



26 February 2020

Management comments to the Internal Audit Report on WFP Operations in Yemen (AR/20/03)

Management Comments

WFP Management acknowledges the findings and observations made by the Office of the Inspector General (OIG) in its audit report on WFP Operations in Yemen, covering the period from 1 September 2018 to 31 August 2019.

Access limitations, security risks and the complex operating environment make WFP operations in Yemen particularly challenging. Nonetheless, the Country Office team has remained agile to respond to changing needs, all the while remaining committed to transparency and accountability and continuing to strengthen internal control systems, both in the first and in the second line of defence.

Since the previous audit in 2017, WFP Yemen has introduced a Risk Management Framework, formalized Business Process Models and Standard Operating Procedures for all key processes, and reviewed the composition of committees in line with best practices. It strengthened cross-functional coordination and introduced a consultative review process to improve the management of work processes.

WFP Management acknowledges the overall conclusion of “*partially satisfactory/some improvement needed*”, with three observations identified as “high priority” and five “medium priority” observations. The implementation of the agreed actions is already underway in collaboration with the Regional Bureau and relevant HQ divisions and is expected to be completed by the agreed timelines. Additional details on the actions taken to address the three high-priority observations are summarized below:

- 1. Biometric registration project management:** The country office will continue the roll-out of the biometric registration and, with technical support from WFP HQ, will implement actions to mitigate the risks related to data custody management, data duplication and other general IT controls. It will also continue to improve data analytics capacities and systemize monitoring controls over registrations without biometrics.
- 2. Food quality issues:** The volume of WFP operations in Yemen has been constantly increasing and has now reached 120,000 mt per month. In line with the agreed actions in the audit report, management will further increase staffing capacity, including through the hiring of an international specialist in food safety and quality. The country office will use the results of a market assessment to review the school feeding basket and the sourcing of food between local and international suppliers. WFP Yemen will work with local authorities to find a lasting solution to expedite convoy deliveries and



reflect the results of warehouse and store assessments in the database of the evaluations of cooperating partners and other outsourced functions.

3. **Custodian management of commodity vouchers:** While there are ongoing efforts to roll-out cash transfers with biometric registration support across the country, WFP will have to continue to utilize commodity vouchers for general food assistance as an interim mechanism. However, in line with the agreed audit action, the country office will reassess the risks of this modality while continuing to strengthen overall assurance mechanisms. The voucher reporting log will also be further reviewed, and upgraded to an automated system, and the entire process will be streamlined and better formalized.

WFP Management wishes to thank OIG for its productive engagement, effective service, and valuable observations provided, which will help WFP further enhance its operations and continue to make a difference in the lives of those most in need.