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Internal Audit of SCOPE WFP's Digital Management of Beneficiaries

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World Food
Programme



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Internal Audit of SCOPE

I. Executive Summary

SCOPE

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of SCOPE that focused on the period 1 January 2019 to 30 June 2020. SCOPE is WFP's beneficiary information and transfers management platform. It is an in-house developed technology that functions as a database to securely store the beneficiary information country offices may need to carry out their operations. It also offers functionalities and capabilities to manage the transfer of benefits. At the time of the audit, SCOPE had been implemented in 68 of the 85 countries in which WFP is present. In 2020, WFP supported 71 percent of cash operations through SCOPE.

2. The audit explored five lines of enquiry: (i) governance mechanisms for the development and delivery of SCOPE; (ii) arrangements, structures and resources to support the rollout of SCOPE in-country offices; (iii) the minimum standardisation and controls required to provide assurance over SCOPE, and possible deviations; (iv) application controls; and (v) the framework to evaluate and report the business value that WFP derived from SCOPE. The audit team carried out the fieldwork from 7 September to 13 November 2020. The audit carried out structured interviews and documentation reviews to evaluate the planning, implementation and use of SCOPE by a sample of nine country offices.¹ The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit conclusions and key results

3. 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.

4. All the country offices contacted by the audit recognised the benefits of using the SCOPE platform and its importance as a critical corporate initiative to ensure the effective, efficient and secure management of digital assistance to beneficiaries. SCOPE offered features not available in other technology platforms, including enhanced data privacy and protection, user access controls, enforced segregation of duties, standardised/integrated workflows and automated controls tailored to WFP's programmes. SCOPE can track the flow of assistance to individuals throughout the programme life cycle, allowing WFP to detect and address poor data quality, duplication of registration records and suspicious transactions, yet not fully effectively or efficiently. These features, and SCOPE's targeted adoption of biometric technology together with the SCOPECARD delivery mechanism, contribute to the secure management of transfers to beneficiaries and assurance that only targeted and authorised individuals receive assistance, mitigating the risk of fraud and waste of resources.

5. The benefits expected from the digitisation of programme activities, including core activities such as beneficiary information and identity management, and delivery of assistance through technologies such as SCOPE, call for an urgent reassessment and (re)definition of corporate objectives and targets in these areas, and a cross-cutting corporate digital assistance strategy. WFP's priorities should focus on SCOPE's effective governance to fully leverage the investments already made in the technology and guide its future development within the framework of a defined and sustainable digital assistance strategy.

¹ The audit contacted country offices in Bangladesh, the Central African Republic, the Democratic Republic of Congo, Iraq, Lebanon, Namibia, Nigeria, Pakistan and Sudan.



6. While noting that a business sponsor was designated and a corporate Circular issued at the outset for SCOPE's development, the project suffered from sponsor turnover and inconsistent support to its proposed implementation roadmap. The Programme and Policy Development and Resource Management Departments, and Supply Chain Operations Division, could not agree on a clear and consistent direction for the corporate-wide adoption of SCOPE and digital assistance more generally. SCOPE's development and rollout suffered from insufficient business ownership, non-standardised business processes, consistency, and cohesion, leading to delays and inefficient project management.

7. Lacking a business-led vision for digital assistance, the Technology Division assumed operational responsibilities as a necessary step to sustain SCOPE's project momentum and to respond to the country office's operational imperatives. Untimely and poorly defined/arbitrated digital assistance decisions at the corporate level resulted in delays and gaps in SCOPE's rollout. The adoption of SCOPE was partial in many country offices, with a lack of preparation and structure by country offices leading to major data quality issues that the organisation is still struggling to resolve.

8. The same applied for the design and development of digital assistance to governments, where the necessary adaptations were not placed to ensure data protection and privacy or handover of projects to governments.

9. While tangible benefits are derived from the correct implementation and use of SCOPE, a governance framework was only recently put in place to rigorously account for the costs and benefits accrued from IT projects and investments. Cost recovery mechanisms were also lacking, to allow for SCOPE's continuous improvement and the sustainability of associated support services. Moreover, WFP's aspirations to establish digital assistance platforms for both cash-based transfers and in-kind activities through SCOPE, or other platforms, are not feasible without defined and sustainable financing models.

10. There were opportunities to improve the standardisation of SCOPE system capabilities, processes and associated internal controls. Generally, country offices did not voluntarily deviate from or customise SCOPE's standard configuration. However, due to the evolution of organic and unstructured business requirements, new updated versions of SCOPE's mobile registration application have been released and adopted at different rates, resulting in non-standard minimum control levels.

11. SCOPE's application controls are generally aligned with good practices and industry standards. However, frequent periodic reviews are required to make adjustments that align SCOPE to various types of programmatic interventions, country offices contexts, and solution scenarios for each type of context, validated by headquarters business process owners. SCOPE has embedded application controls; however, business users can amend or turn these off when they enter into conflict with programmatic priorities. Amended preventive application controls require a corresponding increase in monitoring, and compensating and detective controls, to ensure risks are detected and mitigated. As organisational business needs evolve and associated risks change, robust periodic cross-functional reviews of SCOPE's application control and capabilities are required.

Actions agreed

12. The audit report contains five high priority and two medium priority observations. Following discussion of the findings of the audit with the Leadership Group, management has been working on clarifying ownership and establishing cross-functional coordination to define and improve its digital management of beneficiaries. Several actions, agreed in substance with the Leadership Group, are addressed to the Programme and Policy Development Department supported by a cross-functional committee. Other actions and timelines have been agreed upon with the Technology Division.

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



II. Context and Scope

Purpose and implementation of SCOPE

14. SCOPE is WFP's beneficiary information and transfer management platform. The Executive Director's (ED) Circular issued in September 2015² established SCOPE as WFP's corporate digital platform to standardise beneficiary and transfer management, and provided for country offices (COs) to plan for the adoption of SCOPE for their cash based transfer (CBT) operations by the end of 2017.

15. SCOPE is a suite of solution components that, together with other systems and platforms, constitute the operating environment for implementing WFP programme benefits. The delivery system framework is anchored in core implementation phases along the delivery chain. These phases are common to most WFP programmes and include registration, enrolment, provision of cash or in-kind benefits (depending on the intervention), and beneficiary operations management including assurance activities (e.g. the verified provision of benefits) and data updates.

16. SCOPE offers a unique and organised repository of personal and household data. Data can be imported or recorded through a registration exercise. Once registered, it is possible to enrol the same person or household in multiple interventions across different programmes and transfer modalities.

17. SCOPE facilitates the secure management and approval, and delivery of assistance through automated actions and processes while reinforcing segregation of duties. Using SCOPE, COs can select the beneficiaries they wish to assist and manage distributions by setting up all programme assistance parameters. SCOPE summarises this information in delivery instructions to the cooperating partners or service providers. Each CO may have different contexts and may use various SCOPE solution components.

18. In recent years, WFP has received and responded to governments' requests for technical and operational support relating to its expertise and the potential use of digital technology to design and deliver their policies and programmes. Starting with Nigeria in 2016, more than 20 COs have received requests from host governments to either supply the SCOPE platform or support technology development with similar capabilities. In addition, SCOPE has been piloted by a number of UN and International Non-Governmental Organization partners who wish to build a humanitarian registry based on SCOPE.

General mechanics of the delivery solution powered by SCOPE

19. SCOPE supports transfers management through two main capabilities – a payment initiation/reconciliation system for Financial Service Providers (FSPs) and a closed-loop voucher delivery system (either electronic or paper). SCOPE's second capability powers several delivery solutions that can be used as an alternative to local FSP transfer systems when market solutions are not available or fit WFP's needs. The approach uses personalised cards (SCOPECARDS) given to beneficiaries and dedicated merchant readers distributed to shopkeepers or sometimes cash-out agents.

20. SCOPECARD services have basic or advanced functionality levels that can be deployed depending on the CO's programmatic requirements. In some instances, a SCOPECARD is simply a physical card with no internal storage capabilities. In other cases, a SCOPECARD can include personal data, the cardholder's photo, or a Quick Response (QR) code to authenticate the cardholder and enable them to access benefits or perform basic transactions. A total of 3.2 million SCOPECARDS have been used, with a PIN code (32.5 percent) or fingerprints (58.4 percent) as the main verification forms. The remaining 9.2 percent use iris validation, a readable QR code, or a photo of the beneficiary on the card as a form of authorisation.

² Executive Director Circular OED 2015/015 – Standardization of beneficiary and transfer management in WFP.



21. Like other delivery mechanisms, SCOPECARD services have costs associated with owning and managing identities, registering beneficiaries, merchants, handling and distributing cards and purchasing hardware. Like other delivery mechanisms, SCOPECARDS also carry operational and financial risks to be addressed.

SCOPE timeline and numbers

22. 2012: Following a survey which identified that the growth of CBT would require the development of a solution, the Technology Division (TEC) first identifies the specifications for a digital assistance “Interim solution to support the scaling up of cash and vouchers in WFP”, highlighting the features and capabilities required. A project team is appointed to develop the solution that will eventually become SCOPE.

23. 2013: The first SCOPE pilots begin, incrementally adding features and capabilities, product development, software development and service support teams.

24. 2014: The IT Beneficiary Service (TECB) is established to implement the project, select and prioritise COs for SCOPE’s rollout.

25. 2015: SCOPE achieves a major milestone with the endorsement from the ED through the issuance of the ED Circular, promoting the adoption by COs of SCOPE for their CBT operations by the end of 2017.

26. 2016: WFP establishes guidelines for data privacy and protection. The same year, the Beneficiary Information Management project began to transfer existing beneficiary records into SCOPE.

27. 2017: Governments, UN agencies and non-governmental organisation (NGO) partners start using the SCOPE platform, with the number of functionalities progressively growing to accommodate an increasing user requirements list. COs did not reach the adoption targets for SCOPE set in the ED Circular.

28. 2018: SCOPE becomes a critical corporate initiative and receives a significant funding increase to allow its continued scale-up.

29. 2020: SCOPE is in 68 of the 85 countries where WFP has a presence, covering small operations to full-scale rollouts with millions of beneficiaries. Almost 63.8 million identities are registered in SCOPE by the end of November 2020, with 20.2 million beneficiaries actively managed through the application. Several COs do not adopt SCOPE due to pre-existing commitments to third-party systems; data hosting compliance requirements; misalignment between business processes and SCOPE capabilities; or cultural resistance.

30. At the time of the audit, SCOPE had surpassed transfers of USD 1.5 billion per annum, with pilots initiated to interface SCOPE with the United Nations High Commissioner for Refugees (UNHCR) Population Registration and Identity Management Eco-System (PRIMES).

31. From January 2013 to September 2020, WFP’s corporate estimated expenditure for SCOPE capacity strengthening, products and tools was USD 47.3 million between development, regionally-based operational support and headquarter-driven implementation and hosting costs. Over the same period, COs invested an indeterminate – but likely substantial – amount of resources in the customisation and development of other SCOPE-related tools and processes, and rollout of SCOPE in-country.

Objective and scope of the audit

32. The audit’s objective was to provide assurance on the adequacy, efficiency, and effectiveness of SCOPE in supporting the delivery of WFP programmes. The audit aimed to give assurance along the following lines of enquiry:

Line of enquiry 1: Are governance mechanisms for the development and delivery of SCOPE established, effectively designed and operating to sustainably guide the definition of business needs?

Line of enquiry 2: Are appropriate arrangements, structures and resources available to support the successful rollout of SCOPE in COs?



Line of enquiry 3: What minimum level of standardisation and control is required to provide assurance over the integrity, efficiency and effectiveness of SCOPE-supported processes? What leeway do COs have to customise or change SCOPE and deviate from this minimum level of standardisation and control?

Line of enquiry 4: Are SCOPE application controls designed and operating effectively?

Line of enquiry 5: Is there a framework to evaluate and report on the business value that WFP derived from the adoption and rollout of SCOPE in COs?

33. The audit was carried out in conformance with the *Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing*. Such audits are part of the process of providing an annual and overall assurance statement to the ED on governance, risk management and internal control processes. It was completed according to an approved engagement plan and took into consideration a risk assessment exercise carried out prior to the audit.

34. The scope of the audit covered the period from 1 January 2019 to 30 June 2020. The audit fieldwork was carried out remotely from 7 September to 13 November 2020. The audit suspended CO and Regional Bureau (RB) visits due to the Coronavirus disease (COVID-19) pandemic. Instead, the audit team carried out structured interviews and documentation reviews for a sample of COs including Bangladesh, Central African Republic, Democratic Republic of Congo, Iraq, Lebanon, Namibia, Nigeria, Pakistan and Sudan.

35. SCOPE's security and controls were audited in 2015 and 2017.³ Further observations on SCOPE were included in the audit report on Beneficiary Management in 2017.⁴

³ Internal Audit of Security and Controls in WFP's SCOPE System (AR/16/03) and Internal Audit of SCOPE IT General and Application Controls (AR/17/18).

⁴ Internal Audit of Beneficiary Management (AR/17/17).

III. Results of the Audit

36. Based on the results of the audit, the Office of Internal Audit (OIGA) 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.

37. Table 1 outlines the extent to which audit work resulted in observations and agreed actions. These are classified according to the **lines of enquiry** 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, observations and priority of agreed actions Priority of issues/agreed actions

A: Are governance mechanisms for the development and delivery of SCOPE established, effectively designed and operating to sustainably guide the definition of business needs?	
<i>1 Vision, Strategy, Business Process and System Ownership</i>	<i>High</i>
B: Are appropriate arrangements, structures and resources available to support the successful rollout of SCOPE in COs?	
<i>2 CO preparedness level and organisational structures</i>	<i>High</i>
<i>3 Digital assistance services for governments using SCOPE</i>	<i>Medium</i>
C: What minimum level of standardisation and control is required to provide assurance over the integrity, efficiency and effectiveness of SCOPE-supported processes? What leeway do COs have to customise or change SCOPE and deviate from this minimum level of standardisation and control?	
<i>4 Tailored product solutions for COs</i>	<i>High</i>
D: Are SCOPE application controls designed and operating effectively?	
<i>5 Enforcement of application controls by users</i>	<i>High</i>
<i>6 Segregation of duties</i>	<i>Medium</i>
E: Is there a framework to evaluate and report the business value that WFP derived from the adoption and rollout of SCOPE in COs?	
<i>7 Costs, benefits and accountability management framework</i>	<i>High</i>

38. The audit concluded with five high and two medium priority observations. All seven observations are presented in detail below. Management has agreed to take measures to address the reported observations.⁵ An overview of the actions to be tracked by internal audit for implementation, their due dates and their categorisation by WFP’s risk and control frameworks can be found in Annex A.

⁵ Implementation will be verified through the Office of Internal Audit’s standard system for monitoring agreed actions.



A: Are governance mechanisms for the development and delivery of SCOPE established, effectively designed and operating to sustainably guide the definition of business needs?

39. The audit reviewed the governance mechanisms established for the development and delivery of SCOPE. Over the years, different governance mechanisms have attempted to guide the development of SCOPE. These various committees or bodies generally included all key actors: Programme – Humanitarian and Development (PRO), CBT, Corporate Finance (FIN) and Supply Chain Operations (SCO) Divisions.

Observation 1: Vision, Strategy, Business Process and System Ownership

40. A steering committee was established in 2014, chaired by the Assistant ED for Operations Service, to oversee the implementation of WFP's corporate CBT platform, composed of nine modules, one of them being SCOPE. A cross-functional task team was organised to guide the development and delivery of a global CBT platform in recognition that "Cash for Change initiative[s]...have different objectives and aspirations when advocating for corporate tools and delivery solutions". Due to the task team's focus on CBT, there was no inclusion at the time of digital assistance to support other delivery mechanisms or core beneficiary information management needs.

41. The committee's work concluded in 2017, at which point the SCOPE platform was still under development and not widely deployed. The Chief of Staff, who combined the TEC, Innovation and CBT divisions in his portfolio, assumed the platform's oversight and sponsorship between 2017 and 2019. Over that period, there was no involvement of a cross-functional task force or committee. Due to organisational changes in early 2020, the SCOPE platform and the topic of digital assistance in general were no longer actively supported or monitored by any sponsor or committee, leaving SCOPE without a guiding authority or clear strategy.

42. In the absence of continuous and clear business-driven leadership, TEC became the de facto business and product owner of the SCOPE platform, leading it to assume cross-functional responsibilities usually reserved for business owners including: setting the strategic direction of the project; making key policy decisions; identifying and approving product deliverables; and project monitoring. In 2020 WFP's current organisational approach to digital assistance to beneficiaries beyond CBT remains unclear, including the business model and risk appetite adopted for different operational scenarios.

43. TEC's ability to design sustainable and widely accepted technology solutions for WFP requires the support of a common vision, organisational strategy and defined road map for digital assistance, and mechanisms that convene stakeholders for decision making, such as a steering committee for digital assistance. As illustrated in the findings below, WFP's strategy and roadmap for digital assistance is still being defined eight years after the initial pilot. As a result, SCOPE's development and rollout have suffered from insufficient management drive, consistency and cohesion leading to delays and inefficient end-user project management. SCOPE has evolved into a system supporting beneficiary management, beyond mere CBT modalities in response to requests from COs.

44. **Digital beneficiary management system:** Stakeholders across the organisation indicated that SCOPE was one of several beneficiary digital identity management solutions available to COs. Despite the ED Circular (currently in force), WFP did not follow through with a structured and consistent vision to manage the complex ecosystem of registries and identity management systems already in place, and transition it to the SCOPE platform by the set deadline. Nor did management opt for either single or multiple registries to serve different assistance modality or programme activity scenarios⁶. SCOPE works alongside existing NGO partner and UN agency digital identity solutions and registries.

⁶ OIGA's Advisory Assignment on Beneficiary Data Mapping (AA/20/03) highlights the difficulty to develop a beneficiary data mapping methodology, an essential tool for effective data protection and privacy, that is replicable and scalable due to the lack of central data strategy, and decentralized choices on systems and partnership that involve handling of data without adherence to corporate minimum standards.



45. **Digital delivery solutions powered by SCOPE:** By design, SCOPE provides valuable and uniquely tailored transfer solutions to WFP. However, these solutions did not have a corresponding business owner to guide their development continuously. In the absence of one or several designated business process owner(s) for delivery management, TECB took responsibility for technical development and non-technological elements such as Long-Term Agreements for WFP's paper voucher solution. Stakeholders contacted by the audit stressed the need for better integration with FSP's commercially available solutions, and for a review of SCOPE's design and architecture to potentially separate delivery solutions from beneficiary management technology platforms. OIGA believes that, although quite late, a carefully articulated vision for digital delivery is urgently needed to align WFP's digital agenda and ambition to the progress and investments in SCOPE (and ancillary solutions) made to date.

46. **In-kind transfers:** Digital delivery solutions for CBT modalities are at an advanced level of maturity compared to in-kind transfers, which vary widely from country to country. While WFP lacks an organisational approach to the digital tracking of in-kind deliveries to beneficiaries, some COs are repurposing SCOPE's electronic voucher (e-voucher) facilities to track in-kind deliveries, indicating an appetite for digital solutions. OIGA notes that SCOPE's facilities designed to support CBT interventions do not necessarily align with in-kind distribution processes. There are no set objectives and priorities for digitising in-kind assistance modalities, nor is there a clear position on the desirability or appropriateness of the use of biometric identification across intervention and modality types.

47. **Use of SCOPE in emergencies:** Existing CBT corporate guidance and CO practices, as well as SCOPE's deployment lead times, have impaired the use of CBT modalities at the onset of or with sudden emergencies. WFP has not defined a minimum set of information requirements to enable the deployment of digital assistance solutions, including SCOPE, during the early stages of emergencies. In response to the COVID-19 pandemic, WFP has adapted its corporate guidelines for beneficiary registration and transfer management. A TEC and Emergencies Operations Division project is underway to adapt SCOPE to the needs and context of emergency interventions, including developing guidelines on using CBT modalities and SCOPE.

48. **Integration and interoperability of SCOPE with other systems:** The interoperability of SCOPE with other systems derives from WFP's process integration objectives and technical context, and the need to integrate data for more efficient and automated financial management, operational reporting, and asset and service provider management. At the time of the audit, integration between SCOPE and COMET, and between SCOPE and WINGS was nearing completion. Further integration was being considered between SCOPE and LESS. However, process and information management objectives (including digitisation and automation), aspirations and developments for integration with major partners' systems, and risk management and assurance goals remained unclear.

49. The lack of a coherent position on fundamental organisational questions such as WFP's desire (or need) to track the assistance provided to beneficiaries down to individuals for all programmatic scenarios impairs WFP's ability to establish a digital assistance strategy and make technology decisions.

Underlying cause(s): Undefined or unclear business ownership responsibilities when deciding on the business models underpinning the development of SCOPE; SCOPE's initial goals and objectives set in the absence of a clear and coherent digital assistance strategy; the evolution of business needs, programmatic objectives and modalities of assistance; priorities and attention of management focused on the scale-up of operations in response to L3 emergencies to the detriment of the strategic objective setting for digital assistance; lack of continuity in SCOPE's project sponsorship; and ambiguity in roles, responsibilities and corporate policy objectives for digital assistance.



Agreed Actions [High priority]

The Executive Director will:

1. Identify a sponsor Assistant Executive Director and Department for clear direction and accountability;
2. Under the leadership of the Programme and Policy Development Department (PD), establish a cross-functional committee, with delegated authority and clear accountability for strategic guidance on beneficiary management and coordinated operational and policy decisions for digital assistance; the formulation and implementation of WFP's strategy, policies, and roles and responsibilities for digital assistance, with specific consideration of the issues raised in this report; and a revised digital assistance strategy to include expectations for the adoption of technology solutions for digital assistance, whether SCOPE or others, and guided by a clear accountability framework for decision making, risk and performance management.

Timeline for implementation

1. May 2021
2. June 2021



B: Are appropriate arrangements, structures and resources available to support the successful rollout of SCOPE in COs?

50. The audit reviewed SCOPE rollout processes in nine COs, including change management; road maps for implementation; criteria and participatory process for selecting and prioritising COs; organisational structures; and business processes and programmatic changes needed to adapt operations to the application's capabilities.

51. TECB supports the rollout of SCOPE in COs by providing technical services. COs assume the responsibility and costs for registering beneficiaries and for hiring and training staff and partners to use the application. The RB-based Business Transformation Officers (BTOs) play an increasingly important role in implementing and supporting SCOPE in COs, assessing and advising on how to use technology in each context.

52. The Human Resources Division issued a corporate structure model for COs, including a SCOPE management component. TEC also defined a targeted structure model for the field (Target Operation Model), including local positions designed to provide the technical support COs need to adopt SCOPE.

Observation 2: CO preparedness level and organisational structures

53. TECB and the RBs have made resources available to support the rollout of SCOPE through the appointment of BTOs, data analysts, RB project managers and regional service support. However, there were no integrated organisational structures and a resource management framework outside of TECB to lead and ensure alignment between the technical rollout of SCOPE and the business process, programmatic changes, and data management required to adapt operations and make effective use of the technology. As a result, SCOPE was only partially adopted in some countries. In particular, the audit noted issues with change management and levels of preparedness and funding as detailed in the following paragraphs.

54. **Change management process:** There were no change management processes and plans to prepare COs to transform business processes associated with the large-scale SCOPE implementation. The audit observed deficiencies in communication and coordination between business units and technology support, leading to project implementation delays, operational inefficiencies and resistance to change by end-users.

55. **Implementation plans and CO level of preparedness:** SCOPE implementation plans were not always consistent with the resources allocated to projects by COs, or the level of support and attention required of COs to ensure project objectives were met. In most cases, the RBs BTOs and TECB drafted implementation plans based on discussions with CO business units. As a result, COs did not understand SCOPE's capabilities and inform the system's design and configuration; there were gaps in identifying business requirements and rollout costs; COs' were unprepared to assume business ownership of SCOPE effectively.

56. **Data quality and life cycle management:** COs did not always enforce the corporate data life-cycle management policies, or assign roles and responsibilities for data validation and cleansing, resulting in pervasive data quality issues, impairing COs' ability to enrol individuals in interventions. In most cases, COs did not have operational plans for beneficiary information management, including data privacy and protection, with the majority of Privacy Impact Assessments completed after SCOPE had been implemented, confirming previous audits results⁷.

⁷ Internal Audit of Beneficiary Management (AR/17/17); Advisory Report on Data Protection and Privacy (AA/19/02).

Underlying cause(s): Lack of CO project management plans and rollout strategies with measurable objectives and goals; and unclear roles, responsibilities and obligations for beneficiary management data ownership.

Agreed Actions [High priority]

PD, supported by the cross-functional committee, established per agreed action under Observation 1, will:

- (a) Review and submit for approval by the Digital Business and Technology Committee, or delegated sub-committee, proposals on the allocation of responsibilities of functions at the headquarters and regional bureau level in supporting COs with the rollout of SCOPE, identifying gaps and assigning the roles and resources required to address them; and the roles and responsibilities of TEC, PD and other headquarter and RBs functions and roles vis-à-vis COs for the implementation, use and support of SCOPE in COs, including, but not limited to: ownership and definition of business processes; definition of standard business requirements; definition of system design and configuration; and data cleansing.
- (b) In consultation with TEC, develop a change management road map for any new/major business developments in SCOPE.
- (c) In collaboration with TEC, identify technical solutions, determine organisational responsibilities and develop standard operating procedures to support COs' enforcement of corporate data life cycle management guidelines.

Timeline for implementation

June 2023

Observation 3: Digital assistance services for governments using SCOPE

57. WFP is a trusted partner to the UN and humanitarian systems, with a successful track record of IT and telecommunications support during emergencies. In recent years, WFP has received requests to provide digital technology support to host governments' national social safety and assistance programmes. As of November 2020, WFP had received over 20 requests to either provide the SCOPE platform or support similar technology capabilities. For WFP, this is an opportunity to include 'digital assistance services' as part of its overall engagement with governments to support the 'changing lives' agenda.

58. For the three operations sampled⁸, the audit observed that implementing SCOPE for digital assistance to governments was not supported by adequate tools and policies to ensure projects were aligned to a defined strategy and were managed and delivered in an effective, consistent and sustainable manner. Country ownership and sustainability, and critical elements to ensure data protection and privacy, were noted to be missing from the three sampled projects:

- A corporate position and strategy on technology capacity strengthening and a clear value proposition with consideration of risks attached to this new activity.
- Clear roles and responsibilities, including a framework for RBs and COs to implement SCOPE for governments.
- An agreed-upon service delivery model (e.g. full or partial transfer of SCOPE technology, advisory or direct assistance with development activities, etc.).
- Clear exit strategies designed to hand over projects to government partners.

59. From March to May 2020 PRO and TEC conducted a consultation exercise on WFP's experiences and perspectives regarding WFP's digital advisory and solutions services to governments. The results of the exercise were presented to the Management Information Systems Steering Committee in June 2020, providing a set of

⁸ Iraq, Namibia and Nigeria.



conclusions from a programmatic and digital technology perspective as well as a set of overriding concerns, including data protection and “do no harm” risks, WFP’s limited specialized technical capacity, trade-offs when engaging in digital advisory and solutions services to governments and direct implementation of programmes, as well as funding challenges for these activities. Recommendations aim to address the issues and risks highlighted by the audit, yet without a clearly assigned owner and timeframe to ensure their effective implementation. Specific time-bound plans of action, with defined tasks and responsibilities, are needed for WFP to realize the gains that can come from the implementation of the advisory report’s recommendations

Underlying cause(s): Lack of a corporate framework to shape and guide digital assistance services to governments.

Agreed Actions [Medium priority]

PD, in coordination with TEC, will formulate a time-bound plan of action, with clearly assigned roles and responsibilities, for the implementation of the recommendations resulting from the Digital Advisory and Solution Services Consultations report of June 2020.

Timeline for implementation

October 2021



C: What minimum level of standardisation and control is required to provide assurance over the integrity, efficiency and effectiveness of SCOPE-supported processes? What leeway do COs have to customise or change SCOPE and deviate from this minimum level of standardisation and control?

60. The audit reviewed CO requests for customisation and specific front-end set-solutions to ascertain if these requests led to non-standardised SCOPE system capabilities, processes and associated internal controls across the organisation.

61. There were gaps in the field deployment of SCOPE's mobile registration application releases. Furthermore, CO requests for customising front-end solutions to address their country-specific context and operational needs impacted SCOPE's deployment. SCOPE system capabilities, and associated automated controls, were not consistently applied by COs.

Observation 4: Tailored product solutions for COs

62. COs can request that TECB develop tailored product solutions or enhancements or request support to tailor the system's configuration. TECB's Product Development Team is responsible for the development release and code reviews of software changes in the form of enhancements, bug fixes and data changes.

63. Except for one CO, the audit found no individualised, CO-specific customisation of SCOPE. COs are encouraged to use the system as is. TECB released automated push upgrades to front-end solutions through its web platform when developing improvements to SCOPE's technology platforms.

64. **Release management and oversight of the mobile registration application software version:** There were gaps in the management and oversight of the version release process. Checks and balances were missing on software version changes for the SCOPE mobile registration application, to ensure COs used the most up to date controls and fixes. The audit noted that numerous COs were not utilising the latest software release version for the mobile registration application, or at least versions that included key software changes to patch security vulnerabilities, enhance user access or provide data quality controls. The audit found that 41 percent of registrations using SCOPE during October 2020 did not use the mobile application's latest version. Procedures were not in place to ensure that NGO partners used the latest SCOPE software versions of the mobile application before registration activities during WFP-related interventions. Recent assurance assignments⁹ by OIGA highlighted registration activities using old versions of SCOPE's mobile registration application resulted in the mass manipulation of beneficiary data and fraud.

65. **CO deduplication strategies:** SCOPE offers biometric deduplication. Upon registration of individuals in SCOPE, the system automatically matches biometric data (e.g. fingerprints, iris, and photos) to help identify actual or possible 'duplicates'. The audit found SCOPE's deduplication capabilities are underutilised due to: uncollected data needed for deduplication; business rules missing to automate the deduplication process; and CO's not investing the resources to detected duplicates and address records.

66. The COs sampled by the audit had not considered clear criteria for prioritising the use of the Real-Time Biometric Identification¹⁰ tool within their deduplication strategy before rolling out SCOPE, to mitigate potential higher fraud risk scenarios and data protection and privacy issues.

67. **COs easing application controls:** As a result of the COVID-19 related surge in activities, some COs decided to ease certain key application controls associated with beneficiary and transfer management, including fingerprint verification requirements, without providing adequate visibility of these changes at the corporate level. This

⁹ Limited scope review of the Somalia Country Office's delivery process internal controls.

¹⁰ Real Time Biometric Identification allows COs to check for duplicate records at the time of registration. The function can be used offline and online.



rendered some of SCOPE's key automated control features unusable, including the detection of duplicate records and the effective verification of beneficiary identities during distributions, without clear consideration of alternative control that OIGA could ascertain. The resulting control gaps may lead to partners and vendors' fraudulent activities going undetected and abuse of programme benefits by individuals.

Underlying cause(s): Lack of effective and proactive communication to stakeholders and users of changes to the SCOPE software; lack of enforced push updates for SCOPE's mobile registration application; gaps in monitoring tools to check COs' adherence to system version upgrades; absence of risk management guidelines associated with deviations from standard processes and application controls; existing normative guidance, including the CBT Assurance Framework, may not be specific to SCOPE.

Agreed Actions [High priority]

1. PD, supported by the cross-functional committee, will review and complement its existing guidelines and assurance frameworks to ensure these provide practical SCOPE-specific risk management advice and tools to COs, including scenarios for risk acceptance, escalation and disclosure.
2. TEC will, for the SCOPE mobile registration application:
 - (a) Review and strengthen the software release management process to ensure that key upgrade information is effectively communicated, users supported, and that technical controls are in place to ensure that data is only accepted from certified application versions and systems.
 - (b) Setup monitoring processes and tools to follow up on COs' adherence to system version upgrades.

Timeline for implementation

1. June 2023
2. December 2021



D: Are SCOPE application controls designed and operating effectively?

68. The objectives of application controls are to ensure the completeness and accuracy of records and the validity of the entries made to each record as the result of programme processing. The audit verified that controls were adequately designed and operating effectively upon deployment of the application's solution components. The audit relied on the re-performance of control activities in a test environment and on previous OIGA assurance assignment results to reach its opinion.

69. Risks continue to change due to WFP's evolving business model, SCOPE's complex IT environment and constant change in associated roles and responsibilities. The ability of COs to amend or turn off automated preventive controls at the front-end of the platform adds to the potential vulnerabilities in SCOPE's assurance mechanisms, thereby requiring increased compensating and detective controls.

Observation 5: Enforcement of application controls by users

70. The audit noted general alignment with good practices related to input and access controls;¹¹ automated segregation of duties;¹² file and data transmission controls;¹³ and processing controls. The application controls tested in SCOPE's development environment were operating effectively; however, as noted in Observation four and this section, application controls can be circumvented by users in several ways. There are opportunities for improvement relating to the design of application controls as follow.

71. **Documentation standards:** Flowcharts and narratives to document business process were not effective in providing a complete and accurate picture of end-to-end business processes and application controls.

72. **Input data validating routines:** Although there are numerous input data validation routines embedded in SCOPE, their use is limited to expedite and avoid blocking core transactional processes. For example, SCOPE's staging environment in offline registrations used to park BIO IDs flagged as duplicates awaiting their adjudication allows their review and approval before IDs are imported into the SCOPE database and effectively used for transfers. In blocking all duplicates, it does increase data quality and reliability. However, online registrations do not use a staging environment. Beneficiary data captured via online registration is automatically uploaded to the database without second-level review or approval, increasing the risk of undetected data quality issues and anomalies.

73. Deduplication is a key processing control aimed at eliminating duplicate records in SCOPE. The deduplication process is complex and heavy as the controls are applied to very large data sets. The audit observed that COs were checking a large population (including complete or regional SCOPE databases), resulting in unresolved and long-outstanding adjudication issues.

74. Validation routines have not been assessed for certain programmatic intervention settings to identify opportunities to adjust automated controls, including emergencies and protracted interventions. Adjustments to automated validation controls would help mitigate the risks associated with the registration and use of dummy household members¹⁴ and alternate recipients. OIGA presented a detailed list of its findings to TECB to prioritise immediate actions and consider other improvements in the near future.

75. **Processing controls:** Processing controls are present to ensure that incoming data is processed according to established rules. There were opportunities to use data intelligence techniques to strengthen processing controls further. Data intelligence refers to the practice of using process automation and artificial intelligence to support

¹¹ Data input controls like dropdowns have been implemented for data entry in SCOPE. All imported data goes to the staging environment where exceptions are noted, and all data must be approved before it is imported into the SCOPE database.

¹² Workflows that ensure segregation of duties have been defined and implemented for the registration, transfer management and management of payment instruments in line with corporate guidelines and processes.

¹³ Inbuilt system controls ensure that multiple uploads of the same file do not replicate the data and create duplicates in SCOPE. One cannot register beneficiaries and upload data without credentials and authentication and SCOPE enforces a mandatory requirement for the encryption of the hard drive of the device being used for registration.

¹⁴ A dummy member is a valid beneficiary not yet recorded in SCOPE.

the review and approval of processed data (e.g. creation, review and approval of payment lists, etc.). For example, some of the processing controls did not include run-to-run totals; limit checks; or reasonableness verifications of calculated amounts. In the absence of processing controls, list verifiers and approvers have no means to reasonably detect anomalies found in individual transactions (or totals) and must rely on coherence checks before approving distribution lists, thereby significantly reducing the level of effective control. The absence of processing controls is especially relevant when processing large volumes of individual transactions.

Underlying cause(s): Automated controls not properly documented by business owners or TECB; no recent updates to corporate guidelines to cater for emergency operations or situations, challenging the use of SCOPE's standard components or application controls; absence of cross-functional and periodic reviews of digital assistance business processes and relevant application controls.

Agreed Actions [High priority]

1. PD, supported by the cross-functional committee, will:
 - (a) Establish and document business process transaction flows and associated application controls to serve as the basis of end-to-end business processes and application control reviews.
 - (b) Identify, document and socialise manual controls for key risks that cannot be mitigated through the SCOPE platform, or when contextual circumstances limit the effective use of SCOPE's application controls.
2. TEC will establish a cross-functional process to periodically review application controls to ensure they are adequately designed, established and can respond to established business control frameworks, emerging risks and organisational and process changes.

Timeline for implementation

1. June 2023
2. December 2021

Observation 6: Segregation of duties

76. Segregation of duties is one of the most important key controls preventing unauthorised transactions and fraud through the SCOPE system.

77. Country Directors can bypass segregation of duty controls in SCOPE by submitting a Segregation of Duties Exceptions Form to authorise the use of conflicting roles and duties for up to six months (renewable upon resubmission). TEC introduced expiry dates on role assignment to mitigate potential segregation of duty risks, and will soon be introducing an interface with the Active Directory contract's expiry dates limiting access to employees that leave the organisation. TECB also instituted quarterly segregation of duties user exception reviews and users' automatic deactivation after 90 days of inactivity. There is no escalation process to the RBs for review/oversight of long-lasting segregation of duty exceptions to the Responsible, Accountable, Consulted, and Informed (RACI) matrix that potentially pose a risk.

78. For WFP activity related use case scenarios examined by OIGA, TECB is not currently able to monitor the sharing of user IDs and passwords. TECB plans to rollout an upcoming software version with integrated Single Sign-On (SSO), preventing user password sharing practices. However, this will not apply to partner staff, thereby making the current effort to strengthen user access and segregation controls only partially effective.

Underlying cause(s): The existing RACI does not cater for field organisations with staff shortages.



Agreed Actions [Medium priority]

1. PD, supported by the cross functional committee, and in collaboration with TEC, will:
 - (a) Gain access to SCOPE user access monitoring tools and exception reports, and develop follow-up and escalation procedures to address the risk of long-lasting segregation of duty exceptions.
 - (b) Establish a periodic procedure to review SCOPE's RACI matrix, identifying (on a risk basis) those field organisations where segregation of duties may be difficult to implement, defining risk acceptance tolerance thresholds, and mitigating internal control mechanisms.
2. TEC will complete plans to implement SCOPE's integration with SSO, and multi-factor authentication for cooperating partners using a consumer identity access management tool.

Timeline for implementation

1. June 2023
2. December 2021



E: Is there a framework to evaluate and report the business value WFP derived from the adoption and rollout of SCOPE in COs?

79. The audit reviewed the key success criteria and performance indicators established to measure the business value generated from the rollout and adoption of SCOPE and associated development and deployment costs. The audit reviewed SCOPE's funding mechanisms and the cost recovery mechanisms needed to guarantee the platform's long-term financial sustainability.

80. While tangible benefits are derived from the correct implementation and use of SCOPE, a framework is not yet present to rigorously account for the costs and benefits accrued from implementing the technology platform. Such a framework is key to establishing cost recovery mechanisms to allow for the SCOPE platform's continuous improvement and sustainability and associated support services. Moreover, WFP's aspirations to establish digital assistance platforms for both CBT and in-kind activities through SCOPE, or other platforms, are not feasible without a defined and sustainable funding model. WFP also risks losing valuable institutional knowledge and expertise without adequate and predictable financial support to TECB.

81. OIGA had reviewed in an advisory capacity some of the cost structure of the then Cash and Vouchers platform in 2015.¹⁵

Observation 7: Costs, benefits and accountability management framework

82. The audit observed several issues that hinder WFP from evaluating and reporting on the business value derived from SCOPE's adoption and rollout by COs, as described below.

83. **Project costs management:** As of November 2020, TECB reported spending USD 47 million on SCOPE's capacity strengthening, development, regionally-based operational support and headquarter-driven implementation and hosting costs. TECB had not yet established a cost management plan outlining SCOPE's overall costing approach and cost schedules; how detailed expenses were to be tracked, assessed and reported; or how to fund future and anticipated liabilities that may arise. Regarding the implementation costs incurred by COs, the audit could not determine the total costs associated with the deployment of SCOPE in the field (e.g. in-country implementation costs). While TEC established budget control tools for SCOPE, there was no process in COs to track SCOPE's direct and indirect implementation costs. For the COs evaluated, planned implementation costs ranged from USD 825,000 to USD 19 million, with expenses ranging from equipment and travel costs to registration fees. These costs depend on the size of the implementation, and the type of activity SCOPE is supporting. For seven of the nine implementation plans reviewed, implementation costs were either not available or did not include all activities.

84. **Benefits realisation plan:** There was no defined criteria or framework to evaluate and measure the business value realised by the delivery and adoption of SCOPE components. The project plans examined by the audit did not have structured benefit realisation plans. Success criteria were not expressed in ways that could be quantified or consistently measured as different deliverables were completed. One CO reported annual efficiency gains up to ten times the cost of implementing SCOPE, indicating its potential positive impact. This would suggest that investment in SCOPE would quickly repay itself, which is worth considering when looking at sustainability and cost recovery. There was no clear rationale, analysis and supporting documents however, to show how these figures were calculated.

85. **Sustainable financing model:** As reported by TECB, at the end of 2020, SCOPE had over 2,800 end-users in 55 COs and received over 13,870 requests for end-user support. TECB's ability to provide critical technical support to end-users would be significantly compromised without adequate and predictable funding, potentially resulting in severe disruptions to critical registration and distribution activities.

¹⁵ Advisory Report on the Corporate C&V Platform (AA/15/07).



86. OIGA has issued several reports¹⁶ highlighting the potentially high risks of systems and databases that do not provide minimum beneficiary data privacy and protection guarantees. SCOPE is the only WFP-run system examined by OIGA that has systemic and demonstrable capabilities in this regard. WFP's goals regarding data privacy and protection would be significantly set-back without sustained funding for SCOPE.

87. WFP had yet to implement a medium and long-term sustainable financing model to support WFP's ambitions to establish digital assistance platforms for both CBT and in-kind activities. While a clear business case was formulated for SCOPE when applying for funding as a critical corporate initiative, the project had not moved away from investment cases favouring cost recovery mechanisms, or other funding streams to finance ongoing and new activities.

88. There is a risk that COs will reject cost recoveries by TECB in the absence of Service Level Agreements and defined service-offering cost recovery mechanism for SCOPE, as recently observed in the only known attempt by TECB to recover costs from a CO.

Underlying cause(s): A costs, benefits and accountability management framework have not been established for SCOPE; roles, responsibilities and obligations for tracking the return on investment and total costs of ownership of the SCOPE system and initiatives were not defined; and the ad hoc and rapid organic growth of the SCOPE project.

Agreed Actions [High priority]

PD, supported by the cross-functional committee, with the endorsement of the Digital Business and Technology Committee, will:

- a) Define the process for monitoring, recording and reporting project costs and progress towards achieving project objectives.
- b) Develop a long-term plan to ensure the SCOPE platform's financial sustainability and similar future digital assistance initiatives, considering different funding source alternatives, including establishing a cost recovery mechanism, and supporting service catalogues, to enable the establishment of service level agreements with COs.
- c) Establish a benefits realisation plan with clear criteria for the timely and comprehensive tracking of progress against key performance indicators and costs and benefits for the various solution components.

Timeline for implementation

December 2021

¹⁶ Internal Audit of Beneficiary Management (AR/17/17); Advisory Report on Data Protection and Privacy (AA/19/02).



Annex A – Summary of observations

The following tables show 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.

Categories for aggregation and analysis:						
High priority observations	WFP's Internal Audit Universe	WFP's Governance, Risk & Control logic:		Implementation lead	Due date(s)	
		Risks (ERM)	Processes (GRC)			
1	Vision, Strategy, Business Process and System Ownership	Governance	Governance & oversight risks	Service delivery	ED PD	May 2021 June 2021
2	CO preparedness level and organisational structures	Activity/project management	Business model risks	Preparedness	PD	June 2023
4	Tailored product solutions for COs	Activity/project management	Business process risks	Service delivery	PD TEC	June 2023 December 2021
5	Enforcement of application controls by users	Activity/project management	Business process risks	Risk management	PD TEC	June 2023 December 2021
7	Costs, benefits and accountability management framework	Activity/project management	Business model risks	Finance and budget	PD	December 2021
Categories for aggregation and analysis:						
Medium priority observations	WFP's Internal Audit Universe	WFP's Governance, Risk & Control logic:		Implementation lead	Due date(s)	
		Risks (ERM)	Processes (GRC)			
3	Digital assistance services for governments using SCOPE	Service provision & platform activities	External relationship risks	Service delivery	PD	October 2021
6	Segregation of duties	Activity/project management	Business process risks	Risk management	PD TEC	June 2023 December 2021

Annex B – Definitions of audit terms: ratings & priority

1 Rating system

The internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonised 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 categorised 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 organisation 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.¹⁷

¹⁷ 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 Categorisation by WFP’s audit universe

WFP’s audit universe¹⁸ covers organisational entities and processes. Mapping audit observations to themes and process areas of WFP’s audit universe helps prioritise 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 Categorisation 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 Policy¹⁹, 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 rollout of the GRC system, audit observations are mapped to the new risk and process categorisations as introduced by the Chief Risk Officer to define and launch risk matrices, identify thresholds and parameters, and establish escalation/de-escalation protocols across business processes.

¹⁸ A separately existing universe for information technology with 60 entities, processes and applications is currently under review, its content is summarised for categorization purposes in section F of table B.3.

¹⁹ WFP/EB.2/2018/5-C



Table B.4: WFP’s new ERM Policy recognises 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 rollout 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 actions 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

BTO	Business Transformation Officer
CBT	Cash-Based Transfer
CO	Country Office
COMET	Country Office Tool for Managing (programme operations) Effectively
COVID-19	Coronavirus disease
ED	Executive Director
DASS	Digital Advisory and Solutions Services
FIN	Corporate Finance Division
FSP	Financial Service Provider
IPSAS	International Public Sector Accounting Standards
LESS	Logistics Execution Support System
NGO	Non-Governmental Organisation
OIGA	Office of Internal Audit
PD	Programme & Policy Development Department
PRO	Programme – Humanitarian and Development Division
QR	Quick Response Code
RACI	Responsible, Accountable, Consulted and Informed
RBs	Regional Bureaus
SCO	Supply Chain Operations Division
SCOPE	WFP's beneficiary Information and transfer management platform
SCOPECARD	WFP's card-based transfer management product
SSO	Single Sign-On
TEC	Technology Division
TECB	IT Beneficiary Service
USD	United States Dollar
WFP	World Food Programme
WINGS	WFP Information Network and Global Systems