



13 June 2019

Internal Audit of WFP Operations in Lesotho (AR/19/08)

Management Comments

WFP Management welcomes the observations made by the Office of the Inspector General (OIG) in its audit report AR/19/08 on WFP operations in Lesotho. The audit focused on WFP operations in the country from 1 January to 31 December 2018.

During the auditing period, the Country Office was operating in a context of significant political and fiscal challenges, both of which are expected to remain in 2019, as reflected in the Country Office's risk register and WFP's upcoming Country Strategic Plan (CSP) for Lesotho, which will be submitted for approval at the Annual Session of WFP Executive Board. Although Lesotho is classified as a lower Middle-Income Country, the combined effect of multiple challenges, including rising HIV prevalence, declining revenues, high levels of unemployment and vulnerability to weather-related shocks continue to impact national poverty and socio-economic inequalities, affecting more than half of Lesotho's population. Furthermore, there has been limited opportunity to recover from the 2015/16 El Nino-induced drought, which is expected to be reflected in the Government's updating of the annual vulnerability assessment, with preliminary indications of over 600,000 people requiring humanitarian assistance during 2019/2020.

WFP Management welcomes OIG's findings through its regular oversight and support missions, as well its observation on the support provided by the Regional Bureau to the country office. WFP Management appreciates the recognition by OIG of established governance arrangements, risk management and controls that are functioning well in the country office. The country office's Annual Performance Plan (APP), Internal Control Self-Assessment Checklist and Risk Register were observed to be regularly updated as per corporate requirements.

WFP Management acknowledges the overall conclusion of "*partially satisfactory/some improvement needed*". The audit report includes a total of seven observations under governance, delivery, support functions and M&E, for which the implementation of the agreed actions are well underway, in consultation with the WFP Regional Bureau for Southern Africa (RBJ) and concerned HQ divisions. Two of the aforementioned seven recommendations are rated as high priority: **(1) WFP's strategic positioning and operational framework in Lesotho; and (2) the service delivery model for the school feeding activity.** Regarding positioning and operational frameworks, WFP is refining the Country Office's capacity strengthening approach, including the definition of performance milestones for the upcoming CSP, as well as developing mitigation actions for risks related to the operational context.



Regarding the service delivery model for the school feeding, the CO, RB and the HQ School Feeding Service (OSF) intend that the scope of WFP's work in supporting the national school feeding programme in Lesotho extend beyond service provision, and they therefore include a broader portfolio of technical assistance. The monitoring support that WFP provides to the programme forms part of broader capacity strengthening initiatives that are required for the transition of the programme to sustainable national ownership and management. WFP will ensure a clear articulation of the roles and responsibilities of both parties related to the monitoring of the programme during the revision of the MOU with the Government of Lesotho. A draft directive is under development at HQ which outlines the financial management of resources associated with service provision models.

WFP Management will work closely with the country office to ensure the timely implementation of all agreed actions and, in collaboration with OIG, will undertake quarterly reviews of outstanding agreed actions and provide updates through WFP's internal tracking system, as appropriate.

WFP Management would like to thank OIG for its meaningful collaboration and support throughout the audit process. WFP Management welcomes the audit conclusions and agreed actions in Audit AR/19/08 and is committed to strengthening concerned areas, as advised by the OIG.