEC management review were to (i) review the process followed by management in their review of DB data changes and verify or otherwise comment on its completeness; (ii) verify that management had conducted its review of DB data changes in accordance with the review process indicated in its report and therefore reached reasonably defensible conclusions; and (iii) confirm that the corrections made to the DB data were consistent with the conclusions of the review.</p> <p>GIA verified that DEC management had systematically reviewed all data changes that occurred after the institutional review process for the DB reports from 2016 to 2020 in accordance with the process described in its report: “Review of Data Irregularities in Doing Business” (version dated December 3, 2020). GIA concluded that the review process as defined by management was sufficiently complete to identify data irregularities. DEC management concluded that these data changes were reasonable except for nine changes, affecting four countries, which were reported by the DB team as data irregularities. The confirmed data irregularities were corrected in the system used by DEC where DB data is processed and approved for final publication and documented in DEC management’s review report.</p>		
20. Management of the World Bank Research and Development Center in Chile		Advisory Review
<p>The objective was to inform senior management whether the Center had been managed in compliance with the legal agreements signed with the Republic of Chile (Chile), and with Bank policies and procedures. Additionally, the advisory review aimed to provide lessons learned from the Center’s experience in establishing and managing such a research and development center.</p>		

Bank

Development Operations

The advisory review concluded that management of the Center was carried out in accordance with the relevant Bank policies and procedures and in compliance with the legal agreements signed with Chile. Furthermore, key controls relating to: (i) monitoring and management of expenses; (ii) program implementation and delivery; and (iii) dispute resolution mechanisms, were appropriately designed and operated effectively.

The review also identified lessons learned that would enable Bank management to improve the ongoing management of the Center. These related to: (i) streamlining the communication process with the Chile government; (ii) re-assessing reporting needs and adopting good practices followed by other R&D centers/hubs within the Bank; and (iii) defining and adopting an institutional decision-making and approval process for setting up decentralized programs

Finance

21. Bank’s Preparedness for London Interbank Offered Rate (LIBOR) Transition

Assurance Review

The objective was to assess management’s preparedness for the LIBOR transition focusing on whether (i) an appropriate governance structure has been established to carry out the LIBOR transition; (ii) a detailed implementation plan has been prepared; and (iii) resources required for the transition program have been estimated and allocated.

The assurance review concluded that the Bank has established a robust governance framework, assessed impacts, prepared a road map to transition the existing portfolio, identified key stakeholders and developed a communications strategy. However, the review identified three issues related to the need for: (i) a well-defined change control process, (ii) a risk and scenario analysis, and (iii) an exercise to review and revalidate program resource requirements.

IFC	Strategy	
	<p>22. IFC’s Strategic Planning and Budget Process</p> <p>The objective was to assess the design adequacy and operating effectiveness of governance, risk management, and controls in IFC’s strategic planning and budget process.</p> <p>The audit concluded that the IFC strategic planning and budget process has evolved and matured and is aligned with the WBG process. Strengths include the definition of roles and responsibilities, alignment of resources to strategy, monitoring of efficiencies, and budget flexibility through the carryover mechanism.</p> <p>However, the audit identified issues relating to: (i) the timing of VPU level budget approvals and allocations; (ii) the documentation of budget tradeoff risks and consequences; (iii) development of a comprehensive strategic fundraising plan for external funds; and (iv) standardized reports for monitoring budgets. The audit also made five forward-looking recommendations on new savings commitments identification and measurement; budget allocations impact on performance; budgeting system functionality; roles and responsibilities documentation; and enabling units’ cost of doing business.</p>	Audit
	<p>23. IFC’s Post-merger Oversight and Operating Arrangements with Asset Management Company (AMC)</p> <p>The objective was to assess the design adequacy and operating effectiveness of IFC’s oversight of AMC operations and IFC’s operational arrangements to support the integration of AMC as a mobilization platform.</p> <p>The audit concluded that IFC management had taken actions to operationalize the IFC-AMC merger and address Management Action Plans (MAPs) from GIA’s FY17 Audit of IFC’s Oversight and Working Arrangements with IFC Asset Management Company (AMC).</p> <p>However, the audit identified issues related to: (i) IFC’s oversight of AMC’s investor communication; (ii) definition of roles and responsibilities between some IFC business units and AMC; (iii) alignment of processes on nominee directors between IFC and AMC; (iv) completion of the risk control self-assessment for AMC; (v) review of the remaining AMC vendor contracts not assessed at the time of the merger; and (vi) data access and information sharing. The audit also identified a forward-looking recommendation relating to the Memoranda of Understanding for the provision of services by IFC to AMC.</p>	Audit

IFC	Strategy	
	24. IFC's Fast Track COVID-19 Facility (FTCF)	Assurance Review
<p>The objective was to assess the design adequacy and operating effectiveness of the Early Look process developed for operationalizing IFC's Fast Track COVID-19 Facility (FTCF).</p> <p>The assurance review concluded that IFC management has designed an effective Early Look process for implementing the FTCF. In particular, (i) the process to review and apply eligibility criteria for projects under specific components of the IFC response was sufficiently designed and operating effectively; and (ii) the decision-making process for projects followed a streamlined Accountability and Decision-Making (ADM) framework and was in accordance with the delegated authority approved by the Board. While no issues were identified, GIA made three forward-looking recommendations regarding: (i) clarification of the definition of "Existing Clients"; (ii) centralization of the tracking and monitoring of key decisions during Early Look; and (iii) enhancement of management reporting.</p>		
Corporate Processes		
25. IFC's Management of Expenses Incurred in Country Offices		Audit
<p>The objective was to evaluate the design adequacy and control effectiveness of the institutional oversight of the expenses incurred and processed in IFC's Country Offices.</p> <p>The audit concluded that established processes are in place for the review and approval of expenses, and management has recently taken measures to improve monitoring and reporting practices.</p> <p>However, the internal control framework for expense reimbursement and oversight requires strengthening to promote the efficient and prudent use of IFC's resources and improve the management of fraud risk. The audit identified two issues relating to: (i) the ex-post compliance monitoring of expenses and the subsequent follow-up of exceptions to enable identification of compliance issues; and (ii) the design of the process for the review and approval of expenses to promote the efficient use of IFC's resources and compliance with expense management policies.</p>		

IFC	Development Operations	
	<p>26. Integrity Due Diligence (IDD) Process in IFC Operations</p> <p>The objective was to assess the design adequacy and operating effectiveness of risk management, controls, and governance over the IDD process in IFC operations, including investment operations and advisory services.</p> <p>The audit concluded that IFC’s IDD process is adequately designed as governance and oversight mechanisms are well established; the process for identification and assessment of integrity risks, along with roles and responsibilities, is clearly defined; business units are supported by the compliance function in the assessment and ongoing screening of integrity risks; and periodic reporting to IFC’s senior management is in place.</p> <p>However, the operating effectiveness of the IDD process needs to be strengthened through improvements in: (i) the monitoring of integrity risks during project supervision; (ii) the IDD approach for its operations in countries experiencing fragility, conflict, and violence (FCV); and (iii) controls over the IDD screening system.</p>	Audit
	<p>27. IFC’s Management of Credit Risk in the Debt Portfolio</p> <p>The objective was to assess the design and operating effectiveness of the credit risk management process for IFC’s debt portfolio.</p> <p>The audit concluded that management of credit risk in the debt portfolio is sufficiently designed as governance and oversight mechanisms have been established and policy and guidance documents have been developed. Credit risks are identified, assessed, and monitored throughout the project lifecycle with defined roles and responsibilities.</p> <p>However, the audit identified two issues relating to: (i) the process for delegating the approval of credit risk ratings in the Investment Risk Platform; and (ii) the completion of credit risk reassessments as per the timelines required by the Credit and Facility Risk Rating Directive. The audit also identified two forward-looking recommendations relating to: (i) the update of the Credit and Facility Risk Ratings Directive and Manual; and (ii) the automation of headroom tracking of exposure limits for pipeline projects.</p>	Audit

IFC	Development Operations	
	28. Assurance Review of IFC’s Integrity Due Diligence (IDD) Process in the Investment Portfolio	Assurance Review
	<p>GIA completed a review of the IDD process over the investment portfolio for a particular country. GIA identified a forward-looking recommendation to strengthen the country specific IDD procedures for existing and future investments.</p>	
	Finance	
	29. IFC’s Preparedness for London Interbank Offered Rate (LIBOR) Transition	Assurance Review
	<p>The objective was to assess management’s preparedness for the LIBOR transition focusing on whether (i) an appropriate governance structure has been established to carry out the LIBOR transition; (ii) a detailed implementation plan has been prepared; and (iii) resources required for the transition program have been estimated and allocated.</p> <p>The assurance review concluded that IFC has completed many LIBOR transition program preparedness activities, such as assessment of impact, initial planning, implementation of the fallback language for new loans, and development of communications and learning activities for staff.</p> <p>However, the review identified four issues relating to: (i) the monitoring of transition program plans; (ii) the regular review and updating of LIBOR exposures and transition risks; (iii) steering committee updates – the reporting of the program to the steering committee; and (iv) conducting an impact assessment from the reduced program budget.</p>	

MIGA	Strategy	
	30. MIGA's Strategic Planning and Budget Process	Audit
	<p>The objective was to assess the design adequacy and operating effectiveness of governance, risk management, and controls in MIGA's strategic planning and budget process.</p> <p>The audit concluded that management has established the process for setting the strategic priorities and aligning the Administrative Budget with those priorities for each planning cycle. Mechanisms are in place for decision-making on business priorities, integrating external sources of funds into the budget, and allocating resources to support the delivery of institutional commitments. Additionally, budget utilization and efficiencies are monitored and reported.</p> <p>However, the audit identified one issue relating to transparency in the budget paper's presentation of the sources and uses of external funds. It also made five forward-looking recommendations for management's consideration as the risk and complexity of MIGA's operating environment increases over time. These relate to: (i) analysis of COVID-19 related budget underruns; (ii) assessment of operational risks; (iii) documentation and review of budget procedures; (iv) review of MIGA's future funding mix; and (v) identification and cascading of new efficiency measures.</p>	



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