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Follow-up Audit of the Implementation of Agreed Actions from the 2018 Internal Audit of WFP Operations in Libya

Office of the Inspector General
Follow-up Audit Report AR/19/21



World Food
Programme

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Follow-up Audit on the Implementation of Agreed Actions from the Internal Audit of WFP Operations in Libya

I. Executive Summary

Introduction

1. As part of its annual work plan, the Office of Internal Audit conducted a follow up audit on the implementation of the actions agreed from the internal audit of the WFP's operations in Libya (AR/19/04).
2. The audit focused on the period 1 October 2017 to 30 September 2018. Based on the results of the audit, and with consideration of the context of the country, the Office of Internal Audit came to an overall conclusion of unsatisfactory, i.e. internal controls, governance and risk management practices were either developed and not fully established or not functioning well and some issues identified were such that the achievement of the overall objectives of Libya operation could be compromised. The audit report made seven high priority and five medium priority observations actions due to be implemented by 31 July 2019.
3. The follow up audit was carried out through a review of documentary evidence and interviews with the country office and other stakeholders as relevant to the implementation of the agreed actions. The review was complemented by a mission to the country office premises in Tunis from 28 to 31 October 2019. This was carried out in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors.

Status of agreed actions

4. The 2018 audit (issued in April 2019) included 12 observations and management agreed to make the necessary improvements by implementing the corresponding actions. Five observations and their corresponding actions had already been closed before the follow-up audit. The follow-up audit focused on the remaining seven observations and their actions and came to the following conclusions.
5. All seven high-priority observations have been implemented and closed. Four out of the five medium-priority observations and their corresponding actions have been implemented and verified as closed. One medium-priority observation remains open with actions in progress and due by 31 December 2019.
6. Details of observations, actions taken, and the Office of Internal Audit's conclusions are provided in Tables 1 and 2.
7. The Office of Internal Audit would like to thank managers and staff for the assistance and cooperation accorded during the review.

Kiko Harvey

Inspector General



II. Context and Scope

Libya

8. After the fall of the Muammar Gaddafi's regime in 2011, violent clashes and civil unrest broke out throughout Libya. Since then fighting has continued across the country, leading to civilian casualties, damage to civilian infrastructure and displacement of populations. Once a prosperous middle-income country, Libya ranks 108 out of 189 in the UNDP Human Development Index of 2018. Between 2017 and 2018, an estimated 1.62 million people have been directly affected by violence and civil unrest. In addition, the 2019 United Nations Humanitarian Response Plan for Libya estimated there were 823,000 people require life-saving humanitarian assistance and protection, in particular 288,000 migrants, many of which were being held in detention centres in poor conditions and were the victims of human rights violations.

WFP operations in Libya

9. WFP resumed operations in Libya in September 2014, providing relief assistance to internally displaced people (IDPs). In November 2014, WFP declared a level 2 emergency which remains active to this date. During the period under review of the 2018 internal audit, the Country Office (CO) implemented Emergency Operation (EMOP) 200925 Assistance to people affected by the crisis in Libya, from 1 June 2016 until 31 December 2018. Through the EMOP, WFP assisted IDPs, refugees/asylum seekers and other vulnerable non-displaced populations. In addition, WFP started operating humanitarian air service (UNHAS) flights in September 2018, under project SO 201123.

10. Due to the security situation, the presence of WFP personnel inside Libya has been severely restricted, requiring WFP to run operations for Libya remotely from Tunis. Security improvement at UN premises in Tripoli and the establishment of facilities in Benghazi augmented WFP's presence in Libya.

11. Since the audit mission in November 2018 and the issuance of internal audit report AR/19/04 in February 2019, WFP CO team enhanced its strategy and plans to advocate for resources and prioritize efforts, resulting in a better funding situation compared to previous years. In January 2019, the Regional Bureau in Cairo (RBC) submitted the Interim Country Strategic Plan (ICSP) 2019-2020 of WFP operations in Libya for approval by the Executive Board. In July 2019, further funding of USD 206,000 was granted to the CO through the Immediate Response Account for preparedness activities in Libya for the period of July to September 2019, following the escalation of conflicts and soaring numbers of individuals who had been displaced.

12. For the humanitarian assistance to people affected by the crisis, WFP gradually introduced new activities and enlarged resilience programming and cash-based transfer modalities, as well as services in support of the humanitarian community in Libya. The CO planned to reach in 2019 a monthly average of 112,000 general food assistance (GFA) beneficiaries while actual distribution figures showed that the CO reached only a monthly average of over 70,000 beneficiaries between January and August 2019.

13. WFP is increasingly engaging across the humanitarian-development-peace nexus to support the review and rehabilitation of pre-crisis social protection systems to ensure social cohesion. WFP co-leads the Food Security Sector in Libya, and leads the Logistics Sector, the Emergency Telecommunications Sector, UNHAS and the UN Hub in Benghazi, operational since April 2019.

14. As part of the 2019 Libya UN Humanitarian Response Plan, and on behalf of the Humanitarian Country Team (HCT), the Emergency Telecommunications Sector was implementing a common feedback mechanism in connection with delivery and impact of humanitarian assistance programs in Tripoli, Libya. WFP was playing a key role by championing the developing of a common hotline and information package for conflict-affected populations.



Objective and scope of the follow up

15. The objective of the follow up audit was to determine the extent to which the actions agreed from the 2019 internal audit on WFP operations in Libya had been implemented by the CO.

16. The review involved a desk-review of available documentation from 14 October to 25 October 2019 to support the verification of the effective implementation of agreed actions. The implementation of the agreed actions was verified through and documented in the Office of Internal Audit's system for the monitoring of the implementation of agreed actions (TeamCentral). Through this system the Office of Internal Audit tracks all medium and high-risk observations to ensure management actions are effectively implemented within the agreed timeframe to manage and mitigate risks identified, and thereby contributing to the improvement of WFP's operations.

17. The desk-review was complemented by a field visit from 28 to 31 October 2018 to the Country Office premises in Tunis, interviews with management, staff and partners. The verification followed standard internal audit practices and is in line with OIGA guidelines, which provide for follow-up audits of internal audits which resulted in an overall conclusion of 'ineffective / unsatisfactory'. The audit procedures and tests were designed to assess the progress of implementation of the agreed actions, not for the purpose of expressing an opinion on the effectiveness of the CO and its operations' internal controls.



III. Results of the follow up audit

Table 1: High priority observations

Audit Report Observation 1		
<p>Organizational structure and workforce planning</p> <p>At the time of the audit 81 percent of the positions in the CO were vacant, filled by consultants, temporary staff, or outsourced to service providers. The CO partially and temporarily alleviated understaffing through various modalities, including RBC and headquarter-funded missions, reassignments and temporary assignments. However, several key positions in VAM, programme, monitoring, and security were vacant or were under-staffed, having a detrimental effect on the establishment of robust processes of internal control. At the organizational level, little consideration was given to the level of controls one could reasonably establish and maintain over the operation given the staffing, skills and experience made available to the emergency.</p> <p>A formal staffing structure review had not been carried out during the audit period. Wide-ranging changes to the organizational structure proposed by management had not undergone a formal assessment process to identify their financial sustainability, operational and continuity risks, and strategic alignment to the 2019-2020 ICSP. Further consideration needed to be given to source an effective and sustainable way for functions and responsibilities currently supported by RBC or shared with the Tunisia CO to be performed by the Libya CO.</p> <p>Increased Human Resources (HR) capacity is needed to support the recruitment and on-boarding of personnel and development of a workforce plan and talent acquisition strategy.</p> <p>There is a high risk that the CO may not be able to address risk management and internal control related issues noted in this report without first strengthening its staffing and capacity.</p> <p><u>Underlying causes:</u> lack of funding leading to gaps and weaknesses in the organisational structure; evolving nature of the emergency, creating uncertainty on the level of support to relief operations, appropriate level of staffing and contract types; absence of HR support to guide management and lead workforce planning and talent acquisition efforts.</p>		
Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Conduct a structure and staffing review ensuring staff capacity and capabilities support the implementation of the ICSP 2019-2020;	The CO conducted a formal staffing structure review in February 2019 to maximize capabilities of staff to support the implementation of the ICSP 2019-2020. This process was facilitated by a Human resources (HR) officer on temporary duty assignment.	Closed
II. Decide on the continuing role of HR resources currently shared with the Tunisia CO; and	The CO decided to establish an internal HR function, thus shifting HR management-related responsibilities from Tunisia CO to Libya CO. This decision included the review of HR processes and strategy, as well as the collection of Libya CO personnel files. The organisational structure included two HR positions based in Tunis, one international HR officer and one national HR associate. The HR unit was under the direct supervision of the CD. At the time of the follow-up mission, the international HR officer position was staffed for three months by an expert selected from the HR roster created by RBC. The HR associate position was vacant, and the CO had still not identified a suitable candidate. To support the definition of roles and responsibilities of the	Closed



Agreed actions	Actions undertaken by the CO	OIGA Conclusion
	new HR function in the Libya CO, a staff on temporary duty assignment was deployed for six weeks from the WFP office in Turkey.	
<p>III. Establish workforce planning and talent acquisition strategies to support the ongoing recruitment processes and implementation of the recommendations from the staffing and structure review.</p>	<p>The definition of a workforce planning and talent acquisition strategy, following the results of the staffing and structure review, was still under discussion at the time of the follow-up mission. In support of the implementation of this agreed action, RBC deployed a field support mission from the regional HR unit in October 2019. This allowed for improvement in the validation of a talent acquisition strategy, and training on talent acquisition and performance management.</p> <p>OIGA noticed also improvements in the recruitment process: 12 percent out of 68 positions of the current organisational chart were still vacant or pending to be advertised at the time of the follow-up mission.</p>	Closed

Audit Report Observation 2
<p>Gaps in beneficiary targeting and prioritization</p> <p><i>Identification of needs and targeting</i> – The operations planned by the CO in 2018 could not effectively use the results of the 2017 multisectoral needs assessment due to poor quality and gaps in the survey’s data. In addition, information on existing social safety net programmes had not been collected to inform the design of WFP’s interventions in the country. As a consequence, in 2018 the CO was unable to target areas of intervention based on needs evidence. The caseload and interventions were carried over unchanged from 2017, despite downward trends in overall needs reported in the 2017 and 2018 Humanitarian Response Plans.</p> <p><i>Household targeting criteria and prioritization</i> – Current processes for targeting households do not provide assurance that the criteria are consistently applied by CPs and that assistance is prioritized to the most vulnerable. Verifications of new beneficiaries were not statistically representative or evidenced. Half of the beneficiary lists were compiled by CPs without community involvement, decreasing the checks and balances that should be present during the selection of households for assistance, and increasing the risk of fraud and corruption; community-based targeting exercises were also noted to be prone to governance and internal control weaknesses that compromised the accuracy and integrity of the households targeting process; data markers of vulnerability were not comprehensively captured to allow prioritization of assistance;</p> <p>These conditions seriously compromised the integrity of the programme and WFP’s ability to ascertain whether assistance is correctly targeted and prioritized to the most vulnerable populations in Libya.</p> <p><u>Underlying causes:</u> VAM and programme understaffing, creating skill and capacity gaps; absence of robust quality assurance and oversight checks on technical data and targeting processes; highly volatile environment limiting WFP and partners’ access to beneficiaries; absence of strong government and civil society counterparts; lack of clear households targeting, selection and prioritization guidelines.</p>



Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Perform a quick assessment of social safety nets and integrate results into its targeting strategy and programme design;	<p>The CO had taken several initiatives to better integrate government-led social protection and safety nets (SSN) strategies into its operations. A scan of social safety nets had been conducted, mapping out the social protection and public distribution systems in the Libya. In addition, the CO participated in setting up the 2019 Multi Sectoral Needs Assessment (MSNA) questionnaire and Vulnerability Analysis and Mapping (VAM) baseline to gather data on income that comes from Government social benefits or assistance relevant to food security and nutrition.</p> <p>As part of SSN activities, the CO introduced school meals as a means of ensuring children's access to food in times of crisis and to enhance the nutritional value of their diet. At the same time, the CO team was engaging with the Government and other safety nets stakeholders, including the World Bank (WB) and other Humanitarian-Development-Peace Nexus actors to promote integration of SSN programs. Specific work plans and a roadmap for these collaborations were under discussion during the follow-up audit.</p> <p><i>Additional comment: OIGA notes that the comprehensive assessment of social safety nets was ongoing. The Libya CO will continue completing the initiated actions. Future OIGA audits of WFP operations in Libya will assess the final results of these efforts.</i></p>	Closed
II. Clarify the roles and responsibilities of implementing partners, local authorities and civil society organizations regarding households -level targeting and develop procedures and internal controls to increase the accuracy of beneficiary targeting, registration and prioritization;	<p>Roles and responsibilities of cooperating partners, local authorities and civil society organizations regarding household-level targeting have been clarified and defined through the review of Field Level Agreements (FLAs) and SOPs (PROG/2019/13 "Management and control of IK General Food Distribution").</p> <p>A new template for beneficiary registration was communicated to CPs; demographic data and vulnerability criteria were compulsory to identify which beneficiaries needed the most urgent assistance and justify the selection of assistance by calculating the vulnerability score. Cross functional training sessions were promoted to ensure adherence to the above-mentioned procedures and to build CP capacities in beneficiary management processes.</p>	Closed
III. Strengthen coordination mechanisms and establish agreements with other humanitarian actors on beneficiary data sharing; and,	The CO promoted several initiatives for strengthening coordination mechanisms with other humanitarian actors by establishing agreements on beneficiary data sharing. A valid agreement was operational since April 2019, cleared by the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA), which was at the time of the review with the International Organization for Migration (IOM) for clearance.	Closed
IV. Strengthen the processes and increase the resources dedicated to the verifications of households.	The CO team strengthened the verification process of households by carrying out more quality control calls, conducting quick needs assessment and monitoring visits of new households by WPF and/or the Third-Party Monitors (TPM). Controls had been reinforced as well regarding the TPM activities, by rotating the locations visited and widening the monitoring coverage from 58 to 120 visits per month.	Closed



Audit Report Observation 3

WFP’s approach to migrants

Migrants represent an estimated 343,000 people, over 19 percent of the potential population requiring food assistance in Libya. A limited scope intervention to assist migrants was carried out through another UN agency in 2018. However, the scale up of assistance has not been possible due to the lack of precise needs data, a lack of clarity regarding WFP’s role vis-à-vis other actors, and appropriate type(s) of interventions.

The CO made a provision in the 2019-2020 ICSP to assist migrants and conducted a migrant protection analysis in June 2018, as the first step in assessing the needs and potential protection implications of assisting migrants in detention centres. At the time of the audit the CO was in the initial stages of developing a strategy at country and regional levels to guide its role and future response in assisting migrant populations.

Underlying causes: Complex protection issues and lack of CO’s capacity to comprehensively address the regional dimension of the migrant crisis. Late development of a cohesive response approach at the inter-agency and WFP-levels.

Agreed action	Actions undertaken by the CO	OIGA Conclusion
<p>The CO will, in coordination with RBC, define a strategy and principles for assisting migrants in Libya, including the roles and parameters of the humanitarian intervention, and develop a workplan and priority actions for its implementation.</p>	<p>A concept note for migration was developed by the Libya CO in February 2019. Whilst a workplan and priority actions had not yet been developed, these were covered in the position papers and proposals prepared by the CO in relation to migrants.</p> <p>The CO together with the VAM unit in Rome ran web surveys inside Libya called Migration Pulse from January to May 2019, capturing responses from migrants. Food security questions proposed by WFP were integrated in an IOM survey Displacement Tracking Matrix (DTM) and resulting in a report on links between hunger and displacement. Outside detention centres, although meeting food needs was not found as a main challenge for many respondents, there was still a significant number of migrants who showed high levels of vulnerability to food insecurity – unconditional assistance. The CO piloted in the agriculture sector Food For Assets (FFA) activities to legalize migrants working in this sector, and in order not to see the issues only from a protection prospective.</p> <p>A meeting was planned for November 2019 chaired by the RBC to give the opportunity to several WFP CO to have an open dialogue on WFP position on migration assistance.</p>	<p>Closed</p>



Audit Report Observation 4		
<p>Beneficiary management</p> <p><i>Beneficiary identification and registration</i> – Beneficiary management processes do not provide assurance that benefits are only accessed by individuals registered and entitled to receive assistance. Signed distributions lists selected by the audit were not provided as requested. Processes to identify beneficiaries during distributions relied on the verification of national IDs and/or family booklets. These documents were not always issued by authorities, consistently captured in WFP’s beneficiary registers or requested during distributions. Thus, these documents could not be considered as reliable means to positively identify beneficiaries. The audit detected an average 15 percent duplication rate in the list of beneficiaries.</p> <p><i>Data management</i> – Beneficiary lists and private information were managed in spreadsheets without robust access and data protection controls; lists were not consolidated to allow for the de-duplication of records and detection of anomalies across the data sets. The CO had not reached agreement with other UN agencies to mitigate the risk of duplication of effort and investment in the collection of beneficiary data and duplication of assistance.</p> <p><u>Underlying causes</u>: Internal control gaps in the design of standard operating procedures and supervision of implementing partners by the CO; access constraints and limitations; insufficient level of staffing and capacity to guide and supervise CPs’ management of beneficiaries; limited resources to implement robust beneficiary management systems such as SCOPE.</p>		
Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Establish minimum acceptable identification requirements, processes and internal controls to verify beneficiaries’ identities during registration and distributions activities;	<p>The CO revised the processes for identification and verification of beneficiaries in distribution activities and issued a comprehensive SOP (PROG/2019/13, reference to agreed action 2.ii) in September 2019. Process flows and controls were communicated to CPs during a cross functional training that took place in September 2019.</p> <p><i>Additional comment: OIGA noted that in some instances CPs were unable to comply with WFP policies and guidelines for beneficiary identification and verification. Hence, Libya CO agreed to continue closely monitoring the continued adherence to and compliance with the established requirements.</i></p>	Closed
II. Develop a plan and timetable to deploy SCOPE in Libya;	<p>The CO team worked closely with RBC on the SCOPE roll-out starting by establishing a plan and timetable for the implementation of the corporate tool. Delays were noted in the implementation of this agreed action due to the difficulty to find a proper candidate for the position for the SCOPE roll-out project.</p> <p>Nevertheless, the Libya CO reached several milestones from August to October 2019 on the SCOPE implementation roadmap, such as appointing a dedicated Data Analyst tasked to draft and approve a detailed implementation roadmap and training plans with the support of the RBC’s focal point. The CO’s goal is to finalize the complete roll-out of SCOPE by the end of 2019.</p>	Closed
III. Update standard operating procedures and Field Level Agreements (FLAs) to include quality assurance reviews of targeting and beneficiary data, including beneficiary deduplication procedures, integrating verifications and compliance checking as part of the CO’s monitoring plan; and	<p>The CO updated the SOP for FLAs, which now includes a section on quality assurance reviews of targeting and beneficiary data. In addition to this, the CO strengthened internal controls to mitigate risks related to weak household verifications by building CP capacities, increasing the TPM coverage</p>	Closed



Agreed actions	Actions undertaken by the CO	OIGA Conclusion
	<p>and ensuring that the Monitoring and Evaluation (M&E) unit carries out an independent review of beneficiary data.</p> <p><i>Additional comment: OIGA noted that in some instances CPs were unable to comply with WFP policies and guidelines for beneficiary identification and verification. Hence, Libya CO agreed to continue closely monitoring the continued adherence to and compliance with the established requirements.</i></p>	
<p>IV. Develop objectives, strategy and/or workplans for data sharing and activity planning with other UN agencies and humanitarian actors present and active in Libya.</p>	<p>See comments under observation 2.iii</p>	<p>Closed</p>

Audit Report Observation 5		
<p>Programme delivery and coordination</p> <p><i>Distribution planning</i> – Monthly distribution plan figures were based on estimated rather than actual beneficiary data. Moreover, food distribution points were not selected with due consideration of the maximum radius recommended by corporate guidelines for beneficiaries to reach distribution sites, increasing the risk of commodities not reaching beneficiaries or ending up in the market. Distribution sites were not identified in COMET to allow for precise and streamlined planning and reporting. The CO had recently established a resource management working group to increase accuracy of distribution forecasts, effective management of resources, and transparent and accountable performance management.</p> <p><i>Distribution reports</i> – CPs did not provide narrative reports of distribution including explanations for variances between planned and actual beneficiaries assisted, commodity management, and incidents at distribution points (for example security, protection, delays, etc.). As noted under observation four, for a sample of distributions, CPs were not able to provide signed distribution lists to evidence acknowledgment of receipt of entitlements by beneficiaries.</p> <p><i>Verification and monitoring of CP invoiced costs</i> – The invoices submitted by CPs for payment of services and reimbursement of costs were not adequately supported by valid documentation, limiting WFP’s ability to determine the eligibility of claims for payment and reimbursement. Purchases of services from CPs represented ten percent of the overall purchases by the CO during the audit period.</p> <p><u>Underlying causes:</u> Lack of staff capacity during the audit period limiting data management, WFP access, presence and supervision of CP food distributions and verification of CPs reports; WFP did not specify to CPs the documentation required to support invoices.</p>		
Agreed actions	Actions undertaken by the CO	OIGA Conclusion
<p>The CO will:</p>		
<p>I. Build the capacity of CPs by conducting training on WFP policies and guidelines for distribution planning and reporting, also clarifying and formalizing the minimum requirements and processes to justify the reimbursement of costs; and,</p>	<p>The CO communicated to the CPs its invoicing procedures and supporting documents required through the SOP (PROG/2019/13, reference to agreed action 2.ii). Workshops were provided to all CPs to instruct on the procedure; the agenda of the latest training conducted in September 2019 included a session on invoicing procedures and supporting documents led by the CO finance unit.</p>	<p>Closed</p>



Agreed actions	Actions undertaken by the CO	OIGA Conclusion
	<p>Moreover, the CO implemented the corporate system Invoice Tracking System (ITS) in September 2019 to facilitate the invoice verification processes.</p> <p><i>Additional comment: OIGA noted that in some instances CPs were unable to comply with WFP policies and guidelines for beneficiary identification and verification. Hence, Libya CO agreed to continue closely monitoring the continued adherence to and compliance with the established requirements.</i></p>	
<p>II. Review and revise the CO and CP processes for planning, tracking, and analysing distribution activities and robustly address CPs' performance and programme design issues.</p>	<p>The CO revised processes for planning, tracking and analysing distribution activities and issued a comprehensive SOP (PROG/2019/13, reference to agreed action 2.ii). Process flows and controls were communicated to CPs during a cross functional training in September 2019, including a dedicated session on CP distribution activities.</p>	<p>Closed</p>

Audit Report Observation 6
<p>In-country programme monitoring</p> <p><i>Strategy and coverage</i> – There was no strategy or plan to coordinate, prioritize and target monitoring activities. In addition, coverage of remote post distribution monitoring calls did not provide adequate sampling coverage per district to support conclusions on the outcomes of interventions.</p> <p><i>Categorization, prioritization and integration of information</i> – Processes in place to record, categorize and prioritize issues arising from monitoring activities were not comprehensive or consistent. The audit observed inconsistencies in the prioritization and treatment of findings in the monitoring matrix, as well as gaps in the assigned responsibilities and identification of mitigating actions and follow-up when issues were identified.</p> <p><i>Triangulation and verification data</i> – processes and technology had not been adopted to triangulate the data and information provided by the TPM and service providers. Therefore, systems were not robust enough to ensure that the information provided by third parties was accurate, reliable and documented.</p> <p><i>Complaints and feedback mechanisms (CFM)</i> – A hotline was operational; however, the number of calls, their typology, as well as observations in monitoring reports indicated limited beneficiary awareness of the hotline. The number of calls increased over the audit period yet remained low.</p> <p><i>Handling of serious incidents</i> – The CO had not clarified with CPs its expectations, protocols and processes for recording, reporting and handling serious incidents. This resulted in CPs conducting their own investigations, with no or little information and visibility for WFP.</p> <p><u>Underlying causes:</u> Lack of skills and staff managing and coordinating monitoring activities; absence of comprehensive monitoring strategy in line with programme objectives; lack of criteria for categorizing, classifying and following-up monitoring observations collected through the CFM, TPM reports, qualitative calls and/or hotline; low capacity and limited presence of TPM service providers in Libya.</p>



Agreed actions	Action undertaken by the CO	OIGA Conclusion
The CO will:		
I. Prepare a monitoring strategy and plan that considers the ICSP activities, minimum monitoring coverage targets, information sources and resources;	The M&E strategy, plan and budget have been revised and aligned to ICSP's objectives; this review was finalized in August 2019 by the new M&E officer. The strategy describes risks and controls related to internal and external monitoring processes, sampling strategy, key performance plan, staff arrangements and responsibilities. New tools were designed for all programmes and types of monitoring activities, including warehouse monitoring and TPM checklists. The sampling methods for the remote distribution and post monitoring exercise have been fine-tuned in order to ensure representative sampling and coverage.	Closed
II. Gather, align and integrate monitoring data coming from different modalities for analysis and follow-up;	<p>The CO amended the existing M&E matrix, making it more comprehensive and integrating the monitoring findings from the TPM onsite visits, TPM warehouse visits, WFP's onsite visits, the hotline, the quality control calls. The M&E matrix was completed and follow up of findings was ensured by the M&E unit.</p> <p>In general processes in place to record, categorize and prioritize issues arising from monitoring activities were comprehensive and consistent. Since January 2019, 66 percent of the findings captured (569 findings in total) in the monitoring matrix were handled, closed for triangulation, and feedback had been provided to the service providers, 34 percent of the findings were still open.</p>	Closed
III. Establish processes to review the quality and triangulate TPM reports and provide feedback to service providers;	<p>WFP hired new staff in Libya to increase the coverage of monitoring field visits over the distribution points in accessible areas and to triangulate information provided by the TPM. Nonetheless, the CO continues to depend on TPM to reach large parts of the country.</p> <p>All process monitoring findings were compiled in an Excel file and shared in the TPM report; the CO keeps and updates a process monitoring tracking matrix to ensure issues are followed. Since January 2019, 66 percent of the findings have been handled and closed with feedback to the service providers. From May 2019 onwards the M&E unit started to issue monthly dashboards for management containing key outputs, outcomes, hotline and quality control information and updates on M&E recommendations follow up.</p>	Closed
IV. Establish a plan to increase beneficiary awareness of the hotline; and	<p>The CO has increased the dissemination of communication materials, such as posters, indicating the hotline number and informing beneficiaries through SMS messages to remind them of the availability of the free toll hotline. By analysing 1,564 calls handled from 1 January to 31 August 2019 on the Libya CO hotline, only two instances of limited beneficiary awareness of the hotline were captured.</p> <p><i>Additional comment: new risks on beneficiary awareness might rise when the common feedback mechanism will be deployed, which foresees a toll-free, country-wide hotline number for conflict-affected populations to receive information on assistance provided by different humanitarian actors. OIGA encourage the CO to clarify and communicate a new communication strategy before the deployment of the new mechanism to avoid beneficiary confusion over the feedback mechanisms.</i></p>	Closed



Agreed actions	Action undertaken by the CO	OIGA Conclusion
<p>V. Establish a process for effective prioritization, categorization, follow-up and closure of issues detected through monitoring, including procedures to identify and escalate serious incidents.</p>	<p>The definition of the process to report and escalate serious incidents was still ongoing. <i>OIGA comment: This will be followed up through the review of the implementation of observation number 12, agreed action ii.</i></p>	<p>In progress Due date 31/12/19</p>

Audit Report Observation 9

Commodity management

CP managed commodities - For commodities in the custody of CPs, there were gaps in the coverage and frequency of physical inventory counts, inadequate handling, infestation and commodity losses at the CPs warehouses, and inadequate monitoring coverage and reporting by WFP of CP warehouse facilities. In one instance the audit noted discrepancies of nearly 40 percent between CP-reported against physical inventory, with no adequate explanation of the variances. The CO had recently instituted inventory control procedures led by third party monitors. FLAs and standard operating procedures did not specify inventory dispatching procedures and prioritization based on BBDs.

Confiscation of commodities – In one instance, commodities slated for disposal were confiscated from WFP’s contracted CP by local authorities without WFP’s consent or knowledge. Remediation measures were taken to withdraw and destroy these commodities and suspend the CP in question, due to failure to inform and engage WFP in a timely manner.

Food quality and safety - Mechanisms and tools to track BBD of commodities in the food parcels have not been implemented. The BBD of stocks with CPs are not monitored by CPs or WFP; FLAs and standard operating procedures do not specify any requirements by the CP to track or monitor BBDs.

Underlying cause: System limitations preventing more than one BBD per parcel; no implementation of alternative solutions to close system functionality gaps for the last-mile tracking of commodities; lack of funding and supply chain functional capacity to directly manage commodities; access constraints limiting WFP’s ability to monitor and exercise control over commodities in the custody of CPs.

Agreed action	Actions undertaken by the CO	OIGA Conclusion
<p>The CO will implement the recommendation of the CONOPS report, promptly implement tracking of BBDs and continue to conduct regular stock counts of commodities in the custody of CPs.</p>	<p>CONOPS recommendations have been fully implemented and the CONOPS mid-review was issued in July 2019 by the CO supply chain unit.</p> <p>The CO strengthened CP capacities in inventory and dispatching commodities processes, clarifying control activities in SOPs, FLAs and through training sessions. The system implemented by CPs for commodity tracking was paper based. From August 2019, on-site physical counts were performed on a monthly basis by the TPM, in presence of the CP and WFP which were requested to co-sign the physical count forms. Warehouse inspection visits were able to confirm whether best before dates (BBD) were recorded on the inventory monitoring records and tracked by CPs. Commodity movements were reconciled monthly by supply chain and programme units as part of the CP invoice validation process as from September 2019.</p> <p><i>Additional comment: OIGA suggested introducing an additional information in the TPM inventory report to highlight and systematically keep track of BBDs. In addition to this, OIGA noted some differences in stock levels between CPs and WFP. The CO agreed to closely monitor progress and initiated improvements.</i></p>	<p>Closed</p>

**Table 2: Medium priority observations**

Audit Report Observation 7		
<p>Resource mobilization workplan and information management</p> <p><i>Strategy and plan</i> - A resource mobilization strategy was developed by the CO as part of the ICSP package but is yet to be supported by a work plan to define the targets, priorities and actions for its effective implementation.</p> <p><i>Preparation of proposals</i> – For five months, between October 2017 and April 2018, no proposals were sent to donors. The number of proposals increased from five in 2017 to 11 in 2018. However, eight out of the 11 proposals for 2018 were only sent in October 2018 and were not directed to donors with the highest likelihood of funding operations in Libya, as assessed by the Government Partnership’s Division.</p> <p><i>Resource mobilization information management</i> – Responsibilities for resource mobilization were transferred among staff or had significant gaps during the audit period, weakening knowledge management and the CO’s institutional memory regarding resource mobilization actions. At the time of the audit donor information and funding opportunities were only partially recorded in Sales Force, WFP’s corporate tool for managing donor intelligence and managing revenue forecasting.</p> <p><u>Underlying cause</u>: misalignment between activities and donor priorities; lack of an evidence base for advocacy with donors; absence of dedicated staff to provide continuity to resource mobilization efforts, identifying funding opportunities and preparing proposals; lack of knowledge and information management systems to process, preserve and leverage information.</p>		
Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Finalize the donor relations strategy and related work plan;	A Partnerships Action Plan (PAP) had been finalised by the CO and RBC and was at HQ for clearance when new clashes began in April 2019, and the HQ mission to finalise the PAP had to be postponed. Donor relations strategy and related work plans are included into the PAP, under the second chapter.	Closed
II. Complete the input of donor and funding opportunity information into Sales Force and establish written procedures and guidelines to provide consistency and continuity to donor relations and the resource mobilization function and information management going forward.	The funding status of the 2019-2020 ICSP reached 73 percent of Needs Based Plan (NBP) funded in 2019 and overall 37 percent for entire ICSP period. The CO was fully up to date in Salesforce.	Closed



Audit Report Observation 8

Transport and logistics

Cost efficiency - The CO with support from RBC, conducted a CONOPS mission in June 2018, identifying monthly cost saving opportunities of USD 516,000 through the supply chain. At the time of the audit the CO had already achieved 63 percent of its target savings and was in the process of gathering data to operationalize the remaining cost-saving measures.

In-land transportation – The lack of visibility on the movement of commodities under the custody of CPs from the extended delivery points to the final delivery points, limited WFP’s oversight and control; there was no documented evidence that CP-procured logistics services were vetted by WFP to ensure value for money and integrity; due to funding and operational constraints there were long lead times and no prepositioning of commodities in potentially hard to reach areas in southern Libya to minimize disruptions in the delivery of the assistance to beneficiaries.

Verification of CP logistics costs – CP claims for reimbursement of logistics, expenses were not supported by invoices from third-party providers (transporters, warehouse facility rentals, etc.), limiting the CO’s ability to certify the validity of these claims. For the sample period, the LTSH (USD/metric tonne) rate in the transactions reviewed were between 30 to 200 percent above the approved landside transport, shipping and handling (LTSH) rates, without clear rationale. This resulted in an increased and undue consumption of these funds. Whilst some processes of follow-up were in place, these needed to be consistent and evidenced to ensure remediation.

Underlying cause: Funding constraints resulting in supply chain positions remaining vacant or filled by temporary and under-qualified staff; access restrictions and limited presence in the field to establish logistics operations in the country; lack of information to identify and contract logistic service providers.

Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Fill the position of Head of Supply Chain promptly, with the assistance of the staffing coordinator, ensuring sufficient skills and experience;	The position of Head of Supply Chain has been filled with an experienced P4 staff member. The CO was exploring ways to enhance its presence inside Libya through out-sourcing of additional capacity through international partners such as CTG. However, staffing enhancement was linked to the WFP activities on the ground and accessibility. The CO monitored the situation towards the last quarter of 2019 to recommend a staffing review.	Closed
II. Finalize the logistics capacity assessment currently in draft and, in consultation with the Supply Chain Division in headquarters and the RBC logistics function, identify solutions to track commodities in the last-mile;	The logistics capacity assessment was reviewed and cleared by RB and HQ, published under Libya Logs Sector website and shared with all members of the Logs Sector working group. Despite the initial plan of having full control over the entire Supply Chain in Libya, WFP reached an agreement of having more flexibility and maintaining the use of partners’ set-up. <i>Additional comment: The implementation of the last mile technology has been discussed with both RB and HQ, with several options explored. It was decided that implementing the last mile option was not applicable to Libya context as per agreement with RB and HQ. However, CO will continue to look into opportunities of implementing the system whenever it becomes practicable.</i>	Closed
III. Enhance verification controls over the claims for reimbursement for logistics costs submitted by CPs and monitoring controls over the utilization of LTSH budgets by CPs; and,	The minimum requirements on how to verify claims and the mechanism to monitor consumption of LTSH budget are defined in the SOPs (PROG/2019/13, reference to agreed action 2.ii). Also, this topic was assigned a full session on recent cross functional trainings; the session has been developed jointly by Logistics and Finance units. Also roll-out of ITS ensured better application of internal controls of	Closed



	this business process. The controls are carried out on a monthly basis by Supply Chain and Programme units to validate invoices provided by CPs before payment.	
IV. Fully implement the recommendations of the 2018 CONOPS.	The CO reviewed the CONOPS in July 2019 and concluded to maintain the logistics set up of some partners, while closely monitoring the situation on the ground in addition to partners' performance.	Closed

Audit Report Observation 10

Access and security management

Access information institutionalization and resources – The effectiveness of access efforts depends on the ability of the CO to collect, maintain and analyse information on possible access risks, including security incidents, locations, and key informants. The CO does not have the staff capacity and skills to manage, coordinate and negotiate access. Access information had not been gathered, posing risks to the availability of relevant information and continuity of access during staff changes. The CO was in the process of institutionalizing its information by mapping actors and capturing incident information but had not developed guidelines and processes to coordinate access across functional units and with key stakeholders.

Security at food distribution points – information on serious security matters raised by TPM and partners were not passed onto the security function by the monitoring function. Security risk assessments of food distribution points had not been conducted at the time of the audit visit.

Underlying causes: Absence of inter-agency coordination and support mechanisms on access; lack of staff capacity at the CO to gather data, perform situational analysis and advocate for greater access where feasible and appropriate.

Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Review the level of resources allocated to support the security function in Libya in consultation with the Security Division in headquarters, considering the complex security situation in the country;	The CO secured HQ funding for Field Security Officers allocated to the Regional Bureaux for supporting field positions. The CO hired two Local Security Assistants, one in Tripoli and another in Benghazi, seven security guards and five radio operators for the Benghazi hub in coordination with United Nations Development Programme (UNDP) and United Nations Department of Safety and Security (UNDSS). In 2019, staff has been trained in Kenya, Amman and Tunis.	Closed
II. Review and update the access and protection evaluation, last conducted in May 2018, with the assistance of the Security and the Programme and Policy Divisions, set deadlines and assign responsibilities for the implementation of actions identified therein;	An Access Mission Report was produced by the Libya CO as supporting documentation of a joint HQ, RB and CO mission conducted in June 2019; it includes several recommendations for further enhancement and clear responsibilities.	Closed
III. Establish coordination and information sharing mechanisms between programme, monitoring and security to ensure relevant access and security	A working group has been established between the Security and Programme Unit, resulting in creating a contacts map for access and key players in Libya. Furthermore, the M&E monthly dashboard	Closed



<p>information reaches the security function and carry out a security risk assessment based on a preliminary assessment.</p>	<p>is regularly shared with the Security Unit to ensure access and security information reaches the security function.</p> <p>A mechanism has been established between both units for field missions where the Head of the Programme Unit communicates on a weekly basis the planned field missions to the Head of Security Unit to provide security assessments and mutually agreeing on the needed measures/actions to enable these missions and obtain final approval from the CD.</p>	
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Audit Report Observation 11

Partnerships and coordination

Implementing partners – WFP relies on two partners only for the implementation of its programmes in Libya with high exposure to the CPs performance and capacity issues. Despite this, the CO did not launch a call for proposal during 2017 and 2018, and has not finalized its Partnership Action Plan. In addition, in the east of Libya, WFP had to work with LIBAID, whose capacity was weak and its performance poor. This resulted in the suspension of activities in the east to prevent damage to the integrity and reputation of the programme. At the time of the audit an MoU had not yet been signed with the Ministry of Education for the implementation of school feeding activities which were expected to start in the first half of 2019.

Partners capacity – The audit detected significant differences in the CPs’ capacity to deliver the programme, including wide differences in the ratios of dedicated staff to beneficiary caseloads, mix of full and part-time staff, use of volunteers, as well as degrees of personnel training and capacity.

Underlying causes: Lack of a Partner Action Plan (in draft at the time of the audit); limited presence of humanitarian actors and CPs in Libya; limited capacity to supervise CP activities and conduct rigorous assessments; security restrictions limiting the presence of international non-governmental organizations in the country; local political constraints; expectations and FLA-related obligations not necessarily understood by CPs.

Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Launch a call for proposal at the earliest opportunity to identify and select new implementing partners in Libya and sign an MoU with the Ministry of Education for the implementation of school feeding activities;	The CO launched a call for proposal following the internal audit recommendations and six new CPs have been selected to implement program activities in-country. Through this exercise, the CO evaluated the existing CP capacities to ensure standard quality in performing activities.	Closed
II. Finalize the Partnership Action Plan and strengthen the assessment and selection of partners; and	A Partnership Action Plan has been drafted and finalized.	Closed
III. Perform a robust evaluation of LIBAID internal controls and WFP’s risk exposure to determine whether they are within WFP’s and the CO’s risk appetite; then identify opportunities to strengthen systems of internal control and oversight as relevant.	LIBAID was evaluated under the CPs selection process launched by the CO in 2019. As a result of the capacity assessment, LIBAID was recommended as eligible organisation (medium-risk partner). Several initiatives were promoted by WFP to strengthen the CP’s capacities and clarify roles and responsibilities, such as the review of SOPs and new FLA including cross functional training sessions.	Closed



Audit Report Observation 12		
<p>Protection roles, responsibilities and response capacity</p> <p><i>Protection risks</i> – Whilst the CO conducted an evaluation of protection risks focusing on highly vulnerable migrant populations, similar risk assessments had not been conducted for IDPs and non-displaced populations at the time of the audit. The audit noted that in certain locations there were purported reports of denial of access to programmes and extortion of beneficiaries by local authorities, combined with a lack of awareness by beneficiaries of CFMs, including WFP’s hotline.</p> <p><i>SEA response capacity</i> – WFP was a member, and was actively providing inputs, to the inter-agency prevention of SEA working group. Yet the CO did not have the capacity or protocols to respond to allegations of SEA, either internally, with partners or at the inter-agency level.</p> <p><u>Underlying causes</u>: Insufficient WFP-internal capacity to assess risks, establish expectations and raise awareness of employees, service providers and partners regarding protection; lack of presence in the field and direct supervision of distribution activities; absence of staff and expertise in protection, and technical training of the locally appointed protection focal point on protection matters.</p>		
Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Assess protection risks for all of WFP targeted populations with the technical support of RBC and headquarters;	The CO agreed with RBC to conduct an assessment of protection risks for all WFP targeted populations in the 4th quarter of 2019 with the support of Regional Protection Adviser. The assessment had not yet been conducted at the time of finalizing the follow-up audit.	In progress Due date 31/12/19
II. Establish protocols to respond to allegations of SEA, in coordination with partners and other agencies, and provide training to the appointed protection focal point on prevention of SEA;	The definition of processes to report and escalate all type of serious incidents, including SEA, was ongoing. <i>Additional comment: Observation 6 agreed action (v) will be followed up as part of this action.</i>	In progress Due date 31/12/19
III. Improve oversight and continuous monitoring mechanisms to increase adherence to corporate policies on prevention of SEA; and,	Protection oversight is monitored under the post-distribution monitoring and quality call evaluations. Based on the reports issued in 2019, less than 1 percent of the beneficiaries interviewed reported security or safety-related issues in the context of food assistance delivered by WFP. From the review of the M&E Matrix, OIGA confirmed that none of WFP beneficiaries reported instances of SEA.	Closed
IV. Provide training and materials to CPs, TPM and Local Crisis Committees on protection and prevention of SEA policies.	WFP provided to its cooperating partners training on protection and accountability to affected populations to ensure that persons most in need can avail themselves of assistance in a safe, dignified and equitable manner. The latest workshop was conducted on 26 September 2019 where all CPs took part; the agenda included security measures at the warehouses and the distribution points, gender and protection presentations.	Closed



Annex A – Definition of categorization of observations

Risk categorization of audit observations

Audit observations are categorized by impact or importance (high, medium or low risk) as shown in the table below.

Categorization of observations by impact or importance

High risk	Issues or areas arising relating to important matters that are material to the system of internal control. The matters observed might prevent the achievement of a corporate objective or result in exposure to unmitigated risk that could highly impact corporate objectives.
Medium risk	Issues or areas arising related to issues that significantly affect controls but may not require immediate action. The matters observed might prevent the achievement of a business objective, or result in exposure to unmitigated risk that could have an impact on the objectives of the business unit.
Low risk	Issues or areas arising that would, if corrected, improve internal controls in general. The observations identified are for best practices as opposed to weaknesses that prevent the meeting of systems and business objectives.

Annex B – Acronyms

BBD	Best Before Date
CFM	Complaints and Feedback Mechanism
CO	Country Office
COMET	Country Office Tool for Managing (programme operations) Effectively
CONOPS	Concept of Operations
CP	Cooperating Partner
DTM	Displacement Tracking Matrix
EMOP	Emergency Operation
FLA	Field Level Agreement
FFA	Food For Assets
GFA	General Food Assistance
HR	Human Resources
HRP	Humanitarian Response Plan
HCT	Humanitarian Country Team
ICSP	Interim Country Strategic Plan
IDP	Internally Displaced Person
IOM	International Organization for Migration
ITS	Invoice Tracking System
LESS	Logistics Execution Support System
LIBAID	Libyan Humanitarian Relief Agency
LTSH	Logistics Transport Handling and Storage
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
MSNA	Multi Sectoral Needs Assessment
NBP	Needs Based Plan
RBC	Regional Bureau Cairo
RR	Country Office Risk Register
SEA	Sexual Exploitation and Abuse
SSN	Social Safety Net
TPM	Third Party Monitors
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund



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UNHAS	United Nations Humanitarian Air Service
UNICEF	United Nations Children's Fund
USD	United States Dollar
VAM	Vulnerability Analysis and Mapping
WB	World Bank
WFP	World Food Programme