

SAVING
LIVES
CHANGING
LIVES

Internal Audit of Information Technology Asset Management in WFP

Office of the Inspector General
Internal Audit Report AR/23/01



World Food
Programme

February 2023



Table of Contents

I.	Executive summary	3
II.	Context and audit scope	5
III.	Results of the audit	7
	Line of enquiry 1 - Do WFP policies and guidance define roles and responsibilities and provide for effective management of Information Technology assets?	8
	Observation 1: Key performance indicators	8
	Line of enquiry 2 - Are processes, systems, and tools in place to facilitate the efficient and effective management of Information Technology assets lifecycle?	9
	Observation 2: Asset data quality	9
	Observation 3: Intangible asset management	10
	Line of enquiry 3 - Are safeguard mechanisms in place to facilitate the effective and efficient utilization, movement, and disposal of information technology assets?	11
	Observation 4: Insurance for information technology assets	11
	Observation 5: Asset disposal and sanitization	12
	Annex A – Agreed action plan	13
	Annex B – Definitions of audit terms: ratings & priority	14
	Annex C – Acronyms	16



I. Executive summary

WFP Information Technology Asset Management

1. As part of its annual workplan, the Office of Internal Audit conducted an audit of the Information Technology Asset Management in WFP. The audit focused on governance, including risk management practices, life cycle management (from planning to disposal) and the mechanisms in place to safeguard these assets. The audit covered the period from 1 January 2021 to 30 June 2022.
2. WFP is implementing a decentralized asset management model with responsibilities in headquarters shared between the Management Services, Supply Chain and Technology Divisions, and the corresponding functional units in regional bureaux and country offices. The roll-out is planned to be completed on 28 February 2023.
3. Effective management through the asset lifecycle from acquisition to disposal is integral to WFP's accountability to safeguard the resources entrusted to the organization. Effective asset management should enhance the safety and security of assets; reduce the asset's monetary and environmental costs; optimize the use of the assets; and prevent loss or damage. Information technology assets carry particular risks and responsibilities as these assets are used to process organizational data, which needs to be safeguarded against loss, unauthorized access, or breaches.

Audit conclusions and key results

4. Based on the results of the audit, the Office of Internal Audit reached an overall conclusion of **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.
5. The Internal Audit of Asset Management in WFP November 2018¹ and the External Auditor's review on decentralization² recommended that, as a field-based organization, WFP's decision-making authority be located as close as possible to its beneficiaries. A corporate directive was issued in November 2021 to guide asset management's functional and geographic decentralization to strengthen the governance, oversight, accountability, internal controls, efficiency, and effectiveness of assets management, including IT assets.
6. **The audit observed** that the roles and responsibilities of the stakeholders involved in the information technology asset management process were generally well-defined in WFP's corporate normative guidelines. Training was developed and undertaken by asset focal point personnel in headquarters, regional bureaux, and country offices on managing assets during their lifecycle.
7. Good management practices were observed, including the property survey boards' role in providing risk management, oversight, and management advice at headquarters, regional bureaux, and country offices. The audit also observed monthly reconciliations and annual physical counts were performed to monitor fixed assets.
8. In April 2022, to increase the integrity of asset data and ensure every asset received is recorded, WFP integrated and automated information technology asset master data in the organization's Global Equipment Management System with the good receipt notes into the WFP Information Network and Global Systems. The Management Service Division defines data quality indicators and tracks these through a Data Quality Dashboard in Tableau to monitor the consistency of data recorded on the Global Equipment Management System.

¹ [Internal Audit of Asset Management in WFP - November 2018 | World Food Programme](#)

² External Audit of WFP Audit Report, Review of Decentralization, 2016 Financial year



9. Frameworks, including corporate directive, manuals and standard operating procedures for the ongoing decentralization of asset management, were defined. They also needed associated performance indicators to provide management with the information necessary for strategic decision-making and continuous operational improvement.

10. The audit noted asset master data quality issues that, while not pervasive or material, nonetheless impacted the completeness and accuracy of the information in the asset register. Some areas of improvement include recording asset movements, including those loaned to third parties. The timeliness in reconciling and closing discrepancies detected in the annual asset physical count was also noted as an area of improvement, as were system-related limitations in providing end-of-life reports and audit trails of asset movements. These results indicated that internal controls could improve to ensure: (i) all assets were recorded; (ii) all assets recorded in the system were in the custody of WFP or could be traced to third parties; and (iii) the status of assets was accurately indicated.

11. Following the Directive for Field Software Development Network issued in December 2020, regional bureaux and country offices can develop local information systems and solutions. The audit identified that a sample of locally developed information technology solutions was not capitalized due to limited awareness and utilization of the guidance to identify and record intangible assets, resulting in the potential understatement of the financial value of these assets and non-compliance with International Public Sector Accounting Standards 31 for intangible assets.

12. Other areas for management attention included considering the need for global insurance mechanisms – currently not present – to mitigate the risk of loss and damage of IT assets. Such a mechanism would require a risk assessment to determine the residual risk and actual need for coverage. From an information security perspective, improvements are needed during the sanitization³ of information technology assets marked for disposal to reduce data privacy risks.

13. The audit identified several common root causes across audit observations. These included the deprioritization of the information technology asset management activities and processes due to a marked increase in activities and limited allocation of resources for asset management; limited corporate guidance on the sanitization of information technology assets and information technology planning and monitoring; and assets focal points awareness gaps of corporate guidance on information technology assets. The audit highlights management sponsorship and accountability as a key factor in ensuring WFP's asset management strategy are prioritized and supported with the right level of resources for its implementation.

Actions agreed

14. The audit report contains five medium-priority observations, with actions at the corporate level directed to the Management Service and Technology Divisions. Management has agreed to address the reported observations and to work to implement the agreed actions by their respective due dates.

THANK YOU!

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

³ Sanitization of information technology assets refers to the process of scrubbing or removing data from technology media rendering access to data infeasible.



II. Context and audit scope

Information Technology Asset Management

16. Information technology (IT) assets are items or entities that can be used to acquire, process, store and distribute digital information and have potential or actual value to an organization.⁴ By June 2022, WFP managed more than 405,000 IT assets with a total acquisition value of USD 377.0 million as recorded in WFP's Global Equipment Management System (GEMS), of which USD 2.2 million were loaned to third parties.

17. IT assets management (ITAM) encompasses all infrastructure and processes necessary for the effective management, control, and protection of data and information within an organization throughout its lifecycles. IT assets are broadly classified as follows:

- (i) Hardware/tangible assets: Physical equipment required to support the provision of IT services, including servers, file storage systems, network components, environmental equipment, and end user devices.
- (ii) Software/Intangible Assets: Applications for which licences are typically issued, as well as software systems and databases built using open-source resources, including cloud services such as 'software as a service' and those used for maintenance.

18. In November 2018, an Internal Audit of Asset Management in WFP⁵ raised significant observations on the governance, risk management and oversight of WFP assets. At the time, the Office of Internal Audit highlighted limited or absent asset planning strategies and the improvements required in corporate asset tracking systems to address limitations in asset management systems and excess, obsolete and unused assets. While improvements to GEMS were noted in this current audit, updates on tracking end-of-life and audit trails of asset movements are still needed.

19. Audit results from the 2018 Internal Audit of Asset Management indicated an absence of corporate and country-level prioritization of the asset management function and processes. Executive sponsorship from senior management was also recommended to ensure an asset management strategy was prioritized and implemented. This audit report confirms that these issues remain a root cause of some audit observations.

20. As WFP assets are dispersed across many offices and operations, management concluded that effective management of assets would be best achieved through functional and geographical decentralization. In November 2021, a joint directive governing the implementation of decentralized asset management was formalized.⁶ The main stakeholders identified by the directive were:

- Management Services Division (MSD); responsible for the overall leadership, planning, monitoring, and oversight of the implementation of decentralization of asset management.
- Supply Chain Operations; responsible for taking proactive actions for assets located within its functional area and over which it has control (logistics assets);
- Technology Division (TEC); responsible for assets located within its functional area and over which it has control (technology assets)

21. The scope of this decentralized model covers all assets owned and/or managed by WFP globally, with the main objective to:

- Delineate the cross-divisional roles and responsibilities of various stakeholders in the organization.

⁴ IT assets as defined by the international standard on IT Asset Management (ISO/IEC 19770-1:2017).

⁵ <https://www.wfp.org/audit-reports/internal-audit-asset-management-wfp-november-2018>

⁶ This change was approved through an Executive Directive in November 2021.



- Empower personnel and asset focal points responsible for assets in their offices to independently manage assets in GEMS (WFP's corporate tool for managing and tracking fixed and non-fixed assets).
- Leverage existing system functionalities to improve asset tracking and to increase the data quality of all assets managed by WFP through an update of asset changes in GEMS on a real-time basis.
- Strengthen the internal control environment and asset monitoring to mitigate the risk of asset loss, misuse, fraudulent behaviour, unnecessary expenses and corresponding reputational risks; and improve responsiveness to changing operational needs

22. It should be noted that MSD is undertaking several digital transformation strategies as part of its overall strategy⁷ to become a strategic business partner. In this role, MSD aims to enable WFP's workforce and operations by driving performance with duty of care, sustainability and innovation. MSD's strategic areas of focus include digital transformation and improvement to GEMS (and other systems) to remove the fragmentation of processes, data and systems.

Objective and scope of the audit

23. The objective of the audit was to provide assurance on the adequacy and operating effectiveness of controls, governance mechanisms and risk management frameworks related to the management of IT assets in WFP. Such audits contribute to an annual and overall assurance statement to the Executive Director on governance, risk management and internal control.

24. 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.

25. The scope of the audit covered the period from 1 January 2021 to 30 June 2022. Where necessary, transactions and events pertaining to other periods were reviewed. The audit fieldwork took place from 1 August to 9 September 2022 and included WFP's headquarters in Rome; and visits to the Sudan, Palestine, Madagascar and Guatemala country offices and the regional bureaux of Eastern Africa, Western Africa and the Middle East and Asia. A survey of 12 country offices also contributed to the audit results.

26. Based on the risk assessment, the audit focused on the following three lines of enquiries:

- *Line of enquiry 1 – Do WFP policies and guidance define roles and responsibilities and provide for effective management of information technology assets?*
- *Line of enquiry 2 – Are processes, systems and tools in place to facilitate the efficient and effective management of the information technology assets life cycle?*
- *Line of enquiry 3 – Are safeguard mechanisms in place to facilitate the effective and efficient utilization, movement, and disposal of IT assets?*

⁷ Global Services Management Strategy 2022-2026, WFP Management Services Function (October 2021).



III. Results of the audit

Audit work and conclusions

27. The five observations arising from the audit are presented below. Table 1 outlines the extent to which audit work resulted in observations and agreed actions. These are classified according to the lines of enquiry established for the audit (see paragraph 25) and are rated as high or medium priority; observations that resulted in low priority actions are not included in this report.

Table 1: Overview of lines of enquiry, observations and priority of agreed actions **Priority of issues/agreed actions**

Line of enquiry 1: Do WFP policies and guidance define roles and responsibilities and provide for effective management of information technology assets?	
<i>1. Key Performance Indicators</i>	<i>Medium</i>
Line of enquiry 2: Are processes, systems, and tools in place to facilitate the efficient and effective management of information technology assets lifecycle?	
<i>2. Asset data quality</i>	<i>Medium</i>
<i>3. Recognition of intangible assets</i>	<i>Medium</i>
Line of enquiry 3: Are safeguard mechanisms in place to facilitate the effective and efficient utilization, movement, and disposal of IT assets?	
<i>4. Insurance for information technology assets</i>	<i>Medium</i>
<i>5. Asset disposal and sanitization</i>	<i>Medium</i>

28. The audit reviewed and analysed the ITAM governance structures, existing policies and procedures, oversight mechanisms, deployment and monitoring processes, financial recognition of IT assets, third-party agreements and safeguard mechanisms.

29. An overview of the actions to be tracked by internal audit for implementation and their due dates can be found in Annex A.



Line of enquiry 1 - Do WFP policies and guidance define roles and responsibilities and provide for effective management of Information Technology assets?

30. The audit reviewed the WFP ITAM framework to assess the design and operational effectiveness of: (i) WFP's policies, guidelines, manuals and standard operating procedures; (ii) the organizational structure outlining the interdivisional roles and responsibilities of the various stakeholders involved in ITAM processes; (iii) the implementation of indicators to evaluate the performance of ITAM; and (iv) the oversight mechanisms in place at headquarters, regional bureaux and country offices.

31. Corporate guidance, manuals and standard operating procedures govern the life cycle of IT assets. Oversight mechanisms for ITAM activities are in place at headquarters and regional bureaux and within country offices. Roles and responsibilities for ITAM are defined and formalized in the corporate directive and management services manual. Training for asset focal points and asset managers is ongoing across the organization following the implementation of the decentralization project.

Observation 1: Key performance indicators

32. The Annual Performance Plan is one of the main tools for managing performance-planning, implementing, monitoring and reporting. Currently, there is one performance indicator - the percentage of WFP fixed assets physically counted is defined and tracked. In alignment with the global service strategy,⁸ there is a need to develop additional indicators to measure and track the efficiency and effectiveness of the asset management process.⁹

Underlying cause(s): Absence of defined key performance indicators for IT asset management in corporate guidance.

Agreed Actions [Medium priority]

The Management Services Division will, in consultation with the Technology Division:

- (i) As part of the Global Service Strategy define and implement performance indicators to support comprehensive monitoring of the information technology asset management process; and
- (ii) Integrate the performance indicators in WFP corporate tools such as the Tableau dashboard.

Timeline for implementation

30 September 2023

⁸ Global Management Services Strategy 2022 – 2026.

⁹ Example of performance indicators for monitoring the IT asset management process are percentage of available/not assigned assets; percentage of IT assets with past due maintenance contracts; IT asset turnover ratio; percentage of IT assets stolen; average age of IT assets; and average time to dispose of assets.



Line of enquiry 2 - Are processes, systems, and tools in place to facilitate the efficient and effective management of Information Technology assets lifecycle?

33. The audit reviewed the processes and systems to record, manage and dispose of IT assets. The analysis focused on the following steps in the IT assets lifecycle: (i) the definition of a plan to ensure that tangible and intangible IT assets are optimally allocated based on activities in country strategic plans ; (ii) the performance of the annual IT asset reconciliation exercises for both tangible and intangible assets to ensure the existence and reliability of IT assets recorded in GEMS; (iii) IT asset data quality measures in GEMS, as a downstream indicator of the asset recording process; (iv) oversight of the financial recording and recognition process to ensure alignment between the information recorded in GEMS and WFP's financial management system.

Observation 2: Asset data quality

34. **Reliability of GEMS data:** the audit team identified data quality and completeness issues that impact data reliability in the five locations visited. There were gaps in the data entered in GEMS; inaccurately recorded IT assets; delays and insufficient updates of the functional location of assets; and missing asset tag numbers. The update of assets loaned to third parties in GEMS was only sometimes applied across the countries reviewed.

35. The annual physical count of assets identified many unreconciled items, indicating the need to monitor IT assets throughout their entire life cycle regularly. Unreconciled items needed to be timely resolved.

36. **Limited functionalities of GEMS:** whilst GEMS can monitor the end-of-life of assets and track IT asset movements (providing an audit trail), it does not have reporting functionalities on the end-of-life of IT assets. This reporting gap impacts the management and disposal of IT assets. Personnel appointed to manage IT assets use Excel spreadsheets to overcome GEMS reporting limitations and track assets movement and end-of-life.

37. **IT asset plan:** Annual country office IT procurement plans were prepared by the IT function in collaboration with other functional units to provide the IT asset needs for the year. The limitations in GEMS functionalities and unreliable data lessened the complete and accurate development of IT procurement plans to optimize the use of resources. Improvements were needed in monitoring the plans to identify any adjustments required.

Underlying cause(s): IT asset management activities competing for priority with other administrative and IT activities; frequency of physical counts not aligned to the level of risk related to IT assets; GEMS system limitations; and the absence of guidelines for IT assets planning.

Agreed Actions [Medium priority]

1. The Management Services Division in collaboration with the Technology Division and Supply Chain Division will:
 - (i) Introduce a risk-based approach to determine the frequency of the physical count of assets.
 - (ii) Review and determine the need to update the Global Equipment Management System with the inclusion of reporting functionalities and/or utilize another data visualization software for that purpose (e.g., Tableau).
 - (iii) Perform a market assessment on asset management enterprise resource planning software to identify solutions that better fit WFP's asset management functionality requirements.
2. The Technology Division will liaise with the Supply Chain Division's Procurement Branch to enhance guidance on procurement planning to include IT assets.

Timeline for implementation

31 December 2023



Observation 3: Recognition of intangible assets

38. Intangible assets capitalization and amortization: Intangible assets are assets without physical substance, including, for instance, software, license, and copyrights. They might be internally developed or acquired from external sources. Although the WFP Corporate Finance division has developed a guideline for identifying and recording intangible assets, aligned with International Public Sector Accounting Standard 31 requirements, country offices did not record or capitalize locally created software costs and expensed development costs associated with locally developed or acquired software. This makes it difficult to accurately report the value of WFP's intangible assets or measure the benefits realized from these technology investments.

Underlying cause(s): Guidance on identification and recording intangible assets needs to be more specific on shadow IT; and limited staff awareness of corporate guidelines on identification and capitalizing of intangible assets.

Agreed Actions [Medium priority]

The Management Services and Technology Divisions, in collaboration with Corporate Finance Division, will:

- (i) Review the guidelines, processes, and responsibilities for identifying and recording intangible assets, including locally purchased and developed IT solutions.
- (ii) In liaison with country offices and collaboration with Technology Division, train asset focal points, as well as Finance staff, on implementing the guidelines for identifying and recording intangible assets.

Timeline for implementation

30 September 2023



Line of enquiry 3 - Are safeguard mechanisms in place to facilitate the effective and efficient utilization, movement, and disposal of information technology assets?

39. The audit reviewed process controls related to the effective utilization and safeguarding of assets across WFP, including: (i) the presence of insurance mechanisms for IT assets; (ii) the modalities and criteria by which an IT asset is disposed of or reallocated at the end of its life to ensure that the process is in line with established corporate procedures and guidelines; (iii) IT asset sanitization was conducted as per corporate procedures and guidelines; (iv) the return of IT assets assigned to WFP employees at the end of their employment contract, and reporting of IT assets stolen or lost by employees to ensure the effective communication and updating of IT assets' status in GEMS; and (v) storage and safeguarding of IT tangible assets to guarantee their safety.

40. Asset sanitization and disposal are defined in corporate guidance and standard operating procedures (SOPs). Asset focal points ensure adherence to the guidance. The Property Survey Board, as the primary governance body overseeing the management of assets, makes recommendations on the disposal of IT assets. Assets disposal may be through a public auction, recycling, destruction, transfer or donation.

41. MSD established the Global Asset Service function to provide an independent review, information, advice, and support for all aspects of asset management. The Global Asset Services function provides disposal services, leveraging the global service level agreement with the United Nations High Commissioner for Refugees (UNHCR).

Observation 4: Insurance for information technology assets

42. Corporate guidance needs to be clarified on insurance requirements for IT assets under the control of each WFP organizational unit. Appropriate insurance cover mitigates the risk of loss or damages. The audit observed that IT assets generally lacked insurance coverage in the countries sampled. The audit also noted a high risk of significant losses due to looting and theft in some of the challenging environments in which WFP offices operate.

43. At the time of the audit reporting, MSD was assessing the feasibility of a global insurance scheme covering WFP assets. Its adoption and implementation should be advised by a risk assessment, and evaluation of mitigating controls, to identify the residual risks related to IT assets and determine adequate coverage.

Underlying cause(s): Absence of risk assessment and a corporate framework regulating insurance mechanisms.

Agreed Actions [Medium priority]

The Management Services Division, in consultation with the Risk Management Division, Technology Division and the Supply Chain Division's Risk and Insurance Branch, will:

- (i) Establish and perform a risk assessment of WFP tangible assets, including IT assets.
- (ii) Finalize the feasibility assessment of a global insurance scheme and develop a corporate insurance coverage framework for WFP tangible assets, including information technology assets.

Timeline for implementation

31 July 2023



Observation 5: Asset disposal and sanitization

44. Efficient and effective disposal of obsolete or unused IT assets is critical to safeguard the safety of WFP information. Inspection of warehouses and storage rooms in country offices revealed excessive amounts of IT equipment pending disposal, indicating that the process is not operating effectively. Examination of storage facilities showed significant opportunities to improve the physical handling of IT equipment, including storage layouts, labelling and tagging of assets, and physical security to mitigate the risk of theft or loss.

45. The corporate SOP on the sanitization of IT assets¹⁰ guides how WFP IT assets should be sanitized before they are decommissioned or transferred to third parties. The audit identified IT assets in storage or not in use ready for disposal that were not sanitized and missing certificates to verify that asset sanitization was completed. Some of the equipment to be disposed of examined by the audit contained personally identifiable and other sensitive information, posing data privacy risks.

Underlying cause(s): Limited resources and deprioritization of IT asset management over other IT activities; lengthy process of engaging the Global Assets Service team and UNHCR for disposal activities; absence of guidelines specifically dedicated to the storage of IT assets; limited awareness of sanitization procedures at the country offices; and limited awareness of data privacy risks.

Agreed Actions [Medium priority]

- 1) The Management Services Division will review and assess the effectiveness of the role of the Global Asset Service team and the United Nations High Commissioner for Refugees for the disposal of assets in WFP country offices.
- 2) The Technology Division will:
 - (i) Review guidelines for storing, handling, and disposal of information technology assets.
 - (ii) Update the IT oversight checklist to reflect updated guidelines on the management and disposal of information technology assets in the country offices.
 - (iii) Update available training material, including information technology asset sanitation procedures, and sensitize staff concerning the latest standards, policies, and procedures.

Timeline for implementation

- 1) 30 June 2023
- 2) 30 March 2024

¹⁰ Sanitization of IT assets, TECI/SOP/2020/01. Data sanitization is defined as the process of deliberately, permanently, and irreversibly removing or destroying the data stored on a memory device to make it unrecoverable. A device that has been sanitized has no usable residual data, and even with the assistance of advanced forensic tools, the data will not ever be recovered.



Annex A – Agreed action plan

The following table shows the categorization, ownership and due date agreed with the audit client 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.

The five agreed action plan are addressed at the corporate level to MSD and TEC.

#	Observation	Line of Enquiry	Owner	Priority	Timeline for implementation
1	Key performance indicators	LoE 1	MSD	Medium	30 September 2023
2	Asset data quality	LoE 2	1. MSD 2. TEC	Medium	31 December 2023 31 December 2023
3	Recognition of intangible assets	LoE 2	MSD	Medium	30 September 2023
4	Insurance mechanism and risks management	LoE 3	MSD	Medium	31 July 2023
5	Asset disposal and sanitization	LoE 3	MSD TEC	Medium	30 June 2023 30 March 2024

Annex B – Definitions of audit terms: ratings & priority

1 Rating system

The internal audit services of UNDP, UNFPA, 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.
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 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.¹¹

¹¹ 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 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.

The Office of Internal Audit monitors agreed actions from the date of the issuance of the report with regular reporting to senior management, the Independent Oversight Advisory 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, the Office of Internal Audit 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, the Office of Internal Audit 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 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. The Office of Internal Audit informs senior management, the Independent Oversight Advisory Committee and the Executive Board of actions closed without mitigating the risk on a regular basis.



Annex C – Acronyms

GEMS	Global Equipment Management System
IT	Information Technology
ITAM	IT Asset Management
LOE	Line of Enquiry
MSD	Management Services Division
SOP	Standard Operating Procedure
TEC	Technology Division in WFP
UNHCR	United Nations High Commissioner for Refugees
WFP	World Food Programme