



13 December 2018

Management comments to the internal audit report on Asset Management (AR/18/12)

Management Comments

WFP management welcomes the conclusions and observations in the first ever thematic audit by the Office of the Inspector General (OIG) on Asset Management (AR/18/12). WFP Management notes the overall conclusion of ineffective/unsatisfactory based on the audit period covered, from 1 January 2016 to 31 March 2018.

WFP management welcomes the recognition in the report that the majority of the issues raised in this audit were already identified the Asset Management transformation plan developed in 2017 following the strategic review of the business process in 2016. This confirms that management had already identified weaknesses in WFP's governance, internal controls and oversight functions of asset management. The audit report has also validated the approach of the ongoing initiatives and pilots, which will inform and respond to the high and medium priority actions.

Accordingly, Asset Management has already been the subject of additional financial allocations by the organization, and significant progress has been made since 31 March 2018. Particular attention has been given to the governance issues such as cross-divisional directive and asset management manual which are in advanced stages. With the roll-out of GEMs Mobile, approximately 40% of the data clean-up will be completed by year-end. The global auction service is enabling liquidation of unused and obsolete assets and has generated over 5 million USD in net cashable savings for country offices through structured and coordinated disposal process in collaboration with UNHCR – including in one of the three countries visited by the Auditors. Furthermore, Management invested in RBs and augmented Administration staffing structures to strengthen internal controls and oversight capacities.



Management is committed to addressing the system interface challenges and will seek solutions to automate data flows between the concerned modules in WINGs, which has been one of the primary underlying causes of the gaps in recording. The automated asset reconciliation tool is under development and is due for release in the first quarter of 2019. Management is also committed to expanding the functionality of GEMS Mobile to further strengthen the asset management process.

In conclusion, WFP recognizes the value of the report and its observations that are geared to strengthening asset management across the country offices and functional areas. Noting WFP's decentralised asset management structure, Management will work closely with all involved stakeholders to ensure the completion of eight agreed actions by or before 30 September 2019 and the remaining two agreed actions by 31 March 2020.

WFP Management would like to thank the Office of the Inspector General for the meaningful collaboration and support.