



15 April 2020

Management comments to the Internal Audit Report on WFP Operations in Uganda (AR/20/06)

WFP Management appreciates the findings and observations made by the Office of the Inspector General (OIG) in its audit report on WFP operations in Uganda (AR/20/06), covering the period from 1 January 2018 to 30 September 2019.

Uganda is hosting nearly 1.4 million refugees in settlements across the country, the third largest refugee population in the world. The progressive Uganda refugee management model, which entails freedom of movement, ability to work and allocation of land to each refugee to enhance self-reliance is a critical tenet of Uganda's approach to turning the challenge of displacement into opportunities for both the host and the refugee communities. WFP is contributing to the success of the Uganda refugee management model through its food and nutrition assistance both in-kind and cash-based, as well as through complimentary interventions in support of national development objectives through its Country Strategic Plan, 2018-2022 (CSP), which is aligned to the National Development Plan II and Vision 2040. The CSP is focused on emergency response, resilience, nutrition, agricultural market support, capacity strengthening and the provision of supply chain services, and aims to leverage synergies among the different programmatic activities to end hunger in Uganda by 2030.

During the audited period WFP, in close collaboration with partners, has undertaken major investments in strengthening accountability and transparency across its portfolio, specifically in the refugee response operation. The measures taken, which include the utilization of biometric identity confirmation during all food and cash distributions, robust partner selection processes in line with corporate standards, the establishment of solid infrastructure around distribution points, improved commodity tracking, strengthened monitoring and WFP staff presence during distributions, and individualized scooping and weighing of rations, have transformed service delivery. The new assistance processes have been implemented with a view to providing assurances to all stakeholders that resources reach the intended, eligible households, and, importantly, also ensure that the people WFP serves receive assistance in a safe and dignified manner.

WFP Management is pleased that the concrete actions taken by the Country Office in cooperation with its partners have been recognized in the internal audit report, in particular the measures that were implemented as part of the Joint Plan for Action (JPA) process. WFP Management further notes that the auditor considered beneficiary information management in the refugee response a risk that is outside the direct control of the WFP operations in the country. The Country Office concurs with the auditor that this risk continues to require close monitoring and advocacy, as well as continued active participation in joint risk management mechanisms.



WFP Management acknowledges the overall conclusion of *"partially satisfactory/some improvement needed"* and agrees with the eight observations contained in the audit report, three of which are considered as high priority and five as medium priority. WFP Management fully endorses the corresponding agreed actions and has initiated their implementation, with completion expected within the agreed timelines. Regarding the actions taken and way forward on high priority issues, Management notes the following:

1. Beneficiary Data Management

With the introduction of the New Food Assistance Collection Procedures, including the use of biometric identity confirmation during all food and cash distributions for refugees, a wealth of new data is being created every month during each distribution cycle. Until the time of the audit, the Country Office faced challenges in consolidating the data for centralized analysis and oversight at Country Office level.

In response to the audit observation, the Country Office has initiated the development of robust in-house data analytics capabilities to perform detailed analysis of distribution data, with a view to informing changes in programme implementation, monitoring and oversight activities, as well as advocacy with partners, where required.

The sample analytics performed by the internal audit team underscored the importance of establishing these capabilities. The Country Office notes, however, that the data discrepancies found by the audit team may be largely explained by approved processes covered by the New Food Assistance Collection Procedures (in particular arrangements for Extremely Vulnerable Households), or by actions of UNHCR/government staff necessitated by the situation on the ground, including protection considerations. Meanwhile, a significant number of data discrepancies have also been resolved by an updated version of the UNHCR database tool that WFP uses for its distributions.

2. Cash-based transfers (CBT)

In the course of audited period, the Country Office has taken steps to enhance its CBT reconciliation processes in view of corporate guidance issued in mid-2019. To this end, the Country Office received support missions from the CBT headquarters unit and established an in-house IT solution. The shortcomings identified by the audit team with regards to CBT reconciliations specifically relate to granular, household-level transfer reconciliations. The Country Office had undertaken bank reconciliations of its CBT programme at an aggregate level. Furthermore, the Country Office has relied on the robust physical controls introduced through the New Food Assistance Collection Procedures (biometric identity confirmation for each cash distribution) to have an adequate assurance that assistance only reaches eligible beneficiaries with the right entitlement.

In order to address shortcomings and to enhance overall assurance over CBT processes, and in the absence of a corporate solution, the Country Office has rolled out an in-house IT solution. However, significant investment is still required and will be made by the



Country Office to elevate the in-house IT solution to implement fully automatized end-to-end transfer reconciliation processes, as well as to align the in-house IT solution with WFP's corporate IT security standards in consultation with relevant divisions at headquarters.

The Country Office welcomes the audit observation to step up its financial literacy initiatives to match the scale up of CBT, with plans being already in place to this end.

3. Food safety and quality issues

The Country Office agrees that the CSB Plus commodities deemed unfit for human consumption and recalled, as part of WFP's response to the food safety incident in Karamoja (and Palabek) in 2019, continue to represent a significant risk to WFP and the public until they are destroyed (they are kept under lock and key in segregated areas in WFP warehouses). In coordination with relevant headquarters units, the Country Office will destroy the commodities as soon as possible.

Unrelated to the food safety incident, at regional level, the Regional Bureau, in close coordination with the Country Office, will comprehensively review the performance of the regional superintendent service provider and resolve any concerned issues.

At country level, the Country Office has invested in enhancing its food safety and quality management capacities. However, continued work is required to strengthen capacities at field level and with Cooperating Partners to ensure that guidelines are being fully adhered to. Therefore, the Country Office has already launched a food safety awareness campaign which involves workshops and induction briefings to Cooperating Partners and district officials.

WFP Management appreciates the constructive and useful engagement by the Office of Inspector General. WFP Management is certain that the implementation of the agreed actions will further strengthen WFP's internal control, governance and risk management processes, with a view to ensuring that resources are utilized in the most efficient and effective manner to achieve maximum impact for the people we serve.