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Follow-up Review of the Implementation of Agreed Actions from the 2021 Internal Audit of WFP Operations in Mali

Office of the Inspector
General Follow-up of Audit Report
AR/22/13



World Food
Programme

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I. Executive Summary

Introduction

1. As part of its annual workplan, the Office of Internal Audit conducted a follow-up review of the implementation of agreed actions from the 2021 Internal Audit of WFP Operations in Mali (AR/21/16), which was rated *Unsatisfactory*, i.e., internal controls, governance and risk management practices were either developed and not fully established or not functioning well. The audit report made six high priority and four medium priority observations with 37 related agreed actions which were all due to be implemented by 31 March 2022.

2. The audit team conducted the fieldwork from 10 to 17 May 2022 in the Mali Country Office.

Status of agreed actions

3. The country office committed resources and substantial efforts to address the agreed actions in 2021 and 2022 and to meet the timeline for their implementation. The Regional Bureau for Western Africa and technical units in headquarters supported the country office through missions in Mali for the higher risk areas.

4. Of the 37 agreed actions, 34 had been implemented and closed (92 percent). The remaining three agreed actions corresponding to medium priority observations were overdue from the initial target date of 31 March 2022. The country office had already undertaken significant work to complete these actions and aimed for their implementation by 30 September 2022.

5. The country office strengthened its capacity by upgrading several positions and increasing the number of staff in units such as cash-based transfers and security. The country office's most significant improvements built on two pivotal developments: first, a structured approach to expand and maintain humanitarian access, building on practices of other WFP operations and growing corporate guidance; second, the digitalisation strategy, including ambitious targets in a reduced timeframe, represented an opportunity to review beneficiary management and delivery processes to strengthen the control environment.

6. While implementation of the agreed actions improved the governance, risk management practices and internal controls of the office, WFP operations in Mali remained exposed to increasing contextual risks and internal challenges. The Office of Internal Audit encourages country office management to continue the efforts undertaken since the 2021 internal audit in the identification and mitigation of risks, in coordination with the regional bureau and headquarters units, where applicable.

7. Details of observations, actions taken and the audit's conclusions are provided in Tables 1 and 2.

Thank you!

8. The Office of Internal Audit would like to thank management and staff for the assistance and cooperation accorded during the follow-up review.



II. Context and scope

Mali

9. Mali is a landlocked, low-income Sahelian country with a population of 19.1 million, ranking 182 of 189 countries on the Human Development Index of the United Nations Development Programme. The combined effects of frequent drought and increased insecurity have contributed to a progressive deterioration of livelihoods and, on average, 3.6 million people – 18 percent of the population – are food-insecure each year.

10. In 2012, conflict in the north of the country led to international involvement and, in 2013, the deployment of the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). In August 2020, after a military coup, the president was forced to resign and to dissolve the Government and other institutions; this was followed by another coup in 2021, further aggravating political instability.

11. According to the 2021 'Cadre Harmonisé' acute food insecurity analysis,¹ around 1.8 million people in Mali were likely to experience Crisis or Emergency levels of acute food insecurity (CH Phase 3 or 4) between June and August 2022. These numbers were collected before the impact of the Ukraine crisis on prices and food insecurity.

WFP operations in Mali

12. As defined in the Country Strategic Plan² 2020–2024, operations in Mali aim to maintain the country office's capacity to respond to emergency needs while increasing the focus on developing government emergency response and preparedness capacity and fostering increased resilience. The plan comprises three pillars: Pillar 1 focuses on assisting shock and crisis-affected vulnerable people; Pillar 2 relates to building the resilience of individuals, households, and communities; and Pillar 3 leverages WFP's expertise and operational capacity to help shape and institutionalise the emerging social protection system and reinforce national emergency response and preparedness systems.

13. In 2021, WFP in Mali assisted 1.6 million beneficiaries, of which 435,000 were internally displaced persons. Assistance was provided predominantly through cash-based transfers totalling USD 42 million and, to a lesser extent, with 5,270 metric tonnes of food commodities.

14. The country office made significant efforts and investments in digitalising its delivery processes. In 2021, over 1 million beneficiaries were registered in the corporate platform for beneficiary information and transfer management (SCOPE), and a major shift from the distribution of paper vouchers to electronic vouchers was underway. New financial service providers were being contracted, which should enable the country office to implement preventive and detective controls on cash distributions.

15. Following the 2021 internal audit, the country office strengthened its staffing capacity, with an increased level and number of international positions and a more stable national staff workforce. The creation of new committees, or reinforcement of existing ones through a review of terms of reference, led to improved governance mechanisms and controls over key processes.

16. The regional bureau and headquarters units supported the country office in reviewing its staffing structure, clarifying its strategy to maintain and enhance humanitarian access in the field, and conducting due diligence of financial service providers to formulate risk mitigation strategies. This support is described in more detail in relevant observations of this report.

¹ Acute Malnutrition Snapshot, Mali, 2021-2022: <https://reliefweb.int/report/mali/mali-acute-malnutrition-snapshot-june-2021-august-2022>

² WFP Mali [Country Strategic Plan](#)



Objective and scope of the follow-up review

17. The objective of the follow-up review was to determine the extent to which the actions agreed in the 2021 internal audit of WFP operations in Mali have been implemented and risks reported effectively mitigated.

18. This involved a review of available documentation, interviews and consultations with the Mali Country Office, the Regional Bureau for Western Africa, and relevant headquarters divisions to verify the implementation of the agreed actions. The Office of Internal Audit verified and documented the implementation of the agreed actions through its system for monitoring the implementation of agreed actions. The Office of Internal Audit tracks all medium and high-risk observations to ensure management actions are implemented within the agreed timeframe to manage and mitigate identified risks, thereby contributing to improving WFP's operations.

19. The verification process followed standard internal audit practices and was in line with the Office of Internal Audit guidelines. The guidelines provide for follow-up reviews of internal audits that the Office of Internal Audit rated 'unsatisfactory' (see Annex A for definitions of audit ratings). The follow-up review procedures and tests were designed to assess the progress of implementation of the agreed actions, and not for the purpose of expressing an opinion on the effectiveness of the Mali Country Office, its operations and internal controls.

20. The review was carried out in accordance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors.

21. Annex A outlines the categories used to determine the implementation status of the agreed actions based on the 2021 internal audit.



III. Results of the follow-up review

Table 1: High-priority observations

Audit report observation 2: Humanitarian access as from AR/21/16

The Mali country context is characterised by significant and escalating security risks, protracted armed conflicts and increasing needs. Within this context, the combination of elements described below limited the country office's ability to maintain and extend humanitarian access to improve its programmes' design, implementation and monitoring. This situation was further aggravated during the audit period by movement restrictions due to the COVID-19 pandemic.

Access strategy and implementation

The country office finalised an access strategy document in August 2020, providing a picture of humanitarian access conditions in field offices. However, the document was limited in scope as it did not provide a clear strategic approach or establish objectives, activities and expected results of improved access.

Several tools developed by the country office were outdated, including its mapping of actors in the field. Up-to-date information to develop and implement a negotiation approach was also absent.

While regional initiatives were ongoing to improve operational continuity and engagement in Sahel countries, 5 of 10 recommendations from a 2018 joint headquarters/Regional Bureau for Western Africa access mission were pending implementation, including considering humanitarian access assessments into programme design.

Coordination mechanisms

The civil-military coordination (CM Coord) structure created by the Humanitarian Country Team and headed by the Office for the Coordination of Humanitarian Affairs (UN-OCHA) was decentralised with operational cells at the field level (Gao, Mopti and Timbuktu) and a strategic and decision-making cell in the capital, Bamako.

In the absence of an access team, the WFP Humanitarian Military Interactions Officer had been assigned a transversal role, including interactions with all units and sub-offices where necessary. While the Humanitarian Military Interactions Officer planned humanitarian access initiatives, these were not always shared with management or clearly understood by the Programme Unit and sub-offices and, therefore, were either not prioritised or were ultimately abandoned.

Underlying cause(s): Absence of a country office cross-functional access team; WFP humanitarian access-related activities carried out by the Bamako office with limited visits to the field and limited interaction with other humanitarian actors; staff turnover in the humanitarian interaction officer position; lack of training to familiarise staff with humanitarian access methods and tools; and limited internal communication and external follow-up channels in CM Coord between the strategic and operational cells to ensure coordination between humanitarian actors within the Humanitarian Country Team.



Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
The country office will:		
(i) Based on other country offices' experience, establish a cross-functional humanitarian access team.	In November 2021, the country office established a cross-functional humanitarian access cell. Members were formally appointed, and terms of reference were endorsed by country office management. Since its creation, the access cell has met monthly to coordinate and monitor the implementation of the access strategy.	Closed
(ii) With the support of headquarters/Regional Bureau for Western Africa, review and revise the access strategy to include objectives, an action plan and resources.	<p>The regional bureau conducted a mission in November 2021 to support the country office in reviewing its access strategy. The revised document establishes objectives and clear actions to improve access to field locations, such as developing mapping tools, enhancing analysis, expanding the network of informants and improving beneficiary sensitisation to increase acceptance of WFP operations and personnel. These actions were implemented by the country office under the coordination of the access cell.</p> <p>Pending final decision on the country office's structure – see action 1.i – staffing resources were committed to implementing the strategy.</p>	Closed
(iii) With support from headquarters/Regional Bureau for Western Africa, organise humanitarian access training for relevant staff.	In December 2021, the country office organised a humanitarian negotiation training facilitated by a recognised institute for internal relations. Five staff members from the access cell received training, and the country office planned to train several other staff in 2022.	Closed

**Audit report observation 3: Risk appetite, management and risk sharing as from AR/21/16***Risk appetite*

The audit noted risk-hungry practices within the country office to ensure continuity of operations which were not, at times, aligned with WFP's corporate risk appetite statement. For instance, the continuation of paper voucher distributions, despite the country office's inability to perform reconciliations at the beneficiary level (see observation 8); re-contracting of a financial service provider despite documented poor performance and risk of losses; and onboarding and/or re-contracting of national cooperating partners not meeting established selection criteria.

While country office operations take place in a context with inherent high risks making it susceptible to fraud, it had not defined a specific risk appetite framework in line with the 2018 Enterprise Risk Management Division policy to guide operational decisions, designed to ensure alignment with WFP's risk tolerance for operations in Mali. Programme criticality may have justified country office decisions to exceed corporate risk appetite levels in some, but not all, instances.

Donors consulted during the audit expressed their interest in learning more about the challenges faced by the country office's field operations. A defined risk appetite statement would help the country office to share the risks it faces, while mitigating reputational risks in coordination with the broader humanitarian community.

Risk management practices

The country office's risk register identified risks, but corresponding mitigation actions were not well defined or were not yet implemented at the time of the audit. These included mitigations for risks relating to lack of resources and expertise to implement cash-based transfer (CBT) operations, inherent fraud risks and lack of access.

The country office had not documented and mitigated several risks deriving from the main delivery modality, paper-based value vouchers. These risks included potential conflicts of interest of traders contracted for retail and transport activities, sub-contracting, and food safety and quality.

The audit also noted that second and third-line oversight recommendations – in the range of several hundred over the past two years – had not been consolidated, a practice that would improve follow-up with responsible units, enforce accountability and provide clear visibility on implementation status. Several observations in this report had already been identified during management oversight missions but remained open.

Underlying cause(s): Newly created risk and compliance adviser position; maturing country office risk management processes; lack of a communication strategy to increase engagement with donors on WFP's risk appetite and risk taking by the country office.



Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
The country office will:		
(i) Reassess and update the risk register to define effective mitigation actions, and conduct a specific risk assessment of retail operations, including definition of mitigating actions	The country office's risk register and mitigation actions were updated and streamlined for clarity. In 2022, the country office identified four high risks (delays in cash distributions, political instability, fraud and abuse, and access restrictions). In addition, a specific risk assessment was finalised for retail operations. A review of a sample of mitigating actions showed that the country office was acting on their implementation.	Closed
(ii) Consolidate and prioritise oversight recommendations	The country office has set up a consolidated list of oversight recommendations with assigned responsibility and implementation status. As of May 2022, 98 of the 104 recommendations formulated since 2018 had been marked as completed.	Closed
(iii) In coordination with Regional Bureau for Western Africa and Enterprise Risk Management Division, establish risk thresholds and monitor risks for timely escalation to senior management	The country office has established risk thresholds for its four most significant risks (see action 3.i). It has monitored metrics and the trends of these risks and documented this analysis in a biannual report. A report for the second half of 2021 showed that two of the four main risks had increased, while the other two remained stable. As of May 2022, the country office was finalising the report for the first half of 2022.	Closed
(iv) In line with the applicable guidance, share risk information with donors to mitigate WFP's reputational risks	The country office has presented the progress made to address risks highlighted by the 2021 internal audit to some donors. In addition, risk information was shared informally in regular meetings with the donor community. The Office for Internal Audit encourages the country office to use corporate guidance on risk-sharing in future donor interactions.	Closed

**Audit report observation 4: Third-party risks as from AR/21/16***Assessment of vendors*

Corporate policies require country offices to assess vendors before contracting them to mitigate counterparty and operational risks. Instances of non-compliance with these policies were noted for all vendors, including transporters, goods and services suppliers, and retailers. Visits to vendor premises were not always conducted; there were inconsistencies in the documentation received; and due diligence was not undertaken systematically before signing contracts to ensure there were no pending issues or unexpected liabilities with selected suppliers.

Cooperating partners as financial service providers

The assessment of cooperating partners was made based on self-declared information during the selection process. Some cooperating partners contacted during the audit confirmed that they did not meet several selection criteria set by the country office.

CBT operations were implemented through cooperating partners due to operational constraints. No assessment of the partners' financial and administrative capacities was made for proper consideration of risks, mitigation, and targeted capacity-strengthening activities. Over the audit period, USD 7.5 million of cash distributions were channelled through several national government partners, a transfer modality that WFP corporate guidance recommends avoiding.

At the time of the audit, discussions at the UN Country Team level were ongoing with agencies participating in the harmonised approach to cash transfers (HACT) framework, and the country office was developing a standard operating procedure on partnership management, including a risk management strategy. However, the country office had yet to conduct micro-assessments of cooperating partners and implement a plan to ensure adequate financial and operational certification of programmatic activities. The country office risk register identified these activities as measures to mitigate fraud risks. There was no roster for selecting cooperating partners for CBT and in-kind activities.

Performance management

Performance evaluation processes did not capture poor vendor and cooperating partner performance as evaluations were conducted at the sub-office level without systematic country office review and were mostly based upon subjective criteria. Overall, performance ratings did not vary meaningfully between vendors, and several cases of known poor performance were not reflected in performance evaluations.

As such, performance issues were not effectively addressed by capacity-building efforts, and the audit noted examples of poor-performing vendors and cooperating partners having their contracts extended during the audit period.

Underlying cause(s): Lack of a Vendor Management Committee and vendor management staff (previously recommended by the regional bureau); lack of cooperating partner management staff; limited use of corporate tools for retailer selection; impact of COVID-19 restrictions; performance evaluations conducted as a compliance check and not used as an integral part of the vendor management cycle; newly created risk and compliance adviser position; and outdated vendor rosters and assessments.



Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
The country office will:		
(i) Establish a Vendor Management Committee	The country office established the Vendor Management Committee in October 2021, appointed its members and finalised the terms of reference. As of May 2022, the committee had met ten times.	Closed
(ii) Ensure effective vendor due diligence reviews and assessments are conducted	The country office recruited a consultant to review the list of vendors; performed assessments on a sample basis; developed tools and methodology; and established key performance indicators. As of May 2022, these tasks were implemented on a continued basis and the country office was on track to implement its action plan to strengthen vendor management.	Closed
(iii) Use the corporate toolkit for future retailer selection processes	Following a call for expression of interest in January 2022, 296 retailers expressed their interest in supporting WFP's operations in Mali. The country office used the corporate application and guidance for retailer onboarding and contracting, including on-site visits to all assessed retailers to undertake the required due diligence. The memorandum for approval of selected retailers was endorsed in June 2022.	Closed
(iv) Strengthen assessments of cooperating partners and plan for spot checks to be performed on a regular basis	In 2021, the country office started using the United Nations Partner Portal (UNPP) introducing harmonised practices with other UN agencies to assess cooperating partners. New evaluation criteria were defined and applied in the selection of cooperating partners which, in 2022, led to contracting new partners in several locations. The country office conducted spot checks on two partners in 2021. Spot checks are designed to ensure cooperating partners' processes and systems support the implementation of programmatic activities and adherence to contractual conditions including financial reporting. Spot checks for five other cooperating partners have been scheduled for 2022.	Closed
(v) Review performance evaluation processes and criteria to include, where possible, quantitative information	The country office has reviewed vendor performance evaluation processes using the most recent corporate tools. The collection of quantitative information remained challenging for several categories of vendors and cooperating partners. The use of performance evaluations by the country office was more effective as this led, in a few instances, to the disqualification of vendors from participating in subsequent procurement processes.	Closed

**Audit report observation 5: Beneficiary management as from AR/21/16**

Although the country office had plans to digitalise beneficiary management processes, over the audit period, beneficiary lists were mostly compiled manually; they were often paper-based; and were not consolidated at the country office or sub-office level. Moreover, beneficiary data collection was limited to heads of households, increasing the risk of collecting unreliable beneficiary numbers.

The country office relied on cooperating partners for beneficiary management, but cooperating partners and WFP's roles and responsibilities throughout the identification and registration of beneficiaries had not been fully identified and formally established. The audit could not identify how the beneficiary verification mechanisms mentioned in the country office's targeting guidelines were applied to allow sufficient assurance over the reliability and integrity of beneficiary numbers and lists.

Therefore, there were risks that the country office would not be able to detect and mitigate inclusion errors. Targeting issues were noted during monitoring activities and reported through complaints and feedback mechanisms, and a few instances of indirect distributions were reported.

Application of targeting criteria

The country office's guidelines to support targeting from the geographic to the household level were developed in 2020. However, the audit could not confirm that these guidelines had been correctly applied, as the documentation provided was incomplete and inconsistent across sub-offices and cooperating partners. There was no clear evidence to determine whether individual targeting was implemented according to the country office's agreed methodology, including how exclusion and inclusion errors were addressed. These issues were also highlighted in the country office field mission reports in Gao and Mopti.

Distribution plans were based on the national census average of six members per household, rather than on actual verified household sizes as per the country office targeting guidelines. This approach was inconsistent with other activities such as the rapid response mechanism where different household sizes (three, six and twelve) were used in the food cluster. This practice puts the effectiveness of the assistance at risk, i.e., not meeting the needs of all beneficiaries or providing excess assistance to some households.

SCOPE implementation plan

SCOPE³ implementation in Mali was adversely affected by inadequate project governance, limited staffing and procurement issues. Country office management appointed a project manager and dedicated staff in 2021 to address these issues. However, the audit noted that the revised SCOPE scale-up and implementation plan had not been shared and reviewed by the regional bureau.

Data protection

Data sharing protocols had not been established and agreed upon with cooperating partners. Digital beneficiary lists were managed and shared via emails, and the country office had yet to adopt an automated and secure file transfer solution with cooperating partners, potentially putting beneficiary data at risk.

³ SCOPE is WFP's beneficiary information and transfer management platform.

A privacy impact assessment conducted in 2019 highlighted several risks and did not recommend collecting beneficiaries' biometric data. In 2021, the country office amended this assessment, making a case for using biometrics without the involvement of the regional bureau's protection team. Despite recent contextual changes, the country office had not reviewed its privacy impact assessment, including context-specific risk analyses.

Underlying cause(s): Access constraints increased reliance on cooperating partners and limited WFP's oversight in the field; missing standard operating procedures; field-level agreement clauses not fully covering corporate requirements on data privacy; and limited SCOPE implementation due to inadequate project governance, limited staffing and procurement issues.

Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
The country office will:		
(i) In coordination with the Regional Bureau for Western Africa, finalise the SCOPE scale-up and implementation plan, ensuring that privacy risks are mitigated	The country office updated its digitalisation strategic plan. It made significant efforts to digitalise its operation and centralise beneficiary information management in SCOPE. It established a cross-functional project steering committee, recruited additional staff and trained staff in sub-offices. In 2021, over 1 million beneficiaries were registered in SCOPE. Mitigation of privacy risks depended on the results of ongoing privacy impact assessments which the country office was finalising (see action 5.vi).	Closed
(ii) Clarify roles and responsibilities in the implementation of targeting guidelines and the identification and registration of beneficiaries	In January 2022, the country office revised its methodological guide for beneficiary targeting. This guide now encompasses all activities; strengthens communication with cooperating partners during the selection process; and caters for more capacity-building activities. In addition, standard operating procedures were reviewed clarifying roles and responsibilities, and ensuring adequate segregation of duties along the process by centralising some activities at the country office previously performed by field offices.	Closed
(iii) Introduce appropriate beneficiary data sharing protocols	The country office has transitioned to corporate-recommended platforms for the secure transmission of beneficiary data to and from cooperating partners, and transfer of instructions to financial service providers.	Closed
(iv) In coordination with the Food Security Cluster, define a household size and threshold for distributions that are consistent across activities	In December 2021, the Food Security Cluster discussed the assistance model based on the size of households. One of the objectives was to harmonise the practice between food assistance and non-food items. In line with Food Security Cluster guidelines, food assistance was harmonised based on defined household size categories.	Closed



Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
<p>(v) Define beneficiary verification mechanisms leveraging remote monitoring and third-party monitors, including by certifying household composition</p>	<p>The country office planned a post-targeting survey following the 2022 lean season. Data collection methods and tools had been configured, and an external company to conduct the exercise was selected. The final report was expected for the end of August 2022.</p> <p>This action was closed based on information obtained after the end of the fieldwork phase of the engagement, but prior to the finalisation of this report.</p>	<p>Closed</p>
<p>(vi) In coordination with the Regional Bureau for Western Africa, review and update the privacy impact assessment</p>	<p>The country office partially updated its privacy impact assessment notably to recognise the objective and risks associated with the roll-out of SCOPE and the capture of beneficiary biometrics. Work was ongoing to ensure the exercise considered all possible risks and how to mitigate them, notably in areas where non-state armed groups are active, through community consultations to understand their acceptance of biometric data collection.</p> <p>This action was closed based on information obtained after the end of the fieldwork phase of the engagement, but prior to the finalisation of this report.</p>	<p>Closed</p>

**Audit report observation 6: Cash-based transfer strategy, governance and assessments as from AR/21/16**

The country office had scaled up CBT interventions over the last three years to reach a total transfer value of nearly USD 60 million in 2020,⁴ of which paper vouchers accounted for approximately 80 percent. Other CBT modalities included mobile money (12 percent), with cash through cooperating partners for school meals and nutrition activities representing the remainder.

While noting that the country office was working on strengthening its CBT design, resources and processes, the audit identified the following weaknesses in the management of CBT operations.

Assessments and choice of modality

The country office was transitioning from paper voucher solutions to digitalised delivery mechanisms such as mobile money and e-vouchers and had performed a new macro-financial assessment in 2021 to accompany this change. A decision matrix for the different CBT modalities (mobile money, direct cash and e-vouchers) was also drafted in 2021. However, key multisectoral and market assessments were missing.

The Mali Country Office has proportionally the lowest level of in-kind assistance in the Sahel region, with 10,000 metric tons of food transferred in 2020 compared to 67,000 and 96,000 in Niger and Burkina Faso, respectively (both WFP Sahel operations with a comparable number of beneficiaries). The audit could not evidence the rationale for selecting paper value vouchers as the main delivery modality, particularly as the redemption choice for beneficiaries was sometimes limited to only a few commodities. The CBT modality decision matrix (updated in 2021) did not recommend paper vouchers.

Additional gaps included a lack of technical capacity, equipment and tools to support planned CBT interventions.

Cash Working Group

Membership of the Cash Working Group, set up to facilitate an integrated and cross-functional approach to CBT activities, had not been reviewed or updated to reflect staff departures. Some functional units were not always represented in Cash Working Group meetings, and meetings were not regular. The meeting minutes reviewed by the audit did not contain discussions on modality selection and the risks associated with CBT operations.

Underlying cause(s): Pace of the emergency response; evolution of the country office programme delivery model; delays in multisectoral and market assessments to support CBT modality selections; lack of tools, resources and equipment to support the chosen modality and operations; absence of regular and strategic Cash Working Group meetings; and lack of accountability and oversight from country office units in Bamako.

⁴ In 2021, the country office transferred USD 42 million of cash to beneficiaries, WFP Mali [Annual Country Report 2021](#)



Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
The country office will:		
(i) In consultation with the Regional Bureau for Western Africa and relevant headquarters units, establish a timeline for completing the missing multisectoral and market assessments.	Country office cross-functional teams conducted assessments in the following regions: Mopti, Timbuktu, Koulikoro, Gao, Kidal and Menaka between November 2021 and February 2022. These covered access and security, market functionality and retailer supply chain, telecommunications, financial institutions and community consultations.	Closed
(ii) Following the results of the CBT modality decision exercise, and in line with the country office's risk appetite, phase out the use of paper vouchers and accelerate the digitalisation of CBT delivery mechanisms; and reassess the appropriate capacity and resources needed to implement these new solutions (see observation 1)	The country office gradually implemented SCOPE. Vouchers are largely transferred to beneficiaries electronically with a SCOPE card ⁵ instead of paper vouchers. Such a mechanism should improve the country office's capability to control its delivery processes, including reconciling the transfer instructions with actual beneficiary redemption. Staffing capacity has been increased to support the implementation of the technical solution and design and implement CBT.	Closed
(iii) Review the Cash Working Group terms of reference and composition to focus on both strategic and operational decision making	Country office management reviewed and approved the Cash Working Group's terms of reference in March 2022. While its composition remained largely similar, the attendance of all members improved. A review of minutes showed that meetings focused on strategic and operational decisions such as sectoral assessments, transfer mechanisms or digitalisation.	Closed

⁵ A SCOPE card is a personalized card given to beneficiaries to redeem their benefit through dedicated merchant readers distributed to shopkeepers or cash-out agents.

**Audit report observation 8: Cash-based transfer delivery and reconciliations as from AR/21/16**

Weaknesses in beneficiary management processes; a lack of governance and capacity; and the absence of adequate oversight of third parties led to persistent shortcomings in completing CBT reconciliations. Risks were increased as, at times, the country office recognised expenditure to meet grant expiry dates before all supporting documents had been received and validated.

Paper vouchers

Although staff were under recruitment at the time of the audit, roles and responsibilities were not segregated at the sub-office level between staff responsible for CBT implementation and reconciliation activities.

Voucher reconciliations were conducted by comparing transfer instructions with cooperating partner distribution figures, based mostly on paper documents. This manual process was performed late and at an aggregate level and could not provide reasonable assurance that only the intended recipients received assistance in the right amounts.

In the Mopti and Gao regions, the audit noted distribution rates reached exactly 100 percent against the plan by the same cooperating partners across several activities. This did not raise a red flag for the country office to trigger monitoring activities or further follow-up.

In 2019, the regional bureau recommended using a global long-term agreement to improve the security features of paper vouchers (change of colours, bar codes); however, at the time of the audit this had not yet occurred.

Mobile money and direct cash

Mobile money transfers and direct cash distribution reconciliations were based on matching payment instructions against distribution totals, not on data of distributions to individual beneficiaries. Cooperating partners and financial service providers reported to the audit team cases of duplicated identities in transfer instructions sent by the country office. For cooperating partners acting as financial service providers, the reconciliation process (advance payment, transfer and reimbursement) was not documented to ensure payments had reached the intended beneficiaries.

Underlying cause(s): Inherent control weaknesses associated with the use of paper vouchers for CBT delivery mechanisms; lack of adequate resources and capacity to bring paper voucher reconciliation activities up to date; country office's lack of access to distribution sites; non-compliance with corporate CBT guidelines; and no process/tools in place for monitoring CBT distributions and beneficiary data, and identifying red flags.



Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
The country office will:		
(i) Review and put in place the processes and resources needed to assure the effective distribution of CBT assistance to beneficiaries in line with corporate guidelines, including the CBT Assurance Directive	<p>The country office strengthened its CBT Unit with four additional staff. It updated the internal Cash Working Group's terms of reference (see observation 6: CBT governance) and created a CBT reconciliation committee to oversee the effective implementation of CBT delivery.</p> <p>The standard operating procedures for cash-based distributions were reviewed for the paper voucher modality, and new procedures were created for electronic vouchers and mobile money as the country office digitalised its delivery processes.</p>	Closed
(ii) Establish a minimum level of assurance on paper vouchers through sampling	<p>The country office reviewed its standard operating procedures for the reconciliation of paper vouchers, including counting and verifying all redeemed paper vouchers by logistics staff in field offices. Control mechanisms over paper vouchers were improved using vouchers with recommended safety features. Since the 2021 internal audit, the country office has largely digitalised the voucher delivery process and gradually decommissioned the use of paper vouchers (see observation 6: CBT governance and strategy).</p>	Closed
(iii) Revise the reconciliation process to support reconciliations at the beneficiary level	<p>The country office can reconcile cash transfers at the beneficiary level for the following transfer mechanisms: electronic vouchers and mobile money. The country office aimed to fully roll-out digitalised transfer mechanisms for the 2022 lean season through electronic vouchers, mobile money and cash in hand with financial service providers.</p> <p>The country office decommissioned the use of paper vouchers (see observation 6: CBT governance and strategy) which remained in use only in hard-to-reach areas. Cash in hand was distributed by cooperating partners for resilience activities and concerned about 17 percent of transfers between September 2021 and May 2022. Cash transfers with paper vouchers and cash in hand distributed by cooperating partners remained mostly manual processes for which reconciliations at the beneficiary level are not cost-effective and are error-prone.</p>	Closed



Table 2: Medium priority observations

Audit report observation 1: Governance and staffing structure as from AR/21/16

Reassignment process

Staffing continuity at the country office was challenging and impacted programmes and operations over the audit period. Key positions were vacant for extended periods (some for up to two years) and had to be filled by consultants and temporarily deployed staff. The country office also saw several changes in the leadership team, with three country directors in 2020, and the deputy country director position vacant for several months in 2021.

The country office faced similar challenges to other WFP operations in attracting qualified personnel, including international professionals. Despite prioritised staffing for L3 emergencies as detailed in a 2016 Executive Director Memorandum, reassignment exercises had not successfully filled all open positions or attracted the language skills needed in the country office. The lack of adequate staffing to support L3 emergency operations has been raised by the Office of Internal Audit in several audit reports at a corporate level; at the time of this [2021] report, WFP management was working on actions to address the weaknesses identified and corresponding agreed on actions, including the lack of adequate staffing to support L3 emergency operations, and therefore no additional recommendation is included in this report.

Staffing levels and skills

Several country office units had limited staffing. For example, experienced staff were needed to strengthen CBT capacity at country office and sub-office levels; the procurement team was insufficient compared to the level of procurement transactions; and there were no dedicated resources for managing cooperating partners.

An organisational realignment exercise was last carried out in 2019. Staffing levels increased in 2021, and several changes were made to the country office organigram, including restructuring the Programme Unit and closing the Mopti Area Office. However, with an evolving portfolio of activities and delivery modalities introduced by the Country Strategic Plan and activation of the L3 emergency response, the country office needed to analyse the level of resources required, its staffing needs and its operational model to effectively accompany these structural changes.

A recommendation to perform a skills gap and learning needs analysis issued by the regional bureau in 2019 had not been implemented by the country office.

Underlying cause(s): Lack of staffing and capacity strategy to support the scale-up of humanitarian activities and L3 emergency response; weaknesses in the reassignment process to meet country office needs; Mali security context and living conditions resulting in the duty station not being attractive to international personnel; the country office's inability to assess skills gap and learning needs; delays in the recruitment of the country office human resources officer; and staff turnover in management and key positions impacting the stability and continuity of operations.



Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
The country office will:		
(i) With the support of the Regional Bureau for Western Africa and headquarters, conduct an organisational realignment exercise to support the implementation of the Country Strategic Plan.	With support from regional human resources officers, the country office conducted an organisational alignment review in December 2021. The most significant recommendations were to upgrade several heads of unit positions; convert positions filled by employees on short-term contracts to fixed-term posts; open new positions; and create a new field office in Segou. Several recommendations had already been implemented and recruitments undertaken. The incoming country director needed to approve the budget and new organigram to finalise the exercise.	Closed
(ii) Perform a skills gap analysis and based on its results, develop a sourcing, training, and learning plan	The country office has proactively sought support from the regional bureau and headquarters to implement this action. The action implementation was delayed in the absence of available staff from headquarters to perform this exercise, and the development of a new toolkit including clarified guidance on learning needs assessments. Headquarters' staff started their work in Mali in July 2022. A draft report and a learning plan are planned for September 2022.	In progress Due date 30 September 2022

**Audit report observation 7: Contracting for cash-based transfer operations as from AR/21/16**

During the audit period, the country office used the services of two financial service providers to assist beneficiaries through direct cash and mobile money, and at the time of the audit was in the process of performing due diligence on potential new financial service providers.

Due diligence

The country office did not properly vet the main financial service provider used to transfer over USD 8.5 million to beneficiaries in 2020, resulting in poor performance, substantial operational challenges and potential losses not covered by a valid performance bond.

The contracting process for new financial service providers was lengthy and inconclusive, although both financial service providers underwent the due diligence process. One did not accept the amount of the recommended performance bond and, despite obtaining a waiver from headquarters for emergency activities in May 2020, the contract could only be signed in November 2020 for the other.

Contract implementation

The mobile money operator did not comply with all provisions of the contract; which the country office did not monitor and try to enforce:

- Although the financial service provider was required to distribute SIM cards, they were distributed by WFP with no procedures or guidelines, including for the custody of non-distributed cards.
- 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.
- Monthly operational reports required from the operator were never provided to the country office.

Some of the above issues had already been identified by an internal audit in 2019, yet never followed through and remediated.

A structured identification of the risks linked to the mobile money operator, including a technical assessment of its platform, was not carried out during the selection process. This led to inconsistencies including differences between the contract rates and payment fees the financial service provider charged to WFP.

Retailer contracting

Retailers managed a vast network of shops. However, the country office had not received a complete list of these shops as contractually required of the retailers, impairing the country office's ability to conduct assessments before contracting (see observation 4) and planning monitoring activities.

Underlying cause(s): Recently instituted corporate due diligence process; lack of expertise to capture changes in regulatory, financial and operational risks associated with financial service providers; inability of the country office to monitor contract provisions with financial service providers and track key performance indicators; issuance of a contract with a financial service provider not supported by an adequate and reliable performance bond.

Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
The country office will:		
(i) Finalize the new financial service provider tendering and contracting process.	As of May 2022, in coordination with relevant headquarters technical units, the country office had completed all significant steps in the tendering and contracting process. The contracts with new financial service providers were in the final review stage.	In progress Due date 30 September 2022
(ii) Perform a technical assessment of the financial service provider platform to identify risks and implement corrective measures.	In April 2022, the country office, regional bureau and headquarters units conducted cross-functional due diligence on potential new financial service providers. This included an assessment of specificities of their technical platforms, identifying risks and recommending mitigation measures.	Closed
(iii) Enforce and monitor contract clauses with financial service providers and ensure necessary and corrective actions are taken on dormant and inactive accounts, beneficiary consent and SIM card management	<p>The country office had taken steps to mitigate risks of transferring funds through their mobile money operator. Regular reporting on dormant and inactive accounts was in place, and the country office had access to the service provider's platform to obtain independent information. The country office had reviewed processes to improve the management of SIM cards, albeit different than contractually agreed with the mobile money operator.</p> <p>Finally, corporate guidance on beneficiary consent had evolved since the 2021 internal audit and the recommendation was not applicable anymore.</p> <p>This action was closed based on information obtained after the end of the fieldwork phase of the engagement, but prior to the finalisation of this report.</p>	Closed
(iv) Ensure retailers provide the full list of shops in the selection and contracting exercise.	This agreed action is no longer applicable in 2022. In selecting retailers, the country office decided to stop contracting wholesalers to manage a network of retail shops as this set-up was difficult to assess and monitor. The country office received applications from and visited over 300 individual retailers who expressed an interest in working with WFP (see observation 4: third-party risks).	Not Applicable
The Finance Branch FINB will:		
(v) Establish a performance monitoring mechanism to proactively offer support to country offices in assessing financial service providers' evolving risk profiles.	In October 2021, the headquarters Finance Business Development, CBT Unit launched a centralised digital financial service provider performance evaluation tool.	Closed

**Audit report observation 9: Competitive procurement as from AR/21/16**

The audit noted several shortcomings in procurement processes that collectively jeopardised competitive procurement objectives over the audit period.

Outdated shortlists

As per corporate guidance, vendor shortlists should be updated continuously and at least annually. However, the country office last reviewed shortlists for retailers in 2019, transporters in 2018 and goods and services suppliers in 2017. In the absence of a Vendor Management Committee, decisions to invite non-approved vendors to participate in tenders were not consistently and duly justified.

While the COVID-19 health crisis was the primary cause of the delay in the selection process of cooperating partners, this was not the case for other types of vendors. The country office had not conducted sufficient and documented market research to identify potential new vendors; instead, it launched new expressions of interest for food and non-food items in November 2020, and for retailers in April 2021, which it hoped to complete by the end of 2021.

Procurement planning and contract management

Procurement plans were not used as an operational tool to take procurement actions. Consequently, the country office experienced an increase in post-factum and emergency procurement processes leading to higher costs and limiting the possibility of economies of scale. Consolidated plans for 2020 had not been submitted to the regional bureau, and the goods and services procurement plan for 2021 was not finalised at the time of audit.

Specifications were not always prepared promptly by requesting units, or were not sufficiently detailed and consistent, creating delays in launching tenders. Several procurement processes had consequently been waived from competition. This led to contract extensions or contracts being split to avoid a lengthy competitive process.

The audit noted ineffective contract management and monitoring by the Procurement Unit and requesting units, as the country office's contract tracking sheet was incomplete and expiration dates were incorrect. As a result, the country office did not always take appropriate and timely action before contracts expired, with instances of gaps between two contract dates.

Governance and oversight

The audit noted that the regional bureau's oversight recommendations from 2019 were not fully implemented, including recruiting vendor management staff and preparing the micro-purchases quarterly assurance statement. The Local Procurement and Contracts Committee was ineffective in monitoring procurement activities as it lacked awareness of existing contracts and vendor performance issues.

Underlying cause(s): Absence of a Vendor Management Committee; poor planning by requesting units; poor contract monitoring by the Procurement Unit; members of the Local Procurement and Contracts Committee not trained on their roles and responsibilities; absence of a country office oversight recommendation tracking tool; and lack of procurement training for country office staff dealing with day-to-day contract management.



Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
The country office will:		
(i) Update vendor shortlists following the expressions of interest and vendor due diligence exercises	The country office launched an expression of interest for selecting retailers in April 2021, and then conducted all necessary assessments and due diligence (see observations 4 and 7). The Country Director approved the new retailer shortlist in June 2022. A new shortlist of transporters was finalised in January 2022, following a transport market assessment and due diligence visits to bidders. Following an expression of interest published in November 2020, the country office was finalising the due diligence of food and non-food vendors before updating shortlists.	In progress Due date 31 August 2022
(ii) Review procurement planning processes to ensure timely preparation of requesting units' acquisition plans and initiate timely actions before the expiration of contracts	The standard operating procedures for procuring goods and services were reviewed in February 2022, and the procurement plan was endorsed by country office management in March 2022.	Closed
(iii) Ensure a formal induction training session for Local Procurement and Contracts Committee members to familiarise them with their roles and responsibilities	Former and new members of the Procurement Committee received a refresher session on objectives and key steps of procurement processes.	Closed



Audit report observation 10: Third-party monitoring as from AR/21/16

Monitoring processes were strengthened over the audit period with the introduction of WFP’s primary tool for data collection (MoDa), enabling more data analysis and expanding the country office’s shortlist of third-party monitors.

Monitoring coverage

The sampling criteria to plan monitoring activities were based on corporate guidance and minimum monthly requirements. However, the country office struggled to match monitoring data against distribution plans and therefore could not ascertain when each of the 1,600 distribution points had last been visited, with a consequent risk of monitoring gaps going undetected.

Data triangulation

Due to access challenges, 90 percent of the country office’s monitoring activities were undertaken by third-party monitors. Data triangulation was only performed when issues were reported to ensure the reliability of third-party monitoring reports. Recommendations from the third-party monitoring corporate framework, including calling a sample of beneficiaries to corroborate monitoring reports, were not fully implemented. Standard operating procedures detailing data triangulation processes were under development at the time of the audit.

The country office’s field monitors could usually only complete approximately 30 percent of their monthly plan, mostly due to access constraints, compared to over 90 percent for third-party monitors. While ensuring the presence of WFP monitors in the field aligns with the country office’s access strategy (see observation 2), there was an opportunity to review the scope of work and potentially reallocate resources to strengthen the review of third-party monitoring reports.

Underlying cause(s): Access challenges and movement restrictions due to the COVID-19 emergency; large operations with numerous distribution points; and lack of standard operating procedures.

Agreed actions as from AR/21/16	Actions undertaken and update from OIGA’s 2022 review	OIGA Conclusion
The country office will:		
(i) Finalize the integration of distribution points and monitoring data to verify actual monitoring coverage	Efforts to digitalise operations led the country office to homogenise geographic data of about 3,000 distribution points across Mali. This dataset was integrated with other data sources to map accessibility (see observation 2) and monitoring coverage.	Closed
(ii) Explore possibilities to have more than one third-party monitor per region to facilitate data triangulation	The country office contracted an additional third-party monitor and reviewed the coverage of field locations for existing monitors. Leveraging an agreement signed with a private company at the corporate level, the country office also developed its remote monitoring capabilities as an additional source of information.	Closed



Agreed actions as from AR/21/16	Actions undertaken and update from OIGA's 2022 review	OIGA Conclusion
<p>(iii) Finalize standard operating procedures to strengthen triangulation of third-party monitor data</p>	<p>Standard operating procedures for triangulation of quantitative monitoring data were finalised in July 2022. The country office had also worked on foundations to enable this activity, notably by integrating different data sources to facilitate monitoring data analysis.</p> <p>This action was closed based on information obtained after the end of the fieldwork phase of the engagement, but prior to the finalisation of this report.</p>	<p>Closed</p>



Annex A – Definitions of audit terms: ratings & priority

1 Rating system

Audit observations are categorised by impact or importance (high, medium or low risk) as shown in the internal audit services of UNDP, UNFPA, UNOPS and WFP adopted harmonised audit rating definitions, as described below:

Table A.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.
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.
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 A.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.⁶

⁶ 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 Categorization of the status of implementation of agreed per audit observation

Table A.3: Priority of agreed actions

Status	Definition
Closed	Action has been fully implemented.
In Progress	Action has been started, partially implemented and revised timescales for full implementation have been established.
Open	Action has not been partially or fully implemented. Revised timescales have been agreed in some cases.
Not Applicable	Senior management has accepted the risk of not taking action. Conditions have changed that render the agreed action not relevant.



Annex B – Acronyms

CBT	Cash-Based Transfers
CM Coord	Civil-military coordination
FINB	Business Development Cash-Based Transfers Unit
HACT	Harmonised approach to cash transfers
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
SCOPE	WFP's beneficiary information and transfer management platform
UN-OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNPP	United Nations Partner Portal
USD	United States Dollar
WFP	World Food Programme