

25 July 2022

Internal Audit of the Bottom-up Strategic Budgeting Exercise (BUSBE) (AR/22/11)

Management Comments

WFP Management welcomes the observations made by Office of the Inspector General (OIG) in internal audit report AR/22/11, “Internal Audit of the Bottom-up Strategic Budgeting Exercise (BUSBE).” The internal audit focused on the application of BUSBE outputs to the formulation of the Management Plan (2022–2024), the handover of the BUSBE workstreams to several internal business owners, and the mainstreaming of tools and frameworks for budget exercises going forward. It covered the period 1 June 2020 to 31 December 2021.

At the outset, WFP Management notes that full implementation of activities required to complete the four BUSBE workstreams are on-going. The period examined by the internal audit coincided with the launch of the BUSBE in June 2020 by the Executive Director, the dissolution of the Office of the Executive Director (OED) BUSBE team in September 2021, and only the first few months of the handover of the BUSBE workstreams to internal business owners.

WFP Management therefore appreciates OIG’s recognition that all four project objectives could not be expected to have been achieved by December 2021, and that the internal audit could not account for improvements introduced in connection with the preparation of the Management Plan (2023-2025) or the progress made by business owners in their respective BUSBE workstreams. The mid-project timing of the internal audit is reflected in OIG’s decision to assign two audit ratings: one for the relevance and design of the BUSBE, which require “some improvement”; and the other for project management and implementation, requiring “major improvements.” WFP Management appreciates the use of, and acknowledges, the two ratings.

WFP Management also appreciates OIG’s acknowledgement that the BUSBE did, in fact, result in an improved budget governance framework and in the design of a 2022 budget exercise that gave business owners better visibility of the links between planned activities and funding sources. The internal audit report also noted that the BUSBE facilitated a first shift in stakeholder expectations of increased transparency in the budget allocation decisions.

WFP Management agrees that the six audit observations set forth in the report represent an opportunity for continued refinement of tools, frameworks, and processes in subsequent budget cycles. Indeed, WFP Management has already implemented the agreed actions having direct bearing on preparation of the 2023 budget and management plan.

WFP Management also notes that the single agreed action concerning the unfunded baseline in the 2022 budget has been addressed. With respect to the remaining agreed actions, WFP Management confirms efforts are being made to implement them within the specified timelines.

WFP Management thanks OIG for its report and for its collaborative approach to this internal audit, in support of improved budget governance and a more rationalized and budget processes.