



12 January 2023

Internal Audit of WFP Operations in the State of Palestine (AR/22/19)

Management Comments

WFP Management welcomes the observations made by the Office of the Inspector General (OIG) in its audit report AR/22/19 on WFP operations in the State of Palestine, covering the period from 1 January 2021 to 30 June 2022.

The context of WFP operations in the State of Palestine is multi-faceted and complex and is characterized by political instability, ongoing conflict, protracted fiscal crisis and economic stagnation, which are the main triggers of food insecurity. Restricted trade, movement and access to resources throughout the country, especially in the Gaza Strip, continue to prevent sustainable development and recovery.

The audit focused on the implementation of WFP's largest activities comprising the provision of unconditional food assistance and nutrition information to poor and food-insecure households, and service provision of WFP's delivery platforms to partners, under strategic outcomes 1 and 3 of the 2018-2022 Country Strategic Plan.

The audit report appreciated the quality of the governance actions taken by the country office to mitigate the operational risks inherent to a large cash-based transfer operation. It also highlighted the value of well-functioning risk management and controls in place, by strengthening the beneficiaries' information management and by adopting robust monitoring mechanisms.

The audit report also acknowledged the country office's capacity to implement efficient and innovative technical solutions, spearheading platforms for e-vouchers as well as service provision programmes. These are especially well received by stakeholders and partners as critical instruments to enable the humanitarian intervention in a complex context.

WFP Management acknowledges the overall report conclusion of "**some improvement needed**" and agrees with the recommendations related to two high and four medium



priority observations. The two high priority observations are around cash-based transfers, related to cross-cutting issues and the management of payment instructions. The four medium priority observations are in the areas of cash-based transfers, beneficiary management and finance.

The implementation of all recommendations pertains to the country office domain while one is to be implemented jointly with headquarters offices. The country office appreciates the direction that emerges from the audit report for the full adoption of digitalization and data management instruments. It has already started the implementation of some critical recommendations and is fully committed to comply with the agreed completion dates.

WFP Management will follow-up regularly on pending actions and will report on implementation status through the corporate internal tracking system. The country office will also seek the guidance and support of the Regional Bureau for the Middle East, Northern Africa and Eastern Europe and rely on its regular oversight missions.

WFP Management appreciates the constructive engagement of the Office of the Inspector General and notes that the implementation of the agreed actions will further strengthen the internal controls, governance, and risk management processes of WFP's operation in the State of Palestine, with a view to ensuring optimal utilization of resources and maximum impact for the people it serves.