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# Internal Audit of WFP Operations in Niger

Office of the Inspector General  
Internal Audit Report AR/19/13

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# Internal Audit of WFP's operations in Niger

## I. Executive Summary

### WFP Niger Country Office

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of WFP operations in Niger that focused on the period 1 January 2018 to 31 December 2018. The audit team conducted the fieldwork from 2 to 18 April 2019 at the country office premises in Niamey and through onsite visits to the sub-office in Tahoua, and project sites in the Tahoua and Dosso regions. 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 in senior management staffing as well as in the country office strategy. In 2018, WFP embarked upon a scale-up of resilience activities to support the government's resilience programme. This included an expansion of WFP's integrated package approach, investing in livelihoods, nutrition, education, lean season support, community and institutional capacity strengthening activities and enhancing nutrition-sensitive, age-sensitive and gender-transformative approaches in programming, including protection and accountability to affected populations as cross-cutting issues. WFP further supported the emergency response to address the needs of crisis-affected families. The supply chain included various delivery modalities and mechanisms, including food distribution, cash transfers and electronic vouchers through the WFP internal closed-loop system. In 2018, expenditures in Niger totalled USD 113 million, representing 1.7 percent of WFP's total direct expenses.
3. The 2019 transitional interim country strategic plan covers twelve months and aims to integrate all of WFP's activities in Niger. A new Niger Country Strategic Plan (CSP 2020-2024) will be presented to the Executive Board in November 2019 for approval.

### Audit conclusions and key results

4. The audit report contains one high priority and seven medium priority observations, one of which has agreed actions directed at a corporate level. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **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. Issues 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.
5. WFP operations in Niger build on strong experience and capacity in resilience activities, cash-based transfers as well as emergency response.
  - WFP in Niger is recognised as a leading agency in the humanitarian sector and is also actively supporting the government on its pro-resilience programme. It has developed effective relationships and partnerships with various governmental entities, particularly in relation to the implementation of the integrated resilience package approach, investing in livelihoods, nutrition, education and government capacity strengthening activities. The three-pronged approach (3PA), including sustainability and longer-term impact, started being rolled-out in Niger in 2013 and the country office has worked effectively with the government to institutionalize tools associated with the approach with the support of WFP headquarters and the regional bureau in Dakar. Recent appointments, including senior management positions, contribute to strengthening the office's skills to support the scale-up of resilience activities in Niger envisaged in the country's strategy.

- Direct cash transfers started in the country as early as 2010 and the country office has a long history in cooperating with microfinance institutions. Until recently, the country office lacked the skills required to enhance its cash-based transfer operations as it faced challenges in identifying the right candidate for the cash-based transfer officer position. An experienced candidate had just been identified at the time of the audit and was due to arrive shortly after the audit. Moreover, the country office cash working group has been meeting more regularly and reached out more systematically to experts from different units in the regional bureau and headquarters as necessary.
6. The audit identified various areas for improvement in the management of the office, clarifying delegation of authority at the senior level and putting in place compensating controls as a result of vast sub-delegations of authority by the Country Director to other senior management staff.
  7. Risks to the effectiveness and efficiency of the office and its operations related to the adjustments needed to better align its ambition to expand its multi-sector integrated resilience approach to streamlining delivery and support processes, meeting corporate objectives for SCOPE roll-out and beneficiary management, as well as the roll-out of digital solutions. Programmatic directions needed to be clarified to better guide the country office's systems configuration and roll-out efforts, as systems roll-out without the necessary business input and direction proved inefficient, although at a small scale, as inadequate equipment was sometimes procured.
  8. Improvements needed include further embedding the resilience approach in all modalities, processes and tools, including the changes this requires in the monitoring system and plan, and addressing limited capacity and resources at the country office to support government capacity strengthening. The audit noted opportunities to enhance programme monitoring, including in assessing feasibility and benefits of building on the third-party monitoring already in place, or other adjusted monitoring activities as security constraints were increasing. The existing beneficiary hotline required improvement and a full beneficiary complaints and feedback mechanism had still to be developed in line with corporate standards. Finally, comprehensive standard operating procedures for food safety and quality processes had yet to be prepared, defining roles and responsibilities within each unit in line with corporate requirements as lessons learned from recent incidents.
  9. For the implementation of its cash-based transfer interventions, the country office explored opportunities to work with various service providers including microfinance institutions, NGO partners and more recently mobile money providers. These took place as skills in the country office were not available to guide the various assessment and selection steps. The audit noted gaps in the way financial and operational risk assessments were conducted and how results were interpreted by the country office, impacting the decision-making process of service provider selection and risk mitigation. As the implementation of mobile-based transfers had not started at the time of the audit, all risks identified were addressed by the country office in the course of finalizing the audit report.

## Actions agreed

10. Management has agreed to address the reported observations and to work to implement agreed actions by their respective due dates.
11. 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

### Niger

12. Niger is a landlocked, low-income and food-deficit country in the Sahel, ranking last in the 2018 Human Development Index. Annual population growth at 3.9 percent is one of the highest in the world with 51.6 percent of the population under age 14. Over 80 percent of its 21.5 million inhabitants rely on agriculture to meet their food needs. Food insecurity is exacerbated by poverty, demographic pressure, economic and climate shocks, persistent gender inequalities, limited national budgets and capacities especially at a decentralized level. The poverty rate of 44.1 percent is higher among women, with only 40 percent of women employed in the formal economy, and their capacity is limited by household-related responsibilities and chores.

13. Conflict in neighbouring Mali, Libya, and Nigeria negatively impacts Niger's security, economy, humanitarian needs and development. Niger has hosted 58,000 Malian refugees in the Tillaberi and Tahoua regions since 2012. About 250,000 people have been displaced by the Boko Haram crisis in the Diffa region since 2014. Insecurity along the borders with Mali and Burkina Faso, combined with inter-communal violence, has led to the displacement of about 40,000 people in the Tillaberi and Tahoua regions since the beginning of 2018.

### WFP operations in Niger

14. WFP has been present in Niger since 1968. During the audit period, the WFP Niger portfolio was articulated around three projects:

- Protracted Relief and Recovery Operation (PRRO) 200961 (1 January 2017 to 31 December 2019), with an approved budget of USD 420 million, sought to bridge humanitarian and development programming through three pillars: 1) delivery of an integrated resilience package that comprises Food Assistance for Assets (FFA), seasonal livelihood support, school meals and nutrition interventions; 2) national capacity development; and 3) development of strategic partnerships.
- Regional emergency operation (EMOP) 200777 (1 January 2015 to 31 December 2018), with an approved budget for the Niger portion of USD 193.9 million, addressed the urgent food and nutrition needs of Nigerian refugees and Nigerien internally displaced households and affected host populations in areas of the Lake Chad basin through the provision of cash or food-based transfers, and preventive measures for stabilizing the nutrition of children and emergency school meals.
- Special Operation (SO) 200792 (1 January 2015 to 31 December 2018), with an approved budget of USD 32.4 million, provided air transport services to ensure effective and efficient access to beneficiaries and project implementation sites for the humanitarian community and the transport of light cargo.

15. In 2018, WFP's operations in Niger were funded at 54 percent. A reduction in funding levels occurred in comparison to previous years. This trend was in line with overall funding levels for Niger, where the Humanitarian Response Plan (HRP) 2018 was funded at 52 percent of the required budget. Faced with critical funding gaps for some activities, WFP readjusted assistance to areas with the greatest needs. In 2018, as in previous years, the nutrition programme was the area most affected from limited resources. School feeding activities foreseen under the PRRO were also affected by significant reductions since the beginning of 2018, while emergency school feeding activities in Diffa under the EMOP continued to benefit from an earmarked contribution and were implemented as planned. Pre-lean season resilience-building activities had to reduce the number of working days per month for food assistance (food or cash) for assets, possibly negatively affecting the continuity of asset-creation and preparedness ahead of the 2018 lean season.

16. The 2019 Transitional Interim Country Strategic Plan (T-ICSP) covers twelve months and integrates WFP's Niger operations: the PRRO 200961, the EMOP 200777 and the SO 200792. While bringing more coherence

and integration between the resilience and crisis response activities, there is no essential strategic change. The T-ICSP provides the framework for WFP's contribution to achieve national food and nutrition security targets. It guides WFP's interventions while Niger will conduct the Zero Hunger Strategic Review (ZHSR), further building on the findings of the Fill the Nutrient Gap (FNG) analysis that further emphasizes the necessity of a multi-sectorial approach taking into account the contributions of public agricultural systems, social protection, health, education and private sector. Once completed, the ZHSR will inform WFP's strategy for achieving SDG 2 in Niger setting the ground for WFP's strategic shifts that will be articulated in the Country Strategic Plan starting January 2020.

## Objective and scope of the audit

17. The objective of the audit was to provide assurance on the effectiveness of internal controls, governance and risk management processes related to WFP operations in Niger. 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.

18. 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.

19. The scope of the audit covered the period from 1 January 2018 to 31 December 2018. Where necessary, transactions and events pertaining to other periods were reviewed.

20. The audit team conducted the fieldwork from 2 to 18 April 2019 at the Country Office (CO) premises in Niamey and through onsite visits to the sub-office in Tahoua, and project sites in both Tahoua and Dosso regions.

## III. Results of the Audit

### Audit work and conclusions

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

22. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of partially satisfactory / some improvement needed<sup>1</sup>. 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. Issues 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.

### Gender maturity

23. The Office of Internal Audit, in supporting WFP's management's efforts in the areas of gender, separately reports its assessments or gaps identified in both areas.

24. In 2018, about one in four employees were female which is a notable gender ratio given the difficult national context. The CO began the Gender Transformation Programme (GTP) Improvement plan in 2017 and has an active Gender Results Network (GRN). A Gender Action Plan was drafted and will be implemented for 2019-2021, to follow the GTP. Multiple studies carried out between 2016 and 2018 have demonstrated the

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<sup>1</sup> See Annex B for definitions of audit terms.

relationship between WFPs' resilience interventions and women's economic empowerment.<sup>2</sup> These findings have been further used in the Fill the Nutrient Gap presentation.<sup>3</sup>

## Observations and actions agreed

25. Table 1 outlines the extent to which audit work resulted in observations and agreed actions. These are classified according to the areas in scope established for the audit and 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

		Priority of issues/agreed actions
<b>A: Governance</b>		
1 Governance		Medium
2 Financial and operational risk management associated with Cash-Based Transfers		Medium
<b>B: Delivery</b>		
3 Resilience activities		Medium
4 Programmatic decisions for beneficiary information and transfer management		High
5 Accountability to Affected Populations		Medium
6 Programme monitoring		Medium
7 Capacity strengthening to national institutions		Medium
<b>D: Support functions</b>		
8 Food safety and quality		Medium

26. The eight observations of this audit are presented below in detail.

27. Management has agreed to take measures to address the reported observations<sup>4</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>2</sup> The potential of Food Assistance for Assets (FFA) to empower women and improve women's nutrition -WFP, Impact of community-based participatory planning (CBPP) exercises on communities - REM Africa, and LASDEL's Analyse socio-anthropologique concernant l'impact des interventions du PAM Niger.

<sup>3</sup> WFP, Fill the Nutrient Gap report – October 2018.

<sup>4</sup> Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.

## A: Governance

28. The audit performed tests and reviews of the CO organizational structure including mechanisms for decision making, delegations of authority, segregation of duties and management and supervision of field operations; and mechanisms for management oversight and risk management.

29. During the audit period there were key changes in senior management and additional work pressure for preparing the T-ICSP. The CO began implementing its T-ICSP in January 2019 and was transitioning to the Integrated Road Map (IRM) model.

### Observation 1 : Governance

30. The CO developed a variety of interventions under its resilience activities. These interventions included an integrated package of activities (food assistance for assets, school meals, nutrition-specific and sensitive interventions, capacity strengthening, social protection, etc.) in each community over a period of three to five years. The supply chain design included various delivery modalities and mechanisms (including cash transfers and electronic vouchers through WFP internal closed-loop system). The CO had started to explore opportunities to work with Financial Service Providers (FSPs) offering mobile-based transfers. It increased its support to smallholder farmers through local food purchases which were distributed primarily to schools, and provided capacity strengthening to national institutions in collaboration with other UN agencies and partners. As a consequence, the CO had to manage a diverse and complex programme and supply chain while facing funding shortfall.

31. *Coordination with UN agencies/partners* - Donors interviewed expected better UN coordination, particularly with regard to the design and implementation of Cash-Based Transfer (CBT) interventions. The country Cash Working Group (CWG) was chaired by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA). It met rarely in 2018 and coordination capacities and information sharing between agencies/NGO partners was weak, which was outside of WFP's control. WFP had the most substantial expertise on CBT among all partners in country at the time of the audit. Further, coordination needs were also noted by the audit to advance nutrition objectives, considering that the current technical working group set-up was not adequate for the multi-sectoral approach of WFP, and the Scaling Up Nutrition (SUN) network also not being sufficiently active.

32. *Delegations of authority* - D2 Country Directors (CDs) are authorized to delegate the authority for procurement and contracting in Supply Chain, following a 2018 Executive Director circular<sup>5</sup>, subject to adequate control measures at each delegating level. Only food procurement, contracting of overland transport and associated services, and cash and voucher transfer purchase orders (type POCB) cannot be sub-delegated in principle.

33. The CD has sub-delegated his procurement authority to his deputies for goods and services procurement. The audit noted several instances where Deputy Country Directors (DCDs) approved purchase orders above their delegation of authority in instances when they were not acting as Officer in Charge (OIC). The CO did not implement appropriate delegation of authority limits for approving POCBs in WINGS. Micro Purchase Order (MPO) assurance statements were not systematically completed by staff members who were granted access to create or release MPOs in WINGS, limiting the basis upon which the CD's assurance on the effectiveness of the control and oversight of MPOs is executed.

34. *Maturity of procurement function* - Procurement activities have improved since 2017 with additional resources, revised processes to implement a procurement scale up plan, enhanced due diligence processes, introduction of Long-Term Agreements, procurement committees, and vendor record management. Further opportunities for improvement were identified: a comprehensive market analysis had not been carried out since 2013 to update the non-food vendor roster; only some market surveys had been done on specific market segments in 2018 prior to initiating important purchases; performance evaluations of suppliers/service providers were still not systematically carried-out by receiving units upon completion of delivery of goods/services.

Underlying cause(s): High work pressures in preparation for the T-ICSP formulation and implementation; limited staffing capacity in some areas to ensure engagement/collaboration with other UN agencies/NGO partners.

#### Agreed Actions [Medium priority]

The CO will:

- a) Reconsider the implementation modalities of the country portfolio based on the skills gap analysis, level of simplification of procedures, structure and funding prospects to ensure the CO, in size and skills, can cater to diverse processes and delivering modalities, while attaining its integrated resilience and emergency response objectives;
- b) Raise the issue of the capacities expected from the agency lead of the country multisectoral CWG, and support the re-vitalisation of the CWG as well as the SUN network and other nutrition coordination mechanisms, ensuring

<sup>5</sup> Executive Director's Circular, OED 2018/006, Delegation of Authority for Procurement and Contracting in Supply Chain Functions.



adequate WFP representation to leverage such structures for coordination and, where possible, joint advocacy/coordinated fundraising;

- c) Ensure compensating controls when sub-delegating the authority by the CD, and that main approvals on the CD's behalf are formally reported to him post facto;
- d) Request post factum approval from appropriate procurement authority for the irregularly approved purchase orders for Goods and Services, and POGBs; and
- e) Expedite the revision of processes to implement the procurement scale up plan.

**Timeline for implementation**

31 December 2019

**Observation 2 : Financial and operational risk assessment associated with Cash-Based Transfers**

35. Niger CO's delivery during the audit period included CBT amounting to USD 11 million. For direct cash transfers, WFP cooperated with five microfinance institutions and NGO partners which distributed sixty percent and forty percent, respectively, of direct cash in the Tahoua, Maradi, Zinder and Diffa regions in 2018.

36. At the time of the audit, the CO was exploring opportunities to work with financial service providers, including Mobile Money Operators (MMOs). In close consultation with the Regional Bureau in Dakar (RBD) and Headquarters (HQ), the CO conducted financial and operational risk assessments but waited for the conclusions of the audit before selecting an MMO.

37. Financial and operational risk assessments are crucial steps in the selection of Financial Service Providers (FSPs) and to guide the decision-making related to delivery mechanisms. The assessments aim to ensure that the most viable service providers are selected but also that risks or limitations identified through the process are documented, assessed and mitigated accordingly.

38. *Assessment of risks associated with microfinance institutions* - The CO's Micro Financial Sector Assessment (MiFA) reviewed the financial performance of individual microfinance institutions and helped determine the associated financial risks, based on an overall scoring of either moderate or high-risk profiles. As some microfinance institutions did not provide a financial guarantee, after several reminders and extensions the CO terminated its contracts with three of them in March 2019. Consequently, only two microfinance institutions remained for future contracting. With the concentration of WFP's transfers on only two institutions, the financial and operational risk exposure of the CO increased (using several institutions in the past helped to mitigate risks of default). For the two institutions, the CO accepted a bank guarantee for one and an insurance policy for the other. The insurance policy was issued with conditions that were less favourable to WFP than a bank guarantee.

39. *Assessment of risks associated with NGO partners* - Despite concerns raised by the Market Access Programme Unit (OSZIC) in headquarters on the inconsistent quality and capacity of NGOs to deliver CBT services, the CO engaged with NGO partners for the delivery of forty percent of the total amount of its direct cash transfers in 2018. Four international NGOs transferred in total more than USD 5 million to beneficiaries. The agreements signed lead to financial and operational risks not only with the NGOs themselves, but also with the FSPs they sub-contract for the financial services that they cannot legally and statutorily deliver themselves. The audit noted that the CO did not properly assess financial and operational risks tied to contractual arrangements with NGO partners and their FSPs. The audit also noted that one NGO partner had sub-contracted cash transfer services to a remittance company which had been considered not qualified for WFP's own FSP shortlist.

40. *Assessment of risks associated with MMOs* - At the time of the audit mission, the CO had planned to sign an agreement with an MMO but waited for the conclusions of the audit before making a final decision. The audit noted that not all operational and regulatory risks associated with the agreed set-up had been fully assessed by the CO as there was a misunderstanding on the roles and set up of the solution delivery. Regulations applying to beneficiaries without IDs still required clarification and negotiating with country regulators before going ahead with mobile wallet creations and SIM card issuance (e.g. use of SCOPE cards by beneficiaries without national ID). Further, the assessment of FSP's existing preventive and detective controls (including access to data and reconciliation) had not yet been completed, also due to a misunderstanding on the set up of the delivery through the MMO.

Underlying cause(s): Gaps in the MiFA and financial risk review (including corporate benchmarks used to determine the level of risks for the different types of FSP not being optimal); lack of clarity of corporate methodology for assessing financial risks and interpreting its results (including support to help COs to consider complementary risk mitigation options such as staggering cash transfers to one FSP during the distribution cycle); and lack of CO expertise coupled with a lack of consistent guidance from HQ/RB and the lack of a corporate tool to assess regulatory, financial and operational risks associated with FSPs.

**Agreed Actions** [Medium priority]

The CO will:

- a) Reassess the financial risk associated with working with NGO partners and consider contracting with NGO partners for cash transfer services only as a last resort;
- b) Reassess the financial risk of working with only two microfinance institutions and consider contracting with other FSPs to reduce risks;
- c) In relation to the previous action, consider alternative risk mitigating options to bank guarantees or insurance policies;
- d) Complete a due diligence review of the Mobile Money Operator to assess mitigation of regulatory, financial and operational risks associated to mobile-based transfers; and
- e) Liaise with country bank and telecom regulators to address the lack of IDs of beneficiaries.

RMFB will:

- f) Expedite the introduction of the revised MiFA tool along with the guidance to further enhance risk identification of an FSP during the selection and contracting process.

**Timeline for implementation**

CO: 31 August 2019

RMFB: 31 December 2019

## B: Delivery

41. The audit performed tests and reviews of programme management and in-country monitoring and evaluation. Review of activities, operational partnerships and WFP's commitment to Accountability to Affected Populations (AAP) principles were also considered during field visits and desk reviews.

### Observation 3 : Resilience activities

42. The CO developed effective relationships and partnerships with various governmental entities, particularly in relation to the implementation of the integrated resilience package approach, investing in livelihoods, nutrition, education and government capacity strengthening activities, which started in 2013 already with the Three Pronged Approach (3PA). The 3PA aims to enhance multisectoral programming and planning, engagement with authorities, communities and partners to foster equitable, complementary, integrated and sequenced interventions as well as to promote better planning and sustainability of the assets under the Food Assistance for Assets (FFA) programme. The T-ICSP integrates further emergency and resilience operations aiming at more coherence and synergies. The following areas of improvement were noted which should be addressed in the planned scale-up of resilience building activities in Niger:

43. *Integration of resilience activities* - WFP supports the Government in implementing a multi-sectoral, integrated community-based approach to build resilience. WFP and partners are implementing an integrated package of activities (food assistance for assets, school meals, nutrition-specific and -sensitive interventions, capacity strengthening, social protection, etc.) in the same community over a period of five years. The audit noted a weak coordination between committees set up to manage the different activities at community level resulting in insufficient commitment of individuals or communities.

44. *Food Assistance for Assets* - The application of the 3PA in the design of FFA interventions provides for maintenance and management of assets created or rehabilitated to ensure sustainability and longer-term impact. When reviewing the design and implementation of FFA interventions, the audit noted that in some instances roles and responsibilities for asset maintenance and management were not comprehensively defined across governments, cooperating partners and communities. Agreements with communities on the maintenance of assets would require more efforts throughout the implementation of the FFA activity. Instances were observed where older assets were not adequately maintained compared to more recent assets. The audit noted that an asset maintenance strategy is being strengthened by the CO, based on lessons learned and good practices encountered in different contexts.

45. *Local purchases to smallholder farmers* - WFP leverages its purchasing power to support smallholder farmers' access to markets through local purchases which are primarily distributed to schools. Food was purchased from farmer unions (30 percent of the farmers unions members are women). To ensure continued and improved local purchases, the CO introduced a pilot initiative with a new pricing mechanism referring to the commodity's market price at the time of the delivery plus a premium of XOF 14,000/ Metric Tons (MT), or USD 25/MT, and not to a price fixed at contract signature. This new contractual arrangement had been designed to ensure a fair price to the producers and limit the number of smallholder farmers' defaults. The CO had planned to purchase 10,000 MT of commodities locally for a total value of USD 5 million using this pricing mechanism.

46. Yet local purchases from smallholder farmers did not necessarily lead to an upgrade of the quality standard since smallholder farmers would sometimes prefer to wait until closer to the lean season to sell the food at higher prices but in some cases lower quality after storage. Further, there were some indications that the premium did not always achieve the intended incentive and its calculation did not fully take into account different logistics costs. Smallholder farmers were still asking WFP to support them through technical and material assistance (including request for fumigation and provision of storage facilities).

Underlying cause(s): Unclear implementation plan for CO strategy; limited knowledge in sub-offices and NGO partners on asset maintenance roles and responsibilities, leading to these not being clearly defined with communities during the design phase of FFA activities; lack of key capacities of governmental technical services at field level to improve quality and sustainability of works; lack of long-term funding; and lack of beneficiary knowledge of the main objectives of subsidizing market prices for local purchases; and low quantities of local purchases.

#### Agreed Actions [Medium Priority]

The CO will:

- a) Liaise with local partners to ensure a system is put in place to enhance coordination between individual committees set up to manage the different activities of the integrated resilience package to foster further integration at community level;
- b) Strengthen the FFA Assets maintenance plan by clarifying communities' roles and responsibilities; and
- c) Gather lessons learned from the local purchase from smallholder farmers initiative and review the current strategy to subsidize market prices and clarify objectives, while ensuring that the revised strategy is understood and implemented as intended at the smallholder farmer level.

**Timeline for implementation**

31 December 2019

**Observation 4 : Programmatic decisions for beneficiary information and transfer management**

47. *Beneficiary information management* – The CO started registering beneficiaries in WFP’s beneficiary information and transfer management platform (SCOPE) in 2016, starting with the refugee caseload and gradually building a database of WFP beneficiaries for all types of assistance in Niger. During the audit period, the CO encountered technical challenges (including registration of reference data) for a further scale-up of beneficiary registration for emergency and resilience activities across Niger.

48. In 2018 only 7% of beneficiaries benefiting from WFP food assistance were registered in SCOPE of which 3% had a biometric registration. The CO had not fully considered the country-specific challenges through a thorough and formal risk analysis to ensure issues were addressed in a structured and effective manner. The CO’s strategy foresees scaling up the number of beneficiaries in SCOPE by 2020 in line with corporate requirements.

49. *SCOPE Scale-up strategy* –The CO management and the Cash Working Group had not yet formalized their strategic decisions for using SCOPE as a beneficiary management and/or transfer platform. These would inform and guide the SCOPE scale-up strategy.

- The CO had not finalised its analysis of the specific criteria for the registration of beneficiaries in SCOPE. All refugees and Internally Displaced Persons (IDPs) were not registered in SCOPE and the existing implementation plan for registering beneficiaries of resilience activities covered only cash-based interventions, despite the fact that projects had sometimes in-kind components;
- The CO still needed to decide when biometric information should be gathered. Capturing of fingerprints would allow the de-duplication of beneficiaries to ensure that the right people receive assistance. Risks associated with biometrics collection had yet to be identified and assessed. Further, for beneficiaries equipped with mobile phones and SIM cards, with the verification happening at Mobile Money Operator (MMO) level, biometrics are less critical as not used for verification. The audit noted that, after the audit fieldwork, RBD conducted a Privacy Impact Assessment (PIA) in line with WFP corporate guidance to assess relevance and risks of collecting fingers prints in the context of Niger operations;
- The CO did not have a detailed plan for the transfer mechanism to be implemented for its relief and resilience activities (including immediate cash, mobile money and value voucher). The assistance is supported through SCOPECARD with PIN codes in the Mangaize camp since 2016, with a current caseload of 708 households. The CO had not yet determined if this transfer mechanism should be expanded to other refugee locations (including Tahoua and Diffa). Further, the CO had not yet defined whether SCOPE would be used to transfer payment instructions to the FSPs; and
- Given that not all beneficiaries have official Identity Cards (ID) / documents, the Mobile Money Operators (MMOs) will be challenged to perform their “Know Your Customer” process. The CO had yet to decide if and when it will use SCOPE to create WFP ID cards as a last resort, although it is encouraged by the World Bank and HQ to support the local government with the distribution of National IDs to the beneficiaries.

Underlying cause(s): Lack of consensus between CO, RB and HQ and delay in strategic direction and planning from a programmatic perspective to inform the roll out and functionalities of systems and tools; lack of strong coordination between Programme and TEC teams; existing but insufficient skills and capacities in the CO to expand the use of SCOPE to all programmatic activities; biometrics not yet used to verify beneficiaries; and lack of HQ/RBD support.

**Agreed Actions** [High priority]

The CO will:

- a) Develop, in liaison with TEC and RBD, a country wide assessment on how the CO can benefit from using SCOPE for beneficiary management and as a transfer management platform (including exploring and defining options registering all beneficiaries, registering biometric information (if pertinent), using the tool to transfer payment instructions to FSPs or as a payment instrument in a closed-loop system through the issuance of SCOPECARDS);
- b) Formalize a detailed risk analysis with mitigating actions and alternatives for the scale-up of SCOPE to all activities; and
- c) Develop a strengthened plan and refine targets to secure financial and staff resources to carry out the scale up of SCOPE and maintain SCOPE capacities beyond 2019 as foreseen by the CO.

**Timeline for implementation**

30 September 2019

### Observation 5 : Accountability to Affected Populations

50. The CO did not fully operationalize all of the components of its AAP policy.

#### *Complaints and Feedback Mechanism*

51. The beneficiary Complaints and Feedback Mechanism (CFM) set up by the CO relies primarily on complaints and feedback desks or anonymous boxes available at sites. In May 2018, the CO introduced a beneficiary hotline as an integral part of its CFM for the Diffa/Lake Chad response.

52. Overall, the CO needed to further increase its efforts to set up a more effective complaints mechanism for beneficiaries in line with the new WFP corporate accountability framework. Limited utilisation of CFM mechanisms was noted, due to the saturation of the beneficiary hotline. The toll-free number introduced in 2018 in Diffa did not achieve its main objectives: it was mainly used by non-beneficiaries who wanted to benefit from WFP food assistance. The system was not extended to other regions as the CO planned to complete a lessons-learned exercise. The audit noted that there was, in general, limited awareness of the CFM as evidenced in the Post Distribution Monitoring (PDM) reports issued by the CO or its NGO partners. The CO was working on a set of measures to increase beneficiary awareness of the existence and the functioning of the complaints and feedback desks. The audit noted that the process of follow-up on complaints was not robust enough to ensure that issues were consistently and timely addressed. The CO will be part of the standardised CFM roll-out in September 2019.

#### *Protection from Sexual Exploitation and Abuse*

53. The CO had made efforts to align its processes with corporate principles to prevent Sexual Exploitation and Abuse (SEA) issues in 2018. Some actions were still pending to ensure full compliance: a joint WFP-NGO action plan had not yet been finalized and NGO partners had not provided their SEA action plans; the CO had not yet identified protection and SEA focal points at each NGO partner, and staff in the CO and sub-offices did not always know who the WFP focal point for protection from SEA was.

Underlying cause(s): Recent introduction of the beneficiary hotline; lack of awareness material at distribution points; and lack of training and communication on the PSEA focal points and formal network.

#### **Agreed Actions** [Medium priority]

The CO will:

- a) Finalize the CFM with RBD/HQ support and roll out the system as part of the corporate September 2019 round;
- b) Review the system for follow-up on complaints, ensuring that an audit trail is maintained, and consistent and timely response is provided to beneficiaries;
- c) Expand the beneficiary hotline from Diffa to other regions, once the lessons learned exercise is complete; and
- d) Finalize the joint WFP-NGO action plan for the protection from SEA and ensure NGO partners are providing their SEA plans and focal points.

#### **Timeline for implementation**

31 December 2019

### Observation 6 : Programme monitoring

54. *Monitoring strategy and governance* – During the audit period, there was no formally approved strategy document to direct and coordinate monitoring activities countrywide. A draft document had been submitted for review to the management. It addressed recommendations from the recent decentralized evaluation mission to improve the monitoring systems in place for resilience activities. However, the audit noted that its objectives may not be realistic in view of the limited human and financial resources in the CO as compared to the increasing number of activities and project sites to be followed. In 2018, WFP delivered assistance to 1,693 sites and supported the creation/maintenance or rehabilitation of 56,592 assets.

55. Access restrictions to certain areas of Niger and limited availability of partners challenged the implementation of adequate in-country programme monitoring. The draft document did not include an assessment of the feasibility and benefits of Third-Party Monitoring (TPM) or other adjusted monitoring activities. The CO had planned to extend ongoing TPM conducted under the emergency operation (EMOP 200777) to areas with limited access in western Niger. However, issues with regard to the quality of data and delays in reporting from ongoing TPM were observed, in addition to access constraints to validate, assess and follow up information.

56. *Monitoring process, systems, procedures and tools* – The sub-offices developed monitoring plans based on the corporate monitoring templates. From the review of their monthly monitoring plans and reports, the audit noted the following weaknesses:

- Overall, there was insufficient communication and coordination between sub-offices, partners and programme and monitoring units in the CO. Many recommendations that were raised in Distribution Monitoring (DM) or Post-Distribution Monitoring (PDM) reports related to the school feeding programme but they were not timely addressed to NGO partners and to the CO school feeding unit or entities of the Ministry of Education as relevant;
- Inconsistencies were noted with regard to the development of the key performance indicators for the resilience programme – while noting corporate indicators are also lacking in that regard;
- There was a lack of formalized approach to adopt the use of digital tools for distribution and process monitoring. The CO issued a draft concept note for the implementation of digital tools to the Ministry of Education to enhance the reporting process for the school feeding programme. However, the note did not include needs, milestones and resources and it was not reflected in the current Memorandum of Understanding (MoU) which had been signed with the Ministry of Education;
- The CO had not collected all geographical coordinates of assets needed to use WFP's Asset Monitoring System (AIMS). AIMS uses satellite imagery and landscape monitoring software to demonstrate some of the impacts of FFA. The audit noted that the CO participated in the AIMS pilot phase in 2017, but not in 2018 as there have been some difficulties in collecting the correct GPS coordinates for FFA sites. The audit noted that the CO plans to participate in 2019, expecting more support from HQ/RB on collecting GPS coordinates, given the number of assets in Niger; and
- The CO carried out regular performance monitoring and PDM exercises. Visits were almost all conducted as planned, with the exception of health centres, and related monitoring reports were regularly issued. Yet 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 monitoring issues was not kept up-to-date; many recommendations raised in these monitoring reports were not included in the CO monitoring database. Monitoring has already been identified by the CO as an area that requires improvements to align existing monitoring tools with corporate guidelines.

57. *Nutrition activities* - Evidence creation regarding nutrition results was negatively impacted by the government's introduction of a new national health information system software. Due to various shortcomings in the roll-out at health centre levels, the government's record keeping/statistics no longer supported reporting obligations as stipulated in the MOU with the Ministry of Health. WFP had no means to cross-check the quarterly reports received from the government partner.

Underlying cause(s): Staffing constraints and weaknesses in the coordination of monitoring activities, tools and outputs between the CO and sub-offices; insufficient consideration given to TPM or other adjusted monitoring activities; and insufficient involvement of heads of sub-offices in the follow-up of monitoring issues.

#### Agreed Actions [Medium priority]

The CO will:

- Finalise the monitoring strategy in line with the corporate strategy and guidance, and the T-ICSP and planned CSP;
- Reassess and clarify the need to use TPMs or any other adjusted monitoring activities to cover areas with limited access;
- Consider developing a shared monitoring plan, in liaison with academic inspections, to increase school monitoring coverage;
- Expedite the collection of all geographical coordinates of assets to enable use of satellite imagery and landscape monitoring software to demonstrate some of the impacts of FFA;
- Reassess the monitoring process in line with corporate guidance and ensure consolidation and analysis of observations at CO level, and promptly discuss all observations with NGO partners when relevant;
- Gradually roll out digital monitoring tools and ensure their consistent utilization;
- In coordination with RBD and HQ units, continue testing relevant output and outcome indicators, and define targets for resilience activities; and
- Engage in joint advocacy with UNICEF and other nutrition actors to ensure that WFP can fully rely on the government's national health information system.

#### Timeline for implementation

31 December 2019

### Observation 7 : Capacity strengthening to national institutions

58. Several MoUs signed with the government provide for the strengthening of capacities from national to municipal levels. The CO also provides technical and material assistance, and partnerships to enhance governmental supply chain practices and management.

59. *Support to line ministries for scaling-up resilience building activities* - Through the MoUs signed with the various line ministries (agriculture, environment, health, education) the CO aims to ensure that local technical services from different sectors are trained and take the lead on CBPPs. The audit noted that local technical services that should benefit from reinforcement of capacities were not always involved in the implementation of the CBPP during the audit period. This might have impacted the quality of some CBPP exercises since local stakeholders should be trained to understand the methodology. The audit noted that CBPPs started to be led and organised directly by local level technical services supported by WFP in 2019. Equipment had been transferred to the government in 2018 (with a total value of USD 230K), including motorcycles, tablet and surveillance equipment, to kickstart capital investment in government capacity. However, no monitoring by WFP was in place to ensure adequate use of the donated assets as relevant to WFP objectives.

60. *Support to the national school feeding programme* - A MoU was signed with the Ministry of Education including technical, material assistance and partnerships to enhance their supply chain and monitoring practices and management. In 2017, the CO developed an action plan for the capacity strengthening effort (SABER), prioritizing activities, geographical areas and alternative scenarios in the event of funding gaps. This plan needed to be updated. The CO donated assets (including IT equipment, vehicles and motorbikes) to the national School Feeding Division and the regional academic inspections. However, the CO had no monitoring plan to ensure effective utilization of these assets. Further, the CO had not yet finalized a concept note to provide the necessary support to digitalize data collection and analysis.

61. The school feeding programme was implemented in line with the National Strategy on School Feeding and the National Strategy for Local Purchase from Smallholder Farmers, which foster home-grown solutions. The CO piloted direct cash transfers to schools with twelve schools in priority communities of Maradi and Zinder regions in 2018. The audit noted that cash transferred to the Ministry of Education central bank account was not timely transferred to the regional level to provide operational advances to smallholder farmers, with delays up to 40 days. This resulted in late delivery of commodities to schools by local producers. Since WFP plans to increase local purchases from smallholder farmers for the school feeding programme, the existing cash transfer mechanism will need to be re-assessed in view of the pilot experience and in liaison with local authorities.

Underlying cause(s): Limited staffing capacity to ensure engagement with national institutions; limited capacity and resources available at HQ to support CO capacity strengthening activities; insufficient coordination with capacity strengthening activities of other United Nations agencies and partners; and recent governmental regulation to use the central bank account ("compte unique") for all payments to regional entities.

#### Agreed Actions [Medium priority]

The CO will

- a) In liaison with OSZI, develop a detailed implementation plan for the capacity strengthening effort which will prioritize activities and, for community and decentralised efforts, geographical areas. Prepare alternative scenarios, including in the event of funding gaps, to ensure effective capacity strengthening activities under different circumstances;
- b) Track the activities undertaken through WFP support, including the use of WFP-donated assets;
- c) Improve the coordination with capacity strengthening activities of other United Nations agencies and partners; and
- d) Liaise with the Ministry of Education and provide advice to address treasury issues identified; discuss possible alternatives to the payment set-up in place.

#### Timeline for implementation

31 December 2019

## D: Support functions

62. The audit reviewed the CO's framework for transfer modalities. The CO's management of support functions for food and cash deliveries to beneficiaries was tested. Key decisions in the CO's supply chain management, including procurement of food, non-food items, financial services associated with CBT, selection of transportation modes, contracting modalities and transporters to move cargo, distribution planning and commodity management, were reviewed. The audit also reviewed the CO's management of security risks, including humanitarian access analysis, physical security, operational planning and crisis management.

### Observation 8 : Food safety and quality

63. *Local food purchases carried out using the of Global Commodity Management Facility (GCMF)* - Review of local food purchases in 2018 confirmed quality issues with locally purchased millet. In March and May 2018, the Niger CO purchased 5,111 MT of millet from two local suppliers in the context of GCMF purchases. This supply represented eighteen percent of all local purchases, consisting of millet, sorghum, beans and nutrient supplements. Quality issues (including infestations) appeared at the time of the delivery to the Maradi warehouses and during the period under WFP custody. The SO proceeded with the reconditioning the stock in December 2018, several months after the delivery, which resulted in sorting out 22.7 MT of damaged millet (purchase value USD 10,150). The audit noted the following weaknesses in the processes:

- Food commodities were purchased in March and May 2018. However, the CO accepted late deliveries in May/June and August/September 2018 when millet was rare and of poor quality due to the lean season and the rainy season.
- Quality issues identified at the time of the delivery in WFP's warehouse were not properly addressed by the independent inspection services (i.e. superintendent services). Commodities were rejected by the SO at the time of the delivery. However, the same commodities were returned to WFP after being fumigated by the supplier and were cleared by the superintendent. These commodities started to be infested only two weeks after delivery.
- The food procurement unit did not take prompt remedial/corrective actions with regard to the supplier and the superintendent. Further, quality deviations were not timely and well documented (including exchanges with the supplier, the superintendent, the food technologist and the CO management). At the time of the audit, the procurement unit was preparing a draft post-factum memo for the CO management. The damaged commodities were still not recorded as losses in WFP's food supply chain management system (i.e. the Logistics Execution Support System - LESS).

Underlying cause(s): Lack of Standard Operating Procedures (SOPs) for food quality and safety; roles and responsibilities for units concerned not clarified; fragmented guidance on the food quality and safety; and performance of inspection company not actively monitored and/or enforced by WFP.

#### Agreed Actions [Medium priority]

The CO will:

- a) Expedite the decision-making process on the damaged commodities and ensure timely recording of losses;
- b) Ensure compliance with the corporate guidance related to the management of Food Safety and Quality. In particular, the procurement unit will immediately deal with any deviations from commodity specifications/quantities and will manage the resolution of the disputes based on the recommendations of the Food Incident Management Committee and on fully documented incident reports that will be generated by the units; it will also reinforce the evaluation of the superintendent's performance;
- c) Develop SOPs for the food quality and safety process, defining roles and responsibilities for each unit in line with corporate requirement;
- d) Re-evaluate with the programme unit and Budget Programming Officer the planning of local purchases to ensure WFP does not keep commodities in excess in its warehouses; and
- e) Establish regular capacity and performance checks of inspection companies against contractual requirements.

#### Timeline for implementation

31 December 2019



## Annex A – Summary of observations

The following tables shows the categorisation, 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 observation	WFP's Internal Audit Universe	WFP's Governance, Risk & Control logic: Risks (ERM) Processes (GRC)		Implementation lead	Due date(s)	
4	Programmatic decisions for beneficiary information and transfer management	Beneficiary management	Programme risks	Beneficiaries management	CO	30 September 2019
Categories for aggregation and analysis:						
Medium priority observations	WFP's Internal Audit Universe	WFP's Governance, Risk & Control logic: Risks (ERM) Processes (GRC)		Implementation lead	Due date(s)	
1	Governance	Governance	Governance & oversight risks	Risk management	CO	31 December 2019
2	Financial and operational risk assessment associates to Cash-Based Transfers	Risk management	Business process risks	Service delivery	CO RMFB	31 August 2019 31 December 2019
3	Resilience activities	Asset creation & livelihood support	Programme risks	Partner management	CO	31 December 2019
5	Accountability to Affected Populations	Protection	Beneficiary health, safety and security risks	Beneficiaries management	CO	31 December 2019
6	Programme monitoring	Monitoring & evaluation	Programme risks	Performance management	CO	31 December 2019
7	Capacity strengthening to national institutions	Technical assistance & country capacity strengthening	Programme risks	Country capacity strengthening	CO	31 December 2019
8	Food safety and quality	Food quality and safety	Partner and vendor risks	Food	CO	31 December 2019

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

### 1 Rating system

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 Priority of agreed actions

Audit observations are categorized according to the priority of agreed actions, which serve 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 or for the audited entity.
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.

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.

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>6</sup>

<sup>6</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.

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

### 3 Categorization by WFP's audit universe

WFP's audit universe<sup>7</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.3: WFP's 2019 audit universe (themes and 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 and 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 and 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 and Advocacy	Board and external relations management; Cluster management; Communications and advocacy; Host government relations; Inter-agency coordination; 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.

### 4 Categorization by WFP's governance, risk & compliance (GRC) logic

As part of WFP's efforts to strengthen risk management and internal control, several corporate initiatives and investments are underway. In 2018, WFP updated its Enterprise Risk Management Policy<sup>8</sup>, and began preparations for the launch of a risk management system (Governance, Risk & Compliance – GRC – system solution).

As a means to facilitate the testing and roll-out of the GRC system, audit observations are mapped to the new risk and process categorisations to define and launch risk matrices, identify thresholds and parameters, and establish escalation/de-escalation protocols across business processes.

<sup>7</sup> A separately existing universe for information technology with 60 entities, processes and applications is currently under review, its content is summarised for categorisation purposes in section F of table B.3.

<sup>8</sup> WFP/EB.2/2018/5-C

**Table B.4: WFP's new ERM Policy recognizes 4 risk categories and 15 risk types**

1	Strategic	1.1 Programme risks, 1.2 External Relationship risks, 1.3 Contextual risks, 1.4 Business model risks
2	Operational	2.1 Beneficiary health, safety & security risks, 2.3 Partner & vendor risks, 2.3 Asset risks, 2.4 ICT failure/disruption/attack, 2.5 Business process risks, 2.6 Governance & oversight breakdown
3	Fiduciary	3.1 Employee health, safety & security risks, 3.2 Breach of obligations, 3.3 Fraud & corruption
4	Financial	4.1 Price volatility, 4.2 Adverse asset or investment outcomes

**Table B.5: The GRC roll-out uses the following process categories to map risk and controls**

1	Planning	Preparedness, Assessments, Interventions planning, Resource mobilisation and partnerships
2	Sourcing	Food, Non-food, Services
3	Logistics	Transportation, Warehousing
4	Delivery	Beneficiaries management, Partner management, Service provider management, Capacity strengthening, Service delivery, Engineering
5	Support	Finance, Technology, Administration, Human resources
6	Oversight	Risk management, Performance management, Evaluation, Audit and investigations

## 5 Monitoring the implementation of agreed actions

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.

OIGA monitors agreed action from the date of the issuance of the report with regular reporting to senior management, the Audit Committee and the Executive Board. Should action not be initiated within a reasonable timeframe, and in line with the due date as indicated by Management, OIGA will issue a memorandum to Management informing them of the unmitigated risk due to the absence of management action after review. The overdue management action will then be closed in the audit database and such closure confirmed to the entity in charge of the oversight.

When using this option, OIGA continues to ensure that the office in charge of the supervision of the Unit who owns the actions is informed. Transparency on accepting the risk is essential and the Risk Management Division is copied on such communication, with the right to comment and escalate should they consider the risk accepted is outside acceptable corporate levels. OIGA informs senior management, the Audit Committee and the Executive Board of actions closed without mitigating the risk on a regular basis.

## Annex C – Acronyms

3PA	Three-pronged approach
AAP	Accountability to Affected Population
BCP	Business Continuity Plan
CBPP	Community-Based Participatory Planning
CBT	Cash Based Transfers
CFM	Complaints and Feedback Mechanism
CO	Country Office
CSP	Country Strategic Plan
CWG	Cash Working Group
DM	Distribution Monitoring
EMOP	Emergency Operation
FFA	Food Assistance for Assets
FSP	Financial Service Provider
GCMF	Global Commodity Management Facility
HR	WFP Human Resource Division
HQ	WFP Headquarters
KPI	Key Performance Indicator
LESS	Logistics Execution Support System
MiFA	Micro Financial Sector Assessment
MMO	Mobile Money Operator
MPO	Micro Purchase Order
MT	Metric Tonne
NGO	Non-governmental Organization
OSZIC	Market Access Programme Unit
PDM	Post Distribution Monitoring
PRRO	Protracted Relief and Recovery Operation
RBD	Regional Bureau Dakar
SCOPE	WFP's beneficiary information and transfer management platform
SEA	Sexual Exploitation and Abuse
SO	Special Operation
SOP	Standard Operating Procedure
T-ICSP	Transitional Interim Country Strategic Plan
TEC	WFP Technology Division

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TOR	Term of Reference
TPM	Third-Party Monitoring
UN	United Nations
UNDAF	United Nations Development Assistance Framework
USD	United States Dollar
VAM	Vulnerability Analysis and Mapping
WFP	World Food Programme
WINGS	WFP Enterprise Resource Planning Systems