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Internal Audit of WFP's Innovation Accelerator

Office of the Inspector General
Internal Audit Report AR/21/18



World Food
Programme

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Internal Audit of WFP's Innovation Accelerator

I. Executive Summary

Objective and scope of the audit

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of WFP's Innovation Accelerator, covering the period from 1 January 2020 to 30 April 2021. The Innovation Accelerator was established in Munich in 2015 to identify, support and scale innovations in WFP. Objectives and key priorities were defined in its 2021-2025 strategy: transforming lives scaling the next breakthrough innovations; inspiring and enabling the humanitarian community by sharing knowledge and expertise and contribute to increasing partners' impact; and developing its institutional set-up to scale. Expenditures totalled USD 12 million during the audit period, with funding reaching USD 21 million.
2. The audit applied ISO 56002:2019 Innovation Management - Innovation Management System – as a reference standard to examine WFP's policies and practices. ISO 56002:2019 was also used to provide advice based on internationally recognized standards and best Innovation Management practices.

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 **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.
4. The audit concluded that existing innovation management processes and practices effectively supported innovations across WFP and facilitated collaboration with experts from diverse sectors and institutions. The Innovation Accelerator's strategy aligned its activities with corporate objectives; moreover, the Innovation Accelerator's mapping and analysis of internal and external stakeholders and project target groups enabled the identification of solutions to address needs and opportunities. Successful communication of activities and achievements resulted in awareness, recognition and support from internal and external stakeholders, with the latter providing almost the entirety of the financial resources.
5. Among the Innovation Accelerator's success stories was the fundraising application ShareTheMeal, recognized by Google and Apple among the 'Best Apps of 2020'. The Office of Internal Audit noted in its report on the governance of IT-enabled projects of 2019 that innovation "efforts were not supported by a formal process for scaling-up projects that had successfully undergone the pre scale up preliminary innovation stages".¹ For the application ShareTheMeal however, approximately USD 26 million in contributions were raised from private donors in 2020 alone. It was mainstreamed successfully from the Accelerator to the Private Partnership Division in February 2021.
6. Since its inception to 2021, the Accelerator's staff numbers had grown tenfold. The Innovation Accelerator's structure allowed it the flexibility to operate at a larger scale. Clear roles and responsibilities and team expertise and skills were present and allowed for effective project support. The adopted method for activity planning and the applied innovation management methodology (e.g. human centered design, lean start-up) were aligned with innovation standards of best practice, were found to be supported by relevant analysis, and were capable of meeting specific project challenges. The Innovation Accelerator was named one of the *Best Workplaces for Innovators*, *Innovative Team of the Year* and *Innovation leaders of the*

¹ Internal audit of the Governance of IT-enabled projects in WFP – AR/19/23 – Observation 2.



year in 2020 and 2021 by a recognized innovation publication (Fast Company), in recognition of its impact and culture of innovation.

7. Established processes and procedures for sourcing ideas and supporting projects, from developing a business model to providing access to partners network, as well as project governance and reporting mechanisms were well documented and consistently implemented, allowing for output measurement and regular progress monitoring to address challenges and performance evaluation. Feedback and learning mechanisms were in place to capture lessons learned and prevent issue repetition in future projects.

Actions agreed

8. Some areas were identified that required strengthening to bring additional value to WFP's innovations management. The audit report contains three medium priority observations.

- Existing governance mechanisms for the involvement of relevant internal and external stakeholders and strategic guidance and support were partially informal and could be further institutionalised. Whilst an informal and flexible approach to governance may have been appropriate at the time of the Innovation Accelerator's set-up, the continuous growth of its activities necessitates a structured and formalized governance and reporting framework. This will help ensure sustainable and consistent steering and monitoring of the Accelerator's performance and support effective stakeholders' decision-making.
- Some challenges and delays remained in the scale-up and handover of some of the sampled projects. The complex operating context and stakeholders landscape hindered the identification of the right partner for effective ownership and project support in the transition phase and for mainstreaming at a corporate level or externally to WFP.
- The majority of the Innovation Accelerator's staff was on short term or consultancy contracts. The use of these contract types aligns with the need to source specific short-term expertise for particular projects. However, the audit noted the need for stability for certain critical positions to ensure the continuity and consistency of operations and mitigate the risk of loss of valuable expertise. The Accelerator reported having started internal discussions seeking the stability of critical positions and reduction of institutional knowledge and expertise loss risks.

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

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

II. Context and Scope

WFP context

11. WFP has proven its ability to innovate on a small and large scale throughout its history, using innovation and technology to improve the delivery of its mandate. For example, WFP introduced humanitarian airlifts and airdrops, launched email via radio connections, and started humanitarian vehicle leasing.

12. Recognising the need to accelerate the scope and pace of innovations, WFP established the Innovation Accelerator (later referred to as the 'Accelerator') in 2015 to strengthen the culture of innovation in WFP, take its innovation activities to the next level, and enable the identification and support of innovations across WFP. Based in Munich, Germany, the Accelerator facilitates collaboration with experts from diverse sectors and institutions, linking WFP operations with the latest technologies.

13. The Accelerator recently tapped into mobile technology, artificial intelligence, responsible data management, and secure digital finance to empower and forge closer relationships with beneficiaries and maximise its work's impact.

The Innovation Accelerator

14. The Accelerator's strategy, covering the period 2021-2025, defined its ambitions and key priorities:

- Transform lives scaling the next breakthrough innovations, particularly in WFP focus areas of COVID-19 support, saving lives and livelihoods, strengthening national systems and supporting local economies.
- Inspire and enable the humanitarian community by sharing knowledge and expertise and contribute to increasing partners' impact.
- Develop the Accelerator's institutional set-up to scale via strengthened measurement and reflection on key results; standardised service offering; surge capacity; and solid event operational set-up (virtual and in-person).

15. These priorities were designed to support the achievement of Sustainable Development Goals 2 and 17 through five pillars of work: i) operating a core WFP Accelerator programme to support internal innovations and start-ups; ii) scale up enablement for the most successful projects scaling on the ground; iii) frontier innovations for exploring moon-shot ideas; iv) innovation services to support the wider humanitarian and development community; and v) knowledge management, to share learnings with the broader humanitarian and development innovation community.

16. From a thematic perspective, the strategy identified the Accelerator's priority areas in line with WFP's corporate priorities: emergencies; humanitarian/development nexus; smallholder farmers; supply chain and logistics; nutrition and school feeding; cash-based transfers and innovative financing.

Governance, key donors and funding

17. The Accelerator reports to the Innovation and Knowledge Management Division (INK), part of the Programme and Policy Development Department. An advisory group of directors from different areas of WFP, including field locations, provided strategic advice and recommendations on innovation projects, champions innovation within WFP, and helped shape innovation priorities.

18. Since its inception, the Accelerator's operations were supported by the Government of Germany with an initial EUR 5 million annual contribution for a period of five years. In 2020, the Accelerator secured another 5-year multi-year funding of EUR 5 million annually, also from the Government of Germany, for the



period 2021-2025. Other funding sources included government donors, foundations and private sector companies. Contributions received from January 2020 to April 2021 totalled USD 21 million.²

Results and major achievements

19. In 2020, the Accelerator received 1,280 applications for funding and technical support and selected 19 new projects. A total of 42 projects were active at the end of 2020, with eight scaled up globally since 2015.

20. In 2020, the Accelerator's annual report indicated reaching 3.7 million people (out of 3 million planned), a three-fold increase from 2019, being active in 31 countries, and collaborating with 53 organisations (including 18 informal collaborations).

21. As already noted in the Executive Summary, among the Accelerator's most notable accomplishments was the fundraising application ShareTheMeal. The Accelerator also received other innovation awards in 2020 and 2021. It was named one of the "Best Workplaces for Innovators", "Innovative Team of the Year" in 2020 and 2021 and its Head among the Innovation "Leaders of the Year" in 2021 by a recognized innovation publication (Fast Company).

Objective and scope of the audit

22. The overall objective of this audit was to provide assurance on the governance, risk management and control processes related to the Accelerator. Such audits contribute to an annual and overall assurance statement provided to the Executive Director on governance, risk management and internal control processes.

23. The audit was carried out in conformance with the *Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing*. It was completed according to an approved engagement plan and considered the risk assessment exercise carried out before the audit.

24. The scope of the audit covered the period from 1 January 2020 to 30 April 2021. Where necessary, transactions and events pertaining to other periods were reviewed. The audit field work took place from 5 to 23 July 2021 remotely.

25. A sample of projects was selected for review. The sample did not include blockchain technology-based projects as they were covered by a separate assignment being carried out also by the Office of Internal Audit (OIGA) at the time of the Innovation Accelerator audit.

26. Innovation management was framed within a broad theoretical background from the academic world (e.g. entrepreneurship science) and covered by various frameworks deriving specific implications for practitioners. One relevant international standard is the ISO 56002:2019 innovation management framework, based on empirical research and best practices. While not a standard formally adopted by WFP, it was used as a reference of best practices for the audit.

27. The scope of the audit covered the following seven areas, in line with the ISO 56002:2019 framework:

- Area A: Context of the organisation
- Area B: Leadership
- Area C: Planning
- Area D: Support
- Area E: Operations
- Area F: Performance Evaluation
- Area G: Improvement

² Forecasted USD 28 million through December 2021.

III. Results of the Audit

Audit work and conclusions

28. The audit reviewed the following to assess the effectiveness of the Accelerator processes and practices: organizational context; leadership; planning; support; operation; performance and evaluation; and improvement.

29. Based on the results of the audit, the OIGA has come to an overall conclusion of **effective / satisfactory**³. 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.

Observations and actions agreed

30. Table 1 outlines the extent to which audit work resulted in observations and agreed actions. These are classified according to the areas in scope established for the audit and are rated as medium or high priority. Observations that resulted in low priority actions are not included in this report.

Table 1: Overview of areas in scope, observations and priority of agreed actions Priority of issues/agreed actions

		Priority of issues/agreed actions
A: Context of the Organization		
1 Involvement of committees and governance mechanisms		Medium
2 Scale up support and ownership		Medium
B: Leadership		
No observations raised		N/A
C: Planning		
No observations raised		N/A
D: Support		
3 Innovation Accelerator's funding model and staffing		Medium
E: Operations		
No observations raised		N/A
F: Performance Evaluation		
Refer to Dimension A, observation 1 Involvement of committees and governance mechanisms		N/A
G: Improvement		
No observations raised		N/A

31. The observations of this audit are presented in detail below.

³ See Annex B for definitions of audit terms.



32. Management has agreed to take measures to address the reported observations.⁴ An overview of the actions to be tracked by internal audit for implementation, their due dates and their categorization by WFP's risk and control frameworks can be found in Annex A.

⁴ Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.

A: Context of the organization

33. The audit performed tests and reviews of the Accelerator's procedures and practices for evaluating the needs and requirements of internal and external stakeholders.

34. According to ISO 56002:2019, an organization should regularly determine *external and internal issues that are relevant to its purpose and affect its ability to achieve the intended outcomes of its innovation management system and areas of opportunity for potential value realization*. For the Accelerator this would translate into scanning and analysing the internal and external context for a broad range of potential issues; evaluating and understanding the needs and requirements of relevant external stakeholders; and determining the organizational scope and strategic intent of its activities.

35. The audit assessed how the Accelerator ensured (i) alignment of its strategic objectives with WFP and external partners, and among internal and external stakeholders engaging in a project; and (ii) sufficient support from stakeholders and cross-functional cooperation. Established processes and controls in these areas would prevent delays in project execution and ensure efficient use of resources; transparency regarding the needs and requirements of external stakeholders; and limit potential loss of social capital and dependency on informal relationships to external stakeholders.

36. The audit noted that processes and controls were adequately defined and implemented for the Accelerator to have an overview of relevant stakeholders, information about their roles and activities, and successfully communicate activities and achievements and generate awareness and recognition by internal and external stakeholders. The Accelerator collected relevant information on its external environment and the target groups for specific projects to address needs, identify valuable markets and opportunities and provide impactful solutions.

Observation 1: Involvement of committees and governance mechanisms

37. The Accelerator was supported by the Innovation Advisory Group and the Advisory Council, with a broad range of topics reported and discussed in these fora. The Innovation Advisory Group influenced strategic orientation and decisions and supported the alignment of the Accelerator's activities with WFP's overall strategic direction and the interests of relevant internal stakeholders. It is, therefore, an influential group with an impact on the Accelerator's overall performance.

38. Yet, existing committees' support to and involvement in the Accelerator's operations and activities, and their influence on the Accelerator's strategic decisions, were not always formalised or clear. These committees did not follow a fully structured and formalized engagement, information sharing, reporting, and decision-making framework. The Accelerator reported that the informal set-up was decided by WFP Senior Management at the time of the Accelerator's establishment to allow for a flexible operational model. In addition, there was no clarity about the role of and interaction with other committees such as the Digital Business and Technology Committee (DBTC), or the criteria for their involvement in the Accelerator's projects.

39. In the context of continuous operational growth, there is a risk that the current governance mechanisms do not ensure consistent monitoring of the Accelerator's operational effectiveness, performance steering, and adequate decision-making support by senior leadership and relevant stakeholders.

Underlying cause(s): WFP's complex internal and external stakeholder landscape; the need for agility and flexibility for quick decision-making to keep up with a fast-paced environment; Accelerator's organizational positioning within the Programme Division influencing the focus of needs and priorities.

Agreed Action [Medium priority]

The Innovation Accelerator will:

- i) Evaluate and define the future role and responsibilities of the Innovation Advisory Group, and of established governance mechanisms, including meeting structure, reporting content and criteria, standard templates for decision support, to ensure traceability and accountability.
- ii) Define criteria for interaction with and involvement of additional internal stakeholders and relevant governance committees and boards, including the Digital Business and Technology Committee, the Information and Technology Advisory Board, and others deemed relevant to the Accelerator's strategic objectives and scope of activities.
- iii) Explore, as part of the ongoing corporate review of WFP committees, opportunities for the Innovation Accelerator membership in relevant committees including the Oversight and Policy Committee and the Country Strategic Plan Review Committee.

Timeline for implementation

30 June 2022

Observation 2: Scale up support and ownership

40. The Accelerator's Scale-Up Enablement Programme, launched in 2019, aimed at multiplying the impact of innovations within and beyond WFP, providing a broad range of services to project teams, including strategic and fundraising support. The review of a sample of projects in their scale-up phase indicated that the Accelerator regularly monitored their status and internally reported on individual progress with a particular focus on impact, challenges, and requirements. However, some of these projects faced significant delays compared to the predefined timelines and milestones. They could bring additional value to the organization if scaled up within a shorter time frame.

41. The Accelerator provided access to a valuable network of internal and external stakeholders for effectively leveraging new ideas. Yet, there were some difficulties securing and maintaining ownership and ensuring WFP's management support and commitment in the transition process after a project was handed over to another organizational unit (e.g. when an innovation was established as a corporate solution or mainstreamed into the organisation business model). Due to financial constraints, the sampled projects reported the need to take a conservative and less ambitious approach, which slowed their expansion.⁵

Underlying cause(s): Complexity of innovations projects to be scaled including locations where WFP operates and WFP's internal and external stakeholder landscape; lack of guidance and challenges in identifying the right project partners within WFP; absence, in the audit period, of previous examples from graduated projects and therefore of proven relations and organizational ties to build upon; Insufficient organisational support.

⁵ An issue regarding sustainable funding mechanisms for project scale-up was raised in the Internal Audit of Governance of Information Technology Enabled Projects in WFP, report No. AR/19/23. All actions agreed with management have since been implemented and closed by OIGA following review.



Agreed Action [Medium priority]

The Innovation Accelerator will review project graduation and handover mechanisms, and expand and strengthen collaboration with additional relevant stakeholders within and beyond WFP, to secure increased ownership after project handover and increased pace in project scale-up.

Timeline for implementation

31 July 2022



B: Leadership & C: Planning

42. The results of the leadership and planning dimensions were combined, considering the linkage between them and the results of the audit.

43. According to ISO 56002:2019, (i) leadership should demonstrate *commitment with respect to the innovation management system and value realization and establishes and implements an innovation vision, an innovation strategy and innovation policies as well as areas of opportunity for potential value realization (Leadership)*; and (ii) the organization should *establish innovation objectives at relevant functions and levels; define actions to address opportunities and risks; make sure that relevant and adaptable organizational structures are in place to achieve the intended outcomes; and establish, manage, regularly evaluate, and prioritize the portfolio (Planning)*. In WFP's innovation context, INK and the Accelerator leadership should provide strategic orientation and guidance and implement adequate structures to translate the strategy into actions at the operational level and facilitate their effective execution.

44. The audit identified and assessed processes and controls in place for (i) defining adequate roles and responsibilities in the context of the Accelerator's rapid growth and efficient reporting structure and governance mechanisms; (ii) evaluating and sourcing needed competencies to assure scalability; and (iii) correctly implementing and adopting the Objective and Key Results (OKR) methodology and for defining adequate objectives and key results (aligned with WFP's strategic objectives).

45. Processes and controls were established and implemented to address the potential risks assessed by the audit. In particular, the Accelerator leadership provided strategic guidance, clearly defined how it was expected to create impact, and its commitment to achieving valuable outcomes and results. While the use of the OKR methodology was not a WFP corporate requirement, it was in line with the performance management methods used by many leading entities in the innovation and technology sector. The Accelerator's leadership had established an innovative and collaborative culture, accepted by the team, and had defined an adequate organizational structure with roles and responsibilities supporting the achievement of the intended outcomes.

46. The audit identified opportunities for improvement in planning and managing staff skills and competencies beyond the project level, for which the Accelerator was nevertheless applying WFP's corporate standard competency and development framework. These opportunities for improvement were discussed with the Accelerator's Management for their information and action as relevant.

D: Support

47. The audit performed tests and reviews on how WFP determines and provides the necessary resources for the Accelerator to conduct and manage its operations and achieve its intended outcomes.

48. According to ISO 56002:2019, an organization should *determine and provide in a timely manner the resources needed for the establishment, implementation, maintenance, and continuous improvement* of an innovation management system. As such, the Accelerator should be equipped with the right financial and non-financial resources, for example, sufficient funding, adequate technical tools and physical and virtual infrastructure.

49. The audit identified and assessed processes and controls in place for managing the risks of financial uncertainty and dependency on voluntary funding from external sponsors, including the possible impact on the recruitment of experienced human resources (HR), personnel turnover and the loss of knowledge and experience and personal contacts and partnerships.

50. The Accelerator established a team with valuable expertise (e.g. entrepreneurial backgrounds, design techniques, agile methods), providing the necessary skills to effectively support their portfolio projects. There were no indications of specific competency gaps that could negatively impact their project outputs or the Accelerator's operations. Resources allocation aligned the Accelerator's strategy and objectives with established portfolio management priorities. Furthermore, the Accelerator successfully attracted external donors (based on effective external communication, see Dimension 1) and secured support from several important external partners, who provided funding to finance the Accelerator's operations.

Observation 3: Innovation Accelerator funding model and staffing

51. The Accelerator received limited corporate funding, requiring fundraising activities to maintain ongoing operations and achieve further organizational growth. This funding model increased financial uncertainty, preventing the Accelerator from making long term commitments. The Accelerator's funding model significantly differed from innovation units in other sectors that normally receive core corporate funding. This was a challenge that was not unique to the Accelerator as WFP is a voluntarily funded organisation.

52. In this context, the Accelerator regularly planned and assessed the need for financial resources, primarily consisting of staff and innovation project costs. Analysis of the Accelerator's personnel planning and HR data showed that while the Accelerator's leadership had not changed since inception, its utilization of short term/consulting positions was significantly higher than WFP's average and that there was a notable turnover ratio of personnel in the unit, including for key positions.

53. Management indicated short-term contracts were useful instruments designed to attract qualified professionals, with sought-after skillsets and inclined to move on after gaining some experience with the Accelerator, whilst increasing the Accelerator's flexibility in hiring new personnel within a short timeframe.

54. Project-based expertise may be required and appropriate for short periods. However, the extensive use of consultancy/short term contracts posed a risk of loss of knowledge, expertise, and social capital, requiring ongoing leadership mitigation efforts to prevent a negative operational impact. A degree of certainty and appropriate staffing level in critical positions was needed to enable further growth, organizational development and continuous improvement of the Accelerator.

55. At the time of the audit, the Accelerator started internal discussions to increase the stability of critical positions and reduce the risks of loss of knowledge and expertise. The funding and financial model of the Accelerator, including possible cost recovery through innovation-driven efficiency gains, had not considered matching the staff's length of service with the level and nature of innovation activities.



Underlying cause(s): The Accelerator's rapid growth; WFP's voluntarily funding model; lack of recognition of innovation management as a continuous support activity to WFP operations and de-prioritisation in the allocation of corporate financial resources; need for specialised skillsets not available through re-assignment; WFP procedures requiring confirmation of resource availability before contracts are issued.

Agreed Action [Medium priority]

The Innovation Accelerator will:

- i) Define critical positions and an organizational core structure (e.g. the management team) that builds on longer-term positions to limit turnover in key roles, and to align to WFP's recently launched Staffing Framework⁶.
- ii) Pursue opportunities for sustainable funding, including predictable funding mechanisms, in line with WFP's strategic priorities.

Timeline for implementation

31 December 2022

⁶ ED Circular ED2021/017, 15 September 2021.



E: Operations

56. The audit performed tests and reviews of the Accelerator's operations and project support, emphasizing innovation processes, project management, and the applied methodology.

57. According to ISO 56002:2019, an organization should *plan, implement, and control innovation initiatives, processes, structures, and support needed to address innovation opportunities, meet requirements, and implement actions*. The Accelerator should establish an innovation process that suits its strategic objectives and defines how to identify opportunities; create and validate concepts; and develop and deploy solutions.

58. The review focused on how the Accelerator ensured sufficient process documentation and standardization across different projects; operating effectiveness of defined processes; sufficient methodological know-how and team experience for optimal process execution; continuous strengthening of existing skills, and development of new ones.

59. Starting in 2019, the Accelerator had developed a structured framework ("Path to Scale") covering all relevant steps and project phases with specific formats to deliver value at every stage. It had comprehensive process documentation ("Accelapedia") defining relevant aspects such as purpose, ownership, and documentation for a broad range of standard processes. Overall, the Accelerator provided value to meet the most important challenges at an operational level by developing business models and providing access to its network and received positive feedback from portfolio project teams, donors, and other relevant stakeholders met by the audit.

60. Opportunities for improvement were identified in the areas of standardization of operational instructions, particularly for new joiners, and process execution quality assurance to maintain the required quality level in the event of staff turnover. This was discussed with the Accelerator's Management for their action as relevant.

F: Performance evaluation

61. The audit performed tests and reviews of the Accelerator's procedures and practices to monitor, measure, analyse and evaluate its performance.

62. In line with ISO 56002:2019, an organization should establish *innovation performance indicators, quantitative or qualitative, which can be applied at system, portfolio or initiative level and can focus either on the evaluation of the elements of the innovation management system, their interactions, as well as on the results to analyse and evaluate the innovation performance and the effectiveness and efficiency of the innovation management system* and should set-up management reviews and *retain documented information as evidence of the results of management reviews*. For the Accelerator, this would translate into implementing a comprehensive performance monitoring process to evaluate its activities as a team and provide actionable reporting and support for management decision.

63. The audit identified and assessed the processes and controls in place to ensure (i) adequate implementation and adoption of the OKR methodology for the definition of objectives and key results, ensuring transparency and enabling sufficient monitoring; (ii) comprehensive and accurate measurement of the impact of innovation projects (including qualitative aspects); (iii) transparent reporting of innovation projects impact to external stakeholders; and (iv) complete and adequate measurement of the efficient use of resources.

64. Although it is difficult to measure the impact of all innovations in the Accelerator's portfolio, a set of quantitative key performance indicators (e.g. number of beneficiaries reached or efficiencies created) have been defined and are applied for output measurement and performance evaluations, reporting and communication to stakeholders. The Accelerator has defined adequate reporting structures and governance mechanisms to monitor activities, evaluate performance and report project progress. Within its team, the Accelerator has implemented an OKR process and regularly reviews activities and measures progress towards achieving strategic objectives. As the OKR methodology is not used elsewhere in WFP, the team has been gaining experience and generating learnings that could be potentially applied and/or leveraged in other organizational units.

65. The audit identified gaps in reporting the Accelerator's overall performance to monitor its operational effectiveness and strategic orientation. These are included in [Observation 1](#).



G: Improvement

66. The audit tested and reviewed the Accelerator's procedures and practices to continuously improve its strategy and operations' suitability, adequacy, effectiveness, and efficiency.

67. According to ISO 56002:2019, it is important for an organization to *identify opportunities for improvement and ensure that respective actions and changes are implemented in a timely, complete, and effective manner*. Furthermore, the organization should retain documented information on relevant learnings and communicate actions and changes within the organization and to other relevant interested parties to stimulate learning and improvement. This means that the Accelerator should continuously reflect upon their processes and activities; assess what worked well and which challenges or impediments occurred; derive, document, communicate relevant learnings; and finally capture these learnings by adapting or implementing concrete measures.

68. The audit identified and assessed processes and controls ensuring (i) sufficient dissemination and documentation of learnings that would enable efficient use of resources and the achievement of accelerator strategic goals; and (ii) efficient growth and evolution, embracing the organizational development.

69. The audit noted that the Accelerator had established a comprehensive knowledge management approach including overall objectives, a roadmap with specific activities and clear roles and responsibilities, specific events for feedback, and mechanisms to capture lessons learned and avoid repeating mistakes in future projects. The Accelerator's leadership had also developed an innovative learning culture; knowledge management and learning approaches were widely accepted and supported within the team. The Accelerator's structure and processes reflected the growth over the recent years, with defined measures and roles to adapt to operating and ensure effectiveness and efficiency on a larger scale.

70. The audit did not identify any reportable issue within this area.



Annex A – Summary of observations

The following tables show 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.

Medium priority observations	Categories for aggregation and analysis:			Implementation lead	Due date(s)
	WFP's Internal Audit Universe	WFP's Governance, Risk & Control logic: Risks (ERM)	Processes		
1 Involvement of committees and governance mechanisms	Change, reform & innovation	Governance & oversight risks	Services	INKA	30 June 2022
2 Scale up support and ownership	Change, reform & innovation	Governance & oversight risks	Services	INKA	31 July 2022
3 Innovation Accelerator funding model and staffing	Change, reform & innovation	Governance & oversight risks	Resource mobilization and Partnerships	INKA	31 Dec 2022

Annex B – Definitions of audit terms: ratings and 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.⁷

⁷ An audit observation of high risk to the audited entity may be of low risk to WFP as a whole; conversely, an observation of critical importance to WFP may have a low impact on a specific entity, but have a high impact globally.



To facilitate analysis and aggregation, observations are mapped to different categories:

3 Categorization by WFP's audit universe

WFP's audit universe⁸ covers organizational entities and processes. Mapping audit observations to themes and process areas of WFP's audit universe helps prioritize thematic audits.

Table B.3: WFP's 2019 audit universe (themes and process areas)

A Governance	Change, reform and innovation; Governance; Integrity and ethics; Legal support and advice; Management oversight; Performance management; Risk management; Strategic management and objective setting.
B Delivery	(Agricultural) Market support; Analysis, assessment and monitoring activities; Asset creation and livelihood support; Climate and disaster risk reduction; Emergencies and transitions; Emergency preparedness and support response; Malnutrition prevention; Nutrition treatment; School meals; Service provision and platform activities; Social protection and safety nets; South-south and triangular cooperation; Technical assistance and country capacity strengthening services.
C Resource Management	Asset management; Budget management; Contributions and donor funding management; Facilities management and services; Financial management; Fundraising strategy; Human resources management; Payroll management; Protocol management; Resources allocation and financing; Staff wellness; Travel management; Treasury management.
D Support Functions	Beneficiary management; CBT; Commodity management; Common services; Constructions; Food quality and standards management; Insurance; Operational risk; Overseas and landside transport; Procurement – Food; Procurement - Goods and services; Security and continuation of operations; Shipping - sea transport; Warehouse management.
E External Relations, Partnerships and Advocacy	Board and external relations management; Cluster management; Communications and advocacy; Host government relations; Inter-agency coordination; Non-governmental organization (NGO) partnerships; Private sector (donor) relations; Public sector (donor) relations.
F ICT	Information technology governance and strategic planning; IT Enterprise Architecture; Selection/development and implementation of IT projects; Cybersecurity; Security administration/controls over core application systems; Network and communication infrastructures; Non-expendable ICT assets; IT support services; IT disaster recovery; Support for Business Continuity Management.
G Cross-cutting	Activity/project management; Knowledge and information management; M&E framework; Gender, Protection, Environmental management.

4 Categorization by WFP's governance, risk & compliance logic

Audit observations are mapped to WFP's risk and process categorizations.



Table B.4: WFP's new ERM Policy recognizes 4 risk categories and 15 risk types

1	Strategic	1.1 Programme risks, 1.2 External Relationship risks, 1.3 Contextual risks, 1.4 Business model risks
2	Operational	2.1 Beneficiary health, safety & security risks, 2.3 Partner & vendor risks, 2.3 Asset risks, 2.4 ICT failure/disruption/attack, 2.5 Business process risks, 2.6 Governance & oversight breakdown
3	Fiduciary	3.1 Employee health, safety & security risks, 3.2 Breach of obligations, 3.3 Fraud & corruption
4	Financial	4.1 Price volatility, 4.2 Adverse asset or investment outcomes

Table B.5: The GRC roll-out uses the following process categories to map risk and controls

1	Planning	Preparedness, Assessments, Interventions planning, Resource mobilization 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 Enterprise 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

COVID-19	Coronavirus Disease
DBTC	Digital Business and Technology Committee
ERM	Enterprise Risk Management
HR	Human Resources
INK	Innovation and Knowledge Management Division
INKA	Innovation Accelerator
OIGA	Office of Internal Audit
OKR	Objective and Key Results
USD	United States Dollars
WFP	World Food Programme