

Internal Audit of WFP Operations in Cameroon

Office of the Inspector General
Internal Audit Report AR/21/15



World Food
Programme

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I. Executive Summary

WFP Cameroon Country Office

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of WFP's operations in Cameroon that focused on beneficiary management, cash-based transfers, monitoring, supply chain (including aspects of regional logistics corridor management) and finance, covering the period from 1 January to 31 December 2020.

2. As defined in the Country Strategic Plan 2018–2021, operations in Cameroon include a variety of interventions ranging from crisis response activities to resilience projects. Expenditure pertaining to the Country Strategic Plan during 2020 amounted to USD 66 million. The audit focused on WFP's programme implementation under Strategic Outcome 1 of the Country Strategic Plan "Populations affected by disasters including refugees, internally displaced persons, returnees and host populations in Cameroon have safe access to adequate and nutritious food during and after crises" which accounted for 75 percent of the country office's expenditure in 2020.

3. During 2020, WFP responded to three complex crises in Cameroon: the crisis in the northwest and southwest regions; the spill-over effects of the conflict in the Central African Republic; and the non-state armed groups' insurgency on both sides of the Cameroon–Nigeria border. The COVID-19 outbreak crisis had a significant impact on already complex operations in the country.

4. The audit team conducted the fieldwork remotely because of COVID-19 restrictions. It was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit conclusions and key results

5. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **partially satisfactory / major improvement needed**¹. 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.

Achievements and areas operating effectively

6. Revisions to the Country Strategic Plan were responsive to the growing food and operational needs in the northwest and southwest regions and addressed the impact of the COVID-19 pandemic.

7. The country office revised its cash-based transfer processes and associated fund flows with financial service providers to address financial and operational risks raised by previous oversight reports. During 2020, the country office implemented SCOPE (WFP's corporate solution for the digital management of beneficiaries and transfers) to support back-office functions associated with managing three cash-based transfer delivery mechanisms, and improved controls and assurance over beneficiary and transfer management.

8. At the time of issuance of this report, the country office had already started to address some of the root causes of the operational challenges noted in the audit observations. For example, management began to address longstanding staffing gaps and reinforce structures, processes and controls associated with the management of Country Strategic Plan operations and the Douala logistics hub. Efforts included reassessing operational strategies for beneficiary targeting for the three crises in Cameroon; reinforcing the office's

¹ See Annex B for definitions of audit terms.



capacity by recruiting staff for key positions; reorganizing units and processes; and requesting increased support from the Regional Bureau for Western Africa.

9. While recognizing country office management's efforts and initiatives and the challenging environment, the audit rating reflects the performance of the country office for the audited period during which time the recent improvements mentioned were not in place, or had not yet shown results.

Main areas for improvement

10. At the time of the audit, staffing remained a concern for implementing activities and controls in beneficiary targeting, monitoring, cash-based transfers, supply chain and Douala logistics hub areas. The country office's recent recruitment efforts were yet to demonstrate results and improvement. The country office plans to conduct a full staffing and structure review in 2022 based on the new Country Strategic Plan.

11. There were notable gaps in processes, controls and management relating to the Douala logistics hub regional corridor operations. These gaps affected the effective and efficient management of the corridor and increased operational and financial risks. Issues included non-compliant warehousing and commodity accounting practices; the need to improve regional tenders for transport; and gaps in performance measurement and standards. In addition, the audit observed weaknesses in processing corridor-related invoices, resulting in long payment delays potentially deteriorating relationships with contractors.

12. The audit acknowledges the country office's efforts to digitalize end-to-end management of beneficiaries and cash-based transfers processes, including implementing SCOPE. At the time of the audit, beneficiaries receiving in-kind assistance, representing 83 percent of recipients, were managed outside SCOPE. Registrations were suspended because of the COVID-19 pandemic in 2020. There were gaps in processes and controls related to the digital registration of beneficiaries and beneficiary data management, including data quality checks, deduplication and data sharing with partners.

13. There were gaps in planning and implementing monitoring activities because of insufficient cooperating partners' capacity across the country and staffing constraints in field offices. These gaps impacted the coverage and effectiveness of monitoring activities.

14. The audit report contains three high and five medium priority observations, three of which have agreed actions directed at regional and corporate levels. Management has agreed to address the reported observations and work to implement the agreed actions by their respective due dates.

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



II. Country context and audit scope

Cameroon

16. An estimated 40 percent of Cameroon's 26.5 million people live below the poverty line, and human development indicators are low. Poverty has a strong regional dimension concentrated in the far north, north, Adamawa and east regions. In addition, the country has been significantly affected by recent crises and instability in the country including: the presence of non-state armed groups on both sides of the Cameroon–Nigerian border, causing an influx of Nigerian refugees and displacement of the local population; an influx of refugees from the Central African Republic (CAR) in the eastern part of Cameroon; and the recent crisis in the northwest and southwest regions.

17. As of November 2020, Cameroon had registered some 435,000 refugees and more than one million internally displaced persons (IDPs), including 332,000 in the far north region and 721,000 in the northwest and southwest regions. This is in addition to vulnerable local host communities affected by crises requiring food assistance for long-term livelihood recovery. According to the March 2020 "Cadre Harmonisé", 2.1 million people are food insecure, including 254,371 who are severely impacted.

18. Violence against civilians, destruction of basic infrastructure (including health facilities and schools) and fuel displacement is common. Access to, and availability of, basic social services (including sexual and reproductive health services and formal education) are severely limited in conflict-affected regions. Most pregnant women do not have access to adequate maternal healthcare. In addition, the delivery of humanitarian assistance is challenged by the security situation, bureaucratic constraints and geographical barriers, all compounded by the COVID-19 pandemic.

WFP operations in Cameroon

19. In 2020, during the third year of implementation of its 2018–2021 Country Strategic Plan (CSP), the country office (CO) responded to three complex crises in Cameroon: the political crisis in the northwest and southwest regions; the spill-over effects of the conflict in CAR; and the non-state armed groups' insurgency on both sides of the Cameroon–Nigeria border. Despite a slowdown in activities in the first half of 2020 due to COVID-19 mitigation measures, the CO continued to address the food and nutrition needs of 949,346 crisis-affected and vulnerable people in the country. WFP distributed 46,575 metric tons (mt) of food and disbursed USD 10.3 million through cash-based transfers (CBT) to address the acute needs of vulnerable households.

- Through Strategic Outcomes 1 and 6 of the CSP, the CO provided unconditional resource transfers to crisis-affected populations and air services to the humanitarian community.
- Strategic Outcomes 2, 3 and 4 focused on building resilience from an early recovery perspective, enabling affected people (including those living with disabilities) to cope with natural disasters and frequent displacements.
- Strategic Outcome 5 aimed at contributing to the achievement of Sustainable Development Goal 17 by strengthening national partners' capacity to achieve zero hunger.

20. In December 2020, the 2018–2021 CSP was extended for another year. It is currently undergoing a fifth budget revision to adapt to the growing food and operational needs in the north-west and south-west regions and to address the impact of the COVID-19 outbreak, with the possibility of extending it for two months into 2022 to align with the start of the new CSP in March 2022. As a result, the total budget for the CSP increased by 64 percent, from USD 286 million to over USD 470 million.

21. In 2020, the COVID-19 pandemic led to movement restrictions and interruption of activities. The following measures were taken to ensure the safe provision of food assistance to beneficiaries and most activities resumed in April 2021:

- unconditional food assistance to vulnerable households was adjusted, coupling distributions on a short-term basis;
- malnutrition screening and registration activities were suspended, including asset creation activities;
- the CO worked with several UN agencies to support the country's COVID-19 response with food security monitoring and risk management, and school reopening;
- biometric data collection was replaced with non-biometric verification methods, such as ID documents to verify photos; and
- the CO adopted interim guidance from the Inter-Agency Standing Committee on monitoring and evaluation in the COVID-19 context, and strengthened partners' capacities.

Objective and scope of the audit

22. The objective of the audit was to provide assurance on the effectiveness of governance, risk management processes and internal controls related to WFP operations in Cameroon. Such audits are part of the process of providing an annual and overall assurance statement to the Executive Director. The audit fieldwork took place remotely due to COVID-19 restrictions between 19 April and 21 May 2021.

23. The Office of Internal Audit (OIGA) developed a new audit approach for 2021 to adapt to COVID-19 constraints while increasing its audit coverage of country operations and providing assurance on five key areas of the end-to-end CO delivery process. In this audit, the five functional areas of focus were:



24. The audit focused primarily on implementation of activities under Strategic Outcome 1 "Populations affected by disasters including refugees, IDPs, returnees and host populations in Cameroon have safe access to adequate and nutritious food during and after crises", which represented 75 percent of overall CSP expenditure in 2020. OIGA also included in its audit scope a review of the CO's management of the Douala logistics hub and support provided to regional supply chain operations.

25. OIGA tested essential controls outlined for each of the pre-determined five areas in scope. The essential controls build on existing procedures and manuals; and where appropriate have been discussed and validated with respective business units. Minimum controls as defined by the Management Assurance Project conducted by WFP's Enterprise Risk Management Division (ERM) at the end of 2020 were considered and included when relevant.

26. Reliance was placed on second line assurance work where relevant, to minimize duplication of efforts.



III. Results of the audit

Audit work and conclusions

27. The eight observations identified by the audit were mainly rooted in the complexity of programmatic and supply chain activities, staffing challenges, and constraints in managing regional corridor operations. Observations are presented below, first related to regional corridor management then the other five functional areas as relevant.

28. For each of the five functional areas, a simplified standard process diagram is included which indicates the key control areas reviewed by the audit and, when exceptions or weaknesses were noted, the related audit observations and respective priority ratings (red for high and yellow for medium priority observations). Any other issues arising from the audit which were assessed as a low priority were discussed with the CO directly and are not reflected in the report nor indicated in the diagrams.

Supply chain corridor management

Observation 1: Weaknesses in corridor management

29. The CO supports WFP's regional operations by managing the Douala corridor for the effective and efficient movement of goods along pre-defined routes. These routes extend from the Douala entry point to neighbouring recipient countries (including CAR and Chad) to assist in the delivery of programmes.

30. The audit noted non-compliance with warehousing and commodity accounting practices in the CO's management of the corridor, as well as delays in invoice payments which were a matter of serious concern, all of which carried operational and financial risks. Regional tenders for transport also needed to be improved and performance measurement and standards needed to be consistently applied.

31. *Warehousing and commodity accounting:* The Regional Bureau for Western Africa (RBD) raised issues related to the Douala logistics hub in early 2021. A few months later the following issues remained partially unmitigated:

- inability to verify quantities of physical stocks because of inadequate stacking of commodities;
- poor warehouse documentation and practices; and
- unrecorded differences between physical stocks reported at the warehouse and those recorded in WFP's end-to-end food supply chain management system (LESS).

32. While noting that no food safety and quality incidents had been reported, some local protocols and policies were yet to be implemented to improve the management of spoiled and expired commodities.

33. *Regional transport:* A review of regional tenders highlighted the lack of participation of Chadian vendors in the joint procurement approach with Chad, which needed to be addressed.

34. *Invoice payment:* The audit observed substantial delays in payments, potentially deteriorating relationships with CO vendors. Numerous invoices remained outstanding for a significant number of days in the invoice tracking system and WFP's financial reporting system (WINGS). In many cases these delays were mostly due to missing or non-approved purchase orders; missing documents to support payments; or unresolved system and budgetary issues. These issues highlight shortcomings in the CO's oversight of the accounts payable process. Incorrect practices included the use of one invoice for multiple contracts/purchase orders for transport vendor invoices (in some instances up to six contracts per purchase order); inaccuracies in invoice data processing; and erroneous year-end invoice recording procedures.



35. *Corridor management strategy and governance framework*: The CO's support of the corridor is funded on a cost-recovery basis. Relevant costs had not been fully charged for 2020, meaning that the CO had to prefinance corridor operations. Identification and reconciliation of expenditure invoiced to the corridor by the CO was not complete at the time of the audit.

36. Standard operating procedures (SOPs) and associated agreements for corridor management were not fully developed. These were needed to complement the RBD-proposed accountability framework and coordination mechanisms for corridor management. At a corporate level, a corridor management strategy was issued in 2020 following an internal audit agreed action issued in 2019.²

Underlying cause(s): Frequent changes in the reporting line for the Douala corridor; unclear governance and accountability framework between headquarters, RBD and the CO in decision making and oversight processes; understaffing and skill gaps; closure of borders and movement restrictions due to the COVID-19 outbreak; and commodities being stored for long periods in transit warehouses.

Agreed Actions [High priority]

1. RBD, through the regional Corridor Management Committee, will:
 - i) Strengthen governance of the Douala corridor by streamlining the responsibility and accountability framework; clarify headquarters, regional and CO roles for decision making and oversight; and define coordination mechanisms between the three organizational levels.
 - ii) Implement agreements included in the accountability framework between headquarters, RBD and the CO to operationalize corporate guidance on the funding and management of the Douala corridor.
2. The CO will:
 - i) Finalize alignment of the Douala unit's structure and capacity to the service demands of corridor operations.
 - ii) In collaboration with RBD, complete actions currently under way to improve commodity management and accounting.
 - iii) Clear the backlog of unprocessed and unpaid invoices, and implement processes to periodically review outstanding items at different stages of the invoice management process.
 - iv) Issue guidance for handling transport service invoices, including multiple purchase orders, to improve the invoice management process.
 - v) Design and implement capacity building activities for all CO operations staff and partners/vendors.
 - vi) Complete identification and reconciliation of expenditure to charge corridor management-related expenses accordingly.

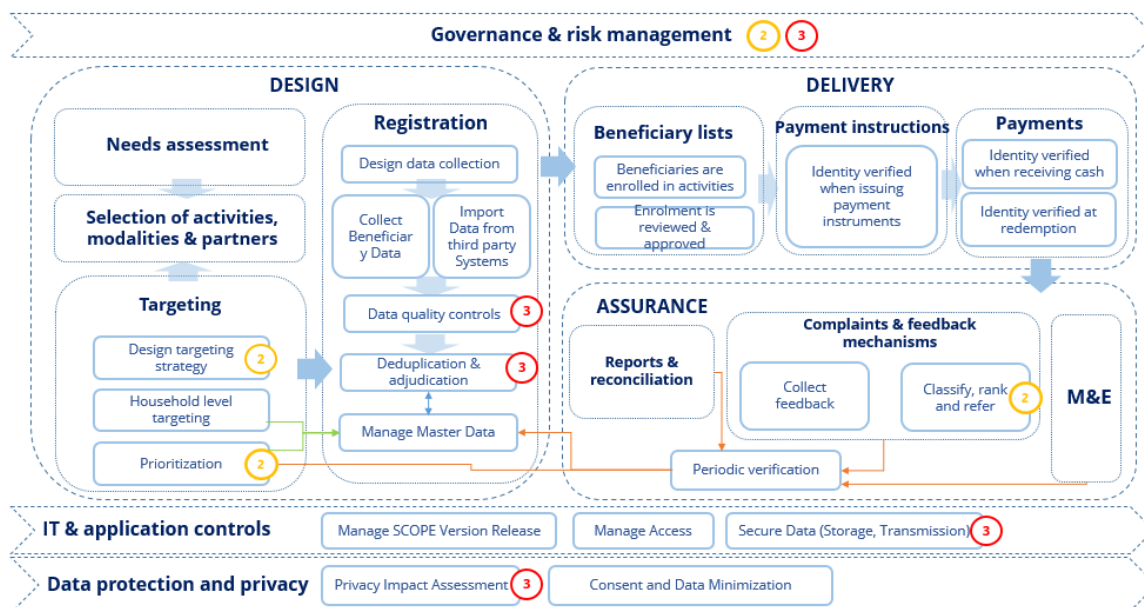
Timeline for implementation

30 June 2022

² Observation 2, Internal Audit of WFP Djibouti corridor management, AR/19/12.



Beneficiary management



Observation 2: Targeting and distribution management

37. *Targeting*: At the time of the audit, the CO was in the process of establishing and documenting a comprehensive targeting strategy, including implementing a refugee targeting hub in collaboration with UNHCR, and was updating the vulnerability-based targeting criteria for IDPs. A new CO targeting team had been created in 2020, and CO partner engagement and communication initiatives had been implemented to ensure communities were aware of these targeting exercises.

38. However, the audit observed several gaps and areas for improvement. In some regions, the CO has assisted the same populations since 2019, possibly omitting other more vulnerable populations, due to the postponement of retargeting to identify and update target groups and revise targeting methods and eligibility criteria. The targeting and prioritization processes for IDPs were not reviewed despite diminishing resources and household size limits. At the time of the audit fieldwork, the CO was considering a vulnerability assessment exercise to assess changes in beneficiary vulnerability and make appropriate recommendations. Targeting SOPs were yet to be updated. These gaps had been reported through RBD oversight missions and were confirmed with cooperating partners (CPs) highlighting the need to establish a new targeting strategy across programmatic activities.

39. *Distribution*: There were recurrent delays in in-kind and CBT distributions due to gaps in funding, planning of assistance, logistic and pipeline breaks, and other operational challenges related to the COVID-19 outbreak. Some CPs also acknowledged challenges in managing and executing distributions in a timely manner because of capacity issues and insufficient training.

40. *Complaints and feedback mechanism (CFM)*: Issues reported by CPs and field offices were not properly documented and consolidated to inform programmatic decision making. It was unclear how field offices and the CO tracked, analysed, categorized, prioritized and followed up recurring complaints raised through the CFM hotline regarding targeting and exclusions from the distribution lists. At the time of the audit, the CO was implementing the “Sugar” customer relationship management system to manage complaints and feedback received from various sources such as CPs, beneficiaries, the hotline and help desks in camps.



Underlying cause(s): Challenges to consolidate and harmonize approaches across Cameroon's three crises into one comprehensive strategy; targeting SOPs not up-to-date; competing priorities following the COVID-19 pandemic; delays in implementing a comprehensive CFM; and weak CP capacity across the country.

Agreed Actions [Medium priority]

The CO will:

- i) Ensure coherence of the targeting approach across programme activities to help meet CO objectives, establishing a threshold for beneficiary household size eligibility whenever possible.
- ii) Develop a targeting SOP that includes procedures for defining target groups, targeting methods, all eligibility criteria and prioritization activities.
- iii) Review distribution planning issues to streamline planning processes to achieve distribution targets in a timely manner.
- iv) Identify operational weaknesses of CPs and develop a capacity strengthening programme to reinforce their technical capabilities in the field.

Timeline for implementation

31 December 2021

Observation 3: Beneficiary data management

41. As of May 2021, approximately 360,000 beneficiaries (40 percent of the total) were registered in SCOPE, with 94 percent active beneficiaries. Registration data from refugees was imported from UNHCR's ProGres database, while the CO was responsible for registering IDPs and vulnerable local populations. Registration of biometric data was suspended in 2020 due to the COVID-19 pandemic, and the CO did not carry out registrations in the northwest and southwest regions due to security issues.

42. *Beneficiary data privacy*: Privacy impact assessments (PIAs) aim to identify, assess and manage privacy and data protection risks. PIAs had only been completed for one of the five regions in Cameroon. Emails and Excel files with no encryption were used to transfer data between CO field offices, CPs and other UN agencies.

43. *Governance*: Internal guidance for beneficiary data management, including risk management, data protection and privacy, and procedures for SCOPE beneficiary management had not been developed. The CO had not defined roles and responsibilities for use of the technology or programme units for in-country management of beneficiary data and SCOPE system activities.

44. *Controls over in-kind assistance*: At the time of the audit, the data for beneficiaries receiving in-kind assistance was managed in Excel at the field office level. The CO could not establish master data management controls for these beneficiaries. The audit also noted gaps in the reconciliation of distribution data to approved distribution plans.

45. *Data quality and deduplication*: An analysis of SCOPE data showed that approximately 80 percent of the beneficiaries registered in SCOPE were not identified by a unique ID or were "dummy" household members.³ The CO confirmed that, in most cases, only the head of household's information was recorded in SCOPE, which limits the effectiveness of validation controls to mitigate the risks associated with the registration and use of dummy household members. Outliers in the distribution of ages of beneficiaries and number of dependants pointed to data quality issues in SCOPE. More than 50 percent of beneficiaries in SCOPE were refugees, whose biometric data was not captured in SCOPE as per the Global Memorandum on Data Sharing.

³ A dummy member is a valid beneficiary with personal data not yet entered in SCOPE.



Overall, less than 10 percent of beneficiaries were registered using biometrics: among these, 7 percent appeared to have duplicate households, identity cards and telephone numbers.

Underlying cause(s): Absence of a CO working group to govern, harmonize and manage beneficiary data; lack of SOPs for beneficiary identity management and data validation, deduplication and adjudication; delays in beneficiary registration through biometrics because of the COVID-19 outbreak and security situation in the northwest and southwest regions; delays in implementing an adequate data-sharing platform; delays in conducting PIAs for all operations and regions.

Agreed Actions [High priority]

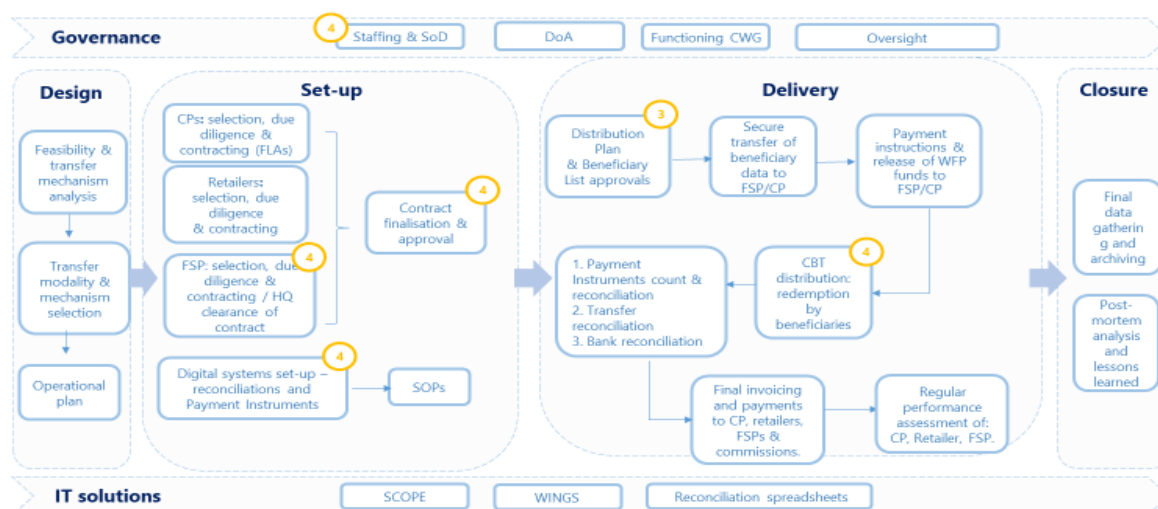
The CO will:

- i) Establish a data working group to ensure a coordinated approach to data governance; data duplication and adjudication; data-driven decision making; and regular follow-up on gaps from data analyses to understand the root causes of any differences identified and make necessary adjustments.
- ii) Review internal processes and resources to ensure that beneficiary data quality, duplication and adjudication issues, especially for IDPs, are resolved promptly.
- iii) Finalize the full implementation of SCOPE and accelerate the registration and management of all beneficiary information, including in-kind assistance recipients, in SCOPE.
- iv) Finalize the PIAs in line with corporate guidelines and determine the measures needed (including the use of biometrics) to protect the confidentiality of beneficiaries' personal data.

Timeline for implementation

31 December 2022

Cash-Based Transfers



Observation 4: Cash-Based Transfers

46. A review of key processes and decisions in CBT operations revealed some shortcomings in contractual arrangements with the financial service provider (FSP) and some gaps in mitigating operational risks, including risks related to unrestricted cash distributions through Mobile Money Operators (MMOs).

47. As a good practice, the audit observed that the CO amended fund flows and the associated contract with the FSP in lieu of financial guarantees. However, several contract addendums were issued without review and clearance by the Legal Office. In some instances, addendums were signed after their validity dates, creating uncertainty about their validity.

48. The CO had yet to finalize the FSP due diligence process, the draft of which identified risks regarding the financial solvency of the proposed FSP, regulatory framework, payment service provider licence and recovery of unspent balances for unrestricted mobile money transfers.

49. On reviewing the contract with the FSP, the audit noted discrepancies between the agreed-upon and actual operational setup for unrestricted mobile money distributions. Beneficiary consent forms, required under the contract to recover dormant account standing credit balances, were not used. This increased the risk of unrecoverable unspent balances for the unrestricted mobile money modality.

50. Person-to-person (P2P) transfers are a common functionality proposed by MMOs, a functionality that WFP does not authorize for its beneficiaries. The CO did not ascertain the required P2P restrictions were indeed in effect as per the contract signed with the FSP.

51. The FSP seeks reimbursement from WFP within 24 hours after funds are transferred to beneficiaries from the WFP wallet. This short timeframe did not allow the CO to effectively and fully reconcile and verify transfers to beneficiaries before payment to the FSP.

52. Without "reader access" to the FSP's mobile money platform, the CO could not ascertain that WFP's wallet had been created, nor could the CO monitor that funds were transferred to beneficiaries' wallets as per its instructions.

53. No reconciliation was carried out in 2020 between WFP's tool to design, implement and monitor programmes (COMET) and WINGS. The audit noted a USD 1.3 million discrepancy between the amount reported in WINGS as distributed and the figure in the CO's 2020 Annual Country Report. At the time of the audit, the CO was working on reconciling the difference.



Underlying cause(s): Financial guarantee not obtained from the FSP; staffing constraints, including insufficient CBT staff.

Agreed Actions [Medium priority]

The CO will:

- i) In collaboration with the headquarters Business Development Cash-Based Transfers Unit, finalize the FSP due diligence process for CBT distributions, including further clarification on the operational risks associated with the use of unrestricted mobile money distributions.
- ii) In coordination with the Legal Office, review the contractual arrangement with the FSP for mobile money operations given the operational setup and country's mobile money regulatory framework.
- iii) Review the operational setup and carry out testing of P2P transactions for mobile money operations.
- iv) Complete the reconciliations between COMET and WINGS for 2020 and ensure this activity is carried out on a frequent and timely basis.

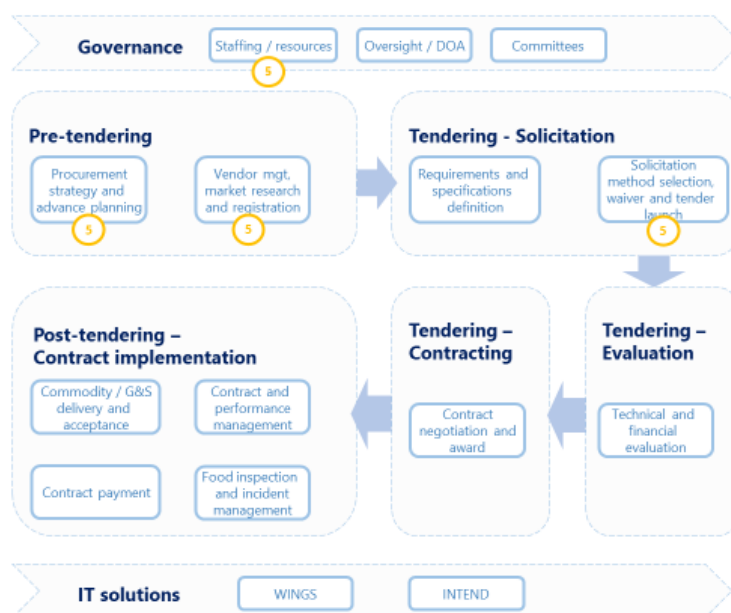
Timeline for implementation

31 August 2022



Supply Chain

Procurement



Observation 5: Procurement

54. *Food procurement*: The CO purchased food from local and regional suppliers or through WFP’s Global Commodity Management Facility (GCMF). In late 2020, after the CO had recruited an international procurement officer, RBD started to hand over some procurement processes related to GCMF food procurement to the CO. Although corporate guidance exists on governance mechanisms and processes for the financial and operational management of the GCMF, RBD and CO roles and responsibilities for the provision of services and the follow-up of tenders were not clear.

55. The audit noted issues with food tendering processes, including:

- instances of tenders launched by the CO after the harvest period, and other contracting delays, potentially negatively impacting the price/quality of the purchased commodities; and
- supplier assessments not consistently considering basic information (including updated restricted vendor lists) to detect and manage potential counter-party risks.

56. *Goods and services procurement*: The CO procured USD 4.6 million of goods and services in 2020. The audit noted the following issues:

- Requesting units did not consistently prepare acquisition plans. As a result, the CO sometimes entered into last-minute, ad hoc goods and services procurement, which did not systematically guarantee value for money.
- Existing long-term agreements (LTAs) were not proactively managed: most LTAs expired in 2020 and were extended through waived competition (though not recorded as such in WINGS). There were untapped opportunities to piggyback on other UN organizations’ existing LTAs.



- Vendor lists had not been reviewed since 2018. This resulted in a low response rate to tenders. The audit noted that the CO was finalizing the review of a restricted list of vendors for goods and services at the time of audit fieldwork.
- Lists of retailers supporting CBT operations (e-vouchers) were last updated in 2017. Retailers that the CO stopped working with on the basis of their performance had not been removed from the list since 2017. The CO acknowledged the need to update/rationalize the list of retailers after performance evaluations are completed in 2021.

Underlying cause(s): Absence of clear delineation of roles and responsibilities between RBD and the CO for the provision of food procurement services (last updated guidance dating back to 2018); skill and staffing gaps, including a long vacancy for the head of procurement; food procurement process inefficiencies, for example, lack of consolidated purchase requests, underutilization of efficient procurement mechanisms such as micro-purchase orders (MPOs) and LTAs; requesting units not sufficiently involved in procurement planning and training; and the impact of the COVID-19 pandemic on the CO's ability to conduct vendor due diligence visits.

Agreed Actions [Medium Priority]

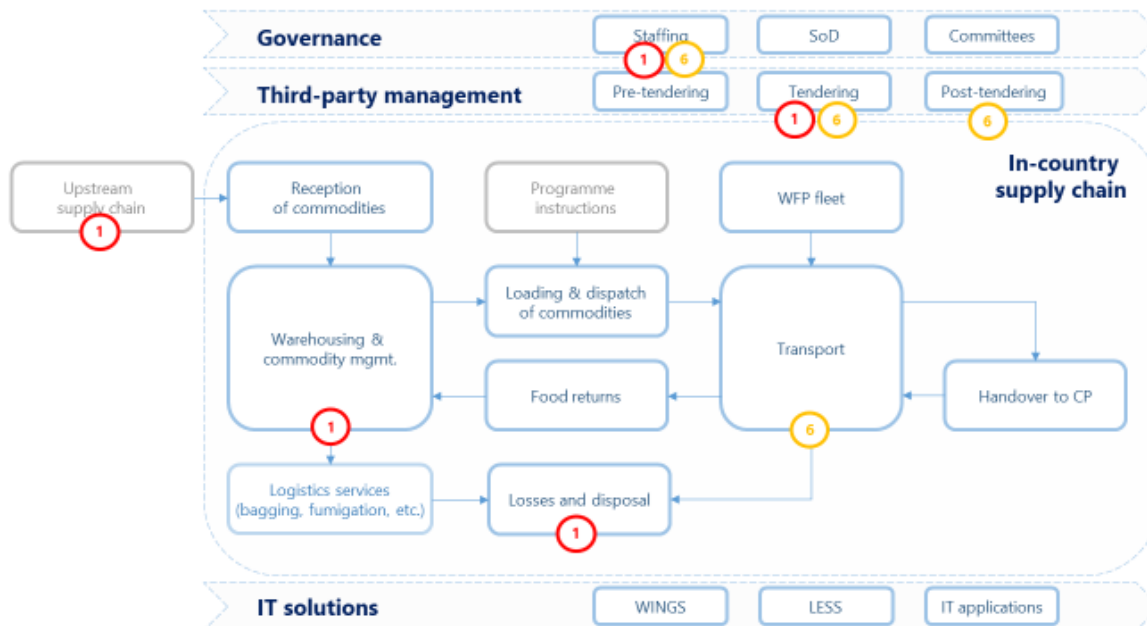
1. RBD will clarify the CO's responsibility and accountability for tendering, contracting and delivering custodian services of WFP food stocks under GCMF ownership.
2. The CO will:
 - i) With the assistance of RBD, and through a skills and capacity gap analysis, assess and align the Procurement Unit's structure and capacity to respond to the purchasing needs of the CO for food, goods and services (including financial services).
 - ii) Coordinate and undertake the necessary education actions to improve procurement planning, sourcing strategies and use of LTAs.
 - iii) Assess opportunities to increase the CO's collaboration with other UN agencies when procuring goods and services and piggyback on existing UN agency LTAs.

Timeline for implementation

28 February 2022



Logistics and commodity management



Observation 6: Logistics and transport

57. *Transport market assessment:* field logistics staff collect transport market rates when conducting transport sector assessments. Transport costs – subject to constant change due to competitive pressures – were not always included or updated in the transport market assessments.

58. *Due diligence activities:* There were gaps in the completeness and accuracy of information provided by transporters during shortlisting processes. Some due diligence activities were delayed due to security concerns in certain areas of the country.

59. *Performance evaluations:* The CO did not promptly use transporters’ performance reports issued from LESS to support its transport performance evaluations in 2020. Performance evaluation results were not systematically shared with transporters to allow for performance issues to be addressed.

60. The 2020 Tariff System Agreement for regional transport was not reported to headquarters as per corporate guidance.

Underlying cause(s): Staffing constraints – one staff member in charge of transport contracting and vendor management; non-adherence to WFP standards and rules; COVID-19 pandemic and security access challenges impacting the CO’s ability to conduct due diligence visits.

Agreed Actions [Medium Priority]

The CO will:

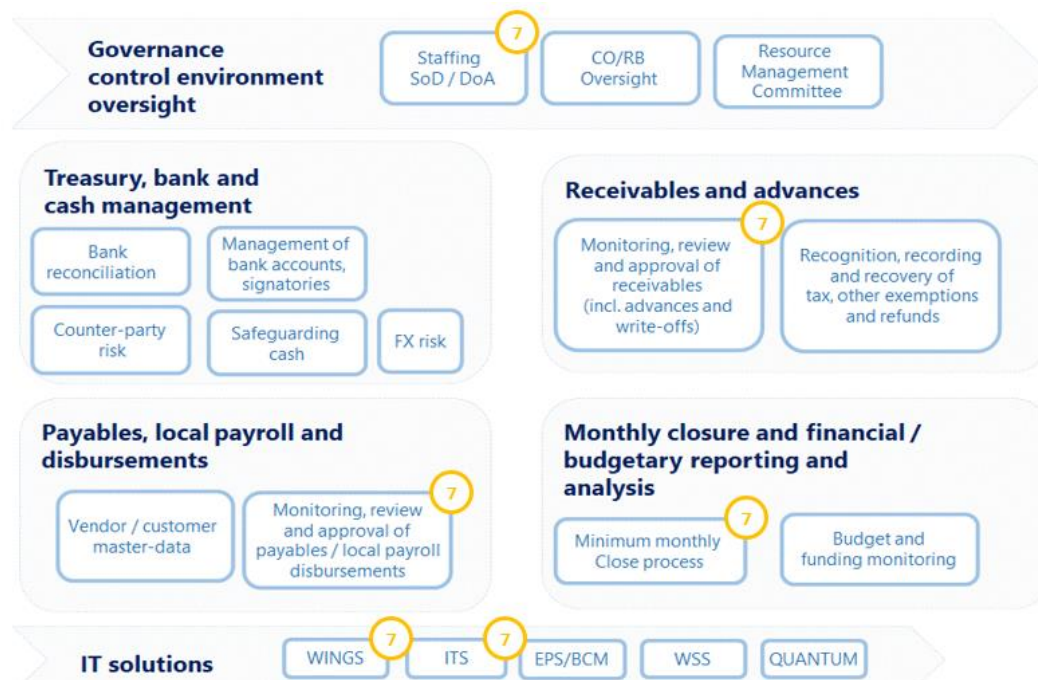
- i) Review the methodology used to assess transport rates based on a documented transport market assessment and understanding of transporters’ cost structures.
- ii) Review and improve due diligence processes to ensure completeness and compliance with corporate guidelines; and ensure transporters’ performance is periodically assessed and results communicated.

Timeline for implementation

31 December 2021



Finance



Observation 7: Finance

61. The CO made unauthorized manual adjustments to accounts payable records in WINGS that were not detected through corporate exception reports, putting at risk the accuracy and reliability of payable balances, and the CO's financial reporting in general.

62. For a selected sample of invoices, the audit identified that manual changes to due dates for accounts payable in WINGS allowed delays to go undetected from corporate exception reports, such as financial dashboards and minimum monthly closure reporting packages. Such changes allowed for delays in the payments beyond WFP's terms of payment, they also affected the accuracy of the CO's liquidity status.

63. Amendments to the WINGS set-up and controls were discussed with the Corporate Finance Division (FIN). Similar weaknesses and ineffective controls were noted in OIGA's subsequent CO audits, confirming that it was a recurrent issue requiring correction by headquarters. OIGA has not assessed corporate exposure for the entire CO population.

64. Such circumvention of controls would have been detected with the confirmation of vendor balances, which the CO did not carry out in 2019 and 2020. At the time of the audit, the CO was in the process of completing this exercise.

65. An RBD finance oversight mission carried out in February 2020 recommended that the CO limit its use of operational cash advances; however, they were still frequently being used at the time of the audit. Furthermore, the RBD mission recommended implementing MPOs as a tool to help reduce operational advances. The audit noted that, although the CO had started to use MPOs in field offices, the extent of their use remained limited. The issuance of the 2020 quarterly MPO assurance statements was delayed.

Underlying cause(s): Staffing constraints, including high staff turnover, resulting in loss of institutional knowledge and skills gaps; design of application controls gaps in WINGS; upstream processes not aligned



with the technicalities of processing invoices in WINGS and the invoice tracking system; and non-compliance with corporate financial procedures, guidance and use.

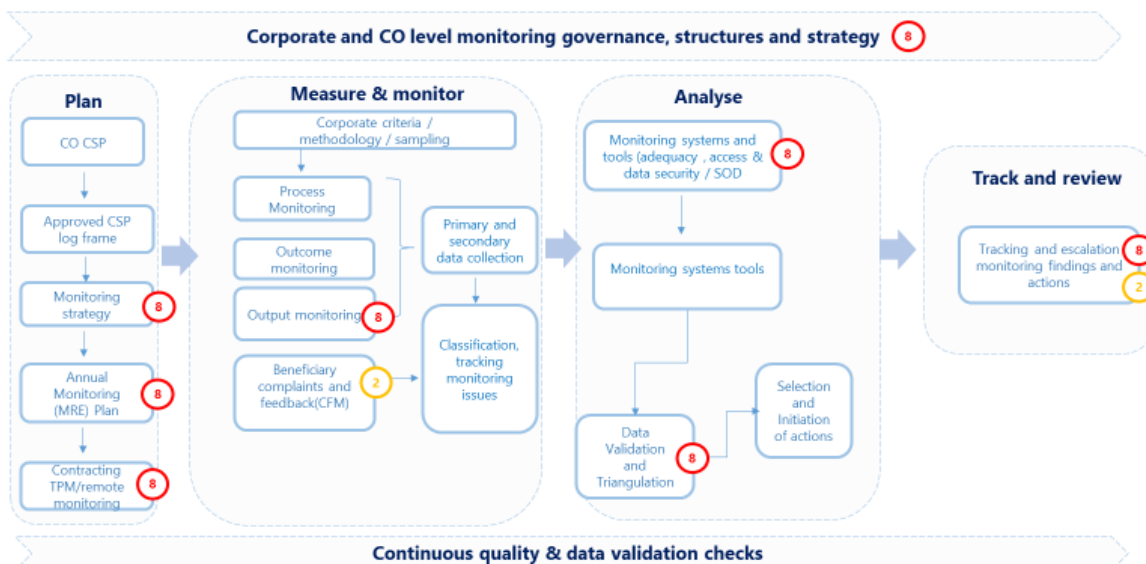
Agreed Actions [Medium Priority]

1. The CO will:
 - i) Develop a training plan for CO staff on corporate systems and financial procedures concerning accounts payable processes.
 - ii) Complete the ongoing vendor balance confirmations and establish processes to ensure they are periodically completed according to corporate guidelines.
 - iii) Set specific targets and deadlines to scale up the use of MPOs and limit operational cash advances.
2. FIN will review the methodology applied in preparing corporate financial dashboards and minimum monthly closure reporting package reports, and design controls to prevent and detect unauthorized changes to the baseline payment dates in accounts payable records in WINGS.

Timeline for implementation

1. 31 December 2021
2. 31 March 2022

Monitoring



Observation 8: Monitoring

66. The CO updated its monitoring strategy and finalized a structured framework defining annual monitoring plans, objectives, processes, roles and responsibilities in 2019. The following weaknesses, gaps and areas requiring improvement were noted.

67. *Governance, roles and responsibilities:* monitoring assistants at the field office level were involved in programmatic activities, including programme implementation roles, due to limited resources. This adversely impacted the effective conduct of monitoring tasks and created inherent conflicts of interest.

68. Monitoring plans prepared by field offices were not consolidated at the CO level. The CO Monitoring Unit did not systematically review and analyse planned versus completed field office monitoring activities. The audit review of a sample of monitoring plans highlighted gaps and delays in implementing monitoring activities, with significant data missing for tracking and oversight of activities. Field offices' monitoring plans did not systematically apply the minimum monitoring requirements to ensure that common criteria for planning, coverage, baselines, data collection and frequency were adopted. According to the CO this was mainly due to security challenges, COVID-19 restrictions, and distribution timing coupled with the absence of monitoring and evaluation and CFM officers for most of 2020.

69. *Monitoring data tools and validation:* Triangulation of distribution plans and monitoring reports was not systematic and documented to ensure information from monitoring activities was verified, crosschecked and reported. In addition, there was no documented process to triangulate and validate CP reports and monitoring data to original and external data sources. Triangulation and validation are especially important as the CO relies on third party monitors (TPMs) for its monitoring in remote areas of the country.

70. *TPM management:* There was no consistent review of TPM activities, reports and performance to ensure TPM monitoring activities and deliverables complied with the terms of the TPM contract and WFP's TPM guidelines.

Underlying cause(s): Lack of adequate resources for monitoring activities; absence of an updated comprehensive monitoring strategy and SOPs to accompany changes in the CSP; staffing constraints; weak



CP and TPM capacity across the country; and monitoring challenges due to the COVID-19 outbreak and restrictions.

Agreed Actions [High priority]

The CO will:

- i) Finalize a comprehensive monitoring strategy, plan and accompanying guidelines covering all activities, reporting requirements and timelines, and minimum monitoring requirements for the upcoming CSP.
- ii) Address field offices' staffing structure issues to ensure clarity of roles, responsibilities and accountabilities for monitoring activities, including collection, management and reporting of monitoring data, and consideration of adequate staffing and appropriate segregation of duties.
- iii) Establish a process to periodically validate TPM data, and follow up TPM activities, reports and performance.
- iv) Develop and document a process to systematically triangulate CP and TPM information and data to original and external sources of information.

Timeline for implementation

28 February 2022



Annex A – Agreed action plan

The following table shows the categorization, 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.

The agreed action plan is primarily at the CO level.

#	Observation (number / title)	Area	Owner	Priority	Timeline for implementation
1	Weaknesses in corridor management	Corridor management	RBD CO	High	30 June 2022
2	Targeting and distribution management	Beneficiary management	CO	Medium	31 December 2021
3	Beneficiary data management	Beneficiary management	CO	High	31 December 2022
4	Cash-Based Transfers	Cash-Based Transfers	CO	Medium	31 August 2022
5	Procurement	Supply Chain	RBD CO	Medium	28 February 2022
6	Logistics and transport	Supply Chain	CO	Medium	31 December 2021
7	Finance	Finance	CO FIN	Medium	31 December 2021 31 March 2022
8	Monitoring	Monitoring	CO	High	28 February 2022



Annex B – Definitions of audit terms: ratings & priority

1 Rating system

The internal audit services of UNDP, UNFPA, UNICEF, UNOPS and WFP adopted harmonized audit rating definitions, as described below:

Table B.1: Rating system

Rating	Definition
Effective / satisfactory	The assessed governance arrangements, risk management and controls were adequately established and functioning well, to provide reasonable assurance that issues identified by the audit were unlikely to affect the achievement of the objectives of the audited entity/area.
Partially satisfactory / some improvement needed	The assessed governance arrangements, risk management and controls were generally established and functioning well but needed improvement to provide reasonable assurance that the objective of the audited entity/area should be achieved. Issue(s) identified by the audit were unlikely to significantly affect the achievement of the objectives of the audited entity/area. Management action is recommended to ensure that identified risks are adequately mitigated.
Partially satisfactory / major improvement needed	The assessed governance arrangements, risk management and controls were generally established and functioning, but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. Issues identified by the audit could negatively affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.
Ineffective / unsatisfactory	The assessed governance arrangements, risk management and controls were not adequately established and not functioning well to provide reasonable assurance that the objectives of the audited entity/area should be achieved. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area. Urgent management action is required to ensure that the identified risks are adequately mitigated.

2 Priority of agreed actions

Audit observations are categorized according to the priority of agreed actions, which serve as a guide to management in addressing the issues in a timely manner. The following categories of priorities are used:

Table B.2: Priority of agreed actions

High	Prompt action is required to ensure that WFP is not exposed to high/pervasive risks; failure to take action could result in critical or major consequences for the organization or for the audited entity.
Medium	Action is required to ensure that WFP is not exposed to significant risks; failure to take action could result in adverse consequences for the audited entity.
Low	Action is recommended and should result in more effective governance arrangements, risk management or controls, including better value for money.

Low priority recommendations, if any, are dealt with by the audit team directly with management. Therefore, low priority actions are not included in this report.

Typically audit observations can be viewed on two levels: (1) observations that are specific to an office, Unit or division; and (2) observations that may relate to a broader policy, process or corporate decision and may have broad impact.⁴

⁴ 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.



3 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

CAR	Central African Republic
CBT	Cash-Based Transfers
CFM	Complaints and Feedback Mechanism
CO	Country Office
COMET	Country Office Tool for Managing (programme operations) Effectively
CP	Cooperating Partner
CSP	Country Strategic Plan
ERM	Enterprise Risk Management Division
FIN	Corporate Finance Division
FSP	Financial Service Provider
GCMF	Global Facility Management Fund
IDP	Internally Displaced People
LESS	Logistics Execution Support System
LTA	Long Term Agreement
MMO	Mobile Money Operator
MPO	Micro Purchase Order
OIGA	Office of Internal Audit
P2P	Peer-to-Peer
PIA	Privacy Impact Assessment
RBD	Regional Bureau for Western Africa
SCOPE	WFP's beneficiary information and transfer management platform
SOP	Standard Operating Procedure
TPM	Third Party Monitor
UNHCR	United Nations High commissioner for Refugees
USD	United States Dollar
WFP	World Food Programme
WINGS	WFP Information Network and Global Systems