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Internal Audit of Monitoring in WFP

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Internal Audit of Monitoring in WFP

I. Executive Summary

Introduction and context

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of monitoring in WFP that focused on the period 1 January 2017 to 31 March 2018. The audit fieldwork took place from 4 June to 13 July 2018. This included work at WFP headquarters; field visits to the Uganda and Zimbabwe country offices; desk reviews of the Haiti, Ivory Coast, Laos and Palestine country offices; and a review of related corporate processes that impact across WFP.

2. Monitoring in WFP is defined as encompassing the tracking, collection and analysis of projects' achievements and overall performance, and is intended to inform operational decision-making, including project design, and to maintain operational focus on results through the measurement of outcomes, outputs and processes for programmes worldwide. A secondary objective of monitoring is to generate data for evaluative purposes, corporate reporting and further evidence-building at all organizational levels.

3. Four main lines of enquiry were established for the audit:

- (i) Do monitoring governance structures and mechanisms facilitate and support effective monitoring practices?
- (ii) Are monitoring activities sufficiently resourced in relation to the sizes and risks of operations?
- (iii) Is the implementation of monitoring practices in compliance with corporate guidance, and is data collected and analysed to allow measurement of project achievements and inform operational decision making?
- (iv) Is technology effectively supporting monitoring practices across the organization?

4. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit conclusions

5. In recent years the WFP Monitoring Unit has invested significant efforts in setting up comprehensive normative guidance in line with the organization's strategic plan, and in delivering targeted support to country offices. In line with the recently approved WFP Corporate Monitoring Strategy that focuses on staffing and resourcing, the Monitoring Unit has launched a workforce and skills gap assessment exercise which aims to enhance monitoring capacity across the organization.

6. Despite the above achievements and initiatives, the audit observed gaps in controls in each of the four audit lines of enquiry that can be traced to three major root causes: (i) a focus on the secondary level of monitoring objectives, namely collection of data for corporate reporting purposes, with the primary objective to measure project achievements and inform unmet operational decision making; (ii) insufficient staff capacity and skills; and (iii) deprioritization of resources for monitoring.



7. Emphasis on monitoring as a corporate reporting function resulted in incomplete and/or inconsistent implementation of monitoring practices, impacting the level of confidence in data collected and related analyses. Weak controls over collected and reported data resulted in poor data quality, and there were indications of underutilization of data. Despite multiple monitoring reports being available, the prioritization and escalation of monitoring findings, and review and consolidation of results across the different levels of the organization was not structured to facilitate trend analysis and to improve project design or oversight. The design and implementation of monitoring plans did not consistently reflect or achieve corporate minimum requirements and coverage as monitoring budgets and cost allocations were driven by resources rather than results.

8. A review of staffing of the monitoring function highlighted inconsistencies and variations in the structures and reporting lines across the organization, symptomatic of a lack of professionalization of monitoring roles. Coupled with shortcomings and gaps in operational processes - including workforce planning practices, staff capacity assessments and skill gaps analyses, training tracking and design - these inconsistencies were observed to hinder effective monitoring practices. Unclear roles and responsibilities at Regional Bureau and headquarters levels also contributed to limited oversight on country offices' monitoring activities.

9. The audit noted some challenges related to an operational emphasis on delivery and a lack of prioritization of monitoring. These included inconsistencies in the awareness and application of normative guidance at the different levels of the organization, and in the identification and use of risks to inform monitoring planning and execution and for oversight purposes. Challenges were noted where technology was not effectively supporting monitoring practices, rooted in delays in corporate initiatives. This pointed to the need to reassess the criticality and functionalities of corporate monitoring systems and applications to better meet the needs of country offices and to prevent the use of locally acquired tools, which come with their risks of duplication of efforts, limited corporate visibility, lack of integration, cyber fraud and data protection, and unnecessary spending. A corporate initiative on this topic has been recently launched.

10. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **Partially satisfactory / Major improvement needed**. The assessed governance arrangements, risk management and controls were generally established and functioning, but need major improvement to provide reasonable assurance that the objectives of the audited area should be achieved. Issues identified by the audit could negatively affect the achievement of the objectives of the audited area. Prompt management action is recommended to ensure that identified risks are adequately mitigated.

Actions agreed

11. The audit report contains three high and seven medium priority observations, all of which have agreed actions directed at a corporate level. All observations and agreed actions are summarized in Table 1. Management has agreed to address the reported observations and work to implement the agreed actions by their respective due dates.

12. The Office of Internal Audit would like to thank managers and staff for their assistance and cooperation during the audit.

Kiko Harvey

Inspector General



II. Context and Scope

Monitoring in WFP

13. Monitoring in WFP encompasses the tracking, collection and analysis of projects' achievements and overall performance. It informs operational decision-making, including the design of WFP's projects; maintains operational focus on results, through the measurement of outcomes, outputs and processes for programmes worldwide; and generates data for evaluative purposes and corporate reporting, as well as for further evidence-building at all organizational levels.

14. The Monitoring Unit (RMPM) at headquarters develops corporate processes, tools and guidance materials for monitoring. It was combined with the organization's evaluation function until a corporate decision several years ago created two entities; the Office of Evaluation (OEV) remained as an oversight function with a reporting line to the Executive Director; the RMPM was initially part of the Programme division but was subsequently repositioned within the Resource Management department. Structurally, the separation between monitoring and evaluation has been gradually adopted at Regional Bureau (RB) level, but the functions often remain combined within the same role at country office (CO) level.

15. WFP's new monitoring strategy was released in June 2018, focusing on three main priority areas of work with related outcomes: 1) workforce planning to ensure adequate monitoring expertise; 2) financial commitment; and 3) functional capacity. The new strategy was designed to address observed weaknesses in WFP's monitoring, while moving towards a vision for an optimized monitoring function defined by its credibility, relevance and use through robust and evidence-based operational planning, design and implementation. It aims to align with the paradigm shift of the introduction of the Sustainable Development Goals (SDGs), UN reform and WFP's subsequent internal change process through the Integrated Road Map (IRM).

16. During the strategic plan period 2014-2017, the monitoring Normative Framework was rolled out with normative guidance, capacity development and targeted support to COs. The framework, which reinforced the alignment of operational monitoring with WFP's strategic plan and defined the standards, procedures and minimum requirement for monitoring, consists of four key documents: the Corporate Results Framework (CRF)¹, the Standard Operating Procedures (SOPs), the CRF Business Rules and the Minimum Monitoring Requirements (MMR). The Normative Framework is supplemented by the Corporate Monitoring Guidance manual and tools, and by the CRF Indicator Compendium.

17. The 'Country Office Tool for Managing (programme operations) Effectively' (COMET) is WFP's comprehensive online tool for programme design, implementation, monitoring, reporting and performance management. COMET is intended to foster standardization of approaches amongst COs for capturing the core programme cycle management processes and to demonstrate the progress of operations in contributing to strategic outcomes. Currently two out of three modules of COMET, the design and planning,

¹The CRF is the core pillar of the normative framework, as well as of the IRM, and lays out results and indicators to help WFP plan, implement, monitor and report on programmes and measure management performance. It is a work-in-progress with an expectation that the final model will be endorsed by the Executive Board in November 2018. It replaces the Strategic Results Framework used in project-based operations.



the operational planning, and the implementation modules have been rolled out; the monitoring module is yet to be implemented.

18. Multiple platforms have been developed and implemented across regions to support COs in monitoring data collection and analysis. In January 2017, the Mobile Data Collection & Analysis platform (MDCA) was approved as a corporate assessment platform to be enabled as a self-service tool for any assessment, focusing on goals from designing indicators to automated calculation of results and visual analytics dashboards.

Objective and scope of the audit

19. The objective of the audit was to evaluate and test the adequacy and effectiveness of the processes associated with the internal control components of monitoring in WFP. Such audits are part of the process of providing an annual and overall assurance statement to the Executive Director on governance, risk-management and internal control processes.

20. The audit was carried out in conformance with the *Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing*. It was completed according to an approved engagement plan and took into consideration the risk assessment exercise carried out prior to the audit.

21. The scope of the audit covered monitoring in WFP from 1 January 2017 to 31 March 2018. Where necessary, transactions and events pertaining to other periods were reviewed. The audit did not review (i) the CRF, because of the current corporate initiative as part of the Integrated Road Map (IRM) and of the ongoing evaluation of the Country Strategic Plan (CSP) Pilots and because it was considered as part of a recent audit², (ii) Third Party Monitoring and monitoring of cash-based transfer retailers which were covered in 2016 through specific audits³, and (iii) beneficiary complaints and feedback mechanisms, which are not considered to be directly related to programmatic monitoring processes, but as core to WFP's strategy for accountability to affected populations. The COMET application was reviewed as part of a concurrent audit; results will be included in a separate report.

22. The audit fieldwork took place from 4 June to 13 July 2018 in headquarters, and via field visits to two COs and desk reviews of a further four COs. Onsite visits were conducted to the Uganda and Zimbabwe COs, including visits to the Moroto Area Office, and Gulu and Nakapiripirit sub-offices (SOs), in Uganda and to the Masvingo and Bulawayo SOs in Zimbabwe. The sampled COs for the desk review were Haiti, Ivory Coast, Laos and Palestine.

² Internal Audit of Management Performance Indicators and Supporting Information Systems, report reference AR-17-12 issued 30 June 2017.

³ Internal Audit of Third-Party Monitoring, report reference AR-16-09 issued on 30 August 2016, and Internal Audit of WFP CBT retailer Implementation in Jordan and Lebanon, report reference AR/17/03 issued on 3 March 2017.



III. Results of the Audit

Audit work and conclusions

23. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **Partially satisfactory / Major improvement needed**⁴. The assessed governance arrangements, risk management and controls were generally established and functioning, but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. Issues identified by the audit could negatively affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.

24. The Office of Internal Audit, in supporting WFP's management's efforts in the areas of risk management and data quality, separately reports its assessments or gaps identified in both areas.

Risk Management maturity

25. RMPM's risk register, which is part of the Performance Management and Monitoring Division (RMP) annual performance plan for 2018, covered risks relevant to the monitoring management processes. Three of the ten risks identified in the audit were partly included in the risk register.

26. The risk of 'demonstrating impact without adequate evidence' has been acknowledged as a medium risk in the Corporate Risk Register since 2016. The corporate risk highlights pressures to demonstrate results, insufficient investments in human capacity, scope and processes resulting in inadequate data availability and quality and under-utilization of findings in the organization. This ultimately results in poor decision making and poor use of resources. Five of the ten risks identified in this audit can be traced to this corporate risk. Mitigation actions identified for the above risk as well as for the risks of 'inability to deliver on strategic results' and 'lack of system support for evidence', include the upgrade of management response systems and the CRF, the use of monitoring for programme adjustments at field level, as well as system integration. If fully implemented they will partly mitigate the risks identified by the audit.

Data quality

27. The audit found a range of data completeness and quality issues in COMET. These were partly as a consequence of redefinition of roles and responsibilities following IRM implementation; the monitoring module not being developed; the use of systems and applications which are not interfaced; a lengthy process to reflect CO specific indicators in COMET; and the perception of the primary use of indicators being for tracking and reporting compliance. Challenges identified are reported in the observations relating to lines of enquiry three and four.

⁴ See Annex B for definitions of audit terms.



Observations and actions agreed

28. Table 1 outlines the extent to which audit work resulted in observations and agreed actions. These are rated medium or high priority; observations that resulted in low priority actions are not included in this report.

Table 1: Overview of areas in scope, observations and priority of agreed actions

**Priority of
issues/agreed
actions**

<p>LoE 1. Do monitoring governance structures and mechanisms facilitate and support effective monitoring practices?</p> <p>In recent years there have been significant efforts to establish a corporate monitoring normative framework inclusive of comprehensive normative guidance, minimum monitoring requirements and SOPs. This has contributed to the evolution and standardization of the monitoring function and monitoring processes in WFP. However, awareness and application of these elements at field level have not been consistent; monitoring strategies and SOPs varied significantly among RBs and COs and were not fully aligned to recently established corporate monitoring priorities, with limited operational awareness of the minimum monitoring requirements.</p> <p>Inconsistencies in reporting lines and monitoring unit structures across the organization, with functional reporting lines not always clearly defined, had an impact on prioritization and implementation of monitoring activities. The audit also identified unclear roles and responsibilities at RB and HQ levels regarding CO oversight; it was noted that limited oversight was exercised over CO monitoring activities. A wider corporate initiative is ongoing, focusing on the review of roles and responsibilities at HQ and RB level.</p>	
1 Organizational structure, roles and responsibilities including oversight	Medium
2 Guidance and tool enhancement and consistent implementation	Medium
<p>LoE 2. Are monitoring activities sufficiently resourced in relation to the size and risks of operations?</p> <p>OIGA's review of resourcing for monitoring activities, which is a corporate priority in the recently released strategy, highlighted variations and some shortcomings in workforce planning practices at both corporate and CO levels, and some long outstanding vacancies. Staff capacity assessment and skill gaps analyses were not consistently carried out at field level, and training was not systematically tracked or reflective of capacity development initiatives. At the time of the audit fieldwork, RMPM had launched an organization-wide monitoring workforce planning initiative. Skills gap analysis and capacity development plans were also not prepared for the monitoring capabilities of cooperating partners (CPs).</p> <p>Consideration and management of risks associated with activities and local contexts were not structured and formalized to systematically inform monitoring planning and execution; nor were considerations of risks, risk tolerance or thresholds consistently utilized for determining appropriate coverage or other oversight purposes. COs sampled for the audit had had various support missions from the RBs during the audit period, none with an oversight angle however.</p>	
3 Workforce planning and staff capacity	Medium
4 Risk assessment	Medium



LoE 3. Is the implementation of monitoring practices in compliance with corporate guidance, and is data collected and analysed to allow measurement of project achievements and inform operational decision making?

Corporate guidance (specifically the MMR) does not define a mandatory minimum set of core programme results indicators (PRIs) for COs to collect data and to allow for corporate consolidation and consistent analysis and decision making. For certain activities the design and methodology of current corporate outcome indicators are complex and/or do not meet CO needs to measure and report changes attributable to WFP.

Monitoring budgets and cost allocations were mainly driven by funding and staff availability, and not informed by an analysis of needs and the use of corporate tools for systematic monitoring planning and budgeting. A consistent analysis of actual monitoring expenditure against monitoring targets and budgets was not available.

The audit review highlighted gaps in controls over output data reported, that coupled with limited CP capacity, resulting in poor data quality, specifically the lack of systematic reconciliations between COMET, LESS, distribution plans and distribution and monitoring reports. Information or requirements detailed in field level agreements (FLA) reviewed were not sufficient to allow for monitoring of contractual terms during site visits.

Sampled COs prepared multiple reports using monitoring information, however gathered data was often under-utilized. A structured and homogeneous process for identifying priorities, escalating findings and ensuring systematic follow up was lacking. Similarly, there was no structured review and consolidation of monitoring results across different levels of the organization for oversight, trend analysis and use to improve project design, beyond annual performance reporting.

5 Indicator selection and tracking	Medium
6 Monitoring budget, planning and coverage	High
7 Monitoring checks and data quality	High
8 Reporting, follow-up and utilization of data	High

LoE 4. Is technology effectively supporting monitoring practices across the organization?

COMET is recognized as the standard corporate system supporting programme management cycle processes and is in use, to some extent, in all COs for internal and external reporting processes; however, two COs reviewed relied on locally developed systems, which had additional functionalities for internal reporting and escalation of findings. The attribution of roles and responsibilities in COMET was observed to be inconsistent, with some segregation of duty risks.

Multiple shadow systems, not interfaced with COMET, were utilized for monitoring data collection and analysis across the organization, raising concerns about visibility, reliability, accuracy and consideration of related risks (such as cybersecurity and data protection risks) by the Technology Division (TEC). There are also risks associated with corporate visibility of data and controls within locally adopted systems. TEC developed and released in 2017 a corporate solution (MDCA) for collecting and analysing data, with a development cost of approximately USD 1.2 million (since 2014); this application is not used by most COs as it is perceived to be too rigid and to have less functionalities than tools already in use. It also requires the purchase of compatible tablets. A corporate initiative for reassessing the criticality and functionalities of corporate monitoring systems and applications was recently launched.

The same visualization tool was in use in four RBs, without coordinated contract management, as a corporate standard analytical tool was not yet available.

9 Attribution of roles and use of the monitoring systems	Medium
10 Collection of monitoring data and shadow systems	Medium

29. The 10 observations of this audit are presented in detail below.

30. Management has agreed to take measures to address the reported observations⁵. An overview of the actions to be tracked by internal audit for implementation, their due dates and their categorization by WFP's risk and control frameworks can be found in Annex A.

⁵ Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.



Line of enquiry 1: Do monitoring governance structures and mechanisms facilitate and support effective monitoring practices?

The audit reviewed WFP's corporate guidance including the corporate monitoring strategy, policies, procedures, tools, templates and guidelines, and assessed their suitability to meet the organization's needs and the extent and effectiveness of their implementation. Further, the audit reviewed the Monitoring Units' organizational structure, organization-wide roles and responsibilities, reporting lines and communication flows and how these supported monitoring implementation, accountability and oversight.

In recent years there has been significant effort in issuing corporate guidance to improve and harmonize monitoring activities across WFP, and one of the sampled COs reported having meaningful direct liaison with HQ regarding preparation of the CSP logical framework, reflecting it in COMET and preparing the Annual Performance Plan. The separation of the monitoring and evaluations units at the RB level was reported as a positive move to support a focus on monitoring.

Observation 1

Agreed Actions [Medium priority]

Organizational structure, roles and responsibilities, including oversight

The audit noted that the positioning of monitoring units within structures at different levels of the organization varied across the entities reviewed and that these variations and inconsistencies impacted the effectiveness of reporting lines, communication flows, oversight, and prioritization of decisions:

- At HQ level monitoring is part of RMP, within the Resource Management Department;
- In COs monitoring reported directly to Country Directors (CDs) in two instances; to the Head of Programmes in all six RBs and in three other COs; to the Head of Knowledge Management in one CO;
- At the SO level monitoring assistants reported to programme associates, even when there were monitoring associates in those offices (in one CO).
- At HQ and RB levels monitoring was segregated from evaluations, while at CO-level monitoring and evaluations roles were still combined by necessity. In two COs, monitoring was integrated in the Vulnerability Assessment Mapping (VAM) unit.
- In five out of six COs, dotted reporting lines between the CO and SO monitoring staff were not well-defined or formalized, affecting oversight, communication flows, enforcement and prioritization of monitoring decisions.

The audit identified unclear and overlapping roles and responsibilities at RB and HQ levels, contributing to the limited oversight noted on CO monitoring activities. RMPM indicated that they would leverage on the ongoing work of the office of the Deputy Executive Director in defining the roles and responsibilities at HQ and RB level and further specify requirements for monitoring support and oversight.

At SO levels in all COs, monitoring assistants also carried out other activities including VAM and/or programme implementation roles, impacting the prioritization of monitoring tasks.

Underlying causes: Absence of corporate indication of required structures, positioning and reporting lines for monitoring units. Lack of definition and/or harmonization of roles and responsibilities at all levels. Limited workforce planning. Limited funding to sustain dedicated monitoring staff at SO level.

RMP, in coordination with the Human Resources Division (HRM) as relevant, will:

- (i) Assess and provide advice on options for the positioning and set up of monitoring units within RB and CO organizational structures, as well as the required reporting lines to guide entities across the organization and allow consistency;
- (ii) Clarify, in consultation with the office of the Deputy Executive Director, monitoring roles and responsibilities at HQ and RB levels and leverage on these clarifications to further specify requirements in relation to monitoring support and oversight to COs; and
- (iii) Clarify, in coordination with regional counterparts, roles at CO and SO levels and mechanisms to enforce accountability for monitoring activities/achievements to be reflected in locally developed guidance.

Due dates: 31 March 2019



Observation 2

Guidance and tool enhancement and consistent implementation

A significant amount of monitoring guidance and tools have been developed and updated recently including the CSP monitoring strategy, SOPs, MMRs, business rules and sampling guidance. However, the audit noted that some aspects of the guidance were not harmonized and consistently applied. Others needed to be developed, all of which hampered a consistent implementation of monitoring activities to achieve corporate monitoring objectives:

- All six COs reviewed had started CSP or interim CSP implementation prior to the release of the new corporate strategy and SOPs to guide monitoring of activities. They had therefore developed localized guidance to support implementation. As a result, almost all COs' monitoring strategies and SOPs were not aligned to the monitoring corporate strategy and SOPs.
- Monitoring strategies and SOPs varied significantly among RBs and COs:
 - One RB had a regional strategy, one was in the process of updating it, and the other four had workplans to guide monitoring support and oversight activities.
 - Two COs did not have a monitoring strategy and two COs did not have SOPs. Where they existed, the structures and content of CO strategies and SOPs (related to budgeting, sampling, capacity development) varied or were not formalized.
- There was limited awareness of the MMR as a planning tool at the SO of one of the COs reviewed, with decentralized planning and inconsistent consolidation at CO level.
- There was minimal consultation with and feedback to HQ for customization of corporate tools and development of localized questionnaires, including translation in other WFP or local languages. Questionnaires and methodologies for monitoring some school feeding activities were developed entirely locally in three of the COs reviewed without standardization/harmonization. There was also an absence of corporately defined tools for the monitoring of capacity development activities.
- Sampling methodologies for selecting specific geographical sites for activity implementation and distribution monitoring, including consideration of risk exposure, were not comprehensively addressed in corporate guidance, and practices adopted in the field were inconsistent.
- School feeding activities are not included in the MMR or the corporate indicator compendium. Guidance on the activity implementation monitoring tools for schools, including storage facilities, was not availed corporately.

Underlying causes: Delays by HQ in development of a strategy for CSP monitoring and SOPs. Lack of clarity on the requirement for development of monitoring strategies by RBs. Limited training of sub/field-office staff on the MMR.

Agreed Actions [Medium priority]

RMP will:

- (i) In consultation with RBs and COs, clarify the requirement for development and alignment of RBs and COs monitoring strategies with corporate priorities;
- (ii) Emphasize to COs the need to train sub/field-office monitoring staff on utilization of corporate tools;
- (iii) In coordination with RBs, develop a mechanism to provide feedback during local development and customization of questionnaires and other tools, including translation of the questionnaires, for continuous improvement and harmonization;
- (iv) In coordination with the Programme Division as relevant, revise existing monitoring guidance with additional scenario-based examples to guide the COs in the selection of geographic sites for monitoring of distribution and post-distribution; and
- (v) Include school feeding activities in the MMR and develop guidance and tools for activity monitoring in schools including of storage facilities. Additionally, in consultation with the relevant technical units, include school feeding indicators in the organizational compendium.

Due dates: 31 January 2019



Line of enquiry 2: Are monitoring activities sufficiently resourced in relation to the size and risks of operations?

The audit reviewed the CO processes and considerations in the preparation of monitoring budgets including: criteria and alignment with corporate guidelines; planned monitoring targets and how they inform the budgets; risk management practices and reflection of risks in planned monitoring targets; and prioritization of monitoring activities as impacted by funding levels. The audit also reviewed the processes in place for the assessment of monitoring workloads and staff capacities and skills required to deliver on planned targets, and the reflection of results in capacity development activities and organizational structures. The results of the review of the budget preparation are indicated in observation 6.

The recently-released corporate CSP monitoring strategy has introduced a focus on staffing and resourcing of monitoring activities. As a result, RMPM launched a workforce and skills gap assessment exercise to determine monitoring capacity across the organization; one of the RBs reviewed conducted a monitoring capability assessment in all its countries in 2016; and following prioritization of monitoring as a strategic priority, one CO had conducted a comprehensive capacity and gap analysis that resulted in recruitment of additional monitoring staff and upgrading of existing contracts in a bid to enhance continuity of monitoring activities. From a review of RB and CO interaction, the audit noted positive coordination, in particular support in the development of monitoring tools and training.

Observation 3

Agreed Actions [Medium priority]

Workforce planning and staff capacity

The audit identified variations and some shortcomings in workforce planning practices at both corporate and CO levels which, in combination with gaps observed in the resourcing of the monitoring function, indicate a misalignment of the staffing level with the objectives of implementation of monitoring practices and achievement of monitoring targets:

- Two of the sampled COs did not have any documented review of staffing and structures (SSR) based on anticipated workloads and responsibilities;
- One CO had carried out a comprehensive operational SSR based on various criteria including anticipated workloads, responsibilities, grade levels and suitability for the IRM and one CO conducted a comprehensive capacity and gap analysis that resulted in the recruitment of additional monitoring staff and upgrading of existing contracts in a bid to enhance continuity of monitoring activities.
- There were some longstanding vacancies at RB and CO levels.

Staff capacity assessment and skill gaps analyses were not consistently carried out at field level, with only one CO in the audit sample having completed a comprehensive analysis; another CO had re-tested all staff to ascertain their suitability for assigned roles. The capability assessment conducted by one RB was not updated following significant changes in the type and volume of operations in one CO.

Staff training initiatives were noted in all COs reviewed, however capacity development and training were not systematically planned, undertaken or tracked, and only one CO had developed a training plan based on a comprehensive analysis of needs. HQ, in conjunction with the RBs, had facilitated annual workshops on monitoring for some regions; the remaining ones are planned for 2018.

Skills gap analysis and capacity development plans were not prepared for CP staff. In three COs, the training of CP staff involved in project implementation and monitoring and data collection was limited to instructions

RMP, in coordination with HRM, will complete the organization-wide workforce planning exercise and develop an action plan to implement the resulting recommendations. These will be shared with RBs and COs to apply in their context.

Due dates: 31 January 2019



provided at annual meetings and on-the-job learning. Some CPs interviewed indicated that some in-house training was conducted, but this was not formally required by WFP.

Underlying causes: Workforce planning, capacity/skills gap analysis and capacity development plans not previously prioritized corporately. Limited funding. Movement of staff to priority areas following CO reorganizations.

Observation 4

Risk assessment

Monitoring planning, execution and oversight were not supported by systematic and consistent risk management processes across COs and RBs reviewed by the audit; as such opportunities to inform appropriate levels of monitoring and prioritization, including consideration of risk appetite, risk tolerance and thresholds, were not maximised.

At CO-level, identification and treatment of risks relevant to planning and executing monitoring activities were not formalized to reflect the levels of risk associated with activities and local contexts in monitoring plans. Examples of relevant risks not considered when planning and executing monitoring activities included:

- Limited cooperating partner capacity affecting quality of data;
- Programmatic activities prone to fraud; and
- Challenges with security and access affecting delivery of monitoring plans.

At RB-level, a lack of documented prioritization of oversight missions was observed. Having dual roles of support and oversight, and also constraints in funding and staffing, RBs needed to prioritize CO oversight visits. The selection of countries to be visited was based on some risk-based assessment but this was not documented and could not be tracked and verified for previous years. Sampled COs had not been visited for oversight purposes, however various support missions were conducted by RBs during the audit period.

Underlying causes:

Responsibilities for identifying risks relevant for monitoring planning and execution not formally assigned at CO level. Lack of guidance. Lack of formal criteria for prioritization of oversight missions at RB level.

Agreed Actions [Medium priority]

RMP, in coordination with the Enterprise Risk Management Division (RMR) and RBs as relevant, will:

- (i) Clarify responsibilities and establish guidance for identifying risks impacting monitoring at CO level, and reflecting the levels of risk associated with activities and local contexts in monitoring planning and execution; and
- (ii) Set formal criteria for the prioritization of oversight missions to review CO monitoring processes.

Due dates: 31 March 2019



Line of enquiry 3: Is the implementation of monitoring practices in compliance with corporate guidance, and is data collected and analysed to allow measurement of project achievements and inform operational decision making?

The audit performed tests and reviews of CO monitoring logical frameworks and key performance indicators. These were designed to provide management with insights on performance achievements and timely information on deviations from set plans and targets; achievement of the targets in the monitoring plan in comparison to minimum corporate requirements; mechanisms and tools in place to allow for timely collection of data for planned analysis; availability of data at the required level of granularity and disaggregation; and consolidation at corporate level to contribute to cross cutting analysis and conclusions.

The audit review also encompassed the design and execution of quality checks, including reconciliation and triangulation of data with other/external sources; the preparation of monitoring reports and other information materials to demonstrate the achievement of results; the utilization of monitoring data, findings and recommendations to inform management and programme decisions; and the escalation of relevant and comparable information for corporate decisions.

The audit noted some positive practices in the sample of countries reviewed which included timely and frequent internal reporting documents.

In one CO, partner agreements detailed partner project staff who would help in assessing and monitoring effective implementation on the ground, and monitoring checklists detailed expected controls to be carried out during monitoring visits, including review and reconciliation of partners' reports (CPDRs) and books.

An automated system, developed by one CO for data collection, allowed for sharing issues and ensuring timely and systematic follow up. The system notified programme staff of any relevant findings identified by process monitoring and provided real-time updates on required actions, deadlines and status of implementation.

Observation 5

Agreed Actions [Medium priority]

Indicator selection and tracking

Corporate outcome, output and cross-cutting indicators, together with requirements for monitoring coverage, frequency and methodology, are defined in the corporate guidance, specifically the MMR supplemented by the CRF. The audit's review of the implementation of this guidance indicated that:

- The MMR does not define a mandatory minimum set of core PRIs for COs to collect measurement data and to allow for corporate consolidation. As a result, COs may choose different indicators and inconsistent data collection may impact aggregation. RMPM indicated that they are considering, in coordination with the Operations Division, the opportunity to define a minimum set of PRIs within the CRF.
- For certain activities (such as Resilience, Corporate Capacity Strengthening, and School Feeding), available corporate outcome indicators did not meet the CO needs to measure and report changes and impacts attributable to WFP's activities. Two of the sampled COs highlighted that measurement and reporting of additional indicators (for example, the indicator on poverty in a middle-income country) could provide meaningful information to feed into programme implementation and to further advocate for beneficiaries' needs and WFP's objectives.

RMP will, in coordination with COs, RBs, Programme Division and other relevant technical units at HQ level:

- Assess the relevance of and gaps in existing indicators;
- Finalize, as part of the ongoing CRF review, the definition of a minimum set of mandatory core PRIs to be tracked by every CO which will allow for cross-organizational analysis and comparison;
- Review or define new methodologies and indicators enabling measurement of results and changes attributable to WFP's activities;
- Review current tracking and reporting practices at CO-level to identify off-line indicators and ensure these are considered and reflected in corporate systems and reports; and

- The design and methodology for calculation of some indicators, particularly the Zero Hunger Capacity Scorecard (ZHCS) and the Food Expenditure Share (FES), are complex and/or not fully defined, impeding tracking and reporting by COs. All sampled COs highlighted challenges in the collection of data and the measurement of results linked to country capacity strengthening activities; related tools are prone to judgmental approaches with very limited quantitative measurement, and data was not collected regularly⁶. RMPM indicated that they are currently reviewing, in coordination with OS, the ZHCS and FES indicators.
- All sampled COs tracked some indicators outside of corporate systems (COMET). These were not reflected in official corporate reporting. These included one UNDAF indicator in one CO, some school feeding indicators in three COs, and a live birth weight indicator in yet another CO. Delays in entering indicators in COMET were also noted for three of the six COs in the sample.
- In two COs, there were discrepancies between indicators contained in project documents, MMRs, MRE and Evaluation plans and Standard Project Reports (SPRs). In one CO, cross-cutting indicators for school feeding activities were not calculated as they were considered not applicable. In another CO, the food consumption score and coping strategy were not reported in the SPR, whereas enrolment and attendance rates were included in the logical framework but not in the monitoring, review and evaluation plan.

Underlying causes: Limited involvement of COs in the development of corporate indicators. MMR considered as recommended rather than mandatory. Indicators tracked for reporting compliance rather than to inform programme implementation and advocacy at CO and global levels. COs reported the process for changing or adding PRIs in COMET to be lengthy.

- (v) Provide support to COs and enforce consistent calculation and reporting of indicators, to allow for alignment of Logical Framework, MMR, MRE plan and annual reporting exercise.

Due dates: 28 February 2019

Observation 6

Monitoring budget, planning and coverage

Resourcing for monitoring activities is a corporate priority area as outlined in the recently released CSP monitoring strategy. However, OIGA's review of the six COs sampled indicated that monitoring budgets were mainly driven by availability of funding and numbers of monitoring staff. They were not necessarily informed by an analysis of monitoring needs or the risk and degree of accuracy required, potentially impacting effective implementation of monitoring activities.

The Monitoring, Review and Evaluation (MRE) Plan aims to ensure planning and budgeting of systematic monitoring, reporting, reviews and evaluations for all the indicators included in the CSP log frame and/or selected by the CO. In five COs reviewed, the audit observed that the MRE was not costed. It was not possible to establish a correlation between monitoring budgets and the MRE in all the six sampled COs.

In three COs, allocation of monitoring costs to project activities along the new CSP budget structure was informed by funding availability with a risk of cross-subsidization, and some activities were not allocated a

Agreed Actions [High priority]

RMP will:

- (i) Provide support, guidance and oversight to RBs and COs to: (a) prepare budgets that are advised by analysis of monitoring needs and planning; (b) regularly perform analysis of actual monitoring expenditures against monitoring budgets and targets; and (c) prepare and use MREs as a planning tool, including for preparation of proposals for donor funding.
- (ii) As part of the ongoing MMR review, and considering CO inputs, assess the challenges associated with implementation of MMR frequencies and update them as necessary.

⁶ This issue was already reported in the Internal Audit of WFP's Country Capacity Strengthening (AR/16/14).

monitoring budget. An analysis of actual monitoring expenditure against monitoring targets and budgets was not available in the reviewed COs.

The MMR is intended to establish a common understanding of what is required in relation to monitoring planning and coverage, baselines, data collection exercises, monitoring frequency, applicability, level of disaggregation and sampling requirements. In the six sampled COs, the review of the monitoring planning process and coverage indicated that the design and implementation of the plans were based on available staff and did not consistently reflect or achieve the stipulations specified in the MMR. In particular,

- In two of the sampled COs, the planning was decentralized to SOs, and not consolidated at the CO-level to allow for an overall analysis of the achievements of monitoring targets.
- The frequency required to perform or consolidate post-distribution monitoring as per the MRE plans of two COs was not aligned with the MMR.
- In two COs there was over-planning of monthly field visits without considerations of the feasibility of travel and of the time required to perform effective monitoring visits. This had an impact on the quality of monitoring and data collected during the visits. In one CO, joint monitoring visits with government and partners were not carried out with the required frequency.
- Monitoring coverage was low in some months in four COs and in two of them there was no detailed documentation of the factors affecting the coverage levels. The reasons for not meeting monitoring targets, as well as monitoring findings, were not consistently utilized to inform or adjust the monitoring plans.

RMPM indicated that an exercise to review the MMR, including frequencies of monitoring activities, is ongoing.

Underlying causes: Monitoring not being prioritized. Monitoring unit positioning with monitoring staff not involved in the budget process. Corporate tools (MRE) applied for compliance purposes and not to drive decision-making. Limited knowledge of MMR at field level and overestimated targets in the monitoring plans with limited capacity in the field offices. MMR not designed for short term projects cycles. Non-systematic tracking of monitoring coverage.

- (iii) Reinforce at CO-level the need to: (a) make reference to corporate guidelines in the preparation of monitoring plans; (b) align the frequency of post-distribution monitoring data collection and consolidation of results in the MRE as required in the MMR; and (c) consolidate monitoring plans from field/sub-offices to allow for efficient tracking of monitoring coverage.

Due dates: 31 March 2019

Observation 7

Monitoring checks and data quality

The audit identified gaps in the controls over collected and reported data as implemented by sampled COs. This resulted in poor data quality leading to risk of inaccuracy and unreliability of monitoring results. These gaps included:

- Reconciliations between LESS and CPDRs were not carried out in line with corporate requirements in four out of six sampled COs. In particular, monthly CPs' reports were reconciled only with dispatched data communicated by logistics. The review of COMET/LESS reconciliation reports highlighted

Agreed Actions [High priority]

RMP, in coordination with the Partnership and Programme Divisions as relevant, will:

- (i) Clarify and reflect in guidance the frequency, operational modalities and attribution of roles for execution of minimum required monitoring controls over project implementation and partners reports;



unreconciled balances. RMPM appointed a focal point to oversee and support COs in the execution of reconciliations which contributed to a marked improvement as these are undertaken more frequently.

- There was a lack of systematic reconciliation of C DPRs, distribution plans, monitoring reports, physical counts, and partners books, including during monitoring visits. During three project site visits the audit noted discrepancies between data reported by partners, partners' books, and physical counts, as well as instances of partner reports not reconciled with the results of monitoring visits. Often, physical counts were not aligned to CPs' reporting cycles, impairing reconciliation with partners' data, particularly when stack cards were not used.
- Three COs indicated that they had implemented a process for triangulation of data with external sources, including government reports/databases; however, these were either not documented or not fully operational.
- Examples of FLAs reviewed for five out of six sampled COs did not detail partners' project organizational charts to allow for verification of capacity and skills of CP staff employed in project implementation. For all sampled COs, detailed information to be provided by the CP to allow for monitoring planning, and operational instructions to allow for verification of contractual terms during monitoring visits, were not included in FLAs. We were informed that these are usually discussed with and illustrated to partners separately, although such separate arrangements do not promote transparency and accountability over results reported.
- In one SO, paper forms were still in use for distribution and activity implementation monitoring, despite the CO having procured and rolled out the use of tablets. There was no structured review of completed forms to ensure quality of input data.

Underlying causes: Time consuming process for monthly reconciliation and issues with corporate tools for reconciliation⁷. Limited knowledge of controls to be carried out and of impact of delays or non-execution and unclear attribution of roles between monitoring and programme units and staff. Limited CP capacity and insufficient supporting documentation requested from partners. Incomplete corporate guidance. Lack of priority in utilizing electronic tools to collect data.

- (ii) Assess the need for further details in standard agreements with partners to include elements allowing for proper monitoring controls and accountabilities; for example, definition of partner project organigrammes and more formal operating instructions; and
- (iii) Assess and clarify quality checks on monitoring data collected through electronic tools, including the review of completed forms, and disseminate them for consistent implementation.

Due dates: 30 June 2019

Observation 8

Reporting, follow-up and utilization of data

The audit identified instances and indications of underutilization of data, potentially indicating either that unnecessary data is collected, or lack of knowledge of how to use data obtained. For example:

- An analysis plan, summarizing how data should be analysed to provide information and avoid excess or insufficient collection, was not available in three COs, and for one CO was available only for a specific monitoring activity in one geographical area.

Agreed Actions [High priority]

RMP, in coordination with the RBs, will:

- (i) Support COs in reassessing the nature and type of information and data collected and its use, to identify actual needs and opportunities for streamlining, and update corporate guidance as relevant;

⁷ A review of COMET functionalities will be included in the Internal Audit of COMET, which is currently ongoing.

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- Available analysis plans differed from each-other and/or from HQ guidance, partly duplicating information already reflected in the MRE.
 - In two COs nutrition data was collected but was not consistently and regularly analysed.
 - CO staff and stakeholders interviewed during the audit indicated that there is limited utilization and capacity to analyse collected data.

RMPM indicated that the above are mainly instances of over-collection of data and informed the audit that skills gaps in data analysis will be assessed as part of the currently ongoing monitoring workforce planning exercise.

COs were observed to prepare multiple programme reports. These include Country and Executive Briefs, using monitoring information, and monitoring reports, such as back to office and periodic reports. The frequency, format and level of detail of internal monitoring reports varied from one CO to another. In two Cos, reporting was not systematic or consistently prepared during the audit period, impacting the usefulness of information provided to management. One CO highlighted having to report estimated data due to the misalignment of corporate reporting and project cycles, along with CP reporting delays.

Issues in field monitoring reports were consolidated for CO management in all COs reviewed. The audit noted however that, in five COs, some issues were omitted in the consolidated reports, and/or a structured process for tracking actions to ensure the monitoring findings are addressed and subsequently inform CO management, was not in place.

In addition, there were no structured and consistent processes for:

- Identifying the priority of findings and escalating across different levels of the organization to allow for trend analysis, improvement of project design, effective implementation and oversight.
- Reviewing and consolidating monitoring results, particularly indicators, across the organization. RBs indicated that they monitor compliance in the uploading of information in COMET, and one RB carried out and circulated periodic reviews of COs' monitoring coverage and status of PRIs reporting. However, no analysis of PRI values and trends as such, and no consolidation at regional or HQ level, was available, beyond year end annual performance reporting.

Underlying causes: Staff constraints and staff movements. Poor knowledge management practices. Insufficient corporate guidance. Lack of clarity about the use of and inconsistent implementation of corporate formats, tools and/or requirements. No comprehensive corporate requirement for internal reporting. Monitoring positioning and coordination with programme units. Unclear roles between RB and HQ and escalation of findings across the organization not considered a priority.

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- (ii) As part of the workforce assessment exercise, reassess the needs for data analysis capacity and skills across the organization, particularly at field level, and provide support or training for capacity development as relevant;
 - (iii) Liaise with the Programme Division to assess the need for, and to define as relevant, cross organizational indicators and analysis, clarifying allocation of roles and frequencies at CO level;
 - (iv) Reinforce the need for utilizing corporate tools to track findings, clarify the frequency and audience of reporting at CO level, and evaluate the opportunity for implementing an automated tool for tracking and reporting findings; and
 - (v) Assess best practices and systems used by COs and provide advice on options and criteria for categorizing and ranking monitoring findings based on nature and priority, and for escalating major issues as appropriate at CO and corporate level to inform programme and decision making.

Due dates: 31 March 2019



Line of enquiry 4: Is technology effectively supporting monitoring practices across the organization?

The audit tested and reviewed roles, responsibilities and accountabilities in corporate systems, specifically COMET, to assess how corporate systems and applications support COs in capturing meaningful information and allow for data and trend analysis and monitoring reporting. The review also included monitoring systems and tools application across the organization, for cost and process efficiency.

All sampled COs utilized tools to collect data, carry out analyses and visualise results, and had received support from RBs with training and/or incurring the costs of licences. One CO had developed a dashboard for its school feeding programme to facilitate performance reviews, compliance checks and fast delivery of data.

Observation 9

Agreed Actions [Medium priority]

Attribution of roles and use of the monitoring systems

The audit observed that attribution of roles and responsibilities in COMET was inconsistent across the COs reviewed, leading to potential issues of segregation of duty and duplication of efforts, as well as instances of key data not being reviewed by relevant units.

Four out of the six sampled COs had adopted SOPs or a RACI matrix to identify actions and owners in the system. Responsibilities were mainly split between programme and monitoring units, with attributions reflecting the organizational structure and the related ownership of specific activities. In one CO all tasks in the system (including data entry, review, submission and validation) related to CPDRs were assigned to programme staff, despite the monitoring unit overseeing consolidation, analysis and reporting of output data.

Two of the COs sampled highlighted that they mainly used COMET to meet corporate requirements, while they relied on other locally developed systems for internal reporting and monitoring. One CO, after consultation with HQ, decided to continue to run its own system (PRoMIS), in parallel with COMET, for its additional functionalities such as the preparation of internal reporting and escalation of findings. PRoMIS also tracks some data not captured in COMET (nutrition and market prices) while data on tonnage distributed and number of beneficiaries are entered in both systems. This results in duplication of entries and additional workload to reconcile the two systems periodically. RMP indicated they had advised the CO to retain PRoMIS only for functionalities not available in COMET.

Underlying causes: Lack of corporate guidance on minimum standards and duty segregation requirements for key tasks in COMET. Limited follow up on the use and functionalities of locally developed systems.

RMP will:

- (i) Develop, in coordination with OSZ as relevant, guidance defining minimum standards and duty segregation requirements for the allocation of roles, responsibilities and activities of programme and monitoring units with respect to COMET; and
- (ii) Follow up on the use of locally developed systems, that may overlap with COMET, and consider improving COMET accordingly.

Due dates: 31 March 2019

Observation 10

Agreed Actions [Medium priority]

Collection of monitoring data and shadow systems

The audit identified multiple shadow systems for the collection and analysis of monitoring data across the organization. These have been developed and/or acquired by COs, in coordination with RBs, with limited visibility by TEC and limited to no assessment of their risks (including cyber-security and data protection risks). Although some RBs have access to the data from COs in their respective regions, using local systems gives HQ no knowledge of data and controls. These systems are not interfaced with COMET, raising a potential concern of data security and protection.

(1) RMP, in coordination with TEC as appropriate, will:

- (i) Re-assess (a) the necessary functionalities for monitoring tools, including those of currently used systems, for identification and resolution of operational issues for data collection, analysis/assessments and storage; and (b) whether MDCA can meet COs' requirements or if alternative solutions need to be identified;



TEC developed and released in 2017 a corporate solution (MDCA) for collecting and analysing data, with a development cost of approximately USD 1.2 million since 2014. MDCA is not used by most COs as it is perceived to be too rigid and to have less functionalities than the tools already in use. It also requires the purchase of compatible tablets. An initiative for mapping and assessing tools/systems in use by COs and their relative functionalities was launched by TEC during the audit period.

Four regions use the same visualization tool with separately managed contracts at the regional level, resulting in possible inefficiencies and lost opportunities for economies of scale and standardization. TEC indicated this will be addressed as part of the roll out of Tableau Desktop, which was underway at the time of the audit.

A corporate standard analytical tool is not yet available. HQ is supporting SPSS syntax for the calculation of indicators, which is linked to the use of standard questionnaires. COs need to adapt the syntax for their local systems, sometimes with the support of the RBs.

Underlying causes: COMET monitoring module not developed⁸ and urgent needs at field level not addressed corporately. Limited involvement of corporate technical units in (IT) initiatives at local levels. Ineffective coordination with HQ including for definition of functional requirements. Lack of clear guidance on retention and storage of monitoring data.

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- (ii) Ensure feedback to monitoring questionnaires/tools and subsequent adjustments are reflected into analytics guidance (SPSS), as appropriate;
 - (iii) Reassess the opportunity to centrally manage visualization tool contracts in view of potential efficiency, economy and uniformity gains.
- (2) TEC will reinforce dissemination and knowledge of corporate rules on development/acquisition of shadow systems by COs and RBs.

Due dates: 31 March 2019

⁸ A review of COMET modules will be included in the Internal Audit of COMET, which is currently ongoing.



Annex A – Summary of observations

The following tables shows the categorization, ownership and due date agreed with the auditee for all the audit observations raised during the audit. This data is used for macro analysis of audit findings and monitoring the implementation of agreed actions.

Categories for aggregation and analysis					
High priority observations	WFP's Internal Control Framework	WFP's Enterprise Risk Management Framework	WFP's Internal Audit Universe	Owner	Due date
6 Monitoring budget, planning and coverage	Control Activities	Business process	Monitoring & evaluation	RMP	31 March 2019
7 Monitoring checks and data quality	Control Activities	Business process	Monitoring & evaluation	RMP	30 June 2019
8 Reporting, follow – up and utilization of data	Control Activities	Business process	Performance management	RMP	31 March 2019
Categories for aggregation and analysis					
Medium priority observations	WFP's Internal Control Framework	WFP's Enterprise Risk Management Framework	WFP's Internal Audit Universe	Owner	Due date
1 Organizational structure, roles and responsibilities including oversight	Control Environment	Governance and oversight	Governance	RMP	31 March 2019
2 Guidance and tool enhancement and consistent implementation	Control Environment	Governance and oversight	Governance	RMP	31 January 2019



Categories for aggregation and analysis					
High priority observations	WFP's Internal Control Framework	WFP's Enterprise Risk Management Framework	WFP's Internal Audit Universe	Owner	Due date
3 Workforce planning and staff capacity	Control Environment	Governance and oversight	Resources allocation & financing	RMP	31 January 2019
4 Risk assessment	Risk Assessment	Governance and oversight	Risk management	RMP	31 March 2019
5 Indicator selection and tracking	Control Activities	Business process	Monitoring & evaluation	RMP	28 February 2019
9 Attribution of roles and use of the monitoring systems	Control Activities	IT and communications	ICT governance and strategic planning	RMP	31 March 2019
10 Collection of monitoring data and shadow systems	Control Activities	IT and communications	Selection/development and implementation of IT projects	RMP TEC	31 March 2019

Annex B – Definitions of audit terms: ratings & priority

1 Rating system

31. The internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonized audit rating definitions, as described below:

Table B.1: Rating system

Rating	Definition
Effective / Satisfactory	The assessed governance arrangements, risk management and controls were adequately established and functioning well to provide reasonable assurance that issues identified by the audit were unlikely to affect the achievement of the objectives of the audited entity/area.
Partially satisfactory / Some improvement needed	The assessed governance arrangements, risk management and controls were generally established and functioning well, but needed improvement to provide reasonable assurance that the objective of the audited entity/area should be achieved. Issue(s) identified by the audit were unlikely to significantly affect the achievement of the objectives of the audited entity/area. Management action is recommended to ensure that identified risks are adequately mitigated.
Partially satisfactory / Major improvement needed	The assessed governance arrangements, risk management and controls were generally established and functioning, but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. Issues identified by the audit could negatively affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.
Ineffective / Unsatisfactory	The assessed governance arrangements, risk management and controls were not adequately established and not functioning well to provide reasonable assurance that the objectives of the audited entity/area should be achieved. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area. Urgent management action is required to ensure that the identified risks are adequately mitigated.

2 Categorization of audit observations and priority of agreed actions

2.1 Priority

32. Audit observations are categorized according to the priority of the agreed actions, which serves as a guide to management in addressing the issues in a timely manner. The following categories of priorities are used:

Table B.2: Priority of agreed actions

High	Prompt action is required to ensure that WFP is not exposed to high/pervasive risks; failure to take action could result in critical or major consequences for the organization.
Medium	Action is required to ensure that WFP is not exposed to significant risks; failure to take action could result in adverse consequences for the audited entity.

Low	Action is recommended and should result in more effective governance arrangements, risk management or controls, including better value for money.
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33. Low priority recommendations, if any, are dealt with by the audit team directly with management. Therefore, low priority actions are not included in this report.

34. Typically audit observations can be viewed on two levels: (1) observations that are specific to an office, unit or division; and (2) observations that may relate to a broader policy, process or corporate decision and may have broad impact.⁹

35. To facilitate analysis and aggregation, observations are mapped to different categories:

2.2 Categorization by WFP's Internal Control Framework (ICF)

36. WFP's Internal Control Framework follows principles from the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Integrated Internal Control Framework, adapted to meet WFP's operational environment and structure. WFP defines internal control as: "a process, effected by WFP's Executive Board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, compliance."¹⁰ WFP recognizes five interrelated components (ICF components) of internal control, all of which need to be in place and integrated for them to be effective across the above three areas of internal control objectives.

Table B.3: Interrelated Components of Internal Control recognized by WFP

1	Control Environment	The control environment sets the tone of the organization and shapes personnel's understanding of internal control
2	Risk Assessment	Identifies and analysis risks to the achievement of WFP's objectives through a dynamic and iterative process.
3	Control Activities	Ensure that necessary actions are taken to address risks to the achievement of WFP's objectives.
4	Information and Communication	Allows pertinent information on WFP's activities to be identified, captured and communicated in a form and timeframe that enables people to carry out their internal control responsibilities.
5	Monitoring Activities	Enable internal control systems to be monitored to assess the system's performance over time and to ensure that internal control continues to operate effectively.

2.3 Categorization by WFP's Enterprise Risk Management Framework (ERM)

37. WFP is further developing its ERM tools and is in the process of introducing a new risk taxonomy to facilitate aggregation and analysis of risk information. The new taxonomy is being piloted in a selection of COs during 2018 to test for the potential roll-out of a database/system in 2019. As a means to facilitate the testing and roll-out, audit observations are mapped to the new risk taxonomy.

Table B.4: WFP's new Risk Taxonomy recognizes 4 risk categories and 15 types of risk

1	Strategic	1.1 Programme risks, 1.2 External relationship risks, 1.3 Contextual risks, 1.4 Failure to innovate/adjust business model
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⁹ An audit observation of high risk to the audited entity may be of low risk to WFP as a whole; conversely, an observation of critical importance to WFP may have a low impact on a specific entity, but have a high impact globally.

¹⁰ OED 2015/016 para.7



2	Operational	2.1 Beneficiary health, safety & security risks, 2.2 Staff health, safety & security risks, 2.3 Partner & vendor risks, 2.4 Asset risks, 2.5 ICT failure/disruption/attack, 2.6 Business process risks, 2.7 Governance & oversight breakdown
3	Fiduciary	3.1 Breach of obligations, 3.2 Fraud & corruption
4	Financial	4.1 Adverse price/cost change, 4.2 Adverse asset outcome

2.4 Categorization by WFP's Audit Universe

38. WFP's audit universe¹¹ covers organizational entities and processes. Mapping audit observations to themes and process areas of WFP's audit universe helps prioritize thematic audits.

Table B.5: WFP's 2018 Audit Universe (themes and process areas)

1	Governance	Change, reform and innovation; Governance; Integrity and ethics; Legal support and advice; Management oversight; Performance management; Risk management; Strategic management and objective setting.
2	Delivery	(Agricultural) Market support; Analysis, assessment and monitoring activities; Asset creation & livelihood support; Climate and disaster risk reduction; Emergencies and transitions; Emergency preparedness and support response; Malnutrition prevention; Nutrition treatment; School meals; Service provision and platform activities; Social protection and safety nets; South-south and triangular cooperation; Technical assistance & country capacity strengthening services.
3	Resource Management	Asset management; Budget management; Contributions and donor funding management; Facilities management and services; Financial management; Fundraising strategy; Human resources management; Payroll management; Protocol management; Resources allocation and financing; Staff wellness; Travel management; Treasury management.
4	Support Functions	Beneficiary management; CBT; Commodity management; Common services; Constructions; Food quality and standards management; Insurance; Operational risk; Overseas and landside transport; Procurement – Food; Procurement - Goods and services; Security and continuation of operations; Shipping - sea transport; Warehouse management.
5	External Relations, Partnerships & Advocacy	Board and external relations management; Cluster management; Communications & advocacy; Host government relations; Inter-agency coordination; NGO partnerships; Private sector (donor) relations; Public sector (donor) relations.
6	ICT	Information technology governance and strategic planning; IT Enterprise Architecture; Selection/development and implementation of IT projects; Cybersecurity; Security administration/controls over core application systems; Network and communication infrastructures; Non-expendable ICT assets; IT support services; IT disaster recovery; Support for Business Continuity Management.
7	Cross-cutting	Activity/project management; Knowledge and information management; Monitoring & Evaluation (M&E) framework; Gender; Protection; Environmental management.

5. Monitoring the implementation of agreed actions

39. The Office of Internal Audit tracks all medium and high-risk observations. Implementation of agreed actions is verified through the Office of Internal Audit's system for the monitoring of the implementation of

¹¹ A separate universe exists for information technology with 60 entities, processes and applications.



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agreed actions. The purpose of this monitoring system is to ensure management actions are effectively implemented within the agreed timeframe to manage and mitigate the associated risks identified, thereby contributing to the improvement of WFP's operations.



Annex C – Acronyms

AO	Area Office
CD	Country Director
CO	Country Office
COMET	Country Office Tool for Managing (programme operations) Effectively
CP	Cooperating Partner
CRF	Corporate Results Framework
CSP	Country Strategic Plan
CPDR	Cooperating Partners Distribution Report
FLA	Field Level Agreement
FES	Food Expenditure Share
HRM	Human Resources Division
HQ	Headquarters
IRM	Integrated Road Map
LESS	Logistics Execution Support System
MDCA	Mobile Data Collection & Analysis platform
M&E	Monitoring and evaluation
MMR	Minimum Monitoring Requirements
MRE	Monitoring, Review and Evaluation Plan
OSZ	Policy and Programme Division
PRIs	Programme Results Indicators
ProMIS	Locally Developed Information System for Monitoring
RACI	Responsibility Assignment Matrix
RB	Regional Bureau
RMP	Performance Management and Monitoring Division
RMPM	WFP Monitoring Unit
SO	Sub Office
SOP	Standard Operating Procedure
SSR	Staffing Structure Review
SPSS	Statistical Package for the Social Sciences
SPR	Standard Project Reports
TEC	HQ Technology Division
UN	United Nations
UNDAF	United Nations Development Assistance Framework



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USD	United States Dollar
VAM	Vulnerability Assessment Mapping
WFP	World Food Programme
ZHCS	Zero Hunger Capacity Scorecard