

13 April 2022

**Management Comments to the Internal Audit Report of WFP Operations in Djibouti (AR/22/07)**

WFP Management welcomes the observations and recommendations made by the Office of the Inspector General in this internal audit report (AR/22/07), covering the period 1 October 2020 to 30 September 2021.

WFP Management acknowledges the complexity of the Djibouti operation, coupled with the challenges posed by COVID-19 that resulted in supply chain disruptions, increased employees and partner health and safety risks, and disruptions to key processes and controls across the operation. In addition, an organizational alignment exercise was delayed due to several factors including COVID-19, limitations in attracting appropriate staff profiles from within the relatively small Djiboutian market, and the lower UN salary scales compared with Djiboutian government and private sector jobs. Despite these challenges, WFP implemented a range of measures to ensure staff were on the ground to deliver much-needed assistance across its four offices in Djibouti.

WFP Management takes note of the overall audit rating of **“partially satisfactory / some improvement needed”** and agrees with the report’s two high priority and four medium priority observations. WFP Management shall commence with implementing all the agreed actions and is committed to meeting the deadlines, with special attention placed on the two high-priority observations.

WFP Management is determined to leverage the benefits availed by this report to ensure structures and processes are further reinforced in areas of risk and fraud management, beneficiary management (data privacy, protection and integrity), cash-based transfers (CBT) assurance, and supply chain. WFP Management notes that the majority of audit observations and agreed actions are closely aligned with existing management priorities including the need to review and prioritize activities under the country strategic plan (CSP), strengthen CBT governance and assurance processes, and better assess and articulate data privacy risks and controls for beneficiaries. The audit period coincided with a strategic review exercise of WFP’s programme activities in Djibouti that was carried out in collaboration with the Regional Bureau for Eastern Africa.

While much work has been done to implement due diligence and risk management processes across programme implementation and the management of partners and vendors, WFP Management agrees that implementing agreed-upon actions will considerably improve oversight in these areas. Operations in Djibouti face many challenges due to the low number of



partners and vendors across the country, compounded by poor infrastructure and access risks, as well as extremely high operating costs. WFP Management is also working in close consultation with other United Nations agencies in Djibouti to promote information sharing for improved due diligence and vetting of partners and vendors.

WFP Management will undertake regular reviews of outstanding agreed actions and provide updates through WFP's corporate tracking tool. The Regional Bureau for Eastern Africa will provide guidance and technical support to the country office.

WFP Management appreciates the constructive and useful engagement of the Office of the Inspector General and its thorough analysis, receptive engagement, and collaborative support. WFP Management considers the observations and the agreed actions presented by the internal audit report as a valuable instrument to improve operational effectiveness and to further strengthen the governance, risk management, and internal control processes of WFP's operations in Djibouti.