



8 June 2018

Internal Audit of WFP Operations in Philippines (AR/18/06)

Management Comments

WFP Management appreciates and welcomes the observations made by the Office of the Inspector General (OIG) in its audit report AR/18/06. The audit focused on WFP operations in the Philippines from 1 January to 31 December 2017.

The audit period was marked by two significant events, which had an impact on WFP operations: a change in the government, which required the renewal of relations with the government counterparts, and the Marawi siege crisis, which resulted in a rapid scale-up of WFP operations through immediate assistance to some 350,000 displaced people. These events occurred against the backdrop of significantly reduced funding which hampered country office's ability to provide opportunities for longer-term employment and impacted staff morale, the closing of a five-year USD 20 million USAID-funded project on Disaster Preparedness and Response and the development of the new Country Strategic Plan (CSP) 2018-2023.

WFP Management welcomes OIG's recognition of WFP Philippines's effective response to the Marawi crisis and to achievements in contributing to the increased disaster preparedness and response capacity of the government. It is noted that OIG recognized that, during the latter part of 2017, staff morale was beginning to improve. In addition, OIG acknowledged the limited available funding for the past three years, but recognised the efforts made by WFP Management to improve donor coordination, transparency and reporting, which have improved prospects for potential new funding.

WFP Management recognizes the overall conclusion of partially satisfactory, with some improvement needed. The implementation of the one high-priority and seven medium priority observations, and related agreed actions in the audit report, have already started and will be fully completed by the agreed implementation dates.

WFP Philippines is in the process of renewing its Basic Agreement with the Government and in concluding MOUs with relevant ministries for the implementation of the new CSP. The country office is also coordinating with the Regional Bureau for appropriate risk assessments and mitigation measures for the implementation of country capacity strengthening activities, as well as enhancing the beneficiary targeting process and beneficiary feedback mechanism. The development of the new CSP has provided an



opportunity for the country office to revise its Annual Performance Plan and organizational structure and to prepare a new Risk Register and Partnership Action Plan, as well as to further renew its cash-based transfer working group. An on-going review of standard operating procedures for procurement and non-food item stock management has also been undertaken.

WFP Management will continue to give close attention to management oversight and effective risk management in the implementation of activities in the country. In addition, WFP Management will work in close collaboration with OIG to ensure a regular review of outstanding agreed actions, as well as to prepare implementation status reports.

WFP Management sincerely thanks the OIG for the collaborative and supportive approach to this audit and for its constructive observations.