



6 March 2020

Management comments to the Internal Audit Report of WFP Operations in Ethiopia (AR/20/05)

WFP Management appreciates the observations made by the Office of the Inspector General (OIG) in its Internal Audit Report of WFP Operations in Ethiopia (AR/20/05) covering the period 1 January 2018 to 30 June 2019.

The Internal Audit addressed a number of pertinent strategic and operational issues for WFP Ethiopia, covering a period of significant and multi-faceted internal transition alongside enduring complexity in the external operating environment.

As noted in the Internal Audit, WFP Ethiopia operates in a specific context, wherein the Government is both the host and the primary implementing partner through its various arms. This unique situation places restrictions in terms of what WFP can and cannot do in the design and implementation of programmes. The size of operations in Ethiopia results in significant collaboration between WFP and Government agencies and line ministries, which comes, at the same time, with the challenge that most of WFP's corporate processes, guidelines and formats for the management of cooperating partners are not designed with governments in mind. Working on this issue is going to be key in resolving the observations made in the report, not just for the Country Office, but also for WFP at the corporate level. While major investments in the capacity strengthening of government agencies have yielded positive results, the audit identifies a number of areas requiring more structured and deeper investment.

The Internal Audit identifies several strengths and good practices, including those related to collaboration with the Government and with other UN agencies, logistics and supply chain management strategy, innovation in nutrition programming, leadership of national cash-based programming processes, gender sensitivity in recruitment, stakeholder management, and resource mobilization. The audit process provided an opportunity for the Country Office to evaluate its capacity to deliver on its commitments under the 2019-2020 Interim Country Strategic Plan (ICSP) and its relationship with various stakeholders, especially the Government of Ethiopia. It also allowed the Country Office to examine how to develop a better partnership with the Government from an accountability and risk management perspective. The strong relationship between the Country Office and the Government will be relied upon to help drive forward changes on how government entities manage their responsibilities in relation to WFP, including the enhanced requirements arising from the Internal Audit observations.

The 10 observations in the report produce a total of 30 actions for the Country Office, of which 16 are High Priority, with 8 having a due date of 31 March 2020, 6 a due date of 30 June 2020, one a due date of 30 April 2020 and one a date of 31 December 2020. Of the 14 Medium Priority actions, 9 actions are due for closure by 31 March 2020. The Country Office has already begun taking measures to implement the required actions from the audit. While there is an overlap between some actions, and other actions could be addressed by the same or similar response, the large number of required actions by 31 March 2020 will not allow for the successful closure of the concerned issues within this due date. Accordingly, and further to discussion with OIG, completion dates for actions have been exceptionally adjusted considering the 2020 timeframe, as follows.



Action Number	Current Due Date	Proposed Due Date
1bi (High Priority)	30 June 2020	31 December 2020
1bii (High Priority)	30 June 2020	31 December 2020
4a (High Priority)	31 March 2020	30 June 2020
4b (High Priority)	30 June 2020	30 September 2020
5a (High Priority)	30 April 2020	30 June 2020
5b (High Priority)	31 March 2020	30 June 2020
5c (High Priority)	31 March 2020	30 June 2020
5d (High Priority)	31 March 2020	30 June 2020
5e (High Priority)	31 March 2020	31 May 2020
7a (High Priority)	30 June 2020	31 December 2020
7c (High Priority)	30 June 2020	31 December 2020
7d (High Priority)	31 March 2020	30 June 2020
3a (Medium Priority)	31 March 2020	30 June 2020
3b (Medium Priority)	31 March 2020	30 June 2020
3c (Medium Priority)	31 March 2020	30 June 2020
6b (Medium Priority)	31 March 2020	30 April 2020
6a (Medium Priority)	31 March 2020	30 June 2020

The High Priority actions generally address the lack of a defined third-party risk management framework and process both at Country Office and corporate levels, which results in deficiencies in dealing with government entities as cooperating partners and in deficiencies in managing recordkeeping and reporting obligations for both Government entities and NGOs. This has led to a collective effort at both the Country Office and HQ levels to address the issues identified in the Internal Audit observations. The Country Office is also committed to enhancing the quality of its internal controls, working with the Regional Bureau and Headquarters to ensure that the challenges highlighted in the audit report are fully resolved. The Internal Audit also highlighted the need for consistent documentation, even in cases where issues and actions are taken on previously identified and known deficiencies, which will be implemented. WFP Ethiopia will also focus on addressing observations relating to cash-based transfers and improving the visibility of WFP assistance. While the Country Office has been working to ensure a uniformity of standards between WFP and its cooperating partners, the Country Office will redouble these efforts as the audit observations make clear that more efforts are required to strengthen capacity building, enforcement of standards and evaluation of data and reporting received from cooperating partners. The Country Office will also leverage the overlap between actions 1(b)(i), 3(a) and 4(a) and 1(b)(ii) and 4(b) to take common action towards a single due date. Relevant HQ units will also follow through on corporate actions required to deal with the issue of government entities operating as cooperating partners, the development of appropriate business models and guidelines on service delivery. The Internal Audit came at a time when the Country Office had already embarked on a process of rationalization, alignment, and streamlining in several areas. The audit affirms key aspects of this process, while highlighting other areas requiring attention, which has allowed the Country Office to re-evaluate its processes and mechanisms, and better align with WFP corporate guidelines and tools, considering the specific context of Ethiopia. The findings and recommendations of the audit are also timely as the CO finalizes its 2020-2025 Country Strategic Plan (CSP), and subsequent CSP organization readiness exercise. WFP Management wishes to thank OIG for the valuable observations which will help WFP



management improve its operations in Ethiopia.