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# Internal Audit of WFP Operations in Central African Republic

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# Internal Audit of WFP Operations in Central African Republic

## I. Executive Summary

### Introduction and context

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of WFP's operations in Central African Republic that focused on the period 1 January 2017 to 31 March 2018. Expenditures in Central African Republic totalled USD 88.3 million in 2018, representing 1.4 percent of WFP's total direct expenses for that year. The audit team conducted the fieldwork from 19 September to 9 October 2018 at the country office premises in Bangui and through onsite visits to the Kaga Bandoro, Bambari and Paoua field offices. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

2. During the audit period, there were some changes on the strategy, with the preparation of the interim country strategy plan (2018-2020). The country office is in the first year of implementation of its interim country strategy plan and is transitioning to the integrated roadmap model, driving substantial organizational changes from the process and people perspectives, including a comprehensive skills-gap analysis, followed by a staffing review exercise informed by the interim country strategy plan objectives.

3. Central African Republic is a land-locked country with limited and poor transport infrastructure. Almost the entire country becomes inaccessible by road during the rainy season, as all-weather roads are scarce, limiting connectivity between the capital and other main towns. This results in a particularly challenging context for WFP's supply chain. Central African Republic is also a food-deficit country despite agricultural potential; and options for local food procurement are limited. The situation is further exacerbated by conflict and insecurity, hampering the movement of commercial and humanitarian goods alike.

### Audit conclusions and key results

4. 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 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.

5. WFP declared a Level 3 Corporate Emergency in December 2013; the emergency was downgraded to Level 2 in June 2015 and is still ongoing. The audit noted that the country office was impacted from a decreasing visibility from WFP headquarters, and inadequate resources available from the corporate perspective to provide the necessary attention to WFP's high number of concurrent emergencies. The country office suffered from insufficient operational coordination with the Regional Bureau in Dakar and headquarters. Recent reassignments highlighted the difficulty in identifying the right candidate for the Emergency Coordinator position and the excessive delays accumulated through many re-advertisements.



Filling of some key positions in the country office, that were vacant or occupied by consultants or short-term professionals, have become urgent to address the frequent disruptions of operations.

6. In its rating, the audit considered regional and corporate level efforts, which were not commensurate with the challenges that the operations in Central African Republic are facing, raising concerns on the corporate management of Level 2 emergencies. Some efforts were made by management in the country office to mitigate risks, although not satisfactorily in the auditors' view. Other high priority observations relate to accountability to affected populations, the management of WFP-owned fleet, security, information and communications technology, and commodity management. Most issues also point to accountability outside the country office and to untimely corporate support to address issues identified.

7. The country office's commitment to accountability to affected populations principles was not fully operationalized. The audit could not identify specific activities involving affected people in programme decisions throughout all stages of a project cycle. The country office did not fully implement actions to increase beneficiaries' awareness of complaints and feedback mechanisms.

8. The country office uses its own truck fleet where local transport capacity is unavailable or insufficient. The WFP Global Fleet unit has been working on replacing the country office's truck fleet since November 2017, with no concrete results as of October 2018. The country office suffered from repeated delays for the in-kind donation and reception of trucks, with additional concerns raised on their adequacy for the conditions in Central African Republic, further impacting the effectiveness of WFP's operations in the country.

9. Threats from armed conflict and crime are at high or extreme levels in the country. *REDACTED*

10. Significant internal control deficiencies were noted in the resource allocation for ICT, management of service requests and user incidents, disaster recovery and backup management. Intermittent and poor connectivity issues were a key issue, hindering efficient business operations.

11. Offline transactions for commodity accounting data – out of the LESS system – were common practice leading to untimely or poor data, impacting planning, decision-making and execution of logistics activities.

## **Actions agreed**

12. The audit report contains 6 high priority and 8 medium priority observations. Management has agreed to address the reported observations and work to implement the agreed actions by their respective due dates.

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

### Central African Republic (C.A.R.)

13. C.A.R. is a land-locked country with a population of 4.7 million people. Despite a wealth of natural resources C.A.R. has not yet realized its potential due to poor governance and recurrent political and security crises over the last decades. Two years after C.A.R. held free, peaceful and democratic elections for its presidency and parliament, the country continues to struggle for stability and progress. Since September 2016, the increase in violent incidents has threatened to destabilize any progress made to date. One in four citizens is displaced either within or outside the country and insecurity continues to destroy livelihoods.

14. With a per capita gross domestic product of USD 323, C.A.R. ranks last in the 2016 UNDP Human Development Index. It is estimated that 76 percent of the population lives in poverty. The causes include low productivity, weak markets and high gender inequality, intensified by cycles of political crisis and insecurity, which peaked in 2013, displacing 1.3 million people. Since September 2016 renewed fighting between various armed groups has caused new population displacements. Disrupted livelihoods have weakened food production and household purchasing power, causing a fall in food consumption and dietary diversity. About 2 million people are food insecure, of which 10 percent are severely food insecure. Households headed by women are 10 percent more likely to be food insecure. Among children aged 6–59 months, the prevalence of stunting is 40 percent, affecting 340,000 children, and the average rate of global acute malnutrition is 6 percent.

### WFP Operations in C.A.R.

15. WFP has been present in C.A.R. since 1969. The Level 3 Corporate Emergency declared in December 2013 was downgraded to Level 2 in June 2015 and is still ongoing.

16. The country office (CO) developed an Interim Country Strategic Plan (ICSP) for the period 1 January 2018 to 31 December 2020, with a budget of USD 334.9 million, approved by the WFP Executive Board in October 2017.

17. WFP supports the implementation of the National Peace and Recovery Plan 2017-2021, working towards Zero Hunger by providing technical support to strengthen the national capacities on social protection, and closely collaborating with partners around the five interlinked strategic outcomes of the ICSP:

- a. Strategic outcome 1: Crisis-affected households and communities in targeted areas can meet their basic food and nutrition needs both during and in the aftermath of crises;
- b. Strategic outcome 2: Vulnerable groups, including persons with disabilities, children, pregnant and lactating women and girls, and malnourished antiretroviral therapy patients living in target regions, have an improved nutritional status in line with national targets by 2020;
- c. Strategic outcome 3: Food-insecure women and men living in targeted areas have enhanced livelihoods to support the food security and nutrition needs of their households and communities by 2020;
- d. Strategic outcome 4: National and subnational institutions have strengthened capacities to establish an adequate social protection system and manage food security and nutrition policies and programmes by 2020; and



- e. Strategic outcome 5: Humanitarian community (partners and donors) have enhanced capacity to reach and operate in areas of humanitarian crisis all year-round.

18. WFP in C.A.R. has five field offices (Bouar, Paoua, Bossangoa, Kaga Bandoro and Bambari) covering the geographical band from the west to the centre-north of the country. With the objective of providing timely delivery of food assistance and of being closer to the central-east operations, WFP is opening a new field office in Bria (Haute-Kotto).

### **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 WFP's operations in C.A.R. 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 audit covered the period from 1 January 2017 to 31 March 2018. Where necessary, transactions and events pertaining to other periods were reviewed.

22. The audit team conducted the fieldwork from 19 September to 9 October 2018 at the CO premises in Bangui and through onsite visits to the Kaga Bandoro, Bambari and Paoua field offices.



### III. Results of the Audit

#### Audit work and conclusions

23. Taking into account the CO's risk register, findings of WFP's second line of defence functions, as well as an independent audit risk assessment, the audit work was tailored to the country context and to the objectives set by the CO.

24. 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 needed 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.

25. 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*

26. The CO 2018 risk register had been finalized at the time of the audit fieldwork. The 2017 and 2018 risk registers and respective mitigation actions were used as a basis to assess risk maturity. At the time of the audit, the 2018 Annual Performance Plan (APP), including the risk register, was being coordinated by the risk and compliance advisor. All issues identified during the audit were either explicitly or implicitly captured in the CO's risk register.

27. The Regional Bureau in Dakar (RBD) performed oversight missions during the audit period. It identified gaps, which may also be used by the CO as a source for reassessing the effectiveness of mitigation actions. Most of the agreed RBD oversight actions were being addressed or implemented at the time of the audit fieldwork.

#### *Data quality*

28. Challenges relating to data quality identified during the audit are reported in observations 2, 4 and 9, regarding beneficiary management and data sharing, monitoring & evaluation and commodity management.

## Observations and actions agreed

29. Table 1 outlines the extent to which audit work resulted in observations and agreed actions. These are rated as 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**

<b>A: Governance and structure</b>	
<p>There are concerns with WFP's capacity to provide the support needed to the L2 corporate emergency in C.A.R. by effectively and timely mitigating risks and addressing issues. The CO suffered from insufficient operational coordination with RBD and headquarters (HQ). Recent reassignments have shown the difficulty in identifying a suitable candidate for the Emergency Coordinator position and the excessive delays incurred through many re-advertisements. Filling of some key positions in the CO, which were either vacant or occupied by consultants or Short-Term Professionals, has become urgent to address the frequent disruption of operations.</p> <p>Several observations of the audit indicate that, considering the CO organizational stretch, insufficient attention was paid by the CO's management and RBD to streamline processes to reduce delays and ensure that decentralized tasks to sub-offices were accompanied with commensurate monitoring and oversight.</p>	
<i>1 Management of the L2 emergency</i>	<i>High</i>
<b>B: Delivery</b>	
<p>The office did not sufficiently involve affected people in programme decisions throughout all stages of project cycles. Information provision to beneficiaries receiving General Food Distribution (GFD) was mostly done during distribution days, and community-based discussion groups were not systematically organized. The CO did not fully implement visibility and awareness actions to increase beneficiaries' awareness of Complaints and Feedback Mechanisms (CFM), including the hotline. The CO has made efforts to align its processes with corporate principles to prevent Sexual Exploitation and Abuse (SEA); however, gaps were noted to ensure full compliance.</p> <p>Beneficiary management and monitoring need to be improved, as inclusion/exclusion errors have been highlighted by monitoring reports; registration and verification of beneficiaries in C.A.R. lacked robust and secure systems and processes to de-duplicate and confirm the identity of beneficiaries. For the elapsed ICSP period the monitoring strategy had not been approved to direct and/or coordinate activities countrywide. Monitoring processes, systems, procedures and tools needed further strengthening.</p>	
<i>2 Beneficiary management</i>	<i>Medium</i>
<i>3 Accountability to Affected Populations</i>	<i>High</i>
<i>4 Monitoring</i>	<i>Medium</i>
<b>C: Resource management</b>	
<p>Some key positions were filled with staff that did not have the required level of expertise or remained vacant. Capacity and skills gaps in specific roles impacted operational effectiveness. Despite the CO efforts in the last two years, improving the gender ratio from 18 to 24 percent, the CO continues to have one of the lowest gender ratios in WFP.</p> <p>The CO's supply chain matrix inaccurately calculated the food transfer cost, resulting in a deficit upon every commodity delivered. Previously identified weaknesses in oversight reports from RBD were followed up effectively.</p>	
<i>5 Human resources</i>	<i>Medium</i>
<i>6 Funds management</i>	<i>Medium</i>



**D: Support functions**

[REDACTED]. The CO is suffering from repetitive delays for the in-kind donation and reception of new trucks. Further, the CO did not have a consistent methodology for the estimation of transport rates offered to local transporters.

The CO would benefit from paying more attention to downstream logistics activities. It managed its logistics operations by using offline transactions – out of LESS system. This impacted data availability and quality, the planning, decision-making and execution of logistics activities.

Various weaknesses were noted associated with the management of transport and non-food procurement, and food safety and quality. The CO would also benefit from developing a comprehensive scale up strategy for cash transfers including required operational capacity.

7 Transport contracting	Medium
8 Management of WFP-owned fleet	High
9 Commodity management	High
10 Food safety and quality	Medium
11 Cash based transfer scale-up strategy	Medium
12 Procurement	Medium
13 Security	High
<b>E: Information and Communication Technology</b>	
Significant internal control deficiencies were noted in resource allocation for ICT, management of service requests and user incidents, disaster recovery and backup management. With the corporate shift to online systems supporting business operations, intermittent and poor connectivity issues have become a key issue, hindering efficient business operations. The CO's infrastructure did not provide reliable connectivity. Key ICT positions were not filled during the audit period. There was no mechanism in place to ensure ICT requests were serviced in a timely manner and any recurring issues were analysed in order to find potential common root causes.	
14 Information and Communications Technology	High

30. The fourteen observations of this audit are presented in detail below.

31. Management has agreed to take measures to address the reported observations<sup>1</sup>. 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.

<sup>1</sup> Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.



## A: Governance and structure

The audit performed tests and reviews of the CO's organizational structure including mechanisms for decision making, delegations of authority, segregation of duties, management and supervision of field operations. Given the high inherent risk of fraud and corruption in the country, the audit examined the implementation of corporate policies on fraud and corruption, harassment, sexual harassment and abuse of power, and the related systems of internal oversight.

### Observation 1

### Agreed Actions [High priority]

#### Management of the L2 emergency

The CO suffered from a decreasing visibility from HQ and insufficient operational coordination with RBD and HQ. HQ's Operational Task Force and the Global Supply Chain Management Working Group have not sufficiently leveraged resources to address logistics challenges which continue to affect the operations (management of the WFP fleet, corridor management, commodity management and connectivity). Recent reassignments have highlighted the difficulty in identifying a suitable candidate for the Emergency Coordinator position and the excessive delays caused by many re-advertisements. There is a need from RBD to clarify expectations from HQ, including capacity and staffing, as well as the outcome for their support/involvement to delineate clear accountabilities for some of the dysfunctions of the emergency response in C.A.R.

Operating with an Interim Country Strategic Plan (ICSP) since January 2018, the CO has yet to complete the Integrated Road Map transition by adjusting the organizational structure considering a decentralized set-up and capacity constraints. The CO has conducted a staffing review in 2017, however, a comprehensive skills-gap analysis is not planned before 2019. Currently vacant positions, or those occupied by consultants or Short-Term Professionals, need to be urgently filled, to reduce the frequent disruptions of continuity of operations (e.g. positions in logistics, Purchase for Progress (P4P) unit and head of sub-office).

Several audit observations are indicative of the WFP organizational stretch, resulting in insufficient attention by the CO's management and RBD to streamline processes to avoid delays and to ensure that tasks decentralized to sub-offices are accompanied with adequate oversight. The implementation of a decentralized set-up, where planning, delivery, and monitoring functions are split between CO and sub-offices was not supported by using independent monitoring reviews and evaluations and other oversight/feedback mechanisms. For instance, the audit noted insufficient background checks by a sub-office, and lack of oversight from the CO on one Non-Governmental Organization (NGO) partner, which led to conflicts of interest.

Underlying causes: Delays in identifying the right candidates for the position of Emergency Coordinator; mobilization of surge capacities drew largely from the region and insufficient mobilization from outside the region was noted where available skills and competencies were not sufficient or when specific skillsets were not available; a comprehensive skills-gap analysis still to be completed; and decentralized tasks in sub-offices not always accompanied by commensurate monitoring/oversight from the CO.

RBD will:

- (i) Increase the support provided to the CO and identify areas where further support from HQ is needed; and
- (ii) Revive existing HQ committees to leverage corporate resources to address logistics challenges.

The CO will:

- (iii) Finalize workforce planning, skills gap analysis and the new organigram, while considering funding levels and opportunities to identify core positions for key activities; and
- (iv) Undertake a process-level review to ensure adequate segregation of duties and oversight.



## B: Delivery

The audit performed tests and reviews of programme management and in-country monitoring and evaluation. Targeting, identification, and validation of beneficiaries and WFP's commitment to Accountability to Affected Populations (AAP) principles were considered as cross-cutting topics during field visits and desk reviews.

The CO operates and delivers food assistance in challenging regions in C.A.R. The audit noted that the programme staff are investing time and efforts to ensure the proper functioning of food and cash delivery mechanisms. Processes associated with beneficiary management, AAP and monitoring needed further improvement.

### Observation 2

### Agreed Actions [Medium priority]

#### Beneficiary management

*Beneficiary validation and verification* – As a result of the closure of some Internally Displaced People (IDPs) sites, beneficiaries were staying with host communities. The beneficiaries' registration system was managed by the *Commission de Mouvement de Populations* with technical support from UNHCR as the Cluster Protection lead. Data collected by NGO partners are reviewed and validated jointly by WFP and other humanitarian stakeholders.

Relying on community leaders for beneficiary validation increased the risk of beneficiary exclusion or inclusion errors. Control mechanisms to verify the identity of beneficiaries were weak, as no ID Cards with photos were issued. Beneficiary registers (with finger prints) were sometimes completed by one single person rendering them void. Validation exercises were not conducted at all sites. Inclusion/exclusion errors have been highlighted in monitoring reports.

*Beneficiary information management* – Registration and verification of beneficiaries lacked robust and secure systems and processes to de-duplicate and confirm the identity of beneficiaries. The CO had planned to begin registering beneficiaries in WFP's beneficiary information management system (SCOPE), starting with Cash-Based Transfer (CBT) beneficiaries at the end of 2016 and gradually building a database of WFP beneficiaries for all types of assistance in C.A.R. The audit noted that the CO had completed the registration in SCOPE only for the existing pilot projects. UNHCR's lists of beneficiaries had not yet been transmitted to WFP for uploading in SCOPE. The CO had not fully considered the country-specific challenges, and a thorough risk analysis had yet to be formalized to ensure these challenges were addressed in an effective manner.

Underlying causes: Varying targeting criteria used by NGOs; recent introduction of SCOPE and lack of skills and capacities in the CO to expand the use of SCOPE to all programmatic activities; biometrics not yet used to verify beneficiaries; data sharing agreement signed at the corporate level not yet implemented by the CO.

The CO will:

- (i) Engage with UNHCR and NGO partners to set up a common approach for targeting, registering and verifying IDP beneficiaries;
- (ii) Formalize a detailed risk analysis, mitigating actions and alternatives for the scale-up of SCOPE to all activities; and
- (iii) Implement the data sharing agreement signed at the corporate level.

**Observation 3****Agreed Actions [High priority]****Accountability to Affected Populations**

The CO did not fully operationalize the three components of its APP policy: consultation, information provision and feedback mechanism.

*Consultation* – The audit could not identify specific activities consulting affected people in programme decisions at all stages of projects.

*Information provision* – Weaknesses were noted regarding the provision of information to GFD beneficiaries: mostly information was provided only during distribution days; community-based discussion groups were not systematically organized; beneficiaries were not always informed in advance of shorter-redemption periods for paper vouchers; sorghum distributed to beneficiaries in one location was reportedly sold on the market by beneficiaries because the commodity was unknown to them and they did not know how to prepare it.

*Complaints and Feedback Mechanisms* – The CFM builds upon different mechanisms, including telephone hotlines and complaints and feedback desks. The CO introduced a toll-free number in 2018 for beneficiary complaints. However, beneficiaries had not been well informed of the number, as evidenced by a very low number of calls in the first months of roll-out. NGO partners have implemented similar mechanisms, but better coordination was needed between WFP, NGO partners and other humanitarian actors to reduce potential duplication of efforts and to simplify access to the mechanisms. The audit noted that the process of follow-up on complaints was not robust to ensure that issues are consistently and timely addressed.

*Protection from Sexual Exploitation and Abuse* – The CO has made efforts to align its processes with corporate principles to prevent SEA. However, gaps were noted to ensure full compliance. Only three out of the six NGO partners provided their SEA action plans upon request. The plans received were not always of sufficient quality. The CO had not yet identified protection from SEA focal points at each NGO partner and staff in the CO and sub-offices did not know who the WFP protection from SEA focal point was. The completion rate of the protection from SEA training was 76 percent.

Underlying causes: Recent introduction of the hotline; lack of awareness material at distribution points; lack of training.

The CO will:

- (i) Incorporate activities in its programme lifecycle to strengthen consultation and information of beneficiaries;
- (ii) Implement visibility and awareness actions to increase beneficiaries' awareness of CFM, including the hotline; and
- (iii) Finalize the harmonization of a joint WFP - NGO partners Protection from SEA action plan and ensure its coherence with the interagency Protection from SEA Task Force approach.

**Observation 4****Agreed Actions** [Medium priority]**Monitoring**

*Monitoring strategy and governance* – The CO has taken recent steps to improve its monitoring coverage by recruiting additional field monitors at sub-offices. Digitization of some processes had been initiated to strengthen data collection. However, for the past ICSP period, January - September 2018, there was no formally approved document to direct and coordinate monitoring activities countrywide. A draft document had not been submitted for review to the Country Director or the RBD. It did not include plans and actions to assess and help developing the capacity of the government, partners and WFP itself to carry out monitoring functions. Further, the draft did not include an assessment of feasibility and benefits of Third-Party Monitoring (TPM) or other adjusted monitoring activities.

*Monitoring process, systems, procedures and tools* – Monitoring indicators collected by NGO partners were included in the Cooperating Partners Distribution Reports. These reports were often sent late to the CO and included incomplete/erroneous data. The CO has developed a monitoring plan that runs from 1 January 2018 to 31 December 2020 that is based on the corporate CSP monitoring template. From the review of the monthly monitoring plans and reports of sub-offices the audit noted the following weaknesses:

- Low monitoring coverage, with only 20 to 30 percent of the 686 Final Distribution Points visited during the period under review;
- Geographical inconsistency in the development of monthly plans;
- While the CO had adopted in 2017 the use of digital tools for distribution and post-distribution monitoring questionnaires, digital forms for distribution and process monitoring had not yet been developed; and
- Collecting, compiling, recording, reporting and follow-up on monitoring issues was not done in a comprehensive manner; the database to track and follow-up on M&E (Monitoring and Evaluation) issues was not kept up to date, with long outstanding issues demonstrating limited follow-up.

Underlying causes: Staffing constraints and weaknesses in the coordination of monitoring activities, tools and outputs between the CO and sub-offices; high staff turnover and weak reporting capacities among NGO partners; insufficient involvement of heads of sub-offices in the follow-up of monitoring issues.

The CO will:

- (i) Finalize the monitoring strategy, design a monitoring action plan for the current ICSP and submit it for review to the RBD;
- (ii) Conduct an analysis of monthly monitoring targets versus CO actual coverage; consider possible alternative options to cover staffing gaps; assess feasibility of TPM and implement accordingly; and adjust monitoring plans as needed;
- (iii) Assess NGO partners' monitoring and reporting capacities and implement activities to strengthen their technical and operational capacities;
- (iv) Gradually roll out digital M&E tools and ensure consistent utilization of the ONA monitoring tool; and
- (v) Ensure involvement of the heads of sub-offices in the active follow-up of M&E issues.



## Resource management

The audit performed tests and reviews of resource and financial management. This included the review of human resource management, budget management and the recording of financial transactions. Through the review of controls over the recording of financial transactions, the audit noted that the CO had effectively followed up on previously reported weaknesses identified in oversight reports from RBD.

### Observation 5

#### Human resources

*Recruitment process* – At the time of the audit fieldwork, some key positions were filled with multiple staff, at times not at the required level, or not filled at all (e.g. position for the P4P focal point).

Recruitment for some of the positions was ongoing, including recruitment for 49 local positions. Delays in the recruitment process were noted.

Despite the CO efforts in the last two years, where the gender ratio improved from 18 to 24 percent, the CO continues to have one of the lowest gender ratio in WFP.

*Capacities and skills* - The gaps in staff capacity and skills in specific roles impacted operational effectiveness. The HR unit was not mitigating these risks through the formalization of a talent management strategy for sourcing, capacity building and training plans for national staff to enhance capacities.

Underlying causes: Long processes for recruitment of national staff; application of short-term strategy to cover positions; lack of capacity and very few numbers of female candidates applying to CO positions; lack of periodic and coordinated planning for capacities building and training.

### Agreed Actions [Medium priority]

The CO will:

- (i) Expedite the recruitment process by identifying bottlenecks and amending current procedures;
- (ii) Complete the talent management strategy and implement the related action plan to ensure that pools of qualified applicants fill vacancies;
- (iii) Finalize the workforce planning and skills gap analysis and strengthen staff capacity through trainings and other activities as relevant, including mandatory trainings; and
- (iv) Develop an action plan to reduce the gender gap.

**Observation 6****Funds management**

*Supply chain fund management* – the CO concluded a second budget revision of its ICSP in May 2018 and was finalizing the mid-year budget review in October 2018.

The CO did not include all relevant food transfer costs to ensure that the calculation of costs per tonne of commodity delivered was accurate. As commodities were delivered, an inaccurate, i.e. understated amount of costs was recovered from the relevant contributions. Consequently, as of September 2018, food transfer cost actuals were at 98% of the implementation plan, while food value actuals were at 59%, indicating a deficit of USD 1.4 million, or USD 0.6 million with resource transfers from previous projects.

A detailed analysis of factors leading to the deficit had not yet been undertaken. The audit identifies inter alia too optimistic assumptions for the logistics set-up, missing escort fees and immobilizations costs, and errors in computing annualized costs. Thus, the CO ran the risk of accumulating further deficits in case the revised supply chain rates were not adjusted to fully consider all applicable factors.

*Service delivery* – WFP implements, as a secondary recipient, the supply chain component of a Global Fund project. Re-invoicing of WFP fleet costs was based on an old, 2017 rate (USD 0.39/mt/km), which has since been revised and increased to a higher rate of USD 0.79/mt/km. The CO was therefore invoicing below actual costs, generating further deficits in its implementation of activities.

Underlying causes: Insufficient guidance for budget management following Integrated Road Map transition; lack of oversight from CO's management and RBD.

**Agreed Actions [Medium priority]**

The CO will:

- (i) Identify in detail key factors leading to the deficit, and amend accordingly the supply chain matrix for budget revision no. 3; and
- (ii) Apply up-to-date fleet costs for re-invoicing service delivery as part of the Global Fund project.



## Support functions

The audit reviewed the CO's framework for transfer modalities. It tested the CO's management of support functions for food and cash deliveries to beneficiaries. The audit reviewed key decisions in the CO's supply chain management including procurement of food and non-food items, selection of transportation modes, contracting modalities and transporters to move cargo, management of WFP-owned fleet, distribution planning and commodity management. The audit also reviewed the CO's management of security risks, including humanitarian access analysis, physical security, operational planning and crisis management. Further, cash-based transfers were reviewed. Although introduced only at a small scale in 2015, they were planned for a 30 percent scale up of beneficiary assistance in 2020.

### Observation 7

### Agreed Actions [Medium priority]

#### Transport contracting

*Due diligence activities* –The audit noted gaps in the completeness and accuracy of information provided by transporters in the contracting process. Records of the due diligence process including transporters site visits were not always well-documented. Following initial due diligence at the shortlisting stage, transporters were not always reassessed periodically to identify changes and emerging potential risks. As a result, no thorough evaluation of current financial and operational risks, including risks associated with sub-contracting arrangements had been conducted.

*Management of the tariff system* – WFP's tariff system allows establishing a pool of contractors who simultaneously or interchangeably provide services under the same conditions including price, based on an understanding of pertinent market and other conditions. This type of contracting mechanism is utilized in C.A.R. where no single transporter has enough capacity to satisfy needs, or where the risk of cartels controlling prices is high. As highlighted in the WFP transport manual, the tariff system is regarded as an exceptional contracting procedure and there are risks associated with its repeated use. In C.A.R., the continued use of the tariff system has led to a reduction of incentives to bid low, and transporters have increased transport rates over time. The audit noted that the CO did not have a consistent methodology for estimating transport rates. Current and historical rates were sometimes used without considering current market conditions and cost structures. Monitoring of the tariff system agreements in the CO was done on an ex-post basis, through mandatory disclosure at corporate level to the Committee on Commodities, Transport and Insurance; however, instances of non-disclosure were noted.

*Allocation plan* – monthly allocation plans to transporters can oftentimes not be implemented in the C.A.R. context, because of the security situation, the degraded road infrastructure and the low local transport capacity. However, variations were not explained and approved by the Local Transport Committee.

Underlying causes: Competition pressure not always comprehensively documented; transport costs not fully included or updated in transport market assessments; limited private transport capacities; lack of resources and understaffing of the logistics operations unit; limited guidance or training on the use of tariff system agreements.

The CO will:

- (i) Enhance due diligence and ensure that all transporters are periodically assessed, and all required documents are submitted;
- (ii) Review the methodology to determine transport rates based on a documented transport market assessment and understanding of transporters' cost structure; and
- (iii) Ensure that variations to the allocation plans are explained and approved by the Local Transport Committee.



**Observation 8****Management of WFP-owned fleet**

*Global Fleet* – due to limited transport capacity in C.A.R., the CO's own fleet transported roughly 6,900 mt of commodities, representing 30 percent of total tonnage in 2018. The fifty-two existing trucks had a utilization rate of 33 percent, and a cost of USD 1.04 mt/km, both lower than WFP's average of 42 percent and USD 0.43 mt/km respectively. The low utilization rate compared to WFP average was due to access challenges, including bad roads. Only fifteen of the fifty-two trucks were suitable for the country specific terrain conditions, contributing to the low fleet utilization due to downtimes after trips.

While a detailed analysis of the CO's fleet performance existed, management had yet to finalize implementing a plan to improve the utilization rate. The WFP Global Fleet unit has been working on replacing and decommissioning the truck fleet since November 2017, however, with no concrete results as of October 2018. The CO was suffering from repetitive delays for the in-kind donation of trucks.

*Workshop management* – Physical inventories of the truck workshop in Bangui resulted in spare parts valued USD 122,000 that could not be found. Some light vehicle spare parts purchased in 2018 were not registered in the corporate Fleet Management System (FMS), nor kept in an adequate storage location.

Critical issues regarding staffing, working conditions, truck maintenance, and administrative management existed in the visited workshops. The CO had started addressing the issues at the time of the audit. However, operations continued suffering from a lack of tools and resources in workshops, affecting availability of trucks and representing a safety risk to staff.

Underlying causes: Lack of a clear strategy for WFP fleet in C.A.R.; lengthy corporate processes for the implementation of the Memorandum of Understanding for the in-kind donation and reception of trucks; limited application of standard procedures for workshop management; limited oversight of sub-offices by the CO.

**Agreed Actions [High priority]**

The Logistics and Field Support unit (OSCL) will:

- (i) Expedite the implementation of the Memorandum of Understanding and inform the CO of any further delay for the in-kind donation and reception of trucks; and
- (ii) Ensure that context and environment are fully considered before the deployment of trucks which may prove inadequate.

The CO will:

- (iii) Finalize the plan to increase fleet utilization rate;
- (iv) With the support of OSCL, continue to explore the possibility to lease trucks from local transporters to bridge the time until donated trucks arrive in country;
- (v) Ensure adequate management of sub-office workshops including adequate staffing, conducive and safe fleet working environment and perform periodically a physical inventory of spare parts in all sub-offices; and
- (vi) Establish, in liaison with WFP Global Fleet, a clear plan to work on existing unreconciled items in FMS.


**Observation 9**
**Commodity management**

LESS is WFP's corporate system to track food movements and inventory levels. It relies on correct and timely data entry into the system. During the period covered by the audit, logistics operations were managed using low quality commodity accounting data, as offline transactions not recorded in LESS system were common practice. The corporate reporting and oversight tool developed for managers showed a reliability index for C.A.R.'s data in LESS of less than 60 percent for 2018. Offline transactions in the upstream supply chain have significantly decreased since the first semester of 2018, partially a consequence of remedied data recording backlogs for operations in the Cameroon corridor.

Non-timely and inaccurate data in LESS had the following negative effects:

- For August 2018, unreconciled items had a value of USD 248,000. Differences in previous months could overall be reconciled by the CO;
- COMET and LESS reconciliations showed accumulated variance of 972 mt, as of July 2018, representing 11 percent of total dispatch to NGO partners;
- The management of expiry dates was impacted: 242 mt were dispatched with a date close to, or after the commodities' best-before date; and
- Payment of transporter's invoices were delayed due to errors on manual waybills that needed to be reconciled before encoding the Service Entry Sheets (SES).

Because of WFP's integrated supply chain, any delay or gap in the recording of logistics activities in the system has a domino effect on other supply chain functions. For its smooth functioning the supply chain requires visibility of that transactions and stock availabilities, for effectively supporting planning, decision-making and execution of the activities under their responsibility.

Underlying causes: Backlogs for operations in the Cameroon CO; poor connectivity in sub-offices; lack of resources and understaffing of the logistics operations unit.

**Agreed Actions [High priority]**

The CO will:

- (i) Leverage, in coordination with RBD and the Supply Chain Planning Service (OSCP), on lessons learned from other COs and regions to address similar challenges related to LESS data reliability;
- (ii) Analyse, with support from the Technology Division (TEC), the extent of the connectivity issues, identify causes (e.g. insufficient bandwidth) and initiate corrective action;
- (iii) Assess the need for increasing staffing levels for the logistics operations unit, and number of staff with access to LESS in sub-offices;
- (iv) Implement clear protocols and coordination mechanisms between Programme and Logistics units for a timely reconciliation of COMET and LESS data; and
- (v) Establish, in liaison with the RBD, a plan to work on existing backlogs.

**Observation 10****Food safety and quality**

During the first half of 2018, the CO purchased 775 mt of food commodities locally from the merchants and miller compared to 213 mt delivered by smallholder farmers under P4P. The supply represented five percent of total food requirements for the operations. The Procurement Unit is responsible for food quality and safety and has been taking the lead in these purchases from the merchants and miller while for P4P the unit collaborates with the Programme Unit. The Programme Unit was not systematically consulted for quality tests at the time of the reception of the commodities by WFP. There was no systematic process in place to ensure regular and prompt capturing of food quality and safety analysis.

Since 2015 the CO had implemented control activities along the supply chain, notably safety and quality inspections performed by a local inspection lab of the university of science in Bangui. The lab had not yet been certified by international authorities. Capacity of national authorities and the lab required strengthening to be able to rely on their testing.

Poor post-harvest handling was the main cause of low-quality crops, with potential negative impact on health and nutrition values. This was due to lack of knowledge from smallholder farmers of improved techniques for harvesting, threshing, shelling, drying, bagging, fumigation, quality control, silos usage, and transportation of commodities.

The audit noted that controls of commodities sold by retailers were limited to organoleptic checks (visual, odour, taste) performed by IDPs. The CO did not have a defined methodology for these controls, including sampling requirements and documentation of results. Also, the involvement of national authorities in the food quality and safety process in retail shops was almost not existent at the time of the audit.

Underlying causes: Lack of Standard Operating Procedures (SOPs) for food quality and safety; fragmented guidance on the food quality and safety process.

**Agreed Actions** [Medium priority]

The CO will:

- (i) Develop SOPs for the food quality and safety process, defining roles and responsibilities within each unit in line with corporate requirements;
- (ii) Implement an incident log system;
- (iii) Improve quality controls on retailers' commodities, leveraging where possible local authorities' expertise; and
- (iv) Provide support to smallholder farmers to improve post-harvest handling, including improving storage facilities and equipment.

**Observation 11****Cash-based transfer scale-up strategy**

Cash-based transfers were introduced at a small scale in 2015. The CO planned to scale up cash transfer modalities to approximately 30 percent of its beneficiary assistance by 2020.

Following support missions by HQ to evaluate the feasibility of different mechanisms, paper vouchers were selected as the most adequate cash transfer modality. These were distributed to beneficiaries in Bangui and other regions by NGO partners. Various oversight missions offered recommendations for improving CBT interventions, some of which have been implemented by the CO.

Although the CO was looking into various options to optimize its use of cash transfers, including piloting a corporate paper voucher and e-voucher tracking system in SCOPE, it had not yet updated its 2016 concept note/strategy paper to inform the decision-making on the appropriate transfer modality and mechanisms. Recent security and emergency incidents in the country have negatively impacted the CO's role in chairing and facilitating the country Cash Working Group. The resulting lack of coordination of CBT interventions among the humanitarian sector partners has led to varying CBT entitlements provided by different humanitarian organisations.

Necessary CBT assessments prior to the implementation of any new CBT mechanism were not fully carried out or sufficiently documented. In particular:

- Comprehensive Micro Financial Assessments for all potential financial institutions identified in the Macro Financial Assessment were not carried out. Micro Financial Assessments had not been done for two banks and three mobile network operators;
- Due diligence visits to Financial Service Providers had not been documented; and
- Essential CBT assessments had not yet been carried out, including IT Micro assessment of Financial Service Providers and security assessment and continuous monitoring of protection issues.

Underlying causes: The digital financial infrastructure in C.A.R. is nascent; some staff lack skills and understanding of Financial Service Providers' processes and related operational risks to carry out essential CBT assessments; CBT scale up strategy developed by the CO with the help of the Business Development Cash-Based Transfers Branch (RMFB) had been put on hold because of competing emergencies.

**Agreed Actions** [Medium priority]

The CO will:

- (i) Develop a comprehensive scale up strategy for cash-based transfers, including required operational capacity; the strategy should also define the use of the corporate paper voucher delivery mechanism embedded within SCOPE;
- (ii) Revive the country Cash Working Group; streamline Financial Service Providers assessments by enhancing information sharing with other UN agencies/NGO partners; carry out thorough due diligence visits to Mobile Money Operators which have a nascent technical and financial infrastructure; and
- (iii) Carry out all necessary CBT assessments prior to the implementation of any new CBT mechanism.

**Observation 12****Procurement**

Additional resources, revised processes to implement the procurement scale up plan, enhanced due diligence processes, Long Term Agreements, procurement committees, and vendor record management have supported the procurement activities of the CO. Further opportunities for improvement were identified:

*Procurement planning and sourcing* – the CO had not completed a procurement plan for non-food items in 2018. A comprehensive market analysis had not been carried out since 2017 to update the non-food vendor roster, although some market surveys had been done on specific market segments such as construction.

*Vendor files*: The audit noted that the maintenance of vendor files needed improvement. Documents were missing, including supplier registration forms, business permits, income tax declarations, proof of bank contacts and screenshots of vetting information against UN Sanction list. No process was in place to ensure formal vendor identification through on-site visits.

*Procurement process* - The review of procurement processes and a sample of procurement contracts highlighted process and compliance gaps, including inconsistencies in the sequencing of purchase requests, purchase orders and contracts, adherence to contract terms (e.g. delays in delivery and payment), and lack of vendor performance evaluations.

Underlying causes: Limited staff and lack of stable procurement team, coupled with urgency to deliver; lack of follow-up of ongoing purchase order transactions; weak understanding of procurement processes, including planning by the requesting units; limited coordination between procurement and other departments, lack of clarity regarding roles and responsibilities.

**Agreed Actions [Medium priority]**

The CO will:

- (i) Coordinate and streamline the procurement planning process; consolidate the CO procurement plan; and clarify the roles and responsibilities of requesting units; and
- (ii) Complete a vendor due diligence exercise and update missing vendor details in the vendor master data; consolidate the goods and services vendor roster with a clear criteria and system for inclusion and categorization; and implement a structured process for collecting, assessing, documenting and archiving vendor performance feedback/ evaluations and action taken.



Observation 13	Agreed Actions [High priority]
<b>Security</b> <i>REDACTED</i>	<i>REDACTED</i>



## Information and Communication Technology

The audit performed tests and reviews of Information and Communication Technology (ICT) management. This included the review of network and communication infrastructures, non-expendable ICT assets, IT support services, IT disaster recovery and support for business continuity management.

### Observation 14

#### Information and Communication Technology

Significant internal control deficiencies were noted in the resource allocation for ICT, management of service requests and user incidents, disaster recovery and backup management.

*Connectivity:* With the corporate shift to online systems supporting business operations, intermittent and poor connectivity issues have hindered efficient business operations. Connectivity issues have led to a significant backlog of offline transactions for LESS, WINGS and COMET at the sub/field office level (Observation 9). In some instances, incidents led to a lack of connectivity in sub-offices with downtimes of up to two weeks.

*Management of service requests and user incidents:* The CO had a local help desk to resolve ICT service requests and user incidents in-house prior to escalation to the Global help desk. There was no system in place to log these requests, hence there was no visibility of service requests, and resolution prioritization was not based on business needs and criticality. There was no mechanism in place to ensure requests are serviced in a timely manner and any recurring issues are analysed in order to find potential common root causes.

Additionally, the absence of IT focal points in sub/field offices affected business operations. Support staff had to travel from the CO to sub-offices, which led to long delays in resolving even simple ICT issues.

*Backups and disaster recovery:* The license of the backup system had expired, leaving the CO without an effective backup mechanism. The CO was doing manual backups by copying files to a hard disk, which is not a reliable fall-back solution in case of incidents.

Even though a disaster recovery plan existed, it had not been approved at the CO level and there was no evidence of any IT disaster recovery or emergency drills carried out and subsequently documented.

*Underlying causes:* Lack of infrastructure to support reliable connectivity; key ICT positions not filled during the audit period (including Head of ICT, Business Transformation Officer, Business support assistant for ICT and ICT focal point for each sub-office).

### Agreed Actions [High priority]

The CO will:

- (i) Analyse, with TEC, the extent of the connectivity issues, identify causes (e.g. insufficient bandwidth) and initiate corrective action;
- (ii) Register all service requests to provide better visibility of issues and help build a database that can be used for reference;
- (iii) Complete the staffing of key ICT functions. Establish an IT focal point in each sub/field office and train them to effectively carry out basic IT support tasks;
- (iv) Implement backup solutions; and
- (v) Review and approve the disaster recovery plan and carry out periodic testing.



## 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.

High priority observations	Categories for aggregation and analysis			Owner	Due date
	WFP's Internal Control Framework	WFP's Enterprise Risk Management Framework	WFP's Internal Audit Universe		
1 Management of the L2 emergency	Control Environment	Governance and oversight	Governance	RBD/CO	30 June 2019
3 Accountability to Affected Populations	Monitoring Activities	Programme	Beneficiary management	CO	30 September 2019
8 Management of WFP-owned fleet	Control Activities	Business process	Overseas & landside transport	OSCL/CO	31 December 2019
9 Commodity management	Control Activities	Business process	Commodity management	CO	30 September 2019
13 Security	Control Activities	Employee health, safety and security	Security & continuation of operations	RMQ/CO	30 June 2019
14 Information and Communications Technology	Information and Communication	ICT	Network and communication infrastructures	CO	30 September 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
2 Beneficiary management	Control Activities	Programme	Beneficiary management	CO	30 September 2019
4 Monitoring	Monitoring Activities	Programme	Monitoring & evaluation	CO	31 December 2019
5 Human resources	Control Activities	Business process	Human resources management	CO	31 August 2019
6 Funds management	Control Activities	Business process	Budget management	CO	31 August 2019
7 Transport contracting	Control Activities	Business process	Overseas & landside transport	CO	30 June 2019
10 Food safety and quality	Control Activities	Business process	Food quality and safety	CO	30 September 2019
11 Cash-based transfer scale-up strategy	Control Activities	Business process	CBT	CO	31 December 2019
12 Procurement	Control Activities	Business process	Procurement - goods & services	CO	30 September 2019

## Annex B – Definitions of audit terms: ratings & priority

### 1 Rating system

1. 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 objectives 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

2. 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 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 or for the audited entity/area.
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.



3. 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.
4. 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.<sup>2</sup>
5. To facilitate analysis and aggregation, observations are mapped to different categories:

## 2.2 Categorization by WFP’s Internal Control Framework (ICF)

6. 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.”<sup>3</sup> WFP recognises 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 analyses 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 systems’ performance over time and to ensure that internal control continues to operate effectively.

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

7. 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 piloted in a selection of COs during 2018 to test for the roll-out of a database/system foreseen in 2019. As a means to facilitate the testing and roll-out, audit observations are mapped to the new risk taxonomy.

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<sup>2</sup> 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.

<sup>3</sup> OED 2015/016 para.7

**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
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

8. WFP’s audit universe<sup>4</sup> 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 & process areas)**

A	Governance	Change, reform and innovation; Governance; Integrity and ethics; Legal support and advice; Management oversight; Performance management; Risk management; Strategic management and objective setting.
B	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.
C	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.
D	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.
E	External Relations, Partnerships & Advocacy	Board and external relations management; Cluster management; Communications & advocacy; Host government relations; Inter-agency coordination; Non-governmental organization (NGO) partnerships; Private sector (donor) relations; Public sector (donor) relations.
F	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.
G	Cross-cutting	Activity/project management; Knowledge and information management; M&E framework; Gender; Protection; Environmental management.

<sup>4</sup> A separate universe exists for information technology with 60 entities, processes and applications.



### 3. Monitoring the implementation of agreed actions

9. 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 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

APP	Annual Performance Plan
CAR	Central African Republic
CBT	Cash-based transfer
CFM	Complaints and Feedback Mechanism
CO	Country office
COSO	Committee of Sponsoring Organizations of the Treadway Commission
ERM	Enterprise Risk Management Framework
HQ	Headquarters
ICF	Internal Control Framework
ICSP	Interim Country Strategic Plan
IDP	Internal Displaced Person
M&E	Monitoring and evaluation
NGO	Non-Governmental Organization
P4P	Purchase for Progress
PO	Purchase Order
PR	Purchase Request
RBD	Regional Bureau Dakar
RMFB	Business Development Cash-Based Transfers Branch
SSAFE	Safe and Secure Approaches in Field Environments
SCOPE	WFP's beneficiary and transfer management platform
SEA	Sexual Exploitation and Abuse
SOP	Standard Operating Procedure
STP	Short-Term Professional
TEC	Technology Division
TPM	Third Party Monitoring
UN	United Nations
UNDSS	United Nations Department of Safety and Security
UNHCR	United Nations High Commissioner for Refugees
USD	United States Dollar
WFP	World Food Programme
WINGS	WFP Information Network and Global System