



30 July 2019

## Internal Audit of WFP Operations in Pakistan (AR/19/11)

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### Management Comments

WFP Management welcomes the observations made by the Office of the Inspector General (OIG) in its audit report AR/19/11 on WFP operations in Pakistan. The audit focused on WFP operations in the country from 1 January 2018 to 28 February 2019, a period covering the first year of implementation of the country office's Country Strategic Plan (2018-2022).

Management notes that the Country Office (CO) worked with the federal and provincial governments and donors to position itself in the humanitarian and development spheres, while striving to maintain an emergency and humanitarian response capacity. However, the combined effects of high levels of malnutrition, frequent natural disasters, climate change, entrenched poverty, significant gender inequality, a rapidly increasing population, including a growing number of youth, and a tense security situation in parts of the country, are challenges that continue to impede socio-economic progress.

During the period covered by the audit, Pakistan elected a new government, which has prioritized an expansion of basic social services, including efforts to reduce stunting, housing construction and job creation, as key pillars of its programme.

WFP Management welcomes OIG's findings through its regular oversight and support missions and notes its observations on the basic support provided by the Regional Bureau to the country office. WFP Management appreciates the recognition by OIG of the necessary shift to a more development-focused role and the impact of the significant reduction in emergency needs and related funding. An important risk confirmed by OIG was the internal and corporate capacity constraints in certain thematic and business process areas, affecting the CO's efforts to position itself beyond emergency operations.

WFP Management also appreciates the recognition by OIG that necessary changes to beneficiary management, cooperating partner management, project implementation and monitoring were initiated during the period covered by the audit. These include the introduction of SCOPE, the update of cooperating partner Standard Operating Procedures (SOPs), the planned repositioning of FLA management unit as a separate entity from relief programme activities, initial steps taken on the consolidation and strategic directions of the Strategic Objectives (SO's) in the CSP and the establishment of independent monitoring.

WFP Management acknowledges the overall conclusion of "*partially satisfactory/major improvement needed*". The audit report includes a total of nine observations under governance, activity/project management, NGO partnerships, risk management, monitoring and evaluation, the fundraising strategy, cash-based transfers and gender. Three of the aforementioned nine observations are rated as high priority: **(1) Alignment of organizational structure; (2) Targeting**



**and registration including beneficiary management systems; and (3) Cooperating Partner (CP) management.**

With regards to the alignment of the organizational structure, the CO looks forward to organizing in a timely manner a detailed skills gap analysis using corporate guidelines and tools to support the next staff restructuring, which include a new model for the role of supply chain. The CO will draw on Regional Bureau and HQ support as appropriate for this exercise, in anticipation of a further reduction and possible end to food distributions by end-2020, given expected completion of the returnee operation for displaced populations in the former Federally Administered Tribal Areas (FATA) and the Government's announced exit from food distributions.

The second high-priority will be on the targeting and registration of beneficiaries, which was partly addressed through the introduction of SCOPE during the period covered by the audit. The CO notes the areas that require further strengthening, namely: reassessing and amending targeting processes, including roles, responsibilities, and operational modalities; ensuring an adequate WFP staff field presence; conducting validation and checks to targeting processes, including closed loop triangulation of data, as well as mechanisms for detecting duplications of beneficiaries. Relevant SOPs will be finalized in close collaboration with the Regional Bureau and implemented and monitored for compliance.

Regarding the third high priority of CP management, the CO has already aligned SOP's with the latest corporate guidance and is planning to reposition FLA management outside of its relief programme activities in August 2019, as well as contextualize CP selection criteria to the Pakistani operating environment by the end of the year. Furthermore, WFP will ensure that the CP profiles are refined to support the achievement of CSP objectives, systems and processes are in place to work better and more closely with Government, a coherent approach is put in place for capacity assessment and a mitigation plan is implemented to address uncertainties in obtaining no objection certificates (NOC's).

WFP Management will work closely with the country office to ensure timely implementation of all agreed actions and, in collaboration with OIG, will undertake quarterly reviews of outstanding 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/19/11 and is committed to strengthening concerned areas, as advised by the OIG.