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Internal Audit of WFP's Level 3 Emergency Response for the Sahel

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Internal Audit of WFP's Level 3 Emergency Response for the Sahel

I. Executive Summary

The Sahel region and the activation of the WFP Level 3 emergency response in 2018

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of the Level 3 emergency response for the Sahel, covering the duration of the emergency, from 29 May 2018 to 19 December 2018. The audit team conducted the fieldwork from 25 February 2019 to 24 May 2019, leveraging on the internal audits of the Niger and the Chad Country Offices¹, complemented with work and visits in the Regional Bureau in Dakar, the Mali Country Office and corporate divisions at Headquarters, desk reviews of the Burkina Faso and Mauritania emergency operations and consultations with Senegal Country Office. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

2. On 29 May 2019 WFP launched a pre-emptive Level 3 corporate emergency response in the G5 countries (Burkina Faso, Chad, Mali, Mauritania and Niger). Preventive monitoring started as early as September 2017, when indicators from the regional "Cadre Harmonisé" as well as Vulnerability Analysis Mapping at country levels revealed that the Sahel region could face the worst lean season since 2012. Irregular rainfalls in 2017 resulted in an early and prolonged 2018 lean season, with lower agricultural production, a deficit in pasture and high food prices. This also affected the transhumance corridors of pastoralists which led to early livestock migration in the Sahel, and increased tensions between pastoralists and farmers. Combined with disrupted markets, unstable political and economic contexts, and increasing insecurity this resulted in more than 5.3 million people food insecure in the Sahel G5 countries and Senegal (G5+1), a 20 percent increase compared to 2017 figures.

3. Historical trends and analysis indicate that drought can be expected in the Sahel about every three to four years. In addition, the region is particularly vulnerable to climate variations and climate change, this has affected rainfall patterns across the region, increased the frequency and scale of shocks, and accelerated environmental degradation. Recent estimates suggest that over 80 percent of lands in the Sahel are now degraded, resulting in decreased land productivity. The various humanitarian actors estimated the total number of food insecure at 5.8 million people for the 2018 lean season and projected almost 5 million children affected by acute malnutrition.

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 **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. The audit report contains two medium priority observations on emergency workforce deployment and knowledge retention and continuity of operations, both directed at the Regional Bureau in Dakar.

5. The audit focused on the effectiveness and efficiency of the emergency protocols in the Sahel emergency. Except for the two countries where a full audit was conducted (Chad and Niger), regular processes for country operations, although also in support of the emergency operations, were not reviewed in detail. Three lines of enquiry were followed with the audit aiming to provide answers to the following:

1) To what extent did the activation of the pre-emptive Level 3 emergency response for the Sahel optimise WFP's efforts and resources?

¹ Internal audit of WFP operations in Niger AR/19/03 and Internal audit of WFP operations in Chad AR/19/04.



2) How appropriate was the design and delivery of the emergency response to the needs of the food insecure population in each country?

3) With the deactivation of the Level 3 emergency response in December 2018, has WFP embedded the surge capacity generated by the Level 3 response and how sustainable is it?

6. Over the six-month emergency WFP reached 3.1 million beneficiaries (91 percent of the 3.5 million targeted beneficiaries received WFP's assistance throughout the six Sahelian countries) by delivering 91,599 metric tonnes of food and distributing USD 53.1 million through cash assistance. More than 385,000 women and over 182,000 children under five also benefited from malnutrition treatments. WFP received USD 174 million, 60 percent of the USD 289 million required, for the emergency response thanks to early donor communication and strategic advocacy work.

7. During the lean season a number of areas in the Sahel zone are almost entirely inaccessible; for these the preparation of the lean season is a major operation that starts as early as six months before the first rains are expected. The activation of WFP's broader corporate capacities enabled a quicker scale-up of operations: the pre-emptive approach had an impact on operations and optimised procurement through the Global Commodity Management Facility mechanism and advanced financing processes. 90 percent of the commodities were procured through the Facility mechanism, of which 56 percent were purchased from local and regional markets, allowing to cut delivery lead-times. With the first contributions and internal advances, purchases were made already in January and February 2018.

8. WFP in the Sahel has started a large-scale push towards resilience building. The surge of activity observed during the Level 3 emergency has positively impacted operations of the Regional Bureau and the respective five Country Offices. WFP's ability to maintain the momentum and adequate support to the affected populations is crucial. The WFP Level 3 emergency response in the Sahel contributed successfully to preventing the lean season from becoming a large-scale food security crisis in 2018. Improvements in the areas of budgeting and workforce deployment were noted.

9. Funding allocation and tracking were a technical challenge, already noted by the External Auditor in his report on corporate emergency². As such no recommendation was raised and reference was made to recommendations already issued to improve the linking between the budgeting and expenses tools.

10. Emergency workforce deployment was once more noted as an area for improvement. Although most positions were filled during the emergency, the review highlighted weaknesses in the sourcing of candidates and delays, not anticipating ahead for staff availability and transfers. The Sahel emergency was also somehow a peculiar one, where resilience-focused staff was recruited rather than the more typical field-related emergency skills.

11. In light of the effects of climate change and the high probability of recurring crisis in the Sahel Zone, the Regional Bureau in Dakar was encouraged to enhance emergency deployment and knowledge sharing' processes for the sustainability and continuity of the operations in coordination with Headquarters.

Actions agreed

12. 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

² Report of the External Auditor on the management of corporate emergencies – WFP/EB.A/2015/6-G/1 <https://docs.wfp.org/api/documents/WFP-0000024527/download/> and on the scale-up and scale-down of resources in emergency operations – WFP/EB.A/2018/6-H/1 <https://docs.wfp.org/api/documents/WFP-0000070427/download/>



II. Context and Scope

The Sahel and the activation of the WFP Level 3 emergency response

13. The Sahel region has some of the highest food insecurity and malnutrition rates in the world. It is a vast region spanning 4,400 km across 6 countries (Burkina Faso, Chad, Mali, Mauritania, Niger and Senegal), covering an area of 5.3 million square kilometres with a population of 88 million people. The region is known for the recurring climatic shocks which, on average, push 3-4 million people to food insecurity each year. Insecurity in northern and central Mali, as well as in Burkina Faso and Niger, continues to disrupt the usual transhumance routes, the functioning of markets and the agro-pastoral production.

14. According to the March 2018 regional harmonized framework and the 2018 "Dispositif National de Prévention et de Gestion des Crises Alimentaires" in Niger, over 5.8 million people were projected to be food insecure in Burkina Faso, Chad, Mali, Mauritania, Niger and Senegal in 2018, a projected overall increase of 50 percent compared to 2017. The start of an early lean season, along with disrupted markets and increasing insecurity, led WFP to declare a Level 3 emergency (L3) on 29 May 2018.

WFP response in the Sahel

15. The Sahel Lean Season Response was implemented in the G5 Country Offices – Burkina Faso, Chad, Mali, Mauritania and Niger – to stabilize food security and nutritional levels and give the Country Offices (COs) and the Regional Bureau in Dakar (RBD) the capacity needed to deliver life-saving assistance and protection to affected people. The Senegal CO was also considered in the scale-up response but not placed under the Corporate L3 mechanism. As at 30 November 2018, WFP provided assistance to about 3.1 million people in the G5+1 countries.

16. As per WFP's Executive Director's Circular OED2018/013 on the *Interim WFP emergency activation protocol for Level 2 and Level 3 Emergencies*, WFP classifies as "Level 3 response" situations where capacity limitations are mitigated through a reinforced leadership and staffing structure at CO level, but other criteria (complexity, reputational risk, scale and urgency) persist. The activation of the Sahel L3 triggered immediate actions, such as enhanced operational leadership and chain of command, delegations of budgetary authority, internal coordination and support mechanisms, an emergency operational framework, and coordination and deployment of surge capacity.

- The Regional Director of RBD was appointed Corporate Response Director, alongside the appointment of Country Directors as Emergency Coordinators for their respective countries.
- The corporate Director of Emergencies ensured cross divisional coordination in support of the established operational task force, including the existing Headquarters Operation Center (OPSCEN) for support of the emergency response.

17. In December 2018 the lean season came to an end and WFP transitioned to resilience activities, with key support structures in place. Thus, in accordance with section 38c of the WFP emergency response activation protocol (Executive Director Circular OED2015/014), and based on the analysis of the five emergency response criteria (scale, complexity, urgency, capacity and reputational risk), the WFP L3 response for the Sahel region was formally deactivated, in consultation with the Country Directors, the Regional Director and the Deputy Executive Director, and with the endorsement of the Strategic Task Force.

18. The surge capacity generated by the L3 response is now embedded within the capacity of RBD and the five COs, with ongoing support from WFP Headquarters as needed. WFP operations in Mali regained their level 2 status, as was the case prior to the L3 activation for the Sahel emergency response.



Objective and scope of the audit

19. The objective of the audit was to provide assurance on the effectiveness of internal controls, governance and risk management processes related to WFP's L3 response for the Sahel, the management of the L3 from May to December 2018, and following the deactivation of the L3 the impact on the operations in the concerned countries. The audit is 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 carried out prior to the audit.

21. The scope of the audit covered the period May to December 2018. Where necessary, transactions and events pertaining to other periods were reviewed. The fieldwork took place from 25 February to 24 May 2019 through onsite visits at RBD, and the COs in Chad, Mali, Niger, and Senegal, and at WFP Headquarters in Rome. The audit also included desk reviews of Burkina Faso and Mauritania emergency operations.

III. Results of the Audit

Audit work and conclusions

22. The audit work was tailored to the country context and to the objectives set by the CO, 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.

23. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **effective / satisfactory**³. 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.

24. The Office of Internal Audit, in supporting WFP's management's efforts in the areas of gender and provision by management of assurance on CO internal controls, separately reports its assessments or gaps identified in both areas.

Gender Maturity

25. Large gender disparities persist in the Sahel; the COs in the region have integrated gender as a key focus within their respective (interim) Country Strategic Plans (CSPs). However, protection, accountability to affected population and gender were not always priorities during the emergency, due to lack of staff and resources and the focus being more on operational delivery. This was highlighted in the lessons-learned exercise coordinated post-emergency by RBD and should be taken into account in the next lean season.

26. Individual COs' monthly monitoring reports systematically included gender disaggregated beneficiary data, and these were globally reported and aggregated at RBD level. Regarding WFP internal hiring process, gender balance was achieved as more than 50 percent of the staff deployed across the five countries under the L3 were women.

Annual assurance statement

27. Given the specific scope of the audit focusing on the Sahel L3 mechanisms, the assurance statement dimension for respective Country Offices was not reviewed by the audit.

³ See Annex B for definitions of audit terms.

Observations and actions agreed

28. Table 1 outlines the extent to which audit work resulted in observations and agreed actions. These are classified according to the lines of enquiry 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 lines of enquiry, observations and priority of agreed actions

Priority of issues/agreed actions

<p>To what extent did the activation of the pre-emptive Level 3 emergency response for the Sahel optimise WFP's efforts and resources?</p> <p>The audit work analysed the triggers for activating an L3 and assessed whether the needs and context met these triggers.</p> <p>Findings from past external audits, lessons learned, and evaluations have been integrated into the 2018 Sahel L3 response at corporate and regional levels. The achievements of the response relied upon an early preparation phase, coordinated communication (internal and external), the application of the L3 mechanism and clear reporting and escalation protocols. The role of the Regional Emergency Coordinator further contributed to maintaining guidance and advocacy throughout the emergency. These measures contributed to the success of the operation (the first pre-emptive WFP Corporate L3 Emergency), where WFP reached 3.1 million people between March and September 2018 (91 percent of the total planned caseload set at 3.5 million food insecure people) and secured USD 174 million funding (60 percent of its operational requirements for the lean season response).</p>	
<i>No audit observation was raised</i>	/
<p>How appropriate was the design and delivery of the emergency response to the needs of the food insecure population in each country?</p> <p>The audit work focused on the design and delivery of the emergency, i.e. enhanced operational leadership, chain of command, delegations of budgetary authority, internal coordination and support mechanisms, emergency operational framework, coordination and deployment of surge capacity.</p>	
1. <i>Resource allocation and expenses' tracking</i>	<i>n/a⁴</i>
2. <i>Emergency workforce deployment</i>	<i>Medium</i>
<p>With the deactivation of the Level 3 emergency response in December 2018, has WFP embedded the surge capacity generated by the Level 3 emergency response and how sustainable is it?</p> <p>The audit work assessed WFP's capacity to implement a coordinated phasing down, potentially reinforced structures and capacities in the countries concerned, including increased resilience.</p>	
3. <i>Knowledge retention and continuity of operations</i>	<i>Medium</i>

29. The two observations of this audit are presented in detail below.

30. Management has agreed to take measures to address the reported observations⁵. 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.

⁴ No action was raised with reference to the External Auditor report WFP/EB.A/2019/6-G/1 and the recommendation made there.

⁵ Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.



Line of inquiry: How appropriate was the design and delivery of the emergency response to the needs of the food insecure population in each country?

31. The audit performed tests and reviews on various elements of the emergency operation scale-up, with a focus on programme modalities for country emergency response, procurement, resource mobilization, emergency workforce deployment and partnerships and coordination.

32. The audit noted that efforts had been made to strengthen accuracy and completeness of budget, programming and monitoring data at the Regional Bureau level, with the creation of a specific tracking tool and bi-weekly updates. While the exercise and set up have faced challenges at the inception phase of the emergency, this helped improve reporting.

33. Strong coordination was observed in the area of donor relations, at the levels of COs, RBD and Headquarters; the donor relations functions implemented a “no surprise” approach with the sharing and updating of action points for all COs and associated respective tasks, which helped better coordinating advocacy efforts. Donors and UN partners met in the field mentioned the crucial role of the Emergency Coordinator in the communication and advocacy activities.

Observation 1 : Resource allocation and expenses' tracking

34. The audit testing included a review of the funding mechanisms for the L3 response, including how specific grants were tagged or allocated in WFP's corporate system. The system showed grants were allocated by strategic objective or activity; however, at a more granular level, each activity could be related to both resilience or crisis response, depending on the context.

35. Before the implementation of the Integrated Road Map (IRM), each project was either a protracted relief and rehabilitation operation (PRRO), a development project (DEV) or an emergency one (EMOP), with the marking of project activities and expenditures very straightforward. With the portfolio approach of the IRM and the Country Strategic Plan, the allocation of grants under the same activity – for example “school feeding” - can be more complex in some cases, such as the Sahel L3 where activities may alternate from an emergency focus to a resilience one cutting across grant allocation lines. With the resilience scale up ongoing in the Sahel, combined with the possibility of new food crisis, accurate reporting and communication appears necessary. The flexibility of donors cannot be expected in all cases, especially as their funding may originate from different ministries or portfolios, and WFP's allocation of grants under one activity in its corporate systems may not always provide the breakdown for different activities.

36. A manual workaround was put in place during the L3 to maintain information and enable precise donor reporting. Yet the audit noted that it was difficult to obtain a full audit trail on grants allocated to the L3, without the detailed excel spreadsheets and supporting interviews with donor relations officers in COs or the Government Partnership Division (PGG) in Headquarters. In each CO the Budget and Programming units have set up an implementation plan, whereby under each activity, a specific activity name (usually starting with “SSR” – Sahel Shock Response) would describe the specific lean season plan. This allowed to track the needs country by country and consistently. It also helped advocacy work and facilitated reporting to senior management.

37. To prevent the implementation of multiple and country-specific manual solutions (mostly additional spreadsheet tracking), and ensure consistency and reliability of data, there is a need for corporate functions to identify a corporate methodology for allocating/ maintaining the tracking of development / resilience / crisis to grants in the system, while ensuring this is efficient as well.

38. Actual expenditures were reported through the various country Standard Project Reports (SPRs), but these did not provide specific scale-up or emergency expenditure lines. It was therefore not possible to link the implementation plans to actual expenditures for the level 3 emergency. Emergency mechanisms such as corporate L2/L3 help the various units in Headquarters, RBx and COs ensure stronger communication, support and capabilities in emergency contexts. As such emergencies are not differentiated from other WFP operations. There was therefore no specific consolidated reporting on the emergency costs for the 2018 Sahel L3 response. This has repeatedly been noted by the External Auditors in their 2015 and 2018 reports on emergencies as it “overshadows the financial visibility of each emergency”.

39. In the Sahel context, where recurring shocks can occur, there is a risk of not accurately reporting financial information, which could undermine WFP's ability to mobilize adequate funding and weaken the capacity to plan and anticipate required actions. The Office of Internal Audit therefore strongly encourages the Budget and Programming Division (RMB) to implement



the recommendation from the External Auditor⁶ to “set up a financial tool enabling accounts to be rendered for the total costs of emergency operations”. As already tracked for implementation, no further action is raised in this report and note is taken that implementation is expected for December 2019⁷.

40. Underlying cause(s): L2 and L3 emergencies are internal tools to increase internal capacities and communication while drawing internal and external attention, with no reporting on costs specifically associated to emergencies. These are embedded in COs’ operations; limitations of WFP’s programming and expenses tools (WINGS, WFP’s Enterprise Resource Planning System).

Observation 2 : Emergency workforce deployment

41. More than 90 percent of the advertised positions were filled throughout the L3, although sometimes with delays and difficulties. The region is well versed with annual lean season exercises, although the scale of the latest emergency was significantly broader. With recurrent and expected climatic shocks, and the worsening of drought periods, surge staffing requirements should be anticipated as well as key positions secured for the sustainability of the operations. Due to the high number of concurrent L2 and L3 emergencies many WFP staff were already working in emergencies, with other operations already impacted, making it difficult to allow short or medium-term redeployment of staff from other operations.

Sourcing of candidates. The audit testing included a review of the hiring processes for the emergency workforce, including the review of types and lengths of contracts, sourcing of candidates, and adequacy of positions in terms of required qualifications and experience. Numerous channels were used for recruiting under this emergency: Headquarters emergency roster, RBD skills mapping, networks of previous/retired consultants, UN volunteers, standby partners, or local COs’ networks. An analysis of staff deployment by sourcing/country/language/contract type/length of stay, etc. proved difficult as data was not readily available. The vast majority of candidates in the emergency roster was composed of national staff, some having several years of experience working for WFP in the RBD region. It was noted that COs tended to recruit staff with whom they had already worked and whom they knew, rather than going through external sourcing processes (mainly as a result of time constraints). There is a need for RBD to centralize and coordinate the process more consistently in order to mitigate two possible biases: a) lack of transparency in the recruitment process and b) possibility for a CO to hire staff not entirely dedicated to the emergency and therefore limiting the visibility on the country’s actual needs.

42. *Availability of staff.* As already highlighted in numerous internal and external evaluations and audits since 2010, recruiting French-speaking staff proved difficult for RBD and the COs during this emergency, resulting in delays filling available positions. In some cases, additional testing of candidates’ language capacities had to be arranged as tests performed upon recruitment and the information on file did not consistently guarantee French working knowledge. As a workaround solution, RBD performed ad hoc interviews and tests of French skills. This was later systematized. The duration of contracts also impacted the recruitment process with an average duration of three months, sometimes less. A high number of candidates on the various rosters showed little interest for short-term contracts. In some cases, short-term deployments of WFP staff (Temporary Duty Assignments, ‘TDY’) within the region or between the RBx were delayed or refused, the main reason being the necessity for the originating managers to ensure continuity of their own operations. Last the timing of the lean season in the Sahel conflicted with the holiday season in European countries. A number of potential candidates identified for the emergency were not available for deployment due to the holiday season (the peak of the lean season being June to September).

43. *Resilience-focused staffing.* The gaps in filling some positions also related to the very specific nature of some of the Vulnerability Analysis and Mapping (VAM), monitoring, resilience, and engineers’ positions. The shift to slower onset resilience-type of crisis may indicate that the corporate emergency roster (among other sources) did not fully meet the needs of RBD or the Sahel COs. As already envisaged by RBD, capacity in the domain of resilience needs to be further built. Maintaining key staff in their position in COs is a challenge when only short-term contracts are offered. Furthermore, some of the talents identified by RBD and the various COs were not always listed on the local and regional talent pools. At the time of the deactivation of the emergency, RBD had identified a number of key positions and discussions were ongoing between Human Resources in Dakar and HQ to find longer term solutions.

Underlying cause(s): Lack of oversight from RBD on specific CO emergency recruiting; overall lack of clarity and transparency in workforce sourcing practices in emergency situations; weak enforcement and testing of the second UN language upon recruitment; lack of alignment of resources needs between long-term resilience build-up and short-term contracting practices; lack of anticipation from both RBD and COs in preparing lean season staffing.

⁶ Report of the External Auditor on the management of corporate emergencies – WFP/EB.A/2015/6-G/1 and on the scale-up and scale-down of resources in emergency operations – WFP/EB.A/2018/6-H/1

⁷ WFP/EB.A/2019/6-G/1 page 28 – recommendation 4.

Agreed Actions [Medium priority]

Human Resources in RBD will:

- (a) Finalise the regional skills mapping exercise and the creation of the regional emergency roster;
- (b) Where required, continue the vetting of candidates for French-speaking skills;
- (c) Coordinate with COs and anticipate upcoming lean seasons by developing (at the latest by end of the first quarter of the year) preliminary staffing needs; and
- (d) In coordination with COs in the region, develop a plan for expanding sourcing of candidates outside WFP and the UN network.

Timeline for implementation

- (a) 31 March 2020
- (b) 31 December 2019
- (c) 31 December 2019
- (d) 31 March 2020

Line of inquiry: With the deactivation of the L3 emergency in December 2018, has WFP embedded the surge capacity generated by the L3 response and how sustainable is it?

44. The audit assessed WFP's capacity to implement a coordinated phasing down, potentially reinforced structures and capacities in the countries concerned, including increased resilience (already ongoing during the 2018 Sahel emergency). Testing also included a review of the deactivation criteria and decision process.

Observation 3 : Knowledge retention and continuity of operations

45. The audit performed tests of the handover process for the Sahel surge hiring. In some countries, a high rotation rate was noted for some positions, further increasing the necessity of a functioning handover process. The handover process was effective for the administrative part of it; HR was able to confirm that handover notes were communicated to the various units and complete the offboarding of staff.

46. The process for collecting handover notes, ensuring knowledge retention for possible future positions and legacy to staff remaining in the CO was not effective. The handover notes varied in format, length, content. There was no central repository at the COs to gather these; notes were shared by emails to the various heads of units or saved on local shared drives or both. The terms of reference for the various functions did not always make reference to handover or knowledge sharing at the end of the contracts.

47. While the handover content/format/length will vary depending on the content of the job and the terms of reference, it is crucial to develop more sustainable knowledge retention and sharing for short term positions, particularly in emergencies. This will reinforce accountability to the RB while ensuring a consistent and more structured way to gather knowledge from staff and benefit from past experiences.

Underlying cause(s): Lack of awareness on the importance of the handover process; absence of corporate guidance for handover process; lack of accountability of staff and managers for handing over results of missions.



Agreed Actions [Medium priority]

The Programme Unit in RBD will:

- (a) Identify best practices for handover in emergencies and rotational short-term positions with COs and the RBD Emergency and Preparedness Response (EPR) Team; and
- (b) Create a common handover note template that will be used consistently by all deployed staff.

The Human Resources Unit in RBD will:

- (c) Review the terms of reference for emergency deployment positions to systematically include the notion of handover and deliverables;
- (d) Create a regional SharePoint or team space where handover notes and key documents will be systematically stored; and
- (e) Systematically include this step in the offboarding process.

Timeline for implementation

(a) and (b) 31 October 2019

(c) to (e) 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.

Medium priority observations	Categories for aggregation and analysis:				Implementation lead	Due date(s)
	WFP's Internal Audit Universe	WFP's Governance, Risk & Control logic:				
		Risks (ERM)	Processes (GRC)			
1	Resource allocation and expenses' tracking	Activity/project management	Programme risks	Finance and budget	RMB	n/a
2	Emergency workforce deployment	Human resources management	Programme risks	Human resources	RBD	(a) 31 Mar 2020 (b) 31 Dec 2019 (c) 31 Dec 2019 (d) 31 Mar 2020
3	Knowledge retention and continuity of operations	Knowledge & information management	Programme risks	Intervention planning	RBD	(a) 31 Oct 2019 (b) 31 Oct 2019 (c) 31 Dec 2019 (d) 31 Dec 2019 (e) 31 Dec 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 objective 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.⁸

⁸ 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 universe⁹ 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 Policy¹⁰, 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 as introduced¹¹ by the Chief Risk Officer to define and launch risk matrices, identify thresholds and parameters, and establish escalation/de-escalation protocols across business processes.

⁹ 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.

¹⁰ WFP/EB.2/2018/5-C

¹¹ As per 1 January 2019, subsequent changes may not be reflected in 2019 audit reports.

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

CO	Country Office
DEV	Development Operation
EMOP	Emergency Operation
EPR	Emergency and Preparedness Response
IRM	Integrated Road Map
L3	Level 3 emergency
PGG	Government Partnership Division
PRRO	Protracted Relief and Rehabilitation Operation
RMB	WFP Budget and Programming Division
RBD	Regional Bureau Dakar
SPR	Standard Project Report
SSR	Sahel Shock Response
UN	United Nations
VAM	Vulnerability Analysis and Mapping
WFP	World Food Programme
WINGS	WFP Enterprise Resource Planning System