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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Materials
Graham Joscelyne - December 18, 1996

Meeting: Graham Joscelyne

Wednesday, December 18, 1996

6:00 - 6:45 p.m.

JDW Office

Archive Management for the President's Office

Document Log

Reference # : Archive-01094

1P73

Edit

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A. CLASSIFICATION

- ☒ Meeting Material
- ☐ Trips
- ☐ Speeches

- ☐ Annual Meetings
- ☐ Corporate Management
- ☐ Communications with Staff

- ☐ Phone Logs
- ☐ Calendar
- ☐ Press Clippings/Photos

- ☐ JDW Transcripts
- ☐ Social Events
- ☐ Other

B. SUBJECT: MEETING: GRAHAM JOSCELYNE (INTERNAL AUDITOR) (B)
(N) - Wednesday, December 18, 1996 - 6:00 - 6:45 p.m.
VENUE: E1227 (OFFICE)
CONTACT: EVELYN MANUEL @ 85412
IN ATTENDANCE: JDW & JOSCELYNE
(B) BY JOSCELYNE // DUE: FRIDAY, DEC. 13
EXC: HANY // ALI (12/9)

DATE: 12/21/96

C. VPU

Corporate

- ☐ CTR
- ☐ EXT
- ☐ LEG
- ☐ MPS
- ☐ OED
- ☐ SEC/Board
- ☐ TRE

Regional

- ☐ AFR
- ☐ EAP
- ☐ ECA
- ☐ LAC
- ☐ MNA
- ☐ SAS

Central

- ☐ CFS
- ☐ DEC
- ☐ ESD
- ☐ FPD
- ☐ FPR
- ☐ HRO

Affiliates

- ☐ GEF
- ☐ ICSID
- ☐ IFC
- ☐ Inspection Panel
- ☐ Kennedy Center
- ☐ MIGA

D. EXTERNAL PARTNER

- ☐ IMF
- ☐ UN
- ☐ MDB/Other IO
- ☐ NGO
- ☐ Private Sector

- ☐ Part I
- ☐ Part II
- ☐ Other

E. COMMENTS:

File Location ☐ EXC ☐ IISC ☒ Archives	Cleared By	Date: 12/21/96
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OFFICE MEMORANDUM

DATE: December 12, 1996

TO: Mr. James D. Wolfensohn, President, EXC

FROM: J. Graham Joscelyne, Auditor General, IAD



EXTENSION: 54812

SUBJECT: **Agenda for Meeting**

Attached are copies of reports recently issued by IAD. The one which I wish to discuss is FY97-25 "Special Investigation of the Currency Overlay Program - Investment Management Department (Formerly Pension Department)".

In addition, I will update you on the outcome of the Audit Committee Meeting to be held on Monday, December 16, 1996.

Attachments

Internal Auditing Department**Audit Reports And Memoranda Issued - Fy97 (From the Current Date)****New Set of Reports (As of December 13, 1996)**

Report No.	Area of Audit	Date of Report	Staff Assigned
FY97-26	Report on a Special Review of the Administrative Function of IFC's Regional Mission in West Africa	December 5, 1996	Kanja
FY97-25	Special Investigation of the currency overlay program Investment Management Department (Formerly Pension Department)	December 4, 1996	Sartip
FY97-24	Report on the Third Internal Audit of IFC's Headquarters Building Project (Joint Audit with Price Waterhouse)	December 3, 1996	Subramanian
FY97-23	Report on an Audit of the Administration of Special Commitments in the Loan Department	December 2, 1996	Ong
FY97-22	Review of the Kenya Office Information Services Issues and Needs	November 14, 1996	Newstadt/Amin
FY97-21	Report on an Audit of the South Pacific Project Facility	November 15, 1996	Fitzsimon

Internal Auditing Department

Audit Reports And Memoranda Issued - Fy97 (From the Current Date)

Old Set of Reports Submitted (As of September 12, 1996)

Report No.	Area of Audit	Date of Report	Staff Assigned
FY97-20	Report on an Audit of the EDI-executed Municipal Development Plan	October 30, 1996	Ravat
FY97-19	Report on an audit of the Year 2000 Systems Impact	October 13, 1996	Amin/Newstadt
FY97-18	Bank Group Hotline: Draft for the President	October 11, 1996	White
FY97-17	Bank Group Fraud Policy: Draft for the President	October 11, 1996	White
FY97-16	Report on an Audit of the Technical Assistance in Afr. Region	September 30, 1996	Adams
FY97-15	Summary of the Investigation of Alleged Embezzlement of Bank's Funds by a Staff Member (FOR CONFIDENTIALITY REASONS, NOT AVAILABLE ON THE NETWORK)	September 12, 1996	Nguyen

OFFICE MEMORANDUM

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INTERNAL AUDITING
DEPARTMENT

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A Report On A Review Of The Kenya Office Information Services Issues And Needs

Report No. FY97-22

November 14, 1996

This report has a restricted distribution and may be used by recipients only in the performance of their official duties.

OFFICE MEMORANDUM

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DATE: November 14, 1996

TO: Mr. Harold E. Wackman, Country Director, Kenya Office

FROM: Allan M. Newstadt, IADDR *Amr*

EXT.: 34620

SUBJECT: **A Report on a Review of the Kenya Office Information Services Issues and Needs**

As requested by you, please find attached the summary of the key issues and needs discussed at our meeting today and which we believe at this point need to be addressed by the Kenya Office management and staff.

Attachment

cc: Messrs. Richard Anson (Kenya); J. Graham Joscelyne, Robert J. Saunders,
Hussein Amin (IADDR)

OFFICE MEMORANDUM

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WBG ARCHIVES

DATE: November 14, 1996

TO: J. Graham Joscelyne, Auditor General, IADDR

FROM: Allan M. Newstadt, IADDR *AMN*

EXT.: 34620

SUBJECT: **A Report on a Review of the Kenya Office Information Services Issues and Needs**

The Africa Region has placed the Country Director for Kenya and Djibouti in Nairobi, Mr. Hal Wackman. As the new Country Director for the Kenya Office (no longer the Regional Mission for East Africa), he has asked us to do a short report on the IS issues and needs within the office.

His objective is, as the brand new Country Director for Kenya Office, to get a head start working on these issues that are of direct relevance to his Office now that it is a Country Department and not wait for the institutional audit reports.

Responding to clients needs with flexibility, per your suggestion, we have completed a report for Mr. Wackman, attached.

Attachment

cc: Messrs. Hussein Amin (IADDR)

A Report On A Review Of Kenya Office Information Services Issues And Needs

Summary of the Key Issues and Needs

As requested by you, below please find the summary of the key issues and needs discussed at our meeting today and which we believe at this point need to be addressed by the Kenya Office management and staff.

***Form a group to focus on
the IS needs of the Kenya
office***

Form a group to focus on the IS needs of the Kenya office. The relationship between this group and key IS staff in the Washington office e.g. Regional IS staff, other major IS groups (CTRIS, OPRIS, etc.) and key ITS staff, should be outlined in a brief document, and could focus on key strategic IS discussions at HQ and deal with unique issues in the Kenya Office.

***Examine the changing
portfolio management
needs***

Examine the changing portfolio management needs with regard to ARCS, Procurement, Disbursements, (which you do not access directly), and evaluate if the new PC Portfolio system fully meets such needs.

***This group will have to
develop a strategy***

This group will have to develop a strategy, a plan and a timetable to implement the particular needs regarding Bank applications that are required by the office:

- First, there is a need to identify existing applications that are of value to this office, such as FACT, PC Portfolio, new Field Office System, OIS, Web systems in CTR and in AFR, LAS, etc.;
 - Identify its acquisition requirements, i.e. budget, training, communications, etc.; and
 - Outline the implementation responsibilities and timing.
-

The same group should look at Lotus Notes

The same group should look at Lotus Notes, decide when it should be deployed, contact the Regional IS office (and ITS if necessary), and examine ways in which it could support the work of a Country Department headquartered in the field.

Examine the budget implications with regard to upgrading of workstations

Examine the budget implications with regard to the upgrading of workstations, which will be required from the planned implementation of the Windows NT operating system.

Training

The IS group should canvass the Kenya Office for all network and workstation systems/Bank applications training needs. For each training session, make sure that a staff is accountable for becoming an expert in the system. They would also be accountable for training staff who missed the training due to travel, and for staff who need follow-up training. Such information about training should then be shared and updated as necessary for the Kenya Office.

Backups/Security

We have discussed with Mr. Mutungi and we have reached an understanding that backup data for the servers and the local All-in-1 should be stored in a fireproof safe, and periodically offsite.

November 14, 1996

For security, a combination lock should be put on the computer room door.

Africa Region Web Page

The Regional Office should be notified that there are entries within their Web page which are still empty and should be populated. The specific entries which are required should be obtained from Kenya office staff.

Network Operation Center (NOC) at HQ

Your IS group should communicate their concern about inadequate nighttime support from the NOC, and together with NOC recommend alternatives (i.e. use Paris office support, or increase NOC nighttime support.)

Connecting the Ministry of Finance, External Resources Department and the Debt Management Division, to the new Bank Disbursement System

After the Bank upgraded from the older Loan Disbursement System (LDS) to the new Loan System (LAS) the Ministry lost the capability to access Loan Status and Disbursement information. This was caused by lack of necessary software and training. During our meeting with the Ministry it was agreed that Mr. Mutungi would meet with his counterpart at the Ministry to work on their support and training needs.

Recommendation

We recommend that you should allocate appropriate resources to provide support to such needs of the Ministry of Finance on a regular basis.

Other

Per your recommendation:

- Teleconferencing use should be increased, equipment needs to be purchased; and
- Videoconferencing requires the input of a specialist to teach staff how to make these sessions more professional;

As you are aware, the outcome of our audit will address recommended institutional and regional actions that would be required to support resident missions' increasing information services needs.

We would like to express our appreciation for the cooperation and support we received from the Kenya Office staff.



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File Title President Wolfensohn - Briefing Book for President's Meetings - Meeting Material - Graham Joscelyne - December 18, 1996		Barcode No. 30486632		
Document Date November 15, 1996	Document Type Report			
Correspondents / Participants				
Subject / Title IAD Report No. FY97-21, "Report on an Audit of the South Pacific Project Facility"				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Diego Hernández</td><td>Date April 2, 2025</td></tr></table>	Withdrawn by Diego Hernández	Date April 2, 2025
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Report On An Audit Of The Administration Of Special Commitments In The Loan Department

Report No. FY97-23

December 2, 1996

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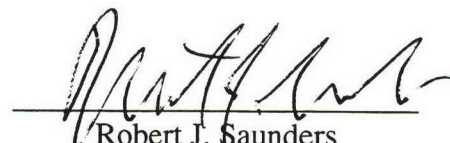
December 2, 1996

Mr. V.S. Raghavan
Director, Loan Department

**Report on an Audit of the Administration
of Special Commitments in the Loan Department**

I enclose two copies of the above report dated December 2, 1996, which was circulated earlier in draft form. I understand that all the recommendations contained in the report have been agreed and are being implemented. Please advise me by March 3, 1997, of the actions where the implementation of the agreed actions are presently not complete.

We want to convey our appreciation to you and your team for the courtesies, time, and cooperation in performing the review. If we can be of further assistance, please let me know.


Robert J. Saunders
Acting Auditor General
Internal Auditing Department

Attachments

cc: Messrs./Mmes. Wolfensohn, (EXC) (Executive Brief only); Muis (CTRPV);
Morris (LOADR); John (LOAAS); Hwang (LOAEL);
Schneider (LOANS); Sengamalay (LOAAF); Joscelyne (o/r),
Nguyen, Ong, Sartip, (IADDR).

Price Waterhouse

Report On An Audit Of The Administration Of Special Commitments In The Loan Department

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Annex:

I. Objectives and Scope of the Audit

Report On An Audit Of The Administration Of Special Commitments In The Loan Department

Executive Brief

We have completed an audit of the administration of Special Commitments in the Loan Department (LOA), which took place from September to October 1996. A Special Commitment is an irrevocable written undertaking that the Bank grants to commercial banks, at the request of borrowers. The Bank's undertaking makes it possible for commercial banks to issue, advise, or confirm letters of credit (LC) established by borrowers to procure imported goods under Bank-financed projects. Disbursement under Special Commitments is about \$1.9 billion in FY96, about ten percent of the FY96 gross disbursements.

Audit examined the effectiveness of the controls for administering Special Commitments

The audit examined the effectiveness of the control process designed by LOA for administering Special Commitments. It reviewed the controls relating to: reliability of the financial information and reporting, compliance with LOA procedures, and monitoring the risks associated with the use of Special Commitments. The audit team wish to thank the management and staff of LOA for their courtesies, time, and cooperation in performing the review.

Adequate controls are in place, but the implementation of these controls could be improved to minimize duplicate payments and strengthen the administration of these controls

LOA has designed an adequate control process that addresses the risks associated with the use of Special Commitments. These controls are necessary as long as the Bank uses Special Commitments as a disbursement procedure to expedite disbursement and project implementation. Audit suggested several measures that LOA management can take to minimize the risk of

duplicate payments and to strengthen the administrative controls on Special Commitments.

Improve the information system capabilities to minimize the risk of duplicate payments on Special Commitments

For the in-built preventive controls in LAS (Loan Administration System) to be effective in identifying duplicate payments, it is important that LAS is capable of matching all payments with similar amounts under the same Special Commitment and assigning one unique payment request number for every single payment under a Special Commitment.

Implement a process of reconciling the Bank's database on Special Commitments with commercial banks

Reconciliation of account balances with counterparts is a strong control for detecting recording errors and reducing the risk of reporting inaccurate financial data. We recommend LOA management to establish a process of reconciling the Bank's database on Special Commitments with those of commercial banks.

Require LOA staff to better administer Special Commitments with expired letters of credit

We noted many Special Commitments with expired LC remain in the Bank's database even though the Bank's contractual obligation on a Special Commitment terminates on the expiration date of the LC. Canceling the Special Commitments with expired LC will "free up" the committed funds and also prevent an overstatement on the disclosure of commitments (off balance sheet item) in the Bank's financial statements.

Report On An Audit Of The Administration Of Special Commitments In The Loan Department

Introduction

We have completed an audit of the administration of Special Commitments in the Loan Department (LOA). The review was conducted by Hock-Chye Ong, with the involvement of Dung Nguyen as the technical reviewer for the audit, from September to October 1996. We wish to express our thanks and appreciation to the management and staff of LOA for their courtesies, time, and cooperation extended to the auditors.

Audit examined the effectiveness of the controls for administering Special Commitments

The audit examined the effectiveness of the control process designed by LOA for administering Special Commitments (SC). It reviewed the controls relating to: reliability of financial information and reporting, compliance with LOA procedures, and monitoring the risks associated with the use of SC. Details of the audit objectives and scope are set out in Annex I.

The objective of Special Commitment is to expedite disbursements and project implementation

Special Commitment (SC) is a Bank disbursement procedure to assist borrowers expedite disbursements and project implementation. It is an irrevocable short-term written undertaking provided by the Bank at the request of the borrower to honor a commercial bank's demands for payments upon its compliance with the terms and conditions in the letter of credit (LC) established by the borrower to procure imported goods under a Bank-financed project.

The Bank's contractual obligation under an SC is valid until the expiration date of the LC, which could range from a few months to several years. *As the SC is irrevocable, once the Bank issues an SC to back up an LC, it gives up the right to suspend disbursements against the transactions covered under the LC.*

The Bank's written undertaking make it possible for commercial banks to issue, advise, or confirm letters of credit

Often, a commercial bank may be unwilling to issue, advise, or confirm an LC on behalf of a borrower without a written undertaking from the Bank. At the request of the borrower, the Bank issues an SC to a commercial bank designated by the borrower to back up an LC that is established by the borrower.

An SC is therefore, an irrevocable written undertaking issued by the Bank to a commercial bank. The Bank does not charge a fee for issuing SC. The Bank normally issues an SC only for relatively large purchases of internationally procured imported goods, not for consultant services, civil works, or turnkey contracts.

Disbursements under Special Commitments are decreasing

The number of new SC issued by the Bank has decreased to 1,836 applications in FY96 from 1,970 in FY95. Likewise, the number and value of disbursements processed under SC has also decreased to 5,220 payment requests (\$1.9 billion) in FY96 from 6,240 (\$2.3 billion) in FY95. The average disbursement for each payment request is about \$0.4 million.

Suggested Improvements to Minimize the Risk of Duplicate Payments

Our discussions with LOA management indicated that there is an inherent risk of duplicate payments in the processing environment caused by the need to ensure the integrity of disbursements while maintaining service standards. The suggestions for improvements, while specific to Special Commitment, are in addition to our audit recommendations on the recent review of duplicate payments in the Loan Department (Report No. FY97-09).

*The in-built control in LAS is
capable of matching individual
payments*

At present, LOA staff could combine the processing of multiple payment requests and release them as one single "combine payment" in the LAS (Loan Administration System); a practice that is not discouraged by Division Chiefs in LOA. Combining payments however, could hinder the detection of duplicate payments. This is because LAS has an in-built preventive control that flags out a "warning" message whenever it detects an SC payment of a similar amount under the same SC. LAS may therefore, only recognize the "combined payment," not the individual payments that make up the "combined payment."

Therefore, combining payments could dilute the control for detecting duplicate payments, unless the control feature in LAS is also capable of matching all the payments in the master database and pipeline, including the individual payments that make up the "combined payments." LOA management has ensured that LAS is capable of matching individual payments for the in-built control to function effectively.

Assign one unique number for each payment request, to avoid duplicate payments

LAS does not assign a unique number for each payment request processed under SC. It automatically assigns the same SC application number for all payments that belong to the SC. For example, if there were ten payment requests processed under one SC, all the ten payments will have the same "SC Application Number." Unlike other types of disbursement procedures, each withdrawal application will have its own unique "Application Number."

Under the previous system (LDS - Loan Disbursement System), LOA staff could distinguish a payment processed under one SC from the next payment. For example, if there were three payments, the first payment will be numbered as "Application Number 1-1", the second as "Application Number 1-2", and the third as "Application Number 1-3."

Furthermore, commercial banks usually quote the SC application number in the payment requests and if they were to quote the application number, it will be the same number for all payments requests. While the Bank requests borrowers to numerically identify each withdrawal application sequentially when they submit applications for direct payments or reimbursements, the Bank does not require commercial banks to identify each payment request sequentially.

This simple numbering system could enable LOA staff to quickly review and monitor duplicate payments. **We, therefore, recommend** that LOA management should:

- Require commercial banks to numerically identify each payment request that belong to the same SC application sequentially; and
- Allow LOA staff to input in LAS the reference number of the payment request as provided by commercial banks.

Suggested Improvements to Strengthen the Implementation of the Administrative Controls

LOA's controls for issuance of SC are confined to the instructions provided by the borrowers, supplemented by a limited review of the LC to ensure that the goods financed under the LC are for the purpose of the specific Bank-financed project. The Bank is merely acting according to borrower's instructions to enable a commercial bank to issue, confirm, or advise an LC for the borrower. The borrower therefore, not the Bank, is responsible for: (a) verifying the creditworthiness of the commercial bank or the correspondent bank (designated by the commercial bank) that will be receiving payments on the LC, (b) seeking assurance on the quality of the commercial bank's system for examining documents financed under LC, and (c) obtaining the appropriate terms and conditions in the LC to ensure the borrower's interests is protected.

Furthermore, the obligations of all parties under an LC are defined in the "*Uniform Customs and Practice for Documentary Credits*" where they are incorporated into the text of the LC and are binding on all parties, unless otherwise expressly stipulated in the LC.

LOA has clarified the status of "waiver of discrepancies"

Commercial banks are required to obtain written approvals from the Bank for certain key amendments to the terms and conditions of the LC. The amendments that the Bank is required to approve are changes in: (a) the value of the LC, (b) the description or quantity of goods, (c) the beneficiary, (d) advance payment of more than 25 percent of the value of the LC, and (e) the expiration date of the LC. Otherwise, the SC is not considered operative.

Before seeking reimbursement from the Bank, the commercial bank is required to examine all the documents specified in the terms and conditions of the LC; documents not specified in the LC will not be examined. The LC deals in documents, not in goods. When the commercial bank determines that the documents appear *not* to be in compliance with the terms and conditions of

the LC (e.g., late shipment, documents not presented on time, documents did not include certain data); the commercial bank may approach the borrower for a "waiver of discrepancy." *Since commercial banks do not consider such waivers obtained from borrowers as amendments to the terms and conditions to the LC and therefore, do not seek the written approval of or advise the Bank.*

LOA management advised that such waivers are minor and numerous and normally do not impact on the financing arrangements of the LC. LOA management therefore, do not require commercial banks to advise or seek the Bank's approval when commercial banks obtained waivers from the borrowers.

LOA has implemented controls to prevent erroneous disbursement of funds to "controlled banks"

As at September 1996, the total undisbursed SC balance was \$2.4 billion with about 300 commercial banks worldwide. The undisbursed SC balance with a single commercial bank could range up to \$250 million. Of the \$2.4 billion, more than 80 percent is held by about 30 commercial banks.

The Bank is responsible for timely disbursement of funds to commercial banks, usually under seven days. It is however, important that the Bank does not disburse funds to commercial banks that are "put on notice" by the banking community. Otherwise, the Bank could be at risk of being negligent in discharging its disbursement responsibility if the Bank erroneously disburses funds to a commercial bank when it should not.

Notices on the creditworthiness of commercial banks used to be communicated informally between LOA, the Treasury Operations Management Department, and the Treasury Risk Management (TRERM). In 1995, LOA and TRERM instituted a process of sharing information on commercial banks that will trigger a series of actions which, will result in preventing funds from being

disbursed to the commercial banks that require the prior consent of the Division Chief ("controlled banks").

Implement a process of reconciling the Bank's database on Special Commitments with those of commercial banks

There is little or no account reconciliation on the undisbursed SC balances between the Bank and commercial banks. Some commercial banks include the balance of undisbursed SC in the payment request. When they do, LOA staff usually reconciles the undisbursed SC balance with the Bank's records before processing the payment request.

Reconciliation's of account balances is a strong control for detecting recording errors and reducing the risk of reporting inaccurate data in the Bank's financial statements. Also, for control purposes, the accuracy of data is usually verified after a data conversion to a new system. Accordingly, **we recommend** that LOA management should establish a process of reconciling the Bank's database on Special Commitments with those of commercial banks.

Require LOA staff to better administer Special Commitments with expired letters of credit

LAS has many useful in-built preventive controls for logging SC payment requests, processing SC payments, and monitoring the status of SC. Printed reports system for monitoring the status of SC used to be circulated desk-to-desk under the previous system but, are now available by on-line inquiry from LAS. With LAS, LOA staff can easily monitor the status of SC with expired LC dates anytime by invoking the "SC Working List Report" feature.

For example, from the "SC Working List Report," we noted many undisbursed SC balances with expired LC dates that have not been canceled. In one country, we noted as high as 68 SC with expired LC dates more than six months; one LC has been expired as long as 35

months. While, for another country, the balance of SC with expired LC dates for that country was as high as \$20 million.

LOA staff informed us that non-cancellation undisbursed SC balance with expired LC dates has no direct impact on the project if funds are still available at the loan or category for disbursements. The only direct implication is however, an overstatement of undisbursed SC as commitment in the Bank's financial statements (off balance sheet item) since the Bank's contractual obligation usually terminates on the expiration date of the LC. **We recommend** that the Disbursement Division Chiefs in LOA should require LOA staff to review the status of SC periodically and take actions, as necessary, on undisbursed SC with expired LC dates more than six months.

Other administrative matters, not of major significance, will be considered

Other administrative matters discussed with LOA management are included below for record purposes.

- Consider deleting any mention of "services" in Form 1931 to avoid sending a wrong message to borrowers that the Bank will issue SC for services when the Bank's procedures only allow issuance of SC for goods;
- Remind LOA staff that SC is only issued for goods, not works and training services without the prior consent of the Division Chief;
- Explore the option of using electronic medium for the issuance of SC, either by SWIFT or tested telex, to improve LOA's response time on the issuance of SC to commercial banks;

- Encourage commercial banks with SWIFT facility to use SWIFT, and only grant on an exception basis those commercial banks without SWIFT to use telex or cable for requesting payments. SWIFT is considered a more secured form of communication network than telex or cable; and
- Encourage LOA staff to consult and exchange views with their counterparts in the commercial banks on operational matters relating to the use of LC and SC.

Report On An Audit Of The Administration Of Special Commitments In the Loan Department

Objectives and Scope of the Audit

As part of the FY97 work program, the Internal Auditing Department will carry out an audit of the process for administering the Special Commitments in the Loan Department (LOA).

Audit Objectives

Examine the effectiveness of the process for administering the Special Commitments as it relates to:

- Reliability of the financial information and reporting on Special Commitments;
- Compliance with LOA's procedures for Special Commitments; and
- Monitoring the risks associated with the use of Special Commitments.

Scope of the Audit

Review LOA's procedures for issuing, disbursing, monitoring, and reporting on Special Commitments.

Examine compliance with the disbursement procedures using a sample of Special Commitments covering all three Disbursement Divisions.

Review the procedures at selected commercial banks for processing payments under Special Commitments. LOA will advise the internal auditors on the choice of commercial banks.

Confirm with LOA managers and staff the procedures for monitoring the risks associated with the use of Special Commitments.



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