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Follow-up Audit of the Implementation of Agreed Actions from the 2019 Internal Audit of WFP Operations in Liberia

Office of the Inspector General

Audit Report AR-20-10



World Food
Programme

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Contents

	Page
I. Executive Summary	3
II. Context and Scope	5
III. Results of the follow-up audit	7
Annex A – Definition of categorization of observations	23
Annex B – Acronyms	24



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

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 Liberia (AR/19/09).
2. The audit focused on the period from 1 January to 31 December 2018 and was carried out from 29 January to 8 February 2019. 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 WFP's Liberia operations could be compromised. The audit report made eight high and three medium priority observations, the 45 related actions for which were all due to be implemented by 31 December 2019.
3. The follow-up audit was carried out through a desk review of supporting documentary evidence and interviews with the country office and other stakeholders regarding the implementation of the agreed actions. A planned mission in March 2020 to the Liberia country office to complement the desk review could not be undertaken as a result of travel restrictions imposed following the outbreak of the Covid-19 pandemic. The follow-up audit was carried out in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Status of agreed actions

4. The 2019 audit (issued in April 2019) included 11 observations, with a total 45 related agreed actions which management agreed to implement to make necessary improvements. From October 2019 to February 2020 the country office received support missions from some WFP headquarters units and from the Regional Bureau in Dakar to support the implementation of the agreed actions.
5. During the process of addressing the agreed actions, the country office encountered some challenges that impacted the timing and prioritization of implementation. These challenges, particularly in the last quarter of 2019, were related to the following: (a) a fragile country context as a result of fiscal challenges impacting household food security; (b) limited local availability of talent and capacity to address organizational realignment, staffing and structural recommendations; (c) a redesign of the home-grown school feeding programme requiring new partnership arrangements and programme delivery mechanisms; and (d) strategic decisions yet to be made following a country strategic plan scoping mission, which are likely to significantly change current programme activities and to significantly increase country capacity strengthening activities. These challenges resulted in some delays to the implementation of actions compared to agreed timelines, and the need to refine the 2019 initial agreed actions for complete and effective implementation.
6. From the 45 agreed actions arising from the 11 audit observations, 34 had been implemented and closed (76 percent); these comprised 28 high and six medium-priority actions. The remaining 11 agreed actions (comprising seven high and four medium priority) were in progress and should be implemented between October and December 2020.



7. Details of observations, actions taken, and audit conclusions are provided in Tables 1 and 2.
8. The Office of Internal Audit would like to thank managers and staff for their assistance and cooperation during the review.

Kiko Harvey
Inspector General



II. Context and Scope

Liberia

9. Liberia is a least-developed, low-income, and food-deficit country with a population of 4.7 million people. According to the 2018 United Nations Development Programme (UNDP) Human Development Report, it was ranked 176 out of 189 countries, falling within the category of countries with low human development. Political stability remains fragile and an ongoing fiscal crisis impacts the daily lives of the population. The purchasing power of the most vulnerable Liberians has been significantly eroded, with 51 percent living below the national poverty line. According to the comprehensive food security and nutrition survey (CFSNS 2018) report, malnutrition of children aged 0-59 months was a persistent problem. Official development aid to Liberia dropped from USD 1,098 million in 2015 to USD 570 million in 2018 amid closure of the United Nations Mission in Liberia's (UNMIL) mission on 30 March 2018.¹

WFP operations in Liberia

10. In July 2019, following the completion of the transitional interim country strategic plan (T-ICSP 2018-19), WFP realigned its focus to a four and a half-year country strategic plan (CSP 2019-2023), using a multifaceted home-grown school feeding (HGSF) programme as a platform for linking agriculture, social protection, nutrition and education through an integrated approach to achieving the 2030 agenda. The CSP has three strategic outcomes and three activities focusing on crisis response, root causes and resilience, with a total budget requirement of USD 50 million.

11. Since the audit mission in March 2019 and the issuance of internal audit report AR/19/09 in April 2019, the country office (CO) received several support and oversight missions from WFP headquarters (HQ) and from the Regional Bureau in Dakar (RBD). These missions supported CO management to broadly review the CO's organizational structure to align it with the new CSP, operational programme models and implementation modalities, and provided technical guidance and support where it was available at CO level in the implementation of some of the agreed actions. The costs incurred by the CO for these support missions totaled USD 152,000 as at March 2020.

12. The CO continued to experience severe funding shortfalls in 2019, resulting in an inability to achieve the level of outcomes and breadth of programmes envisaged in the CSP; a total of USD 3.1 million was received, amounting to 47.7 percent of the requirements of the needs-based plan of USD 6.5 million for the programme from July to December 2019. Among the resources mobilized in 2019 were USD 1.4 million from WFP's internal strategic resource allocation committee multilateral funding mechanism, with the remainder of USD 1.7 million being sourced from directed contributions, most of which were carried over from the T-ICSP. At the time of the audit the needs-based plan, totaling USD 50 million for the period from July 2019 to December 2023, was 16 percent (USD 8 million) funded, with a USD 42 million shortfall.

13. The audit noted that one of the support missions received by the CO was a CSP scoping mission carried out by the Programme and Policy Development Department (PD) in October 2019, which reviewed the design of the current CSP, which is consolidated around HGSF as a platform for delivering multi-sectoral interventions. The mission made proposals for the CO's consideration to reshape the CSP to align to the evolving context in Liberia.

¹ United Nations Security Council Resolution (2016), S/RES/2333; Security Council Presidential Statements (2018), S/PRST/2018/8



Objective and scope of the follow-up audit

14. 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 Liberia had been implemented by the CO.
15. The audit was carried out from 2 to 11 March 2020 and involved a desk review of available documentation to support the verification of the effective implementation of agreed actions. This documentation was recorded in the Office of Internal Audit's (OIGA) system for the monitoring of the implementation of agreed actions (TeamCentral). Through this system the Office of Internal Audit tracks all medium and high-priority observations to ensure management actions are effectively implemented within the agreed timeframe to manage and mitigate risks identified, thereby contributing to the improvement of WFP's operations.
16. The verification followed standard internal audit practices and was in line with OIGA guidelines, which provide for follow-ups 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.
17. A planned mission in March 2020 to the Liberia country office to complement the desk review could not be undertaken as a result of travel restrictions imposed following the outbreak of the Covid-19 coronavirus. In addition to the desk review interviews with management and staff in the CO, RBD and headquarters were conducted.
18. Annexure A outlines the categories used to determine the status of implementation of the agreed actions.



III. Results of the follow-up audit

Table 1: High priority observations

Audit Report Observation 1		
<p>Organizational structure and workforce planning</p> <p><i>Staffing and structure review:</i> The Staffing and Structure Review (SSR) carried out in April-May 2018 was performed, and changes were implemented, without adequate analysis of the CO's context, anticipated workload and workforce needs. The audit observed that fundamental steps required for an organizational realignment were not carried out, such as analysis of workforce profile needs versus costs, definition and review of proposed operating models, preparation and implementation of transition plans, and evaluation of structural and workforce changes. Complete documentation for the SSR process was not maintained, and decisions concerning compensation of separated staff had not been finalized at the time of the audit.</p> <p>Adequate consideration had not been given to how the CO will be able to implement the 2019-2023 CSP with the current workforce and staff capacity, resulting in a high risk for the successful implementation of the CSP.</p> <p><i>Organizational structure:</i> As a result of the SSR, the CO had adopted an organizational structure with a high number of direct reports to the Country Director, resulting in his involvement in almost all decision-making, including administrative issues. This impacted the time available for other strategic activities.</p> <p>Key positions in procurement, supply chain, sub-offices, human resources and monitoring and evaluation (M&E) were vacant at the time of the audit. In certain instances, staff were performing two key roles (for example the Budget and Programming Officer and M&E roles were occupied by the same person), which impacted the level of effectiveness of one or both functions. Additionally, the head of sub-office position and functions such as procurement, HR and supply chain were not staffed with the necessary capacity and/or seniority.</p> <p><i>Committees:</i> Key committees in the CO, including the resource management committee, budget committee, operational planning committee and the cooperating partners committee, were predominantly composed of the same staff members and were in most cases chaired by the Deputy Country Director. The same staff were also sitting in other ad-hoc committees. This imposed constraints on the time available to perform other duties.</p> <p>The CO had one of the lowest gender parity ratios in WFP, with only 20 percent female staff.</p> <p><u>Underlying causes:</u> Primary objective of the SSRs cost reduction and lack of consideration given to retention of core staff and skills commensurate with CO's level of activities. Funding constraints necessitating cost reduction through staff reduction. Lack of adequate workforce planning and skills gaps analysis. Lack of staff capacity for effective representation and participation in oversight activities.</p>		
Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Review its staff capacity and workload to determine the necessary capacities and capabilities required to enable CSP implementation and appropriate management oversight within reasonably expected funding levels. This should include consideration of focus on some key activities should funding prospects not allow for a structure and staffing that caters to all needs and activities.	<p>The CO received support from HQ and RBD in implementation of the agreed action. An organizational alignment mission from WFP HQ in October 2019 used a formal and structured approach that involved engagement of all staff and management, and came up with a proposed CO structure taking into consideration planned CSP activities and the funding situation.</p> <p>In addition, the CO commissioned a CSP scoping mission which reviewed the CSP design, which is consolidated around Home Grown School Feeding (HGSF) as a platform for delivering multisector interventions, including school feeding, livelihood & resilience building and nutrition-sensitive activities.</p>	Closed



Agreed actions	Actions undertaken by the CO	OIGA Conclusion
<p>II. Following the above assessment, carry out workforce planning and talent acquisition to fill capacity and skills gaps.</p>	<p>In November 2019, a learning and needs assessment (LNA) mission was carried out with support from HQ Human Resources. The LNA unit helped in the triangulation of decisions taken with regard to the organizational alignment, as well as to address capacity gaps in building a new team. Furthermore, complimentary to the LNA mission, a procurement mission from the HQ Supply Chain division helped to ensure segregation of duties and understanding of capacity gaps for the alignment exercise.</p> <p>Many vacancy announcements had to be re-advertised because candidates did not meet the requirements. This included issues concerning prioritization of women to address the gender parity issue.</p> <p>Consequently, the action is not yet fully addressed, and the CO, in liaison with RBD, will undertake a process of drafting terms of reference (TORs), vacancy announcements, written exams and interviews to finalize the implementation of the organizational alignment by the end of October 2020.</p> <p><i>Additional comment: The COVID 19 crisis has interrupted the organizational alignment process and the CO will continue with its efforts to finalize the process.</i></p>	<p>In progress. Revised due date: 31 October 2020</p>
<p>III. Prioritize and document attention to gender parity during talent acquisition.</p>	<p>The CO formulated a gender action plan to achieve parity in gender. The plan is a living document that will be updated periodically with progress reports, as well as modification of the strategy to adapt and reflect change in Liberia's job market.</p>	<p>Closed</p>
<p>IV. Review the organigram and realign the CO structure to facilitate effective delegation of decision making.</p>	<p>The organizational alignment process used a formal and structured methodology, which ensured that all areas of concern around segregation of roles and responsibilities regarding staffing and delivery were covered. The CO developed a matrix with new committee structures, and relevant staff were formally appointed. Some of the committees, for example the resource management committee, have already started their operationalization of the mandate.</p>	<p>Closed</p>



Audit Report Observation 2		
<p>Oversight and fraud prevention and response</p> <p><i>Oversight missions and actions taken:</i> The CO received oversight missions during the audit period from RBD covering various process areas, including IT and procurement, which reported significant high-risk observations and recommendations. The CO had no systematic mechanism for allocating responsibilities for accountability, tracking and follow-up to ensure implementation of the recommendations; the audit observed that a majority of recommendations had not been actioned. There was limited documentation to demonstrate implementation of oversight by the CO over sub-offices.</p> <p><i>Fraud prevention and response:</i> There was lack of management action and appropriate escalation to the Office of Inspections and Investigations (OIGI) of reported possible fraudulent activities linked to school feeding activities. Contracts with vendors were noted to have outdated anti-fraud, anti-corruption and protection from sexual exploitation and abuse (PSEA) clauses. The average completion rate for mandatory ethics and fraud training was 48 percent.</p> <p><u>Underlying causes:</u> Lack of a mechanism for recommendation tracking and follow-up. Limited plans and travel budget to perform oversight on sub-offices. Delay in escalation of issues to OIGI.</p>		
Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Develop a mechanism for allocation of responsibility, prioritization, tracking and follow-up for oversight recommendations.	The CO has developed a plan complemented with a budget for periodic monitoring and oversight of field offices. Furthermore, a recommendation tracker has been implemented together with an SOP that provides guidelines on follow-up and updating of oversight recommendations. In 2019, some functional oversight missions were performed at field offices with specific actions documented and accountabilities allocated.	Closed
II. Plan and budget for monitoring and oversight of sub-offices.	An annual oversight and support budget for 2019 was developed and approved by the Country Director in April 2019.	Closed
III. Comply with corporate protocols to report allegations of fraud to OIGI.	Staff have been sensitized to report all allegations of fraud to management for escalation to OIGI. So far, all pending issues have been reported to OIGI. The Country Director has also discussed this directly with OIGI due to the sensitive nature.	Closed
IV. Update the anti-fraud, anti-corruption and PSEA clauses in vendor and cooperating partner (CP) contracts.	All active CP agreements and vendor contracts contain updated anti-fraud, anti-corruption and SEA clauses. The CO will ensure that the HQ legal unit would be consulted as part of the clearance process for all future contracts as part of normal due diligence in the CO.	Closed
V. Enforce completion of mandatory ethics and fraud training.	As of 15 December 2019, all active staff in the CO had completed all mandatory ethics and fraud training courses.	Closed



Audit Report Observation 4

Programme delivery and beneficiary management

Targeting and coverage: The formulation and design of operations and programmes to be included in the 2018 T-ICSP was informed by surveys carried out in 2012, 2013 and 2015; however the CO did not consistently adjust this formulation with results from the 2017 Zero Hunger Strategic Review and the 2018 Comprehensive Food Security and Nutrition Survey, which reported that the highest numbers of food insecure households were in Maryland, Bomi, Nimba, River Gee and River Cess counties. The CO continued to focus on the implementation sites from the previous years.

The beneficiary targeting process did not provide assurance that targeting criteria were consistently applied and were adequate to prioritize the most vulnerable. In some instances, the CO did not perform an independent verification of beneficiary lists provided by the Government, especially for the school feeding programme. This contributed to the risk of providing assistance to non-functioning schools as witnessed during an audit field visit.

Distribution planning and reporting: The CO had not maintained comprehensive documentation on distribution plans, in particular indicating cancelled distributions and reasons for pipeline breaks. Hence the audit could not determine the level of implementation for the audited period. Figures for distribution plans and reports for schools were provided aggregated at the county level, which did not allow for tracking of beneficiaries and commodities at the school level. Distribution sites were not identified in COMET to allow for precise and streamlined planning and reporting.

In the cash-based transfer (CBT) HGSF programme, the audit field visits identified the following weaknesses at the school level affecting the quality of reported information: (a) schools visited did not accurately keep and track records on student enrolment and attendance in schools. Actual students at the time of the visit were lower than reported ;(b) records on actual feeding days were insufficient; (c)bank reconciliations were not performed at school level; (d) documentation on payment vouchers and cheques was insufficient; (e) documentation of commodities distributed, consumed and in storage was not sufficient for control and reconciliation with student attendance and numbers; (f) storage facilities were poor; and (e)food was delivered without waybills.

The HGSF programme is a flagship project for the CO with the aim of scaling up to more school in the future CSP and as funding availability increases. The above issues pose a significant challenge and require revision of the processes associated to the programme and controls in place prior to a scale-up.

Standard operating procedures (SOPs): SOPs governing the management of programmes were not finalized with respect to all relevant areas such as programme objectives, roles and responsibilities, food safety and quality, nutrition requirements, and beneficiary counting methodology.

Data management: SCOPE was partially rolled out in Liberia in 2017. The process was not finalized to integrate and digitalize beneficiary data. Consequently, the system is not in use. Outputs and outcomes records in COMET were incomplete and had been partially uploaded during the audit visit. Implementation plans could not be recorded due to technical limitations faced within the COMET system.

Underlying causes: List of schools per county provided by the Government with minimal input from WFP. Limited staff capacities. Funding constraints to finalize SCOPE registration. Insufficient coordination between programme activity managers and unclear stipulation on roles of actors (school administration, Ministry of Education, WFP and community-based organizations) at school level. Inadequate monitoring and supervision of the HGSF by both Ministry of Education and WFP.

Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Integrate results of the 2018 CFSNS into targeting and prioritization strategy and programme design.	The CO has aligned its CSP geographic targeting interventions to the most recent CFSNS 2018 and prioritized WFP activities in counties with high food insecurity levels. <i>Additional comment: The CO will continue to look into programmatic opportunities by prioritizing and designing future multisector interventions on the basis of the proposed options formulated in the CSP scoping note in October 2019.</i>	Closed
II. Establish a process to independently verify or validate beneficiary lists provided by the Government.	Independent verification of beneficiary lists, provided by the Government, has been incorporated into the SOP for the CO's process monitoring as well as in the school feeding handbook. A situational analysis will be	Closed



Agreed actions	Actions undertaken by the CO	OIGA Conclusion
	conducted every five years; or following a shock affecting the targeting indicators, under the leadership of the national school feeding division and with the support of Ministry of Education partners.	
III. Review and enhance the process for distribution planning and reporting, collating comprehensive information in case of cancellation and pipeline break.	<p>The CO has streamlined distribution planning and reporting processes in the new developed SOP for delivery and distribution planning. In addition, the CO decided to focus the school feeding programme to targeted geographical areas by consolidating interventions and avoid pipeline breaks.</p> <p><i>Additional comment: To ensure accurate data on student enrollment in assisted schools, and as a mechanism to triangulate and validate data received, the CO jointly with the Ministry of Education will conduct a headcount twice annually. The results will be used to adjust and update distribution plans at the beginning of each school semester.</i></p>	Closed
IV. Develop a comprehensive plan to enhance internal controls, including capacity development, supervision and monitoring for the implementation of the HGFSF programme before further scale-up.	<p>The CO engaged a consultant from November to December 2019 to redesign the HGFSF programme. The redesign ensured segregation of duties amongst HGFSF stakeholders and avoidance of duplication of similar tasks, particularly the M&E functions, and reorientation of the role of WFP partners. The HGFSF business process was documented into a comprehensive HGFSF operation manual that includes detailed implementation procedures, TORs, partners' roles and responsibilities, and reporting formats. To enhance internal controls further, a new assessment of CPs and capacity development will be carried out in 2020 with the appropriate entities from the corporate units.</p>	Closed
V. Develop a plan and timetable to deploy a light version of SCOPE in Liberia.	<p>A SCOPE implementation plan has been developed in consultation with the RBD SCOPE team, including timelines for the implementation of a light version of the system. Many efforts have been made, in particular, in building capacities of WFP staff to ensure the effective application of the corporate system.</p> <p><i>Additional comment: The application of SCOPE will depend on the programme delivery portfolio and modalities established for future interventions.</i></p>	Closed
VI. Determine and budget for sufficient levels of resources to ensure the timely recording of information in COMET.	<p>The CO allocated sufficient levels of resources to ensure that relevant data is received, reviewed and entered into COMET in a timely manner in new SOPs.</p>	Closed
VII. Finalize SOPs and guidelines for all programme delivery and implementation processes, defining roles and responsibilities for each stakeholder.	<p>To ensure clarity on programme delivery processes and roles and responsibilities, the CO has developed and finalized the following SOPs: (i) HGFSF implementation; (ii) Monthly food distribution planning and delivery; (iii) CO Process Monitoring; (iv) Field level agreement management; (v) Targeting and prioritization; and (vi) COMET.</p>	Closed



Audit Report Observation 5		
<p>In-country programme monitoring and feedback management</p> <p><i>Monitoring guidelines:</i> The CO monitoring strategy had not been updated in line with the revised CSP corporate monitoring strategy regarding the definition of monitoring functions, including reporting and communication flows, roles and responsibilities, and coordination mechanisms. The CO did not have SOPs in place to achieve consistency in processes, methodologies and monitoring frequencies, including the management of the complaints and feedback mechanisms (CFM).</p> <p><i>Monitoring planning and reporting:</i> Distribution and process monitoring had not been planned or performed since June 2018, therefore not providing assurance that the outputs communicated by partners were accurate. The CO had not maintained sufficient information to allow for evaluation of the overall coverage of monitoring activities.</p> <p><i>Triangulation and verification data:</i> Systematic reconciliation between distribution plans and distribution and monitoring reports was not performed. As a result, it was not possible to verify or crosscheck information reported by CPs and community-based organizations (CBOs) against distribution planning figures, actual physical counts and data reported by schools on enrolment and attendance.</p> <p><i>Tracking and follow-up of monitoring findings:</i> Processes in place to record, categorize, prioritize, track and follow up issues arising from monitoring activities, when conducted, was not comprehensive or consistent. The audit observed inconsistencies in the prioritization and treatment of findings in the monitoring matrix, as well as gaps in assigned responsibilities and identification of mitigating actions and follow-up when these were identified. Long outstanding issues were identified in the monitoring matrix due to limited follow-up; there had been a lack of escalation and inaction on potentially serious incidents reported.</p> <p><i>Complaints and feedback mechanisms:</i> The level of calls logged on a monthly basis was low, and it was noted that there was limited awareness of the hotline by beneficiaries, and also by one of the main CPs. The hotline system was partially functioning with audit test calls going unanswered. Unexplained gaps in data were observed from April to September and from November to December 2018.</p> <p><i>Underlying causes:</i> Lack of staff capacity (the head of M&E is also the budget and programming officer). Lack of coordination with other units involved in M&E initiatives. Funding constraints leading to no budget allocation for monitoring travel. Lack of dedicated staff to handle CFM activities (the hotline phone is maintained by a staff member who has other duties). Limited dissemination and display of CFM information to beneficiaries and CPs. Lack of comprehensive SOPs</p>		
Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Review and update the monitoring strategy and plan considering CSP activities, minimum monitoring coverage targets, information sources and relevant resources. This should inform resources requirements as noted in Observation 1.	The M&E strategy has been developed by the CO following consultation with an RBD M&E support mission. The strategy defines the minimum monitoring plan which includes coverage targets, information sources, a checklist for monitoring activities and dedicated budget.	Closed
II. Prepare SOPs and/or guidelines for monitoring activities and management of the CFM, including: (a) escalation and referral of critical issues; (b) mechanisms to secure confidentiality of complaints received; and (c) reporting back to beneficiaries on the status or resolution of complaints.	In addition to the new M&E strategy, the CO developed SOPs for key M&E processes to provide guidance on monitoring activities. A separate SOP for CFM management has also been established for escalation of critical issues and follow-up on beneficiaries' inquiries. Under the new CO organizational structure, the CO has introduced a position for Programme Assistant Protection/AAP/Gender (G6) that will report to the Country Director to elevate the profile of the post and ensure the level of attention required.	Closed
III. Develop a systematic mechanism to triangulate information and data obtained from different sources, such as distribution reports, for analysis and follow-up.	The CO faced some challenges in providing effective mechanisms to triangulate information due to its limited resources in the field dedicated to monitoring activities. These issues have been addressed in the new model of the HGSF programme from a design perspective, however, further efforts to operationalize new strategies are required to promote a full alignment with the M&E processes. In addition, training will be required for all partners involved in monitoring activities for effective implementation of processes and tools utilisation. <i>Additional comment: The CO will need to revise M&E process flows to integrate future multisector interventions and include an information system that facilitates triangulation of program data collated from various sources.</i>	In progress. Revised due date: 31 October 2020



Agreed actions	Actions undertaken by the CO	OIGA Conclusion
IV. Develop a systematic mechanism for recording, categorizing, prioritizing, tracking and following up on monitoring findings.	The CO developed SOPs for recording, categorizing, prioritizing and following-up on monitoring findings. In addition, the CO introduced an M&E matrix to track recommendations and follow-up issues highlighted by internal and external mechanisms, such as M&E field visits, CP reports and CFM systems.	Closed
V. Increase communication to beneficiaries and partners on the CFM hotline.	A communication strategy for the CFM system has been developed and its implementation is currently on-going. A new short code toll-free hotline was introduced in order to increase the accessibility to the WFP hotline to all beneficiaries.	Closed



Audit Report Observation 7		
<p>Resource mobilization</p> <p><i>Strategy and action plan:</i> A resource mobilization strategy had not been developed by the CO as required by and to align with the CSP. In place an action plan was prepared in August 2018, yet without defined targets, priorities, timelines, and deadlines for effective implementation. There had not been a status review of the action plan, nor had the CO conducted quarterly reviews as per corporate stipulation No outcomes had been defined for any of the action points.</p> <p><i>Resource mobilization focus:</i> Throughout the audit period resource mobilization activities were mostly geared towards school feeding and specifically towards the HGSF programme, one outcome out of the six included in the T-ICSP. Minimal attention was given to the other five outcomes individually.</p> <p><i>Funding proposals:</i> During the audit period 23 letters were sent to donor’s regarding the HGSF programme. These letters did not provide a level of detail sufficient to constitute a funding proposal for donors to explicitly gauge the level of funding being requested from them. An analysis of the likelihood of funding from these donors was not performed by the CO, which contributed to the limited responses received. No funding directly attributable to the letters had been received at the time of the audit.</p> <p><i>Donor relations staffing:</i> Despite resource mobilization being a priority area for the CO, the donor relations officer position was vacant for 6 months during the audit period and for the whole of 2017. A donor relations officer started in early 2019.</p> <p><i>Underlying causes:</i> Irregular presence of dedicated staff for continued resource mobilization activities. CO Partnership Officer was sent on temporary assignment to Nigeria in June 2016 and did not return until a replacement was recruited in April 2018. Shift in donor priorities in Liberia. Lack of knowledge and information management systems to process, preserve and leverage information. Lack of consistent funding for the position of the donor relations officer.</p>		
Agreed action	Actions undertaken by the CO	OIGA Conclusion
I. Develop a donor mobilization strategy with an accompanying comprehensive work plan.	The CO resource mobilisation strategy, together with a Partnership Action Plan (PAP) for the CSP have been developed, drawing on the intelligence garnered in the SCP scoping mission report, and have informed engagement with development partners. A comprehensive operational plan for the resource mobilisation strategy has also been developed and activities for the first quarter of 2020 are currently being tracked and captured in the corporate salesforce system. The resource mobilization strategy will be continuously monitored and updated to reflect needs on the ground.	Closed
II. Expand resource mobilization activities to include all outcomes in the CSP.	The CO has expanded mobilization of resources for the entire CSP and has been engaging in bilateral meetings with partners that are all recorded in the corporate salesforce system. This has provided an opportunity for the CO to have visibility that goes beyond the flagship school feeding programme as a partner of choice to carry out food and nutrition security assistance in both emergency and development spheres. A number of engagements with partners and proposals submitted are currently in the pipeline covering school feeding, livelihood, resilience, country capacity-strengthening activities, emergency nutrition and social protection interventions.	Closed
III. Update the input of donor and funding opportunity information into WFP’s resource mobilization system, and establish procedures and guidelines to provide consistency and continuity to donor relations, the resource mobilisation function and information management processes.	The corporate salesforce platform has been set-up and is constantly updated to record the latest intelligence and engagements with development partners, to inform advocacy and resource-mobilization efforts for the CO, and to reposition the CO as a go-to partner for any funding opportunity arising. The implementation of SOPs has been carried out informally, given the absence of a fully-fledged call for proposal; however, the platform informed engagements and collaboration within the CO to draft concept notes for joint programming in the first two months of 2020.	Closed



Audit Report Observation 8

Budget monitoring

During and before the audit period the CO had experienced periods of insufficient funding leading to the cessation of its activities. As from February 2018, on-site school feeding activities were stopped. To address the situation the CO was advised by RBD and WFP headquarters in March 2018 to undertake drastic cost-cutting measures, including a staffing structure review (see observation 1). In addition to these cost-cutting measures, and in order to resume activities and cover office running costs, the CO had to apply to WFP headquarters for discretionary multilateral funding to cover its deficit. During the audit period the CO received over 50 percent of its funding from such discretionary multilateral sources.

The audit noted the following issues in the course of reviewing reasons for the CO’s deficit position:

- The CO’s budget planning for 2017 and 2018 used high forecast levels for grant funding, which had not been confirmed by donors, and which did not have any indication of being highly probable. Some of the grants used in forecasts had actually expired between 2016 and 2017.
- Indications of the impending deficit were provided in budget and finance reports to CO management as early as September 2017. Timely action was not evident. As noted above, significant cost-cutting measures did not take place until requested by RBD and WFP headquarters in March 2018.

Underlying causes: Utilization of unrealistic forecasts in budget planning, and ineffective corporate oversight to identify these. Delayed management action at both CO and regional bureau levels in response to budget and finance reports.

Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Review planning information utilized for budgeting and forecasting to ensure it is realistic and reflects probable funding.	The CO, through its established resource management committee (RMC), now assesses funding forecasts at regular intervals against the approved country portfolio budgets to formulate an implementation plan that matches the expected resources and contributions for that given year. This exercise has been implemented, already covering the CSP budget management and forecasting for the period from July to December 2019 and from January to December 2020. To ensure consistent implementation the CO’s RMC, which meets on an ad-hoc basis, will review the funding situation and make recommendations to management for timely consideration.	Closed
II. Implement timely action in response to information provided in finance, budget and programming reports.	The budget and programmes unit, in liaison with resource mobilisation focal point, now monitors anticipated expenses against expected resources to inform programme planning and decision making on a monthly basis. Budget monitoring is also a standing item on the agenda for the weekly senior management meeting.	Closed



Audit Report Observation 9		
<p>Supply chain management</p> <p><i>Procurement planning:</i> During the audit period procurement planning was not carried out to aggregate all CO requirements in order to maximize economies of scale in sourcing, minimize transactional costs, and ensure efficient use of resources. A comprehensive market analysis was not carried out to update the vendor roster and to gather market intelligence.</p> <p><i>Vendor rosters:</i> The vendor roster in use dated from 2015 and had not been updated since it was established. During the period under review an expression of interest process was launched with the aim of updating the vendor roster, however the process was not finalized. The audit noted that new vendors were often added to the vendor roster based on recommendations from various units in the CO without being reviewed or approved by the Purchase and Contracting Committee, and with a lack of documented due diligence.</p> <p><i>SOPs and guidance:</i> At the time of the audit the CO did not have an SOP for the procurement of non-food items. The food procurement SOP had not been updated since 2016 to include procurement planning, market research, due diligence and procurement of food from smallholder farmers, in line with the updated corporate food procurement manual, especially in the Liberia operational context.</p> <p><i>Transporter contracting:</i> The last formal update to the comprehensive Logistics Capacity Assessment (LCA) was in 2015. At the time of the audit there was no up-to-date LCA incorporating the contextual changes to Liberia post the Ebola crisis. For a transporters expression of interest floated during the audit period, a market assessment was not carried out prior to the exercise to gather intelligence to inform the evaluation process. There were instances noted of transporters who had not responded to the annual expression of interest being added to the transport roster nonetheless.</p> <p><i>CP commodity and warehouse management:</i> Due diligence assessments of school feeding CPs' warehousing facilities were not carried out before contracting, and there were gaps in the CO's coverage and frequency of physical inventory counts and monitoring of CP warehouse facilities. The audit noted during visits to CP warehouses inadequate commodity handling facilities and limited environmental controls in place. Commodity losses at CP warehouses had occurred frequently, with no CO analysis of the causes. The CO last carried out training of CPs on warehousing practices in 2012.</p> <p><u>Underlying causes:</u> Lack of resources, staff capacity and understaffing of the supply chain unit. Funding constraints hindering the CO's capacity-building initiatives.</p>		
Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Carry out a procurement market analysis, and develop a procurement plan.	The CO received a support mission from the HQ Food Procurement Unit (OSCF) in November 2019 and conducted a procurement market assessment for food and non-food procurement. Following this assessment, the CO developed a procurement plan covering the period from July to December 2019. Currently, the CO is developing a procurement plan to cover the period from January to December 2020.	Closed
II. Update the current vendor roster according to corporate guidelines.	The agreed action related to updating the vendor roster, according to corporate guidelines, is still ongoing. Pre-screening has been completed for Expression of Interest (EOI) received and results are now awaiting technical assessment and shortlisting.	In progress. Revised due date: 31 October 2020
III. Update procurement SOPs.	SOPs for food and non-food procurement have been finalized and were approved by management in June 2019.	Closed
IV. Update the LCA in consultation with the Supply Chain Division in HQ and the RBD logistics function.	The CO encountered challenges in obtaining external expert support in conducting the LCA; after continuous engagement a consultant from a standby partner was engaged in February 2020. Currently, the questionnaire which covers four ports and airports has been finalized and sent out to respective government agencies. The next step will be to send out questionnaires relating to road infrastructure. The CO expects to have completed the full assessments by 15 December 2020. The progress towards the LCA has been interrupted by the COVID 19 crisis, as contacts to be interviewed and fill out questionnaires are not available.	In progress. Revised due date: 31 December 2020



Agreed actions	Actions undertaken by the CO	OIGA Conclusion
V. Incorporate warehouse assessments in the due diligence of CPs, and develop a process to carry out spot checks on CP warehouse conditions and to conduct stock count verifications.	The CO incorporated warehouse assessments in the initial appraisal of potential cooperating partners (CPs). Furthermore, to ensure consistent and effective implementation, physical inventory exercises and spot checks are conducted monthly in warehouses and storerooms of existing CPs and schools, and corrective actions are recommended to address observed challenges. School storeroom stock counts are also taken during spot checks and process monitoring exercises.	Closed
VI. Identify, in consultation with the Supply Chain Division in HQ and the RBD logistics function, solutions to track commodities during the last-mile.	The CO sent a national staff member from its supply chain unit to RBD for training on the last mile solution and additional training was conducted for some staff at CO level. Training and implementation of the last mile solution at the school level will take place once the procurement of the last-mile delivery tracking devices/gadgets is finalized by 15 December 2020. The COVID 19 crisis interrupted progress toward this action.	In progress. Revised due date: 31 December 2020



Audit Report Observation 11

Partnerships and capacity development

Capacity development planning: The CO acknowledged that the limited capacity of partners had a direct link with the quality of outcomes of their activities, and highlighted this in the Country Office Risk Register (RR) as a high risk. A number of training activities were undertaken with government ministries and other implementing partners; however a systematic assessment of capacity gaps and development of a budgeted capacity development plan had not been carried out.

This is especially critical for the school feeding programme, where the objective is to hand over to the Government. The programme is well aligned to the national policy framework and with key WFP policies and strategies but a clear capacity development strategy and transition plan for programme handover were not in place.

Implementation of capacity development plan: A capacity assessment was performed as part of the initial evaluation of the CBOs working with schools for the HGFS. As a result a capacity development plan was prepared for the CBOs, however it has not been consistently tracked and implemented. Audit visits to two schools noted that CBOs had limited financial management skills to assist in record keeping, reporting and reconciliations.

Underlying causes: Lack of a capacity development strategy for all implementing partners. Limited staff to track the implementation of CBO capacity development plans.

Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Perform an assessment of capacity gaps of key partners and develop a budgeted capacity development plan.	The original implementation timeline for the agreed action was impacted by the decision to re-design the HGFS activity. The CO engaged a consultant from November 2019 to December 2019 to redesign the HGFS; this will require a new assessment of CPs and government counterparts and capacity development so that the programme can be delivered as envisioned. Furthermore, the COVID 19 crisis has prevented progress on these actions.	In progress. Revised due date: 31 December 2020
II. Determine and allocate necessary resources for the implementation of capacity development plans for CBOs and government counterparts before the scale-up of HGFS.	The implementation of the action will follow agreed action (i) above.	In progress. Revised due date: 31 December 2020
III. Develop a clear capacity development strategy to support the handover of the school feeding programme to the Government.	The CO and partners undertook a systems approach for better education results (SABER) school-feeding assessment, involving several government ministries and agencies, NGOs, CBOs and development partners. The SABER assessment report was validated and endorsed by the Government in October 2019.	Closed



Table 2: Medium priority observations

Audit Report Observation 3		
<p>Risk management and emergency preparedness</p> <p>With respect to risk management:</p> <ul style="list-style-type: none"> The 2018 RR, although established, was not regularly used and updated, and was not comprehensively utilized to update the Emergency Preparedness and Response Package (EPRP). Mid-term review and update of risks and mitigation actions had not taken place, and a majority of the risks were indicated as “ongoing”, although some had materialized such as a flooding emergency in the year. A CBT risk register was not established nor were CBT risks incorporated in the RR, although the CO responded to the flooding emergency by utilizing a CBT mobile money modality. At the time of the audit (end of January 2019) the 2019 RR had not been prepared. <p>Simulation for the EPRP was last carried out in 2014. The plan had not been updated during the audit period, only in January 2019 when the audit fieldwork was being conducted. The flooding crisis in 2018, which was a high risk in the risk register, and also highlighted by the UN resident coordinator as a key area for WFP intervention, was not referenced or included in the EPRP. The CO developed a Business Continuity Plan (BCP) in 2017, which was never tested or updated, including following staff changes after the 2018 SSR exercise.</p> <p><u>Underlying causes:</u> Limited staff capacity to dedicate to risk management activities.</p>		
Agreed action	Actions undertaken by the CO	OIGA Conclusion
I. Update the risk register, the EPRP and the BCP, and introduce processes to keep these tools up-to-date.	The CO EPRP tracker, risk register and BCP were reviewed and updated in April 2019 with participation and input from staff in field offices. Further updates were completed in July 2019 during the CO’s mid-year Annual Performance Plan retreat, as well as in October 2019, to incorporate changes on the list of committees and focal points in the CO BCP due to staff movement.	Closed
II. Test the EPRP and BCP for effectiveness and practicability.	In collaboration with the UN Country Team (UNCT) through the UN Disaster Management Working Group and UN Department for Safety and Security (UNDSS), the CO has participated in various activities in-line with the EPRP, including evacuation drills for both national and international staff. On 25 October 2019, the CO conducted an exercise to test the BCP using the Access-Denial impact scenario	Closed



Audit Report Observation 6

Cash-based transfers

CBT assistance was implemented starting August 2018 in response to an emergency flooding crisis. Following initial coordination with the National Disaster Management Agency and the UN emergency group, mobile money transfer was selected as the main preferred modality, with a smaller portion of food assistance for affected populations in rural areas.

Program design and choice of modality: The initial planned schedule of two months duration for the flooding emergency response did not take into account contextual challenges to deploy the cash component of the emergency assistance. Unlike food assistance which was delivered promptly, there were significant delays associated with cash transfers due to inefficiencies in the process of registration and verification of beneficiary phone numbers. It took until January 2019 for the CO to complete the transfer of CBT assistance.

Procedures required prior to the implementation of any new CBT intervention were not fully carried out nor documented. In particular:

- A strategy paper on the choice of appropriate transfer modality and mechanisms to evaluate cost-efficiency and effectiveness was not prepared.
- Essential CBT assessments were not carried out including a micro-assessment of financial service providers (FSPs), a security assessment, and continuous monitoring of protection issues.
- SOPs did not define all key aspects of the CBT delivery cycle, such as responsibilities to be followed for specific incidents, payment instructions, post-cycle reconciliations and oversight.

Contracting of FSPs: Two FSPs were contracted through waived competition. Documentation clearly defining specifications for the CBT emergency response was missing, and there was no evidence of any due diligence performed before contracting. Deviations from WFP standard contracts were noted for one of the service providers; and standard clauses on UN immunity and fraud and corruption were not included in the contract.

Reconciliation and monitoring: Reconciliations to detect dormant mobile wallets were not performed after each monthly transfer. Post-distribution monitoring was ongoing at the time of the audit mission to ensure actual delivery of the cash assistance and measure the impact of the response.

Underlying causes: Lack of staff capacity in the implementation of CBT. Lack of compliance with corporate guidance. Data sharing for reconciliation purposes not fully agreed with FSPs.

Agreed actions	Action undertaken by the CO	OIGA Conclusion
The CO will:		
I. Carry out, with support from RBD and the Market Access Programme Unit (OSZIC) as necessary, assessments to facilitate determination of the most appropriate modality or combination of CBT modalities for the Liberia operational context. This will include consideration of emergencies where, if there is no preparedness and no CBT structures in place ahead of an emergency, the e-wallet modality may not be the right choice considering the required controls and checks.	The CO developed a CBT action plan in July 2019; as part of the plan, a support mission was received from the HQ Cash-Based Transfers Unit (FINB) to review CBT challenges. The CO management also reached an agreement with CBT HQ Co-ordination units to temporarily halt engaging in any new cash-based transfer modalities pending implementation of the enlisted action plans. Furthermore, complimentary to this a HGSF redesign review was conducted by a WFP consultant with recommendations to adopt a model that reduces the CO's exposure to use CBT for the HGSF programme.	In progress. Revised due date: 31 October 2020
II. Perform due diligence on FSPs and revise the contracts in place to ensure they include required clauses before the award of any future contracts.	Implementation of this agreed action has not been initiated as no CBT activity is foreseen before the end of this year and a contract is not expected to be signed until the CO has resolved all the CBT set-up and design issues.	In progress. Revised due date: 31 October 2020
III. In consultation with corporate CBT functions negotiate with FSPs to provide data at aggregated and individual account levels sufficient to enable implementation of a thorough reconciliation process.	The CO Finance team has established contacts with potential FSPs and implementation is on-going but with challenges in obtaining timely responses from FSPs. See actions undertaken in (i) above.	In progress. Revised due date: 31 October 2020



Agreed actions	Action undertaken by the CO	OIGA Conclusion
IV. Carry out all necessary CBT assessments prior to the implementation of any new CBT mechanism.	The Macro Financial Assessments (MaFA) has already been completed and discussed with both RBD and HQ but all other CBT assessments have to be initiated. See actions undertaken in (i) above.	In progress. Revised due date: 31 October 2020



Audit Report Observation 10

Food safety and quality

Contracting of inspection company and capacity strengthening: The CO had a contract in place with a company to carry out food safety and quality (FSQ) inspections/surveys. The contract covered inspection of milled rice and beans from farmer organizations, and imported rice, vegetable oil and salt from local importers. Since the scope of the contract was only limited to a predefined set of food commodities, inspection of other food commodities procured by the CO (for example peas and bulgur wheat) fell outside of contractual terms and was not covered. The scope of the contract also did not include inspections/spot checks of food procured directly by schools under the HGFSF programme, and there were limited mitigation measures in place to address the risk of unsafe and poor quality food. The laboratory used by the contracted inspection company had not been internationally certified and had only limited capacity to perform the minimum tests required.

The CO last carried out FSQ training of all stakeholders in 2015; there was a substantial need for capacity strengthening of all stakeholders to improve the level of FSQ awareness and implementation.

School feeding activities: Clauses on the FSQ responsibilities and requirements of CPs such as the Ministry of Education were not included in agreements, and the CO had not defined guidelines and standards for hygiene and handling of food for school feeding programmes. Spot checks or inspections of school facilities and kitchens to determine their compliance with FSQ standards were not carried out by the CO and had been delegated to the Ministry of Education and to the schools implementing the programmes; this posed a potential conflict of interest and reduced the CO's visibility over FSQ-related issues.

The CO had no incident management system to track all noted incidents and there were no documented protocols for recalls.

Underlying causes: Lack of SOPs for FSQ. Fragmented corporate guidance on FSQ processes. Funding constraints hindering the CO's capacity building initiatives. Lack of resources, staff capacity and understaffing of the supply chain unit.

Agreed actions	Actions undertaken by the CO	OIGA Conclusion
The CO will:		
I. Review the contractual terms with the inspection company to cover all identified gaps, and update the agreements in place with CPs to include applicable FSQ clauses.	The contract with the inspection company was reviewed and a scope of works for other commodities has been incorporated. Similarly, field level agreements with school feeding implementation partners have been revised to incorporate FSQ clauses in-line with the HGFSF corporate requirements.	Closed
II. Develop SOPs and guidelines for FSQ processes, defining roles and responsibilities for all stakeholders.	An SOP for FSQ was developed and shared with the RBD supply chain unit for comments and approved as final by the Country Director.	Closed
III. Implement an incident tracking system and incorporate FSQ inspections in the monitoring cycle.	A food commodity incident tracking system has been developed and approved by management in line with the corporate Food Incident Management Memo (FIM) guidelines. Incorporation of FSQ checks in the CO process monitoring cycle is ongoing with the revision of the appropriate monitoring tools.	Closed
IV. Plan for FSQ capacity-strengthening initiatives with stakeholders.	The CO has made engagements with the National Standard Laboratory to explore areas of collaboration for strengthening capacity in FSQ related areas. A draft agreement and concept note have also been reviewed by the CO and will be finalized for implementation.	Closed



Annex A – Definition of categorization of observations

A.1 Priority categorization of audit observations

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:

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.

A.2. Categorization of the status of implementation of agreed actions

Status	Definition
Closed	Action has been fully implemented.
In Progress	Action has been started and partially implemented. Revised timescales for full implementation have been established in some cases.
Outstanding	Action has not been partially or fully implemented. Revised timescales have been agreed in some cases.
Not Applicable	Management has accepted the risk of not taking action. <i>Or:</i> Conditions have changed that render the agreed action not relevant.



Annex B – Acronyms

BCP	Business Continuity Plan
CBO	Community Based Organisations
CBT	Cash-based Transfers
CFM	Complaints and Feedback Mechanism
CFSNS	Comprehensive Food Security and Nutrition Survey
CO	Country Office
COMET	Country Office Tool for Managing (programme operations) Effectively
CP	Cooperating partner
CSP	Country Strategic Plan
EPRP	Emergency Preparedness and Response Package
FSQ	Food Safety and Quality
HGSF	Home Grown School Feeding
HQ	Headquarters
LCA	Logistics Capacity Assessment
LNA	Learning and Needs Assessment
OIGA	Office of Internal Audit
OIGI	Office of Inspections and Investigations
PSEA	Protection Against Sexual Exploitation and Abuse
RBD	WFP Regional Bureau in Dakar
RMC	Resource Management Committee
RR	Country Office Risk Register
SABER	Systems Approach for Better Education Results
SCOPE	WFP's beneficiary information and transfer management platform
SOP	Standard Operating Procedures
SSR	Staffing and Structure Review
T-ICSP	Transitional - Interim Country Strategic Plan
USD	United States Dollar
WFP	World Food Programme