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Internal Audit of Beneficiary Targeting in WFP

Office of the Inspector General
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Internal Audit of Beneficiary Targeting in WFP

I. Executive Summary

Introduction and context

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of beneficiary targeting in WFP that focused on the period from 1 January 2017 to 31 December 2018. The audit team conducted the audit fieldwork phase from the second to the fourth quarter of 2019 in WFP headquarters in Rome, and through specific field reviews integrating: (i) findings relevant to targeting and prioritization from internal audits carried out in 2018 and 2019 of the Liberia, Pakistan, Sudan, Niger, Honduras and Ethiopia country offices; and (ii) a field visit to the Jordan country office to review targeting practices in relation to the Syrian refugee operations. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

2. In line with its strategic goals and objectives, WFP delivers life-saving and development-enabling work that benefits the poorest and most marginal people – those in greatest need. To achieve this, beneficiary targeting plays a central role in all WFP operations. It informs every aspect and the entire duration of the WFP programme cycle from initial problem and vulnerability analysis, to needs assessment, programming adjustments, monitoring and finally evaluation¹. Targeting is the process by which areas and populations are selected for assistance informed by needs assessments and programme objectives. A targeting system comprises mechanisms to define target groups, targeting methods and eligibility criteria, identify eligible household and individuals, and monitor the outcomes of targeting decisions. Prioritization is a resource-driven process recognizing that not all needs identified can be met.

3. The audit focused on the following key areas: (a) governance including guidance and capacities to manage targeting-related risks; (b) assessments, data, and analyses informing targeting processes; (c) targeting approaches including methods, criteria and implementation; and (d) monitoring to review targeting and prioritization decisions and their implementation.

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 **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.

5. The audit report contains three high and three medium priority observations, five of which have agreed actions directed at a corporate level.

6. WFP has started to take steps to promote and enhance existing processes and to establish a more structured approach to targeting and prioritization activities, considering their cross-functional nature involving multiple stakeholders and units. The Needs Assessment and Targeting Unit of the Research, Monitoring and Assessments Division (formerly the Policy and Programme Division) was established in late-2019 to support and coordinate WFP operations on targeting and prioritization activities. The unit collaborated with the United Nations High Commissioner for Refugees and the WFP Emergency and Transition unit to establish: (i) a joint guidance² to support the country offices of both agencies to collectively assess and adopt the most appropriate, protection-

¹ WFP - Targeting in Emergencies, Policy Issue, 2006 - WFP/EB.1/2006/5-A.

² WFP-UNHCR Joint Guidance for Targeting of Assistance to Meet Basic Needs.



sensitive approaches to targeting assistance to meet basic needs of refugees; and (ii) a virtual joint programme excellence and targeting hub to strengthen joint programming and targeting practices. The joint hub builds on the Joint Targeting Principles signed by both agencies in December 2018, the joint self-reliance strategies and other relevant agreements.³

7. Targeting activities reviewed by the audit were negatively impacted by a lack of: (a) an updated corporate directive on beneficiary targeting delineating the roles and responsibilities of various stakeholders and units in WFP; and (b) country-specific standard operating procedures to assess whether adequate checks and balances had been considered in targeting processes, and comprehensive targeting guidelines detailing the minimum standard activities required throughout programme cycles. The latest directive on “Targeting in Emergencies” dates from February 2006. As a result, targeting activities were not structured and coherent. At the time of the audit, the Needs Assessment and Targeting Unit had drafted an interim operational guidance note on “Targeting and prioritization” aiming at guiding country offices in strategic and operational decision-making. The interim guidance note was scheduled for issuance and global consultation in 2020.

8. Country offices typically led targeting and prioritization activities in close collaboration with local partners and other key stakeholders. The audit noted that there were limited structures in place to support adequate oversight of beneficiary targeting in country offices: (i) no second line review or assurance was carried out by regional bureaux to specifically review targeting and prioritization activities; (ii) there was a lack of standardized documentation of targeting activities; (iii) there was no centralized platform for beneficiary targeting and prioritization activities, as all related information was confined at country office level; and (iv) there was a lack of minimum reporting mechanisms and data analyses on targeted and registered beneficiaries to inform programme design and implementation. Overall, review and management functions to ensure that internal controls over targeting activities were properly designed, in place, and operating as intended were weak.

9. In the sampled countries, there were no systematic and standard procedures to monitor targeting processes including actual implementation and outcomes on targeted and non-targeted populations, with the exception of one country which covered food security outcome data from both assisted and non-assisted groups. In addition, pre-assistance baselines of assisted beneficiaries were not systematically compared to post-distribution monitoring results. Existing programme monitoring methods such as process and outcome monitoring gathered limited data on targeting-related activities which did not necessarily link to targeting criteria and decisions. As a result, country offices had very limited visibility of whether their targeting objectives were achieved and missed opportunities for existing monitoring activities to provide feedback to enhance targeting systems.

10. These gaps in existing targeting process and activities resulted in a lack of assurance that WFP was consistently achieving its strategic objective of assisting as many of the most vulnerable people as possible.

Actions agreed

11. Management has agreed to address the reported observations and work to implement the agreed actions by their respective due dates.

12. The Office of Internal Audit would like to thank managers and staff for their assistance and cooperation during the audit.

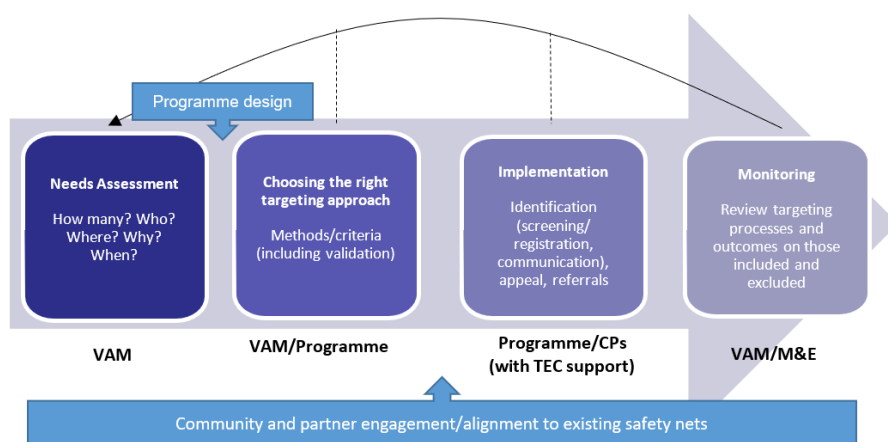
Kiko Harvey
Inspector General

³ Memorandum of Understanding, UNHCR and WFP, January 2011; Joint Strategy on Enhancing Self-Reliance in Food Security and Nutrition in Protracted Refugee Situations; Joint Principles for Targeting Assistance to Meet Food and other Basic Needs.

II. Context and Scope

Beneficiary targeting

13. Targeting, or identifying food insecure communities and reaching households and individuals with assistance (food and non-food), is a central element of all WFP operations. It is an integral part of every aspect and the entire duration of the WFP programme cycle from initial problem and vulnerability analysis, to needs assessment, programming adjustments, monitoring and finally evaluation. The diagram below presents an overview of the targeting process which is cross-functional and involves multiple stakeholders and requires inputs from various units including Vulnerability Analysis and Monitoring (VAM), Programme, and Monitoring and Evaluation (M&E).



Source: Interim Operational Guidance Note on Targeting and prioritization

14. WFP defines targeting as “the process by which areas and populations are selected for assistance informed by needs assessments and programme objectives. A targeting system comprises mechanisms to define target groups, targeting methods and eligibility criteria; identify eligible households and individuals; and monitor the outcomes of targeting decisions.”

15. Recognizing that not all assessed needs can be met with available food and non-food resources, prioritization is an activity supplementary to the targeting process. Prioritization is driven by resource constraints and ensures that the most vulnerable groups are safeguarded from shortfalls and cuts. To this end, definition of the appropriate target group is important, together with establishing clearly defined and evidence-based vulnerability criteria that are consistent with assessment findings regarding risk and vulnerability.

16. WFP does not promote a “one-size-fits-all” approach but rather acknowledges the need for decisions to be driven by knowledge of the local context and carried out jointly by country offices (COs) and key stakeholders⁴. The overall objectives of targeting are to: (1) reach as many of the people in need as possible given existing resource constraints; (2) minimize unintentional assistance to non-vulnerable people; (3) efficiently determine who should receive assistance; and (4) maintain transparency and integrity throughout the process to secure community trust in and local buy-in on the approach taken.

17. The Needs Assessment and Targeting Unit of the Research, Assessment and Monitoring (RAM) Division at WFP headquarters (HQ) is responsible for design of effective guidance and directives to inform targeting decisions and processes, and provides surge capacity where required. VAM officers in country offices, in close collaboration with national governments, UN partners and non-governmental organizations, are responsible for providing timely and credible information needed to inform targeting decisions. CO programme units, in coordination with

⁴ Refugee Assistance Guidance Manual. WFP Emergencies and Transitions Unit (OSZPH), May 2017.



the VAM unit, are responsible for implementing targeting decisions. Regional bureaux are responsible for providing technical support and oversight on targeting.

Objective and scope of the audit

18. The objective of the audit was to provide assurance on the effectiveness of internal controls, governance and risk management processes related to beneficiary targeting in WFP. Such audits are part of the process of providing an annual and overall assurance statement to the Executive Director on governance, risk-management and internal control processes.

19. 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 exercise carried out prior to the audit.

20. The audit covered the period from 1 January 2017 to 31 December 2018. Where necessary, transactions and events pertaining to other periods were reviewed. During the planning process, and in consultation with relevant stakeholders, four primary lines of enquiry were established:

- (i) Do WFP's targeting governance structures, policies and guidance provide for effective targeting practices?
- (ii) Are targeting and prioritization decisions properly supported by reliable data, analyses and needs assessments?
- (iii) Are the processes for determining targeting approaches, including methods and criteria used, transparent, cost efficient and in line with corporate guidance?
- (iv) Are monitoring processes, systems and tools related to targeting defined and implemented to allow systematic validation of targeting decisions?

21. Aligned to the audit lines of enquiry, key areas in scope were: (a) governance including guidance and capacities to manage targeting-related risks; (b) assessments, data, and analyses informing targeting processes; (c) targeting approaches including methods, criteria and implementation; and (d) monitoring to review targeting and prioritization decisions and their implementation. Although the audit reviewed assessment and monitoring processes related to beneficiary targeting, validation of the content of assessments, data, and analyses performed by WFP or by third parties informing targeting processes was excluded from the audit scope.

22. The audit field work took place from the second to the fourth quarter of 2019 in WFP HQ and was informed by: (i) the results relevant to targeting and prioritization from CO audits carried out by OIGA in 2018 and 2019 including Liberia, Pakistan, Sudan, Niger, Honduras and Ethiopia; and (ii) a field visit to the Jordan CO to review targeting practices in relation to Syrian refugee operations. In addition, managers and staff involved in beneficiary targeting activities and initiatives from regional bureaux (RBx) and selected WFP HQ units were interviewed.



III. Results of the Audit

Audit work and conclusions

23. The audit work was tailored to the process objectives defined by RAM, taking into account the corporate risk register, COs' risk registers where relevant, findings of WFP's second line of defence functions, as well as the independent audit risk assessment.

24. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **partially satisfactory / major improvement needed**⁵. 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.

25. The Office of Internal Audit, in supporting WFP's management's efforts in the area of gender, separately reports its assessments or gaps identified in this area.

Gender Maturity

26. Gender requirements have been considered and integrated in targeting and prioritization activities in line with WFP's commitment to Accountability to Affected Populations (APP). The objective of this commitment is to facilitate participation of affected people in WFP's programmes by ensuring that programme design, implementation, and monitoring and evaluation processes and decisions are transparent and informed by the views of affected people. To operationalize this commitment, WFP focuses on three key components including information provision, consultations, and complaints and feedback mechanisms. These components highlight issues in programme design and implementation including targeting approaches, criteria and implementation of targeting decisions, and inform on protection risks.

⁵ See Annex B for definitions of audit terms.



Observations and actions agreed

27. Table 1 outlines the extent to which audit work resulted in observations and agreed actions. These are classified according to the areas in scope 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 areas in scope, observations and priority of agreed actions

	Priority of issues/agreed actions
Line of enquiry 1: Do WFP's targeting governance structures, policies and guidance provide for effective targeting practices?	
1. Corporate directive and guidance on beneficiary targeting	High
2. Structures to support assurance on targeting and prioritization activities	High
Line of enquiry 2: Are targeting and prioritization decisions properly supported by reliable data, analyses and needs assessment?	
3. Use of third-party data in needs assessments	Medium
Line of enquiry 3: Are the processes for determining targeting approaches, including methods and criteria used, transparent, cost efficient and in line with corporate guidance?	
4. Documentation of targeting activities	Medium
Line of enquiry 4: Are monitoring processes, systems and tools related to targeting defined and implemented to allow systematic validation of targeting decisions?	
5. Monitoring of targeting processes and outcomes of targeting decisions	High
6. Registration, counting and reporting of targeted beneficiaries	Medium

28. The six observations of this audit are presented in detail below.

29. Management has agreed to take measures to address the reported observations⁶. 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.

⁶ Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.



Line of enquiry 1: Do WFP's targeting governance structures, policies and guidance provide for effective targeting practices?

30. The audit reviewed whether: (a) existing WFP policies and guidelines were comprehensive, up-to-date and effective in ensuring a structured and systematic approach to beneficiary targeting and prioritization across WFP operations; (b) targeting roles and responsibilities in different phases of the programme cycle were clearly established, considering that targeting is a cross-functional area involving a range of stakeholders (VAM, Programme, M&E, etc.); (c) staff capacity (skillsets and numbers of staff) were constraining the effective management of targeting processes and entailed a risk of deprioritising a core organizational activity; and (d) targeting-related oversight and support activities from HQ and RBx to COs were adequate.

Observation 1: Corporate directive and guidance on beneficiary targeting

31. Beneficiary targeting is cross-functional, involves multiple stakeholders in a decentralized structure, and requires inputs from various units. However, there was no updated corporate directive on beneficiary targeting delineating the roles and responsibilities of various stakeholders and units in the organization (for example, VAM, Programme, and Monitoring and Evaluation). The latest directive on "Targeting in Emergencies" dated from February 2006.

32. In addition, there were no comprehensive beneficiary targeting guidelines, manuals and country-specific standard operating procedures (SOPs) detailing the various processes to be followed and the minimum standard activities that should be carried out throughout the programme cycle (for example, needs assessment, programme design and implementation, monitoring), or to support whether adequate checks and balances are considered in beneficiary targeting processes. As a result, there were no minimum required standards on beneficiary targeting-related activities across the organization, and inconsistent quality and controls over targeting processes were observed.

33. Five WFP offices reviewed during the audit, including a regional bureau (RB), had developed their own SOPs on beneficiary targeting. These varied in terms of contents, coverage and level of detail; complexity and size of operations, as well as capacity constraints in each of the offices, were the main factors influencing the development of the SOPs.

34. The audit noted the following specific targeting-related areas which should be considered in establishing corporate guidance that is flexible to adapt to local contexts:

- Translation of targeting principles into operational tools.
- Expansion of beneficiary targeting to include not just the topic of "food insecurity" but also "vulnerability" and "essential needs".
- Introduction of an approach to systematically: (a) consider and minimize targeting errors (design and implementation inclusion and exclusion errors) and establish benchmarking thresholds, as necessary; and (b) ensure that relevant data on gender, age and disability are captured during assessments to inform relevant targeting criteria.
- Emphasis on the continuous nature of beneficiary targeting processes throughout the programme cycle.
- Clarification of roles, responsibilities and accountabilities of RBx and various WFP units for targeting exercises including CO re-targeting and profiling exercises.
- Introduction of a process to systematically engage beneficiaries in targeting activities and communicate⁷ targeting criteria to them. In a recent survey reported by the Humanitarian Voice Index⁸, beneficiaries who said that aid providers took their opinion into account when providing aid were more likely to believe that assistance reached the people who needed it most. This suggests that beneficiaries who feel they have a say in targeting tend to believe that aid is distributed more fairly than those who do not. In one

⁷ Two-way communication including information provision, consultations and complaint and feedback mechanisms.

⁸ <https://humanitarianvoiceindex.org/policy-briefs/2018/12/04/participant-revolution>.



of the COs sampled, one of the benefits in a change of their targeting method was increased communication and understanding of the targeting criteria with beneficiaries.

35. At the time of the audit, the Needs Assessment and Targeting Unit of RAM had drafted an interim operational guidance note on “Targeting and prioritization” which aims to guide COs in strategic and operational decision-making related to targeting and prioritization activities, and which draws upon best practices and lesson learned from WFP operations for the period 2015 to 2019. The audit noted that the guidance note had considered some, but not all, of the areas mentioned above (for example, introduction of “vulnerability” and “essential needs” to the targeting process, and the continuous nature of beneficiary targeting activities). At the time of the audit, the note was yet to be finalized; it had benefited from consultations with RBx and their ongoing mapping exercises of CO targeting and prioritization exercises, and was scheduled for issuance and global consultation in 2020.

Underlying cause(s): Deprioritization of the thematic area at corporate level. Beneficiary targeting activities considered only in the programme design phase and not throughout the programme cycle. Weak oversight on CO targeting activities.

Agreed Actions [High priority]

RAM, in coordination with the Programme – Humanitarian and Development Division (PRO), will:

- (a) Finalize and disseminate the Operational Guidance Note as WFP’s primary and comprehensive reference guide to ensure effective implementation of targeting and prioritization activities throughout the programme cycle; and
- (b) Update the corporate directive on targeting and prioritization, taking into account the variety of existing programmes, and highlighting beneficiary targeting as one of the core activities of WFP’s operations.

Timeline for implementation

31 December 2021

Observation 2: Structures to support assurance on targeting and prioritization activities

36. COs typically led targeting and prioritization activities in close collaboration with local partners, and in some cases sought technical resources and advice from RBx and HQ. The audit noted gaps in WFP’s validation of partner targeting activities, with no clear review or quality assurance carried out by RBx specifically on CO targeting and prioritization activities. In one CO sampled, the audit noted that: (i) beneficiary targeting and registration were delegated to cooperating partners (CPs) in coordination with local authorities; and (ii) the CO had no visibility over the targeting process and lists of beneficiaries identified by the partner government entity for the safety net activity.

37. According to the RBx, their role focused on provision of advice, guidance, training, and support for COs without a vulnerability analysis and monitoring (VAM) unit. One RB indicated that sometimes beneficiary targeting was included within broader oversight missions on VAM. Other than the broad targeting lines included in strategic plans, RBx had limited to no visibility of targeting activities in COs (including targeting strategies, approaches, methods, criteria, inclusion and exclusion errors, and cost considerations).

38. The audit also noted that there were limited structures in place to support adequate assurance over beneficiary targeting given: (i) the lack of standardized documentation of targeting activities (see observation 4); (ii) the limited monitoring of targeting processes and outcomes (see observation 5); (iii) the absence of a centralized platform for WFP beneficiary targeting and prioritization activities (where relevant strategies and reports can be shared) and retention of all information at CO level; and (iv) the lack of minimum reporting mechanisms and data analyses on targeted and registered beneficiaries to inform programme design and



implementation (see observation 6). Overall, review and management functions to ensure that internal controls over targeting activities were properly designed, in place, and operating as intended were weak.

39. There was limited to no knowledge-sharing on beneficiary targeting and prioritization within regions except for occasional VAM workshops which may have included some elements of targeting. The interim operational guidance note on targeting does not refer to or clarify the roles and responsibilities of RBx or of relevant HQ units. At the time of the audit, one RB was in the process of finalizing a region-specific targeting guidance informed by targeting practices across COs.

40. At the corporate level, the recently established Needs Assessment and Targeting Unit under RAM consisted of 2 professional staff supporting WFP's global operations. This will need to be considered, together with the role of RBx, as current capacity may not be aligned with the unit's ongoing initiatives and the upcoming roll-out and global consultation of the interim operational guidance note in 2020 and beyond.

Underlying cause(s): Unclear roles and responsibilities of RBx and relevant HQ units with regard to oversight of CO targeting activities. Intended support to COs' targeting and prioritization activities not defined and not informing corresponding resources in RAM of HQ and RBx.

Agreed Actions [High priority]

RAM, in coordination with PRO and RBx, will:

- (a) Clarify the roles and responsibilities of RBx and relevant HQ units on targeting and prioritization activities, and as a consequence if necessary review their current capacities;
- (b) Include in the operational guidance note on targeting and prioritization minimum required standards and checks in cases where beneficiary targeting is delegated to external parties including CPs; and
- (c) Establish a plan to mainstream targeting in oversight and support missions to COs.

Timeline for implementation

31 December 2021



Line of enquiry 2: Are targeting and prioritization decisions properly supported by reliable data, analyses and needs assessments?

41. The audit assessed whether targeting frameworks for beneficiaries and quality control procedures for collecting and analysing food security and vulnerability were in place to ensure reliability, accuracy and timeliness of targeting and prioritization decisions. Previous internal audits of COs have raised issues related to the quality of third-party data obtained from external parties (for example governments and partners) for needs assessments.

42. The audit also reviewed whether minimum data needs (primary and secondary data) to support targeting decisions had been adequately defined. While the COs might have access to a large amount of data, analyses and information, they may not have sufficient expertise and guidance on how to properly apply and use these to inform targeting and prioritization decisions.

Observation 3: Use of third-party data in needs assessments

43. The needs assessment, which is the first step of the targeting process, aims to: (a) identify the number of people in need; and (b) understand their vulnerabilities, characteristics and protection needs to inform targeting decisions and implementation approaches. In carrying out these assessments, COs should ideally engage and work with relevant inter-agency coordination structures in-country to ensure that analyses are as comprehensive as possible and that linkages with other vulnerability factors are captured. It is also critical for WFP to carry out independent checks on secondary data, especially that coming from government counterparts, and to obtain reasonable assurance that it is reliable, complete and accurate. The audit noted, however, varying levels of WFP's participation in food security and needs assessments and validation of targeting-related data across sampled countries.

44. Five of the sampled COs were involved in needs assessments in collaboration with main partners such as government ministries or agencies. However, in one CO sampled the audit noted that temporarily displaced beneficiaries entitled to general food assistance were identified by the government yet no recent assessment on vulnerability status had been carried out. The Needs Assessment and Targeting Unit has since fielded a mission to the CO to support them in addressing the gaps on the said issue.

45. Another CO had not adjusted its geographic targeting and continued to assist beneficiaries on sites previously defined despite a recent comprehensive food security and nutrition survey. In addition, there was no independent verification of beneficiary lists provided by the government for a school feeding programme. This created a risk of providing assistance to non-functioning schools, which was witnessed during an audit field visit. This situation also highlighted the importance of monitoring targeting implementation and measuring targeting effectiveness by evaluating inclusion and exclusion errors for relevant activities.

Underlying cause(s): Absence of corporate targeting guidelines highlighting the importance of objective verification of external data informing needs assessments which inform targeting design. Lack of CO capacity dedicated to beneficiary targeting activities including conducting quality reviews of third-party data used in needs assessments. Specific targeting oversight missions not carried out by RBx.

Agreed Actions [Medium priority]

RAM will include in the operational guidance note on targeting and prioritization good practice procedures to objectively verify external data used in needs assessments informing targeting design.

Timeline for implementation

31 December 2020



Line of enquiry 3: Are the processes for determining targeting approaches, including methods and criteria used, transparent, cost efficient and in line with corporate guidance?

46. The audit performed tests to ascertain whether: (a) targeting approaches (including the selection of criteria and methods) applied across WFP were in line with any corporate guidance and good targeting principles, i.e. feasible, timely, cost-efficient, and conducted in consultation with affected communities; (b) there was proper distinction within COs between targeting (needs-based) and prioritization (resource-based), and analyses of costs and advantages associated with different targeting methods; (c) review mechanisms were established to validate targeting approaches and critical information supporting choices of methods and criteria; (d) inclusion and exclusion errors at design and implementation stages were quantified, properly assessed and monitored at CO level; and (e) gaps in implementing targeting decisions were identified and addressed.

Observation 4: Documentation of targeting activities

47. WFP does not promote a “one-size-fits-all” approach to targeting and prioritization, but rather acknowledges the need for decisions to be driven by knowledge of local context and carried out jointly with other key stakeholders⁹. The audit expected varying targeting practices across regions and COs driven by country-specific contexts and the dynamic nature of this approach. While leaving room for this level of flexibility, targeting follows a multi-step process cutting across various activities in the programme cycle.

48. The audit noted a lack of structured documentation supporting targeting activities and decisions. There was no standard minimum for required documentation to record CO management decisions including changes arising from negotiations with key stakeholders, and on beneficiary targeting across the following phases: (a) needs assessment; (b) choosing the targeting approach most appropriate for the context including defining and validating criteria; (c) implementation; and (d) monitoring. As a result, it was difficult to follow through targeting decisions and associated documents from one phase to the next. This is particularly important if targeting activities involve various stakeholders at multiple levels (such as national, regional, local administrative areas, communities and households) and in instances where beneficiary targeting is delegated.

49. A standard documentation of targeting decisions would: (a) provide documentary trail of key considerations and information at every phase enabling meaningful comparisons and analyses over a time period; (b) enhance continuous monitoring of targeting processes and outcomes; and (c) facilitate targeting-related oversight and assurance activities by RBx and HQ.

50. The audit also noted that documentation and analyses of targeting costs and advantages were not systematically carried out and/or maintained. There was no existing guidance defining targeting costs (including initial and recurring costs) as well as advantages derived from proper targeting. Beneficiary targeting and prioritization can be a costly process and requires collection and analysis of accurate and up-to-date information on macro and micro-level food security indicators. Generally, the costs increase in proportion to the detail of targeting as: (a) targeting moves from the regional level to the village, household and individual levels; and (b) CO reliance shifts from secondary to primary data collection¹⁰. These costs were not systematically compiled and analysed, thereby limiting COs’ ability to monitor, budget and plan for targeting-related expenditures.

51. In terms of targeting advantages, some of the COs sampled highlighted the value of assistance saved through the reduction of caseloads resulting from re-targeting exercises. Although the existing targeting policy suggests that WFP needs to analyse the benefits associated with different targeting approaches, there was no guidance on how to consistently identify benefits across various operations.

⁹ WFP – Refugee Assistance Guidance Manual. WFP Emergencies and Transitions Unit (OSZPH), May 2017.

¹⁰ WFP – Targeting in Emergencies, Policy Issue, 2006 – WFP/EB.1/2006/5-A.



Underlying cause(s): Lack of a corporate requirement to document targeting activities and decisions. Lack of awareness on the targeting phases and their linkages across various activities in the programme cycle. Lack of corporate guidance defining standard costs and advantages associated with beneficiary targeting and prioritization.

Agreed Actions [Medium priority]

RAM will:

- (a) Establish standard minimum required documentation to record beneficiary targeting activities and decisions; and
- (b) Establish guidance: (a) defining targeting costs and advantages associated with different targeting approaches; and (b) setting minimum standard targeting cost elements that should be considered and analysed.

Timeline for implementation

31 December 2020



Line of enquiry 4: Are monitoring processes, systems and tools related to targeting defined and implemented to allow systematic validation of targeting decisions?

52. The audit reviewed whether: (a) monitoring of targeting decisions was carried out throughout the programme implementation to ensure continuous validation and periodic adjustments of targeting decisions; (b) relevant information from beneficiary feedback mechanisms was used to inform targeting-related monitoring and validating activities; and (c) regular monitoring was carried out for non-targeted and potentially vulnerable populations where no assistance was provided.

Observation 5: Monitoring of targeting processes and outcomes of targeting decisions

53. There were no systematic and standard procedures to monitor targeting processes including actual implementation and outcomes on targeted and non-targeted populations. Existing programme monitoring methods such as process, output and outcome monitoring were observed to gather data on targeting-related activities, and the audit noted varying levels of details and information included in monitoring surveys which did not necessarily link to targeting criteria and decisions. As a result, COs had very limited visibility of whether their targeting objectives were achieved and on missed opportunities for existing monitoring activities to provide feedback to enhance targeting systems.

54. According to the interim operational guidance note on targeting and prioritization, a strong monitoring system is required to monitor the: (a) efficiency of actual targeting implementation; (b) effectiveness of targeting methods and criteria, and (c) outcomes of targeting decisions on the targeted and non-targeted populations. The effectiveness of targeting-related monitoring activities relies on clear key indicators or baselines and its ability to provide feedback to the various upstream targeting activities.

55. Existing outcome monitoring surveys were typically focused on targeted and assisted beneficiaries not covering non-assisted populations; however, it is essential to periodically monitor the impacts of prioritization on excluded groups to evaluate their vulnerability profile and quickly respond whenever their situation has deteriorated. Information gathered from monitoring excluded groups would support an evidence base for the continued funding advocacy necessary to assist everyone in need. In one of the COs sampled, the audit noted a good practice where comprehensive food security monitoring exercises were carried out in 3 consecutive years due to complex operational requirements as well as the fast-changing vulnerability profiles of targeted beneficiaries. The monitoring exercises also enabled the CO to validate not just its targeting decisions and approach for each of the previous years but also to reassess non-targeted and non-assisted populations.

Underlying cause(s): WFP's operational model focused on short-term direct humanitarian assistance to vulnerable populations. A long-term targeting framework not conceptualized. Existing targeting processes and systems not updated with the shift to long-term and sustainable interventions. Targeting activities confined as stand-alone exercises at the beginning of the programme cycle and not as a continuous set of activities linked to programme implementation and monitoring.

Agreed Actions [High priority]

RAM will establish a plan to operationalize monitoring of targeting processes and outcomes in WFP operations in line with the requirements of the operational guidance note.

Timeline for implementation

31 December 2020



Observation 6: Registration, counting and reporting of targeted beneficiaries

56. Beneficiary registration and information management enables WFP to track assisted beneficiaries and their profiles over time. The audit noted that there was no centralized platform for WFP beneficiary targeting and prioritization activities and that all information was retained at CO level, although SCOPE has the potential to provide such a platform. As a result, there was no single source of consolidated information on beneficiaries targeted and prioritized across WFP operations.

57. The interim operational guidance note indicated: (a) the roles and responsibilities of the CO SCOPE team or beneficiary identity management focal point; and (b) beneficiary data collection procedures and how data can be utilized for targeting and prioritization. However, the guidance does not: (i) define minimum information/data requirements for targeting activities; and (ii) indicate minimum reporting mechanisms and data analyses on targeted and registered beneficiaries and the associated data to inform programme design and implementation. The guidance should also consider data privacy and protection elements including privacy impact assessment in designing the information management system for targeting activities.

58. WFP recently issued guidance¹¹ for estimating and counting Tier 1 beneficiaries which extends the concept of such beneficiaries to individuals receiving assistance under in-kind, cash-based transfers and/or capacity-strengthening modalities. However, guidance for estimating and counting indirect beneficiaries of government programmes supported by WFP (either funded by the government or donors) is yet to be finalized.

59. The audit noted that these indirect beneficiaries were frequently reported in COMET as Tier 1 beneficiaries. This practice is misleading because beneficiary targeting and prioritization activities for these types of programmes were carried out by the government based on their established criteria and not by WFP.

60. There was also no guidance as to the extent of WFP's responsibility and accountability in terms of targeting and prioritization for the government programmes it is supporting and the associated indirect beneficiaries of these programmes. More importantly, there were no minimum standards to assess whether government targeting and prioritization decisions were in line with WFP's targeting methodology and objectives.

Underlying cause(s): Benefits of establishing reporting mechanisms and data analyses on targeted and registered beneficiaries not considered from a targeting perspective.

[Medium priority]

OIGA has decided not to raise any action in respect of the above observation. This is because actions related to the issues identified have been raised in other recent audit reports and are yet to be implemented, and because it is anticipated that continued focus will be given to these issues in audits to be conducted in 2020 and 2021. In particular:

- An agreed action directed to the HQ CBT Unit and relating to the corporate strategy for the use of SCOPE was raised in the 2019 Internal Audit Report on Mobile-based transfers in West and Central Africa¹², and referenced in the 2019 Internal Audit Report on WFP Operations in Uganda¹³.
- An agreed action directed to the Corporate Planning and Performance Division and relating to guidance on indirect beneficiaries was included in the 2016 Internal Audit Report on WFP's Country Capacity Strengthening¹⁴.

However, despite deciding not to include similar actions in this report, OIGA considers that retaining the observation above is important to maintain and strengthen awareness of the issues involved.

¹¹ WFP – Guidance Note on Estimating and Counting Beneficiaries.

¹² Report reference AR/19/19, agreed action number 10.

¹³ Report reference AR/20/06, agreed action number 3.

¹⁴ Report reference AR/16/14, agreed action number 1.

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.

High 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 Corporate directive and guidance on beneficiary targeting	Governance	Governance & oversight risks	Intervention planning	RAM	31 December 2021	
2 Structures to support assurance on targeting and prioritization activities	Analysis, assessment & monitoring activities	Governance & oversight risks	Risk management	RAM	31 December 2021	
5 Monitoring of targeting processes and outcomes of targeting decisions	Analysis, assessment & monitoring activities	Programme risks	Performance management	RAM	31 December 2020	

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)				
3 Use of third-party data in needs assessments	Analysis, assessment & monitoring activities	Programme risks	Assessments	RAM	31 December 2020	
4 Documentation of targeting activities	Activity/project management	Business process risks	Service delivery	RAM	31 December 2020	
6 Registration, counting and reporting of targeted beneficiaries	Beneficiary management	Programme risks	Beneficiaries management	Not applicable	Not applicable	

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.¹⁵

¹⁵ 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 universe¹⁶ 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 Policy¹⁷, 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 introduced¹⁸ by the Chief Risk Officer to define and launch risk matrices, identify thresholds and parameters, and establish escalation/de-escalation protocols across business processes.

¹⁶ 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.

¹⁷ WFP/EB.2/2018/5-C

¹⁸ 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
CP	Cooperating Partner
ERM	Enterprise Risk Management
GRC	Governance, Risk and Control
HQ	WFP Headquarters
M&E	Monitoring and Evaluation
OIGA	Office of the Inspector General Internal Audit
PRO	Programme – Humanitarian and Development Division
RAM	Research, Assessment and Monitoring Division
RB	Regional Bureau
SCOPE	WFP's beneficiary information and transfer management platform
SOP	Standard Operating Procedure
VAM	Vulnerability Analysis and Monitoring
WFP	World Food Programme