

SAVING  
LIVES  
CHANGING  
LIVES

# Internal Audit of WFP Operations in Benin

Office of the Inspector General  
Internal Audit Report AR/23/06



World Food  
Programme

May 2023



## Table of Contents

I.	Executive summary	3
II.	Country context and audit scope	5
III.	Results of the audit	7
	Cross-cutting	7
	<b>Observation 1: Governance</b>	<b>7</b>
	<b>Observation 2: Digitalization strategy</b>	<b>8</b>
	Beneficiary management	9
	Supply chain	10
	<b>Observation 3: Transport management</b>	<b>12</b>
	<b>Observation 4: Commodity management</b>	<b>13</b>
	Non-governmental organizations management	14
	<b>Observation 5: Non-governmental organization management</b>	<b>15</b>
	Monitoring	15
	<b>Observation 6: Monitoring and community feedback mechanism</b>	<b>16</b>
	Budget management	17
	<b>Observation 7: Contribution management and donor reporting</b>	<b>18</b>
	Finance	19
	<b>Observation 8: Finance</b>	<b>19</b>
	Annex A – Agreed action plan	21
	Annex B – Definitions of audit terms: ratings & priority	22
	Annex C – Acronyms	24
	Annex D – List of figures	24



## I. Executive summary

### WFP Benin Country Office

1. As part of its annual workplan, the Office of Internal Audit conducted an audit of WFP operations in Benin that focused on beneficiary management, supply chain, monitoring, non-governmental organization management, finance, budget management and gender. The audit covered the period from 1 September 2021 to 30 September 2022 and looked at prior and subsequent events and transactions as required.
2. Through its three strategic outcomes, the Country Strategic Plan 2019–2023 aims to enable WFP in Benin to reposition itself and transition from providing direct assistance to performing an advisory and enabling role, supporting the Government in the design and implementation of a national integrated home-grown school feeding programme. Following the Government's commitment to scale up its coverage of the school feeding programme to reach 75 percent of all primary schools, in April 2022, WFP included an additional 1,729 schools in the programme to reach a total of more than 5,300 schools.
3. The total budget for the country strategic plan is USD 129.5 million as approved by the Executive Board in June 2019. Over the audit period, WFP expenses amounted to USD 25 million, and the country office reached over 1 million beneficiaries. The audit focused on implementation of activity #1 – *Provide integrated, inclusive and gender-transformative school meals programmes in targeted communities in a way that relies on and stimulates local production*, under strategic outcome 1 of the country strategic plan, which accounted for 95 percent of total expenses during the audit period.

### Audit conclusions and key results

4. Based on the results of the audit, the Office of Internal Audit reached an overall conclusion of **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.
5. The audit identified three main common root causes of the issues highlighted across audit observations: (i) lack of an adequate organizational structure to support the implementation of activities; (ii) the absence of a digitalization strategy across different functional areas; and (iii) insufficient management oversight to ensure that corporate policies were implemented in the country office. As a result, the country office remediated issues as they arose to ensure continuity of operations, i.e. fulfilling the most urgent operational needs, with less priority given to strategic aspects and timely planning.

#### *Organizational structure*

6. The country office recently begun to strengthen its organizational structure, creating two additional sub-offices and eight field offices. At the time of the audit fieldwork, numerous recruitments were ongoing, including logistics assistants, a gender officer and the replacement of a risk officer and a donor and partnerships officer. The country office did not have a comprehensive people strategy that includes staff capacity building to absorb the increased number of schools supported by WFP. The country office led a strategic workforce review exercise in November 2022 which concluded that projected changes within the new country strategic plan will require increased staffing level and expertise.

#### *Digitization*

7. At the corporate level, the school feeding digital transformation road map includes new solutions to improve management of school feeding programmes. Substantial efforts are required in the Benin Country Office to roll out digital solutions which could significantly simplify the entire logistics and monitoring chains of reporting data with near real-time tracking. Issues noted in the audit report, such as delays in implementing the real-time recording of goods receipt at the final delivery point, indicate that active collaboration and



coordination between the country office and corporate stakeholders is required for a technology solution to be effective.

*Management oversight*

8. In 2022, the Regional Bureau for Western Africa identified significant issues related to warehouse management, specifically related to segregation of duties; use of non-standard procedures for commodity accounting; and offline management of commodity movements. Sub-optimal warehouse management processes resulted in a significant backlog of commodity records in the WFP Enterprise Resource Planning system, which in turn, caused delays in payments to transporters and impacted reporting accuracy. At the time of the audit fieldwork, the regional bureau was providing considerable support to the country office, and temporary staff had been deployed from other WFP country offices to regularize the backlog. Substantial efforts were still required to complete the work and to address newly accumulated workloads in a timely manner.

*Other areas to consider – contribution management*

9. Gaps identified in contribution management resulted in a portion of funds not being timely programmed for utilisation. At the time of the audit fieldwork, reconciliation of a confirmed contribution related to the existing national school feeding programme agreement with the Government had not been finalized. Workaround solutions for a received contribution as an advance pertaining to the upcoming agreement with the Government were being implemented to avoid pipeline breaks.

*Other areas to consider – compliance*

10. The audit identified further exceptions in the management of WFP operations for management's attention. The country office would benefit from improving several control activities related to capacity assessment and performance evaluations of non-governmental organizations, vendors and transporters; management of exceptional advances; and the timely implementation of comprehensive community feedback mechanisms.

## **Actions agreed**

11. The audit report contains four high-priority and four medium-priority observations. Management has agreed to address the reported observations and to work to implement the agreed actions by their respective due dates.

## **THANK YOU!**

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



## II. Country context and audit scope

### Benin

13. Benin is a low-income, food-deficit country. It has an estimated population of 12.8 million,<sup>1</sup> predominantly rural people, ranking 166 of 199 countries on the Human Development Index in 2021.<sup>2</sup> In the 2022 Global Hunger Index, Benin ranks 91 of 121 countries.<sup>3</sup> Despite some progress made in reducing chronic malnutrition, Benin still faces development challenges, including food insecurity, malnutrition and gender inequalities.

14. Benin ranked 78 of 180 countries in the 2021 Transparency International Corruption Perception Index,<sup>4</sup> which represents a risk that potentially impacts the delivery of operations, including the provision of services to government entities.

15. The education system in Benin faces persistent challenges in relation to the population literacy, quality of education and school infrastructure. The Government of Benin considers school meals to be essential to primary education and increasing retention rates, particularly among girls. A national school feeding programme has been in place since 2000 and over the years has expanded the number of schools covered.

### WFP operations in Benin

16. WFP has been present in Benin since 1964. The country office launched its 2019–2023 Country Strategic Plan in May 2019 with a budget of USD 129.5 million. Implementation of the national integrated school feeding programme in public primary schools is the primary activity of the WFP Benin Country Strategic Plan.

17. In 2021, WFP assisted 740,359 beneficiaries in Benin (of which 717,206 schoolchildren reached through school-based programmes) by delivering 25,000 metric tons of food and USD 0.2 million through cash-based transfers. The Government funded 90 percent of the school feeding programme through its own resources.

18. WFP's access and operational continuity was challenging in northern Benin. Due to security concerns, in early October 2022, 11 schools postponed the start of the academic year in the Alibori department.

19. At the time of the audit fieldwork, the country office was preparing a revision of the country strategic plan's budget to expand the local food purchase component in activity #1.

20. From April 2022, the number of schools assisted by WFP increased from 3,850 to 5,356, following official notification about the extension from the Government.

21. Given the increase in the number of schools supported by WFP, the country office undertook a restructuring exercise, which included the creation of two additional sub-offices and seven additional field offices, next to the existing sub-offices of Parakou and Natitingou. At the time of the audit fieldwork, several positions had either been recently filled or were under recruitment.

### Objective and scope of the audit

22. The objective of the audit was to provide assurance on the effectiveness of governance, risk management and internal control processes relating to WFP operations in Benin. Such audits contribute to an annual and overall assurance statement to the Executive Director on governance, risk management and control processes.

---

<sup>1</sup> [UNFPA, World Population Dashboard](#)

<sup>2</sup> [UNDP, Human development report 2021/2022](#)

<sup>3</sup> [Global Hunger Index Scores by 2022 GHI Rank - Global Hunger Index \(GHI\) - peer-reviewed annual publication designed to comprehensively measure and track hunger at the global, regional, and country levels](#)

<sup>4</sup> <https://www.transparency.org/en/cpi/2021/index/ssd>

23. The audit focused on activity #1 under strategic outcome 1, representing 95 percent of the country strategic plan's expenses during the audit period:

- *Activity 1 – Provide integrated, inclusive and gender-transformative school meals programmes in targeted communities in a way that relies on and stimulates local production.*

24. The Office of Internal Audit developed in 2021 a focused audit approach to adapt to COVID-19 constraints, while maintaining its audit coverage of country operations and providing assurance on five key areas of the end-to-end country office delivery process, as detailed in Figure 1.

**Figure 1: Areas covered by the focused audit scope**



25. The internal audit of WFP operations in Benin built on the focused approach, complementing it with a risk-based audit methodology to determine the priority focus areas for the audit. As a result, the seven areas in scope for the audit included: (i) beneficiary management; (ii) supply chain; (iii) monitoring; (iv) non-governmental organization management; (v) finance; (vi) budget management; and (vii) gender.

26. No cash-based transfer operations were undertaken by the Benin Country Office in 2022; therefore, the review of cash-based transfers was scoped out from the audit assignment. Food procured at a corporate level was also not in the audit scope.

27. The audit team conducted the audit fieldwork in the Benin Country Office in Cotonou with visits to Parakou and Djougou field offices.

28. Reliance was placed on other assurance work, where possible and relevant, to minimize duplication of efforts. The audit carried out a limited review of local food procurement, commodity management and finance due to the 2022 oversight missions carried out by the Regional Bureau for Western Africa.

29. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.



## III. Results of the audit

### Audit work and conclusions

30. Each of the following sections correspond to the functional areas covered during the audit (described in paragraph 25), with an initial section to capture cross-cutting issues. Eight observations arose from the audit regarding supply chain, non-governmental organization management, monitoring, budget management and finance along with cross-cutting topics related to governance and digitalization strategy.

31. A simplified standard process diagram is included for several functional areas audited. These diagrams indicate the key control areas reviewed and, when exceptions or weaknesses were noted, the audit observations to which they relate and their respective priority rating (red for high and yellow for medium-priority observations). Any other issues arising from the audit that were assessed as low priority were discussed with the country office directly and are not reflected in the report.

### Cross-cutting

#### Observation 1: Governance

##### *Staffing*

32. Risks related to staff's availability and capacity to comply with corporate policies and absorb the expansion of the programme were not identified and mitigated in a timely manner. This adversely impacted WFP's operations in Benin, resulting in an increased workload and delays in food delivery to schools.

33. As detailed in various observations in this report, the country office had insufficient staffing resources to efficiently manage commodities; contracting with transporters; monitoring activities, non-governmental organizations and budget. Several critical functional positions were not filled, which further weakened the country office's capacity to ensure effective implementation of control processes. The country office could not demonstrate the required level of gender integration in country office programmes, which in one instance in 2022, led to the country office losing an opportunity to obtain a donor contribution.

34. Notwithstanding the context mentioned above, the country office gradually increased its staffing level in 2022. At the time of the audit fieldwork, the country office was onboarding recently hired employees, including a head of supply chain and a head of research, assessment and monitoring, and recruiting new personnel. The country office recruited logistics personnel under flexible contractual tools to speed up the recruitment process. The country office decided to convert these contracts into longer-term arrangements because of the continuing need for the recruited personnel.

35. In addition, up to five staff from the regional bureau or other country offices were temporally deployed to support the country office's logistics function. With support from the regional bureau, the country office started to develop a training plan for all key logistics staff involved in commodity management. At the time of the audit fieldwork, the country office was also recruiting a gender specialist and the community feedback mechanism officer.

36. The country office led a strategic workforce review exercise in November 2022. The country office concluded that projected changes within the new country strategic plan will require increased staffing level and expertise.

##### *Management oversight*

37. Management oversight was not commensurate with the level of risks to WFP operations in Benin. At the most critical time, during the scale-up of activities, both senior management positions were simultaneously newly filled, contributing to the risk of not ensuring robust and continuous oversight.



38. These staffing challenges resulted in limited expertise remaining to assess the level of risk, and articulate it to senior management, particularly relating to the processes highlighted in observations 3, 4 and 7 of this report.

39. Key risk areas in relation to commodity management were undetected by the country office or detected late by the regional bureau. Key issues, including segregation of duties breaches, were raised through several regional bureau oversight missions undertaken at the end of 2021 and in 2022. At the time of the audit fieldwork, the country office was recruiting a new risk officer.

40. The country office worked without an agreement with the Government from January until November 2022. To regularize the situation, pending finalization of a new agreement, the country office and the Government of Benin signed an extension of the expired Integrated National School Feeding agreement in November 2022.

Underlying cause(s): Lack of staffing and capacity strategy to support the scale-up of activities; and limited implementation of recommendations from management oversight and support missions.

#### **Agreed Actions** [High priority]

1. In collaboration with the Regional Bureau for Western Africa, the country office will:
  - a) Align the country office's organizational structure with corporate standards and in line with the results of the November 2022 strategic workforce review.
  - b) Undertake a skills gap analysis and develop a training plan for all key functions.
2. The country office will:
  - a) Undertake a process-level review to ensure adequate segregation of duties and oversight.
  - b) Establish systems and processes to follow up on regional bureau recommendations.
3. The Regional Bureau for Western Africa will:
  - a) Establish a risk-based oversight plan that will include a focus on the irregularities noted in the corporate exception reports.
  - b) Increase the support provided to the country office and identify areas where further support from headquarters units is needed.

#### **Timeline for implementation**

1. 31 December 2023
2. 31 December 2023
3. 31 December 2023

### **Observation 2: Digitalization strategy**

41. At the corporate level, the school feeding digital transformation roadmap includes solutions to improve management of school feeding programmes. These solutions include digital tools that aim at significantly simplifying the entire logistics and monitoring chains of reporting data with near real-time tracking. Substantial efforts from the country office are required to roll out these digital solutions.

42. Issues noted which relate to commodity accounting stress the need to implement the digital real-time recording of goods receipt at the final delivery point. During the audit fieldwork, there were ongoing discussions between the country office and the regional bureau on a last-mile solution for recording real-time food movements and improving the accountability and accuracy of food delivery information, including through ad-hoc dashboards. There was no established strategy and road map detailing the coordination





necessary between internal and external stakeholders; specifically, country office programme and logistics staff, transporters, non-governmental organizations, and government counterparts.

43. In the context of the increased number of schools assisted by WFP and the need to improve the follow-up of monitoring observations, substantial collaboration was needed with the regional bureau and the headquarters School-Based Programme division to assess the necessary functionalities for monitoring tools for school feeding programmes. This included digital solutions for the identification and resolution of operational issues with data collection; guidance to ensure that monitoring data is routinely discussed with relevant governmental agencies; and poor data quality and/or cases of non-compliance are addressed.

44. In 2022, a joint mission of the regional bureau and the headquarters Technology division issued guidelines to support the country office in making tactical decisions on a digital tool that would provide real-time operational data for monitoring and decision making.

Underlying cause(s): Lack of strategic decisions on digitalization by the country office management.

**Agreed Action** [High priority]

The country office, in consultation with the Regional Bureau for Western Africa and relevant headquarters units, will develop and implement a comprehensive digitalization strategy across all activities.

**Timeline for implementation**

31 December 2023

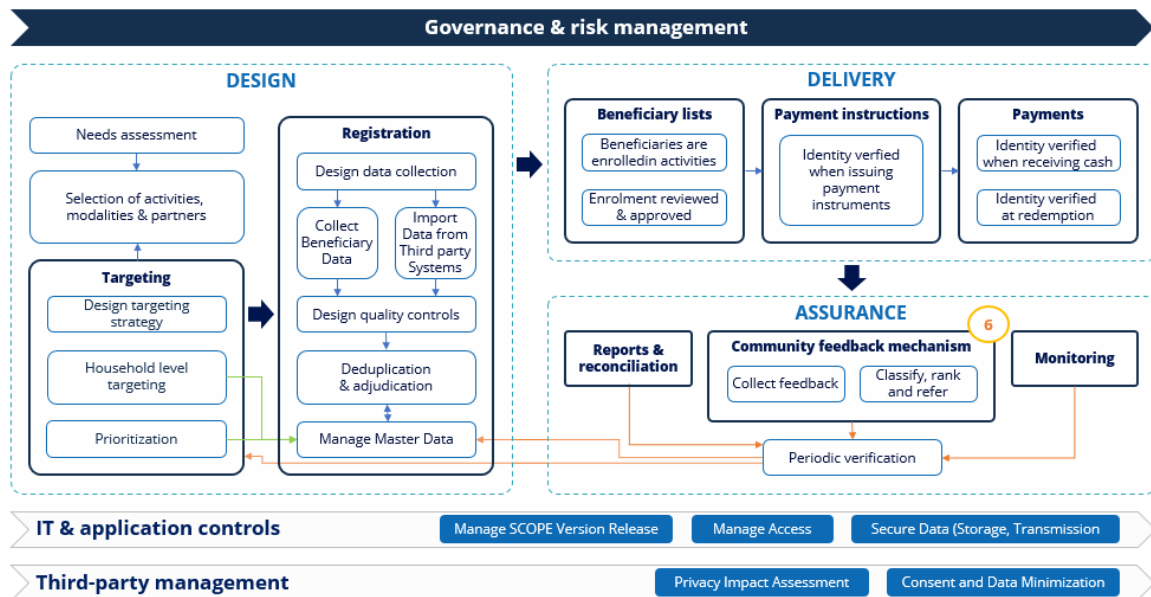
## Beneficiary management

45. The criteria for schools to be assisted were predetermined at the start of the integrated national school feeding programme and consisted of schools situated in locations with a high food insecurity vulnerability rate and schools with low student enrolment. The country office's role in the school selection process was limited to participating in discussions of the quadripartite meetings with the Presidential unit for monitoring the operations of schools, Ministry of Preschool and Primary Education and non-governmental organization representatives.

46. Enrolment and attendance data are key inputs for the planning, implementation, monitoring and feedback of school feeding programmes. A key challenge for WFP school feeding activities is that country offices have limited or no control over enrolment and attendance management as national government entities usually bear responsibility for managing enrolment data. In this context, the country office monitored school attendance records to plan and report on school feeding programmes and did not register students individually. However, as WFP is accountable for the efficient and effective use of the resources entrusted to the school feeding programme, it must closely monitor attendance records to ensure their accuracy. The audit raised an observation to this effect under the monitoring section of the report.



Figure 2: Simplified process diagram and related audit observations for beneficiary management



The number in the diagram represents the related audit observation and its respective priority rating (yellow represents medium-priority observations).

## Supply chain

47. Supply Chain in the Benin Country Office includes procurement and logistics functions. The audit assessed supply chain key controls (see Figures 3 and 4 for results), including market assessment, supplier and transporter selection, contracting, the performance management process and commodity management practices. The country office recruited a head of Supply Chain in October 2022 and was further recruiting employees for warehouse management at the time of audit fieldwork.

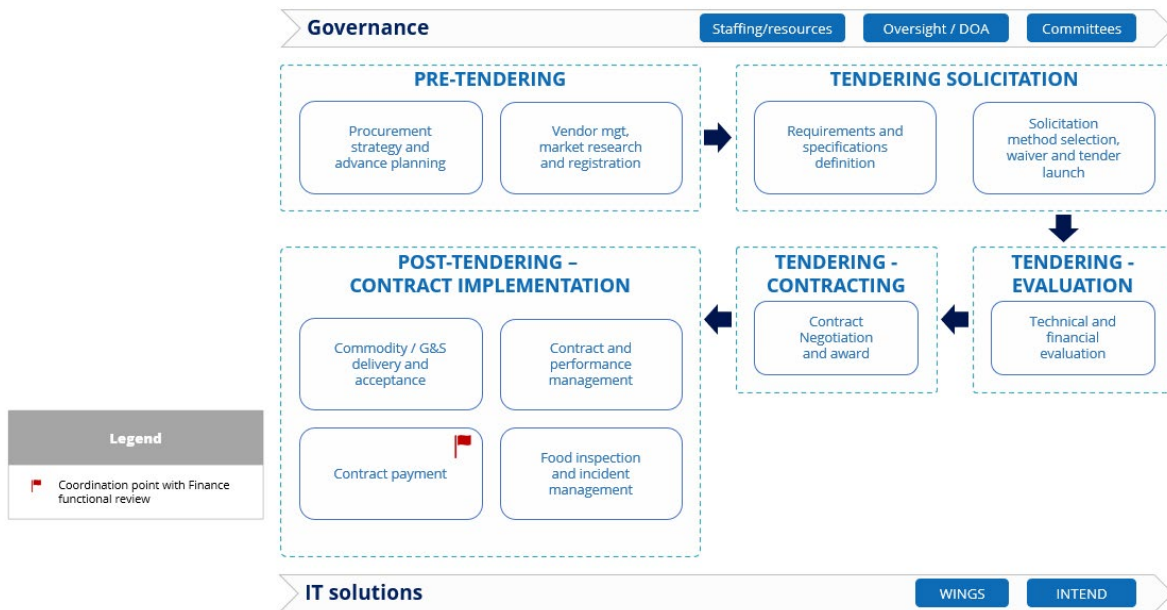
## Procurement

48. During the audit period, local procurement amounted to USD 5.1 million, of which USD 3.1 million related to local food procurement and the remaining USD 2 million to the purchase of goods and services. The country office had a centralized procurement set-up and used the corporate electronic tendering system to manage requests for proposal or quotations.

49. The audit reviewed the regional bureau’s findings on local food procurement resulting from the management oversight mission conducted in February 2022. In general controls related to procurement (illustrated in the schematic diagram in Figure 3 below) were found to be operating effectively, and no reportable findings arose.



Figure 3: Simplified process diagram and related audit observations for procurement



### Logistics

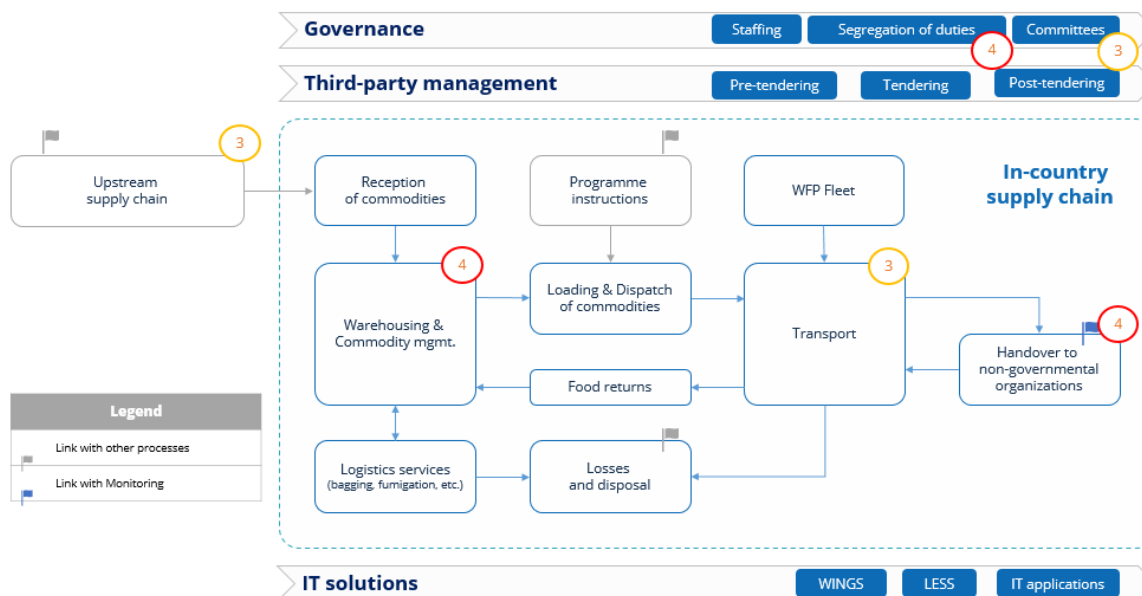
50. The country office contracted transporters through a competitive process, in an attempt to select the most appropriate type of contract based on local transport capacity. The single contractor award was the default method of awarding contracts for freight forwarders. The country office commenced using tariff system<sup>5</sup> contracting in 2019 because no single service provider had the capacity to meet requirements within the required time frame to deliver commodities to schools. The country office tracked the tariff system agreements in the WFP Enterprise Resource Planning System to allow for monitoring and analysis of the use of tariff system contracting at a corporate level.

51. The country office maintained eight warehouses. Actual food dispatches in 2021 amounted to 49,100 metric tons, including 25,500 metric tons delivered to schools. The country office also managed corridor operations for neighbouring countries including Burkina Faso, Mali, and Niger.

52. The audit reviewed transport contracting and the regional bureau findings on warehouse and commodities management resulting from the management oversight missions conducted in July and August 2022.

<sup>5</sup> WFP's tariff system allows for the establishment of a pool of contractors who simultaneously or interchangeably provide services under the same conditions, including price, based on an understanding of a pertinent market and other conditions.

Figure 4: Simplified process diagram and related audit observations for logistics



Numbers in the diagram represent the related audit observations and their respective priority rating (red and yellow represent respectively high-priority and medium-priority observations).

### Observation 3: Transport management

53. The tariff system at WFP is regarded as an exceptional contracting procedure and there are risks associated with its repeated use, such as lessening transporters' incentives to make low bids and, over time, increasing transport rates. Establishing a tariff should be based, to a significant degree, on knowledge of the local market. The country office had yet to conduct a comprehensive logistics market assessment. Although a transport market assessment was initiated in 2019, with country office logistics staff meeting transporter associations and ministries to better understand transporter cost components, the assessment was not completed. The country office is planning to reassess the use of tariff system contracting in 2023.

54. Current and historical rates used under tariff system contracting were examined by the country office with insufficient consideration to prevailing market conditions. The country office noted inconsistencies in rates between dry and rainy seasons. Most transport rates proposed by the country office to transporters in 2022 were based on 2021 rates, which were augmented based on the variation of the fuel price index. These were not based on newly shortlisted transporters' proposed rates, which were not considered realistic by the country office logistic contract committee. This illustrates the limitations deriving from the repeated use of the tariff system and the associated risks of overpaying for transport services in the absence of an updated transport market assessment.

55. Monthly allocation plans to transporters could often not be implemented in the Benin context because of the high number of final distribution points and low local transport capacity. Significant variations against the initial plans were not explained and reviewed by the local logistics contract committee, nor approved by country office management. The country office addressed this issue from September 2022 onwards.

56. Transporter evaluations were not based on a set of comprehensive criteria (including tonnage uplifted against that requested; uplift and delivery timeliness; and losses). Further, due to the significant backlogs in recording commodity movements in corporate systems (see Observation 5 on commodity management), transporter evaluation preparation was not carried out by logistics staff, using data from the corporate system for commodity management. Instead, performance evaluations were based on feedback from logistics and non-governmental organization staff.



Underlying cause(s): Lack of resources and understaffing of the logistics unit; limited guidance or training on the use of tariff system contracting; and limited management oversight.

#### **Agreed Actions** [Medium priority]

1. The country office will:
  - a) Perform a comprehensive logistics market assessment, with a focus on the conditions under which each tariff system contracting should be used.
  - b) Based on an increased knowledge of prevailing market conditions, reassess the methodology to determine transport rates if the use of tariff system contracting is maintained.
2. The country office will strengthen monitoring and oversight of the use of the tariff system by systematically implementing processes to ensure that variations to the transporter allocation plans are explained and approved by the country office logistics contract committee.
3. The country office will use automated reporting functionalities for performance evaluations using relevant corporate data and dashboards from corporate systems.

#### **Timeline for implementation**

1. 30 September 2023
3. 30 September 2023

*Agreed action 2 had been implemented by the country office prior to the issuance of the audit report.*

### **Observation 4: Commodity management**

57. The country office supply chain was not prepared for the 2022 scale-up of the school feeding programme in terms of staffing, standard operating procedures, systems and management oversight. This resulted in a series of challenges and weaknesses which triggered a series of regional bureau oversight and support missions that started in July 2022. The missions identified significant issues related to segregation of duties, warehouse management, non-standard procedures for commodity accounting, offline management of commodity movements and the payment of transporter invoices.

58. The staffing structure was not proportionate to the size of the warehouse operation, which impacted segregation of duties. The country office did not have adequate planning and execution of warehousing operations to cover all aspects of warehousing, from warehouse space and layout planning to regular inventory inspection and management, inventory accounting and other related activities. Reconciliation of the records comprising physical stocks, information from manual systems (stack cards), and information within the corporate commodity accounting system was not performed. The regional bureau contracted an external company to conduct physical inventories and reconcile them with the commodity accounting system. A difference of 283 metric tons missing, valued at USD 163,000, was identified in September 2022. A significant number of warehousing staff were recruited and trained with support from the regional bureau during the second half of 2022.

59. The country office did not have a commodity tracking system, from first receipt to final discharge, in more than 5,300 schools. The country office's decision to manage last-mile distribution offline led to: limiting the ability to maintain an audit trail for the transfer of the consignment and change of ownership; and creating recurring backlogs in recording commodity movements in WFP corporate systems. With support from the regional bureau, the country office started recording all commodity movements to schools for early 2022. More than 1,000 waybills associated with the dispatch of more than 2,000 metric tons had yet to be recorded in September 2022. On average, during the audit period, the country only recorded 40 percent of commodity movements in the corporate system within four weeks of receipt. Consequently, data reliability in the corporate system was only 77 percent during the audit period.



60. The recurring backlog impacted the reconciliation process between the corporate system used for commodity management and the corporate system used for monitoring. The corporate dashboard showed a cumulated difference of 253 metric tons between the two systems for the period ending 15 December 2022.

Underlying cause(s): Supply Chain staffing levels incommensurate with the increased volume of activity; absence of WFP commodity management systems in some warehouses or limited knowledge of some warehousing staff in how to use them; lack of clarity and guidance from the country office to its field offices; delays in reviewing business processes and implementing digital solutions; and limited management oversight.

#### **Agreed Actions** [High priority]

1. In collaboration with the Regional Bureau for Western Africa the country office will:
  - a) Finalize the increase of staffing capacity for logistics operations and establish additional access permissions to the commodity management system in warehouses.
  - b) Further train logistics staff in charge of the handling and storage of commodities to ensure best practices in warehouse management.
  - c) Complete the process to address all backlogs identified in recording commodity movements in WFP corporate systems.
2. The country office will implement clear protocols and coordination mechanisms for the timely reconciliation of data between the corporate systems used for commodity management and monitoring, and investigation of unreconciled items.

#### **Timeline for implementation**

1. 30 June 2023
2. 30 September 2023

## **Non-governmental organizations management**

61. During the audit period, the country office collaborated with 10 non-governmental organizations, with total expenditure for their services amounting to USD 2.4 million. The non-governmental organizations' responsibilities involved sensibilization and mobilization work with communities and day-to-day school monitoring.

62. Based on the regional bureau's oversight recommendation, a cooperating partner committee<sup>6</sup> was established in the country office in April 2022. The country office developed online training for non-governmental organizations on monitoring school canteens as a cost-effective solution to complement in-person trainings.

63. The audit reviewed country office mechanisms to oversee the non-governmental organization management process, including selection, capacity assessments and performance evaluations.

---

<sup>6</sup> The cooperating partner committee is an oversight mechanism that should be established by all WFP country offices that work with cooperating partners to ensure that WFP policies and guidance are routinely followed when working with partners.



## Observation 5: Non-governmental organization management

64. Since September 2022, no designated staff member has been operationally responsible for the contractual management of non-governmental organizations in the country office.

65. The non-governmental organizations' capacity assessments undertaken in 2022 were desk-based and incomplete to conclude regarding several aspects, pending in-person verifications, e.g. regarding staff performance assessment processes; whether internal or external audits had been conducted for the last three years; or and whether a gender strategy or action plan was in place.

66. The non-governmental organization oversight spot-check was performed once by the country office finance function in 2021, without cross-functional collaboration. The observations of the review were communicated to only one non-governmental organization, with no follow-up on implementation of the recommendations.

67. Performance evaluations of existing non-governmental organizations were not undertaken before signing new field-level agreements in 2022, impeding effective oversight of any irregularities or difficulties of non-governmental organizations in fulfilling their contractual obligations.

Underlying cause(s): Absence of a dedicated structure or employee in charge of non-governmental organization management; and competing priorities impacting timely non-governmental organizations' contracting process management.

### Agreed Actions [Medium priority]

1. The country office will define roles and responsibilities related to the management of non-governmental organizations.
2. The country office will:
  - a) Finalize non-governmental organization capacity assessments and develop a road map for spot-check reviews involving cross-functional collaboration, communication of findings to non-governmental organizations and follow-up of recommendations.
  - b) Carry out timely non-governmental organization performance evaluations in line with corporate guidance.

### Timeline for implementation

2. 30 September 2023

*Agreed action 1 was implemented by the country office prior to the issuance of the audit report.*

## Monitoring

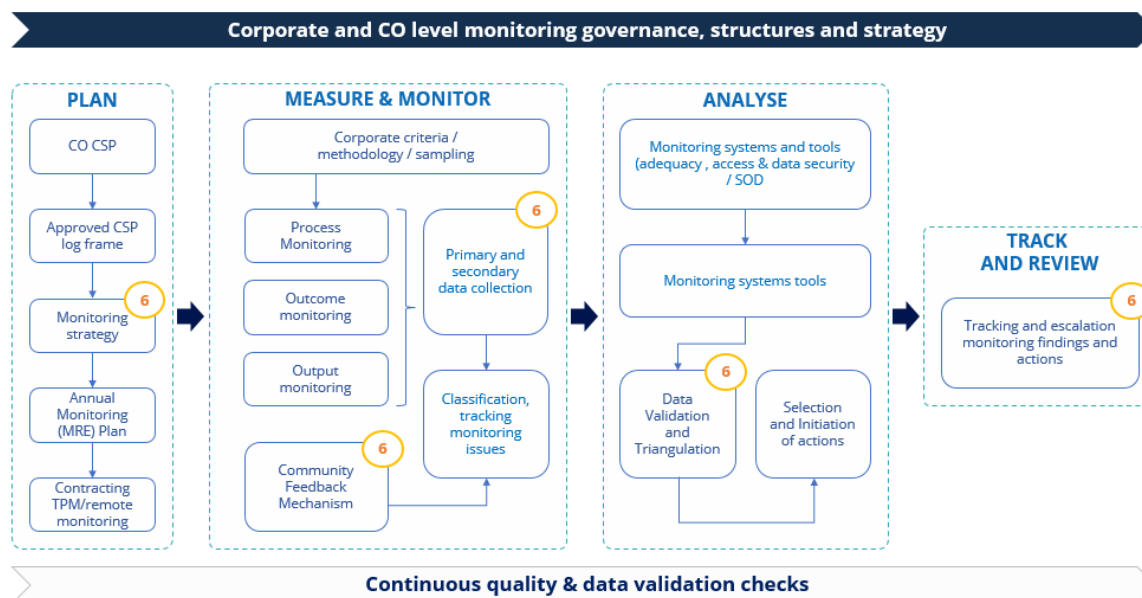
68. During the audit period, non-governmental organizations implemented monitoring of school canteens. Programme assistants in sub-offices and field offices also monitored these activities.

69. The quadripartite committee, constituted from the Ministry of Preschool and Primary Education, the Presidential unit for monitoring the operation of school canteens, the country office, and representatives of non-governmental organizations met several times during the audit period to review the monitoring activities carried out by different stakeholders.

70. The controls tested in relation to monitoring are illustrated in the process diagram in Figure 5 below.



Figure 5: Simplified process diagram and related audit observations for monitoring



Numbers in the diagram represent the related audit observations and their respective priority rating (yellow represents medium-priority observations).

### Observation 6: Monitoring and community feedback mechanism

71. The monitoring strategy was last revised in 2020 and is now misaligned to the increased number of schools to be supported by WFP. The significant amount of data being collected for monitoring purposes created a heavy workload for non-governmental organizations, with less time left to address issues and sensitize communities. While to a certain extent, data collection processes were digitalized at the country office level, non-governmental organizations continued working with spreadsheets prior to entering data into WFP's corporate tools, duplicating their data collection workload.

72. School visits undertaken during the audit highlighted significant irregularities in canteen management that were not noted by the monitoring activities performed by WFP or non-governmental organizations. Although programme assistants carried out monitoring activities in addition to those conducted by the non-governmental organizations, there is room for improvement, with a more thorough oversight of the work performed by non-governmental organizations, in order to capture issues neither detected by the country office nor by the non-governmental organizations. For instance, the method used by one field office to identify schools subject to periodic monitoring meant that some remote schools had not been visited by the country office over the last two years.

73. The country office carried out an analysis of the data collected from monitoring activities, such as the number of schools opened or school canteens that were functioning. The country office held coordination meetings with field offices to highlight issues as well as identify causes and actions, although there was no systematic way to understand how these results informed management decisions and programme adjustments.

74. During the audit period, the country office did not have a community feedback mechanism in place for communities to report irregularities anonymously. Even if issues were raised by the affected population, the country office did not maintain a repository to track and consolidate the issues to support risk-informed decisions. In May 2022, the country office developed the 'accountability for affected populations' strategy and a roadmap for introducing a comprehensive community feedback mechanism with the technical support of the regional bureau.





Underlying cause(s): Insufficient staffing resources; and absence of an updated comprehensive monitoring strategy and standard operating procedures to accompany the increased number of schools.

**Agreed Actions** [Medium priority]

The country office will:

- (i) Update the monitoring strategy to reflect the increased number of schools to monitor and the need to strengthen management oversight of the monitoring activities performed by non-governmental organizations.
- (ii) Identify ways to strengthen procedures and tools for tracking issues to inform risk-based management decisions.

**Timeline for implementation**

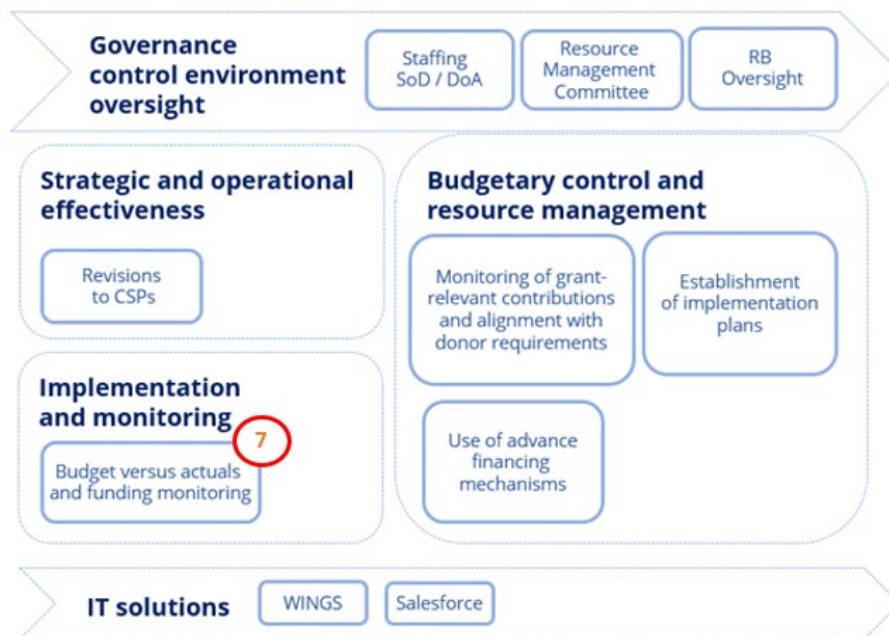
31 December 2023

## Budget management

75. The country office resource management committee was established and functioning. At the time of the audit, 14 months from the end of the Country Strategic Plan 2019-2023, the country office had implemented 44 percent of the approved budget, amounting to USD 129.5 million.

76. The controls tested in relation to budget management are illustrated in the process diagram in Figure 6 below.

**Figure 6: Simplified process diagram and related audit observations for budget management**



The number in the diagram represents the related audit observations and its respective priority rating (red represents high-priority observations).



## Observation 7: Contribution management and donor reporting

### *Contribution management*

77. The country office did not systematically reconcile funds: specifically, funds as per the agreement with the cash received in WFP bank accounts; the monetary value of in-kind contributions; and amounts registered against grants in the WFP Enterprise Resource Planning system to ensure robust contribution management. Reconciliation was being performed by the headquarters Public Partnerships and Resourcing division and had not yet been finalized at the time of the audit fieldwork.

78. The contribution of USD 31.5 million, confirmed in writing by the Government of Benin in December 2018, was only registered in the WFP Enterprise Resource Planning system in May 2022 when the funds were received. The country office had not used the corporate tool for donor contribution forecasting to notify WFP headquarters about the additional portion of the contribution. The delayed recognition of this contribution resulted in (i) non-conformity with the WFP accounting policy on income recognition then in force, which required recognizing a contribution revenue when a contribution was confirmed in writing by a donor, irrespective of the date at which funds would be received; (ii) funds not being available on time for programme implementation; and (iii) incorrect donor reporting.

79. Another contribution of USD 21 million, pertaining to the integrated national school feeding agreement under negotiation, has been pending in the WFP general ledger suspense account since the receipt of its funds in July 2022. At the time of the audit fieldwork, the country office, with support from the headquarters Finance department, was considering a workaround solution to advance funds from corporate advanced financing mechanisms to avoid pipeline breaks.

### *Donor reporting*

80. The agreement on the national school feeding programme between the Government and WFP did not specify any requirement to provide the Government with specific financial reporting other than the WFP standard annual country report. To meet Government demands surfacing after signing the agreement, the country office submitted an additional report for 2021 to the Government in November 2022, hence with a significant delay the end of the year 2021. The country office did not reach out to the headquarters Contributions Accounting and Donor Financial Reporting branch to seek support in managing donor reporting expectations from the Government and to clear figures in the report to ensure they were reconcilable with the annual country report.

Underlying cause(s): Insufficient staffing resources; non-compliance with corporate guidance; and limited management oversight.

### **Agreed Actions** [High priority]

1. The country office, in coordination with the headquarters Public Partnerships and Resourcing division, will finalize reconciliation of contribution amounts confirmed as per the agreement, cash and in-kind received, and amounts registered against grants in the WFP Enterprise Resource Planning system; based on reconciliation results, the country office will coordinate with the headquarters Corporate Finance division for any accounting adjustments, as required.
2. The country office, in coordination with the headquarters Contribution Accounting and Donor Financial Reporting branch, will proactively manage donor expectations regarding reporting requirements.

### **Timeline for implementation**

1. 30 September 2023
2. 30 June 2023

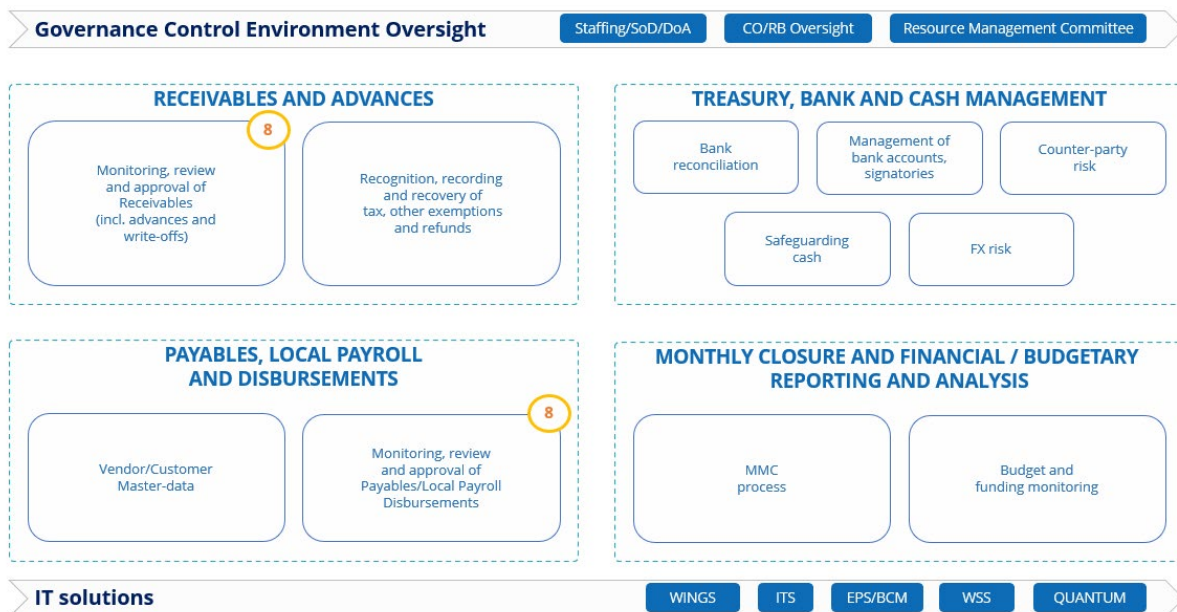


## Finance

81. The regional bureau undertook a technical support mission in the Benin Country Office in December 2021. The vendor balance confirmation, not carried out by the country office in 2020 and 2021, was commenced in December 2021 based on the regional bureau’s recommendation and was in the process of being completed at the time of the audit fieldwork.

82. To complement regional bureau oversight, the audit reviewed segregation of duties within the finance function, vendor balance confirmation and payment processes, including payments to transporters and non-governmental organizations. The audit also reviewed implementation of micro-purchase orders, following the regional bureau’s recommendation to the country office.

**Figure 7: Figure 7: Simplified process diagram and related audit observations for finance**



Numbers in the diagram represent the related audit observations and their respective priority rating (yellow represents medium-priority observations).

### Observation 8: Finance

#### Payment process

83. During the audit period, 11 percent of invoices (representing 19 percent in monetary value of total disbursements) were processed directly in the WFP Enterprise Resource Planning system, and not in the corporate invoice tracking system that embeds automatic, in-built controls. This resulted in limited assurance to disbursing officers that the correct invoice management process was followed – mainly for invoices related to non-governmental organization services, and utility and fuel receipts. The country office started processing non-governmental organization invoices through the corporate invoice tracking system in 2022; although not systematically.

#### Advances to transporters

84. The country office could not provide evidence of having in place a commodity tracking system, from first receipt to final discharge schools for the first quarter of the school year, as described in Observation 4 on commodity management. This affected the office’s ability to manage timely payments to transporters after the services had been rendered and invoices provided.



85. As transporters were reluctant to start the delivery for the second quarter without receiving the first quarter payments, the country office management processed in November 2022 USD 116,000 worth of exceptional advances to transporters to mitigate reputational and operational risks.

86. The country office could have better documented its risk analysis to demonstrate that transporters did render services before proceeding with advance payments. At the time of the audit fieldwork, some invoices were not received by finance, and hence not uploaded in the corporate invoice tracking system for some transporters to whom advances had been paid.

Underlying cause(s): Knowledge and skills gaps; upstream processes not aligned with the technicalities of processing invoices in the WFP Enterprise Resource Planning system and the corporate invoice tracking system; and limited management oversight.

**Agreed Actions** [Medium priority]

The country office will:

- (i) Regularly review invoices directly processed in the WFP Enterprise Resource Planning System to ensure management's oversight as per corporate guidance.
- (ii) Provide a knowledge session to functional units on procedures at WFP to process exceptional advance payments according to corporate guidance.

**Timeline for implementation**

31 July 2023



## 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 agreed action plan is primarily at the country office level.

#	Observation (number / title)	Area	Owner	Priority	Timeline for implementation
1	Governance	Cross-cutting	Country office Regional Bureau	High	1. 31 December 2023 2. 31 December 2023 3. 31 December 2023
2	Digitalization strategy	Cross-cutting	Country office	High	31 December 2023
3	Transport management	Supply chain	Country office	Medium	1. 30 September 2023 2. Implemented 3. 30 September 2023
4	Commodity management	Supply chain	Country office	High	1. 30 June 2023 2. 30 September 2023
5	Non-governmental organizations management	Non-governmental organizations management	Country office	Medium	1. Implemented 2. 30 September 2023
6	Monitoring and community feedback mechanism	Monitoring	Country office	Medium	31 December 2023
7	Contribution management and donor reporting	Budget management	Country office	High	1. 30 September 2023 2. 30 June 2023
8	Finance	Finance	Country office	Medium	31 July 2023



## 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
<b>Effective / satisfactory</b>	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.
<b>Some improvement needed</b>	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.
<b>Major improvement needed</b>	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.
<b>Ineffective / unsatisfactory</b>	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**

<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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.<sup>7</sup>

<sup>7</sup> 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

<b>CBT</b>	Cash-based transfer
<b>USD</b>	United States dollar
<b>WFP</b>	World Food Programme

# Annex D – List of figures

Figure 1: Areas covered by the focused audit scope .....6

Figure 2: Simplified process diagram and related audit observations for beneficiary management.....10

Figure 3: Simplified process diagram and related audit observations for procurement .....11

Figure 4: Simplified process diagram and related audit observations for logistics .....12

Figure 5: Simplified process diagram and related audit observations for monitoring.....16

Figure 6: Simplified process diagram and related audit observations for budget management.....17

Figure 7: Figure 7: Simplified process diagram and related audit observations for finance .....19