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Internal Audit of Digital Advisory and Solution Services (DASS) Project Management

Office of the Inspector General
Internal Audit Report AR-23-15



World Food
Programme

November 2023



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I. Executive summary

Introduction and context

1. As part of its annual workplan, the Office of Internal Audit audited digital advisory and solution services (DASS) project management in WFP.
2. The WFP Strategic Plan 2022–25 underlines the need to shift focus from WFP programme delivery towards supporting national and local capacity and working through systems. This strategy envisages the provision of services to support governments' own digitally enabled strategies and solutions to reach target populations. WFP country offices see digital support to national systems as a critical pathway to achieve country strategic plan outcomes and contribute to broader national and global goals.
3. In recent years, WFP received requests to provide digital technology support to host governments, including national social safety and assistance programmes. As of July 2023, the Technology and Programme – Humanitarian and Development Divisions reported approximately 180 ongoing or closed projects to provide or support the development of technology capabilities in all six WFP regions. This level of engagement indicates a great need for digitalization and technological innovation in digital assistance services and provides an opportunity for WFP to support the changing lives agenda of national governments.
4. The present audit assessed the extent to which management has established project management governance, processes and controls for the effective delivery of digital advisory and solution services to governments. The audit covered the period from 1 January 2021 to 31 March 2023 and tested 11 projects across WFP.

Audit conclusions and key results

5. Based on the results of the audit, the Office of Internal Audit has come to 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.

DASS strategic Value

6. Stakeholders met during the audit fieldwork recognized WFP's digital advisory and solution services as a strategic and valuable tool that helps countries respond to their urgent needs and improve the resilience and inclusion of public systems through digital technology and digitization.
7. The observations presented in this report are aligned with the conclusions reached by a strategic review assessment issued in September 2022 by the WFP Programme and Technology Divisions, which proactively identified the need for a digital advisory and solution services framework covering strategy, coordination, risk management, technology, skills and change management. Recommendations were made to improve the digital advisory and solution services' foundational pillars, such as project ownership and management.

DASS implementation

8. At the time of the audit fieldwork, a project coordinator was being onboarded to work with divisions such as the Technology, Cash-based Transfers and Supply Chain Operations divisions and to formalize and consolidate digital advisory and solution services guidance and processes that will result in an initial service offering per region at the end of 2024.
9. While these initiatives represent a significant improvement to the project management and governance approach to digital advisory and solution services, the Office of Internal Audit noted areas requiring major



improvement in digital advisory and solution service project management that impair WFP's ability to support the effective and efficient design, planning and implementation of such services to governments.

10. Further, at the time of the audit fieldwork, the value of the digital advisory and solution service project portfolio was unknown, limiting WFP's ability to assess projects and allocate the resources necessary to support and oversee such projects across the organization.

Integration with country strategic plans

11. A corporate vision and strategic guidance are required regarding how WFP country offices offer governments digital advisory and solutions services. The Office of Internal Audit found limited information and clarity on the different digital advisory and solution service activities and indicators, which limited the integration of digital advisory and solution services in country strategic plan design processes. Action is needed to improve corporate visibility of digital advisory and solution service projects, risk management, resourcing, exit strategy formulation and country office support.

Challenges across lifecycle of projects at country level

12. Specific guidance was not used in country offices when initiating a digital advisory and solution service project. Responsibilities and accountabilities for these projects were not delineated or understood at the country office, regional and corporate levels. Lacking a business-led vision for digital advisory and solution services, the Technology Division at the corporate and country office levels continues to assume operational responsibilities as a necessary step to sustain the momentum of ongoing projects.

13. Further, the 11 projects sampled did not have project steering committees to oversee project deliverables, advise and help address project issues noted during the audit, including funding gaps, project delays, project scope creep, etc. WFP has an opportunity to tailor its service offering and establish processes, tools and data, and a digitally competent workforce to support digital advisory and solution services projects.

14. The projects examined proceeded through the various stages of the project life cycle without conforming to a specific project management framework. The lack of project management methodology hinders the governance and management of individual digital advisory and solution service projects due to the absence of standard project management, reporting and controls for each stage of the project management life cycle.

15. Nine of the 11 projects tested had no budget and cost management process to estimate project activity costs or to track and periodically review expenses. This puts the sustainability of projects at risk and the identification of the resources and funding required to initiate, plan and execute digital advisory and solution service projects and sustain activities after the handover of projects to governments.

16. At the time of the audit fieldwork, no systematic process was in place to measure the results of digital advisory and solution service projects and articulate different strategic outcomes, including whether the project had achieved its intended programmatic and technological objectives, generated benefits and addressed country capacity strengthening objectives.

17. In addition, there was confusion at the country office level between the digital advisory and solution service offering and provision of on-demand services to governments, making it hard to understand WFP's responsibilities and when to disengage from a specific project.

18. Nine of the digital advisory and solution service projects sampled did not have an exit strategy developed by WFP and government counterparts to plan the project handover. This resulted in challenges transitioning projects to governments due to: (a) limited clarity about roles and responsibilities after handover; (b) undefined activities, timelines, and outputs to be undertaken beyond the project's end of life; (c) resourcing gaps to sustain activities after project handover; and (d) undefined data hosting arrangements.



Knowledge management

19. No knowledge management process had been established to capture, store, and disseminate lessons learned and best practices across country offices and regional bureaux to improve the performance and efficiency of future projects and to ensure knowledge is shared and retained.

Actions agreed

20. The audit report contains five high and two medium-priority observations. In consultation with some technical units, the Programme – Humanitarian and Development Division will be the primary lead for implementing the agreed actions. Management has agreed to address the reported observations and work to implement the agreed actions by their respective due dates.

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

THANK YOU!

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II. Context and scope

Background

Digital advisory and solution service projects in WFP

23. With the advent and availability of digital services and solutions, governments are shifting their priorities and investing in digitization to improve their national systems' responsiveness, effectiveness, efficiency, transparency, and population support. The COVID-19 pandemic also accelerated the digitalization of payment ecosystems to deliver services and social assistance to populations.

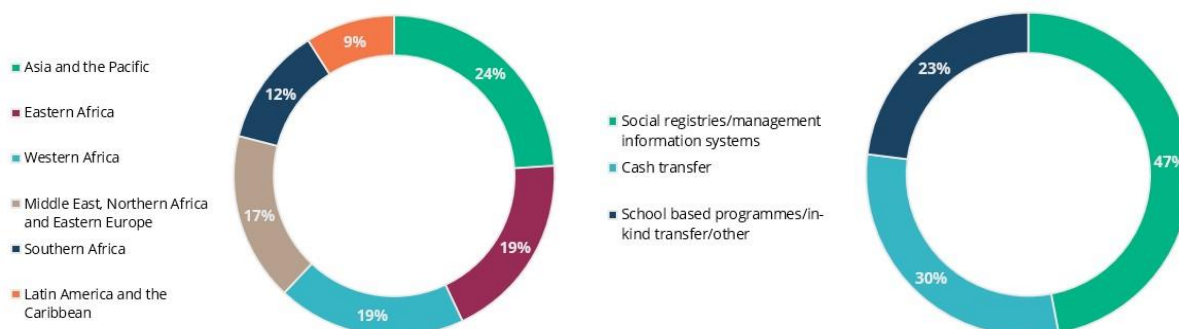
24. The WFP 2022–2025 Strategic Plan underlines the need to support national and local capacity and the provision of solutions and services to support governments' own digitally enabled strategies and solutions to reach target populations.

25. In June 2022, the Programme – Humanitarian and Development Division (PRO) and Technology Division (TEC) conducted several assessments of digital advisory and solution services (DASS) through a series of consultations and engagements with WFP stakeholders. These assessments questioned whether, when, why and how WFP should be involved in such initiatives. These consultations revealed that there had been insufficient focus on articulating norms, standards, guidance, tools and strengthening capacity specific to government digital support.

26. Following the 2022 strategic review and assessment report, PRO presented a service offering and was in the process of onboarding a project coordinator to work with other divisions such as TEC, the Cash-based Transfers Division and Supply Chain Operations. PRO was also tasked with consolidating DASS guidance and processes, which are to result in regional service offerings by the end of 2024.

27. Figure 1 provides an overview of the September 2022 DASS strategic review and assessment report on digital activities by region and supported government programmes.

Figure 1: DASS projects by region and by programme area



Source: Strategic review and assessment (September 2022)

Objective and scope of the audit

28. The objective of the audit was to assess the extent to which management had established project management governance, processes and controls for the effective delivery of DASS to governments. Such audits contribute to the Inspector General's annual assurance opinion to the Executive Director on governance, risk management and internal control processes.



29. The following three areas were included in the scope of the audit:

- Area 1: DASS project strategy, governance, initiation and stakeholder management
- Area 2: DASS project planning, execution and monitoring, communication and risk management
- Area 3: DASS project delivery, closure, reporting and lessons learned.

30. The audit scope covered the period from 1 January 2021 to 31 March 2023. Where necessary, transactions and events pertaining to other periods were reviewed. The audit field mission was conducted from 12 June to 14 July 2022.

31. The Office of Internal Audit conducted information reviews; structured interviews with relevant stakeholders at headquarters, regional bureau and country office levels. Projects were sampled in 11 country offices,¹ and structured interviews conducted with government focal points to gather further information.

32. The audit did not cover whether, when, why and how WFP should provide DASS and capacity-strengthening engagements with governments. These questions were recently explored in the strategic review and assessment carried out by PRO and TEC, as referenced in paragraph 25. The strategic review and assessment observations and recommendations point to the need for significant improvement in strategy, coordination, risk management, technology, skills and change management of DASS.

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

¹ Burundi, Cambodia, Egypt, Ghana, Guatemala, Jordan, Kenya, Kyrgyzstan, Mali, Mozambique and the Philippines.



III. Results of the audit

Overview of conclusions

34. Table 1 outlines the extent to which audit work resulted in observations and agreed actions. These are classified according to the areas of coverage established for the audit (see paragraph 29) and are rated as medium or high priority; any observations that resulted in low-priority actions are not included in this report.

Table 1: Overview of focus areas, observations and priority of agreed actions Priority of issues/agreed actions

Focus area 1: DASS project strategy, governance, initiation and stakeholder management	
Observation 1: DASS project alignment with WFP and country office business objectives	High
Observation 2: DASS project initiation	High
Observation 3: DASS project governance and risk management	Medium
Focus area 2: DASS project planning, execution and monitoring	
Observation 4: Project management methodology	High
Observation 5: IT solution delivery process	Medium
Focus area 3: DASS project delivery, reporting and lessons learned	
Observation 6: DASS project financial management, monitoring and reporting	High
Observation 7: Project agreement, handover and knowledge management	High

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

36. **Error! Reference source not found.** shows the overview of issues found in the 11 projects tested. The results will be elaborated in the course of this report.

Figure 2: Results of projects sampled



Some results excluded a service provision project (CCS) and projects at the concept note/development stage (MoU and exit strategy)



Focus Area 1: DASS project strategy, governance, initiation and stakeholder management

37. WFP supports the United Nations Secretary-General's Strategy on New Technologies 2020 Roadmap for Digital Cooperation and the 2020–2022 United Nations Data Strategy. As such, the 2022–2025 WFP corporate strategy highlighted the need for WFP to provide technical assistance to governments, e.g. food security and risk reduction decision-making support systems.

38. Following internal consultations on WFP's experiences and perspectives from providing DASS to governments, the PRO and TEC Divisions agreed with the digital business and technology committee to establish a model for a DASS offering and areas of engagement as a basis for determining investments in technology, skills and change management.

39. In June 2022, the Programme Division issued a policy update to clarify and update concepts, terminology and corporate understanding of country capacity strengthening and set out the purpose of WFP's engagement in this area. A guidance toolkit to embed country capacity strengthening (for various technical and functional areas) in-country strategic plans is also in the process of being finalized.

40. According to the Programme Division, WFP country offices' strategic plans will also move towards a new generation of strategic objectives, including incorporating new output and outcomes with digital elements from DASS activities.

Observation 1: DASS project alignment with WFP and country office business objectives

41. Five areas of issues were identified as part of the review of DASS project governance and strategic alignment.

WFP corporate strategy for DASS

42. The WFP 2022–2025 corporate strategy underlines the need to work with the private sector, academia and civil society to develop cutting-edge digital solutions, including dedicated applications for digitally engaging beneficiaries, partners and governments.

43. At the time of the audit fieldwork, there was no corporate strategic guidance on offering digital advisory services to governments. Although TEC developed a DASS offering as part of its ambition to provide technical assistance to governments, this was not supported by a strategic objective and a programmatic road map for DASS.

44. This led to confusion across country offices and regional bureaux in defining DASS and the type of programme activity that constitutes DASS: whether technical assistance, country capacity strengthening or service provision.

45. Further, at the country office level, there was confusion between the DASS offering and on-demand service provision to governments, making it hard to understand WFP's responsibilities and when to disengage from projects.

DASS service catalogue

46. WFP does not have a comprehensive DASS offering/programme with the capacity and resources required to support digital engagement with governments.

47. Some functional divisions, including the Cash-based Transfers Division, have started listing potential services and solutions that could be provided to governments, but it was still unclear at the country office level how these services could be integrated into an offering to assist the demand and supply of DASS to governments.



Country strategy planning

48. Although 6 of 11 projects tested were aligned with country offices' strategic plans, there was limited information and clarity on the different DASS activities and digital components of services being provided in programme activities.

49. This limited the integration and reporting of DASS in the country strategic plan design process and reduced corporate visibility of DASS projects, risk management, resourcing, exit strategy formulation and support required.

Country capacity strengthening

50. Of the 11 countries sampled, 10 had initiated DASS projects as *country capacity strengthening* initiatives. Most of these initiatives did not always lead to documented knowledge transfer, government ownership of the systems and sustainable outcomes.

51. Government stakeholders highlighted the absence of a capacity assessment and building plan; continuous training and knowledge transfer; and project handover plan.

Coordination of DASS projects

52. DASS project management at the country office level remains decentralized, leading to project control gaps, including a standardized portfolio management process, minimum documentation guidelines or guidelines on the resources required to support projects.

53. Duplicated DASS projects across country offices and regional bureaux were detected, and be attributable to the absence of centralized coordination, knowledge sharing and awareness of existing solutions and initiatives.

DASS strategic review assessment

54. The 2022 DASS strategic review assessment coordinated by TEC and PRO identified the need for a DASS framework encompassing strategy, coordination, risk management, technology, skills and change management. At the time of the audit fieldwork, some recommendations raised by the strategic review assessment did not have an implementation owner or specific time-bound plans of action as well as defined tasks and responsibilities.

Underlying cause(s): Absence of a corporate strategy to shape and guide DASS; absence of a clear definition of a DASS project vis-à-vis service provision; and absence of ownership, actions and resources to implement recommendations from various DASS internal consultation and advisory activities.

Agreed Actions [High priority]

1. The Programme – Humanitarian and Development Division in collaboration with the TEC Division, will:
 - (i) Develop a digital advisory and solution service strategy, inclusive of vision and guardrails and a general governance framework, to guide WFP in supporting countries in building inclusive and sustainable digital ecosystems.
 - (ii) Develop a comprehensive digital advisory and solution service catalogue based on divisional and functional areas' service offerings and establish an operating model, including a central and single-entry point for digital advisory and solution service requests.
 - (iii) Define the role of the digital advisory and solution service project coordinator to ensure oversight of digital advisory and solution service projects and with central authority and function to provide expected levels of control over DASS project portfolio across WFP.
 - (iv) Establish a process and guidance to fully integrate digital advisory and solution service initiatives and reporting needs into the new generation of country strategic plans.



2. The Programme – Humanitarian and Development Division will formulate, in coordination with the Technology Division, a time-bound plan of action, with clearly assigned roles and responsibilities to implement pending and relevant recommendations resulting from the strategic review assessment.

Timeline for implementation

30 June 2024

Observation 2: DASS project initiation

55. Successful and sustainable DASS requires a shared vision, an organizational strategy, a defined road map for digital assistance, and mechanisms that convene stakeholders for decision-making, such as a steering committee for digital assistance. Issues were identified in three areas in relation to the DASS project initiation phase.

Project initiation

56. Different approaches coexisted across functional and programmatic areas. This confusion hindered country offices' ability to obtain timely support and advice from corporate and regional bureau units, leading to delays and missed opportunities for project development in some country offices.

57. There was no criteria for country offices to identify the opportunities, risks and other factors to be considered when determining whether (or not) to proceed with a DASS project. Regional bureau discussions confirmed that several DASS projects had failed in the long term due to a lack of WFP technical capacity, government interests and changes in priorities.

WFP DASS technical capacity

58. DASS projects require specialized skills and partnership engagement abilities to interact with government counterparts.

59. All country offices sampled confirmed the need for WFP to invest in a workforce with specific programme, government, technical, project management, and development initiatives competencies to effectively support DASS projects at the corporate, regional, and country levels.

Project steering committee and stakeholder management

60. None of the projects reviewed had established steering committees to detect and address significant project-related issues, including funding gaps, project delays, project scope creep, etc. Most of the projects reviewed suffered from poorly defined business definitions and unclear technical requirements and scope. This led to long delays in project completion, cost overruns and failure to meet government expectations.

61. Key project stakeholders were insufficiently engaged throughout the DASS projects. Projects did not require that stakeholders and sponsors (including international financial institutions, donors and governments) receive regular project progress updates and reports.

Underlying cause(s): Absence of continuous, clear business and programme-driven leadership; absent capacity at the country office level to ensure robust management throughout the life cycle of DASS projects; delay in defining specific digital and data-enabled support activities for DASS; and absence of guidance on DASS project initiation, users and stakeholder management.



Agreed Actions [High priority]

The Programme – Humanitarian and Development Division in coordination with the Technology Division will:

- (i) Establish guidelines and standardize the inception process for digital advisory and solution services.
- (ii) Perform a skills gaps analysis and develop a staff capacity strategy across the functional units involved in DASS at headquarters, regional bureaux and country offices.
- (iii) Establish stakeholder management plans and project steering committees, based on the digital advisory and solution service project's criticality, as prerequisites for the approval of projects.

Timeline for implementation

31 December 2024

Observation 3: DASS project governance and risk management

Risk management

62. The Office of Internal Audit noted the absence of a structured risk management process to manage and mitigate the risks associated with DASS projects and initiatives. DASS initiatives such as social registries did not consider risks related to the project's technical definitions and requirements, long-term sustainability and the selection of software service providers. For two of the projects sampled, WFP involved government officials in the procurement selection of the solution vendor without following WFP's procurement processes to guarantee transparency, fair competition, best value for money and to prevent potential conflicts of interest and unequal treatment of vendors.

63. Discussions with stakeholders also raised concerns about vendor risks not being correctly identified, leading to conflict of interests and responsibilities by the service providers. As an example, service providers oversaw the whole solution delivery life cycle, including setting requirements, designing and developing solutions.

64. Corporate stakeholders insisted that WFP corporate solutions, such as SCOPE and PRISM, should not be transferred to governments to avoid future ownership risks. The Office of Internal Audit noted that several WFP-developed solutions were transferred to governments without identifying associated risks including the coding's property, ownership of rights, data security and privacy, sustainable funding and adequate exit plans.

65. Four of the 11 projects reviewed had considered project-associated risks at the time of project inception, but none had defined roles and responsibilities for risk management. In addition, none of the sample projects designed to ultimately process personally identifiable information had performed a privacy impact assessment as part of the project planning process. At the time of the audit fieldwork, WFP has yet to clearly address how personally identifiable information should be handled when engaging with governments.

DASS project portfolio identification and value

66. At the time of the audit fieldwork, there was no comprehensive DASS project inventory to track DASS projects. A total of 150 projects had been recorded in the DASS project registry as of May 2023. In discussions with the sample countries and regional bureaux, additional DASS projects were discovered outside the project registry, with a high likelihood that more projects were ongoing but not visible to regional bureaux and headquarters. Registration of these projects by project portfolio managers provides visibility and allows for monitoring and support to these projects, thereby increasing their likelihood of success. Registration of all DASS projects also improves interdependencies and helps prevent the duplication of projects with similar objectives.



67. Management's own estimate puts the combined budget of DASS projects at approximately USD 850 million across 100 projects (the 50 other projects did not provide a budget) registered as of May 2023. An accurate and complete DASS portfolio budget figure could not be provided due to inconsistent budget and cost management practices. This limited WFP's ability to assess, monitor, and report on the resources dedicated to DASS projects and to allow for appropriate budget management by project managers.

Shadow DASS projects

68. Three of 11 country offices acknowledged the existence of DASS projects outside headquarters visibility. WFP Field Software Development Network (FSDN) directive (TEC2020/002) establishes a framework for country offices to effectively partner with TEC on software development to ensure the safety, integrity, and quality of WFP's technology landscape, systems, and data. The framework prevents country offices from unilaterally designing and offering solutions and advisory services to other country offices or external parties such as governments and cooperating partners.

Underlying cause(s): Absence of a central DASS role with authority to oversee DASS projects; absence of defined oversight and project portfolio management activities such as information management, risk management, planning, project and budget control, and reporting; DASS project sponsors and managers' lack of awareness of the FSDN framework and existing information technology (IT) services by programme and operations teams; and lack of a mechanism to enforce FSDN policies and procedures in field offices.

Agreed Actions [Medium priority]

1. The Programme – Humanitarian and Development Division will:
 - (i) Establish, with the assistance of Risk Management Division and the Technology Division, risk management guidelines for digital advisory and solution service projects, including supporting methodologies, processes, and tools.
 - (ii) Define, with the assistance of the Technology Division, and communicate the normative framework for the procurement of third-party services associated with digital advisory and solution service projects.
 - (iii) Implement tools and processes for identifying, categorizing, valuing, and tracking DASS projects and interdependencies across WFP.
2. The Technology Division will revisit processes to communicate the technology risks associated with digital advisory and solution services and identify efficient ways for country offices to comply with the Field Software Development Network for digital advisory and solution services.

Timeline for implementation

31 December 2024

Focus area 2: DASS project planning, execution and monitoring

69. The Office of Internal Audit assessed the extent to which management established project management practices and controls for effective planning, execution and monitoring of DASS projects. This included a review of documentation, standards, guidelines and tools; interviews with key personnel involved in DASS project management; and detailed testing of a sample of 11 projects for compliance with generally accepted project management best practices.² Additional discussions were held with relevant staff from PRO and TEC at headquarters and regional bureaux.

70. In January 2023, TEC issued a toolkit with a set of DASS project management templates and guidelines to support country offices engaging in technology projects for governments. The kit includes a development

² The Office of Internal Audit used the project management body of knowledge, Agile and Prince 2 frameworks as references and best practices tools to guide project management procedures, processes, tools, and approaches.



workplan template to facilitate planning and tracking of the project management life cycle of DASS initiatives. The template also includes a section to document a responsibility assignment matrix for the different stakeholders.

71. Through its various implementing branches, TEC supports and facilitates the procurement and delivery of IT solutions. The introduction of new, and evolution of existing IT solutions requires formal approval from TEC as described in the IT solution delivery–assessment steps guidelines. The assessment steps include a technology assessment to identify risks and technical complexities and a definition of the most effective delivery paths based on the knowledge and expertise of WFP specialists.

Observation 4: Project management methodology

Project management methodology

72. DASS Projects were managed without following standard operating procedures or project management methodology, leading to the absence of standard deliverables, reporting, and controls for each stage of the project management life cycle. This also increased the risk of projects running late, over budget and not delivering the benefits expected by government recipients.

73. For example, in one country sample, multiple DASS projects were being managed in a fragmented way by different units without proper coordination to minimize risks, ensure consistency in processes and align DASS projects with the country strategic plan and government objectives.

Project leadership

74. Nine of the 11 sampled projects had not entirely formalized a project leadership team documenting the roles and responsibilities of each stakeholder. A high turnover of government officials and WFP staff involved in DASS projects was observed and led to long delays and the passive adoption or abandonment of projects. On average, it took one to two years for the projects sampled to be executed.

Roles and responsibilities in the management of DASS projects

75. Responsibilities and accountabilities for the programme and technology functions over DASS projects were not clear at country office, regional and corporate levels. In half of the projects sampled, technology staff was the de facto business and product owner of the DASS project, leading TEC to assume cross-functional responsibilities usually reserved for business owners, including setting the strategic direction of the project; making critical policy decisions; identifying and approving product deliverables; and project monitoring.

Project documentation

76. There was limited or no documentation supporting the activities carried out during the life cycle of DASS projects. For example, expectations and deliverables for each stage were not clearly defined or provided to guide project managers in developing key documents, including project plans. For project execution and monitoring, less than 40 percent of the sampled projects had a documented schedule with milestones, and only 20 percent had evidence that project progress was being monitored.

77. None of the sampled projects had implemented the DASS development workplan and DASS project management templates designed by TEC to facilitate the delivery and management of DASS projects.

Project closure

78. There was no process to formalize the closure of DASS projects and capture key performance indicators, critical success factors and government/end-user feedback. This limited: (a) the analysis of stakeholder feedback to assess whether the project had attained the desired results and benefits; (b) the formal acceptance of project results by government counterparts; and (c) opportunities to improve project management and digital outputs.



79. Of the 11 projects sampled, none were closed defining key performance indicators to measure project performance, determine the accomplishment of deliverables and project success, and improve stakeholder relationship management.

80. In January 2023, TEC published a DASS closure form to support country offices. The closure form template does not capture critical success factors, key performance indicators and end users/government feedback. None of the sampled countries had used the closure form or guidelines issued by TEC as they were not considered mandatory.

Underlying cause(s): Absence of agreed guidance to country offices on standard operating procedures and standardized project management methodology to manage all aspects of DASS projects, including the assessment steps, and ensuring programmatic activities are on track; and staff at the country office level unaware of the TEC DASS project management templates and guidelines; absence of formalized project post-implementation review and end-user feedback analysis processes.

Agreed Actions [High priority]

The Programme – Humanitarian and Development Division, in consultation with the Technology Division, will:

- (i) Formalize and adopt minimum standard operating procedures and a project management methodology to conduct digital advisory and solution service projects, including the definition of a set of key programmatic deliverables and technical controls for each project stage, building on existing tools.
- (ii) Establish roles and responsibilities for managing digital advisory and solution service projects at corporate, regional, and country office levels that follow standard project management, including requirements for project sponsors, project managers and delivery managers to be assigned to all digital advisory and solution service projects to support and own project results.
- (iii) Define a project closure process for digital advisory and solution services incorporating the review of key performance indicators, critical success factors and end-user feedback.

Timeline for implementation

31 December 2024

Observation 5: IT solution delivery process

81. The projects sampled had not followed the corporate IT solution delivery process. Despite the supportive role played by TEC's Digital Transformation Services for Governments Unit, Regional IT Officers, Regional Business Transformation Officers, and country office IT staff involved in implementing DASS initiatives, there was a lack of documentation to support that a formal technology assessment had been conducted.

82. Sampled projects did not undergo review and follow-up by TEC development, the IT security team and other technical practice areas. Projects that considered developing beneficiary identity management registries had not engaged with the Global Privacy Office to receive guidance on privacy considerations.

83. The lack of early engagement of specialized practice areas and lack of technical assessment can lead to immediate project risks and performance issues, including the duplication of development efforts; lack of alignment with enterprise policies; information security weaknesses; and non-compliance with privacy directives. In one of the sampled projects that had been delayed for over two years, there was a consensus that an early technology assessment and engagement of WFP specialized practice areas would have minimized delays.



Underlying cause(s): DASS project owners' lack of corporate awareness regarding IT solution delivery processes and policies; IT solution delivery process does not make explicit mention of DASS projects; lack of awareness of the DASS project management templates developed by TEC; and absence of a central authority to advise and guide both programmatic and technology DASS portfolio deliverables.

Agreed Actions [Medium priority]

The Technology Division will:

- (i) Organize workshops and provide training for the Programme – Humanitarian and Development Division and country offices on existing processes, such as the information technology solution delivery process and mandatory technology assessments to develop digital solutions for governments.
- (ii) Revise the information technology solution delivery guidance to ensure its applicability to digital advisory and solution service projects to governments.

Timeline for implementation

31 March 2025

Focus area 3: DASS project delivery, reporting and lessons learned

84. The Office of Internal Audit assessed the extent to which management has established project management practices and controls for the effective reporting, closure, handover, and knowledge management of DASS projects.

85. During the audit fieldwork, the Country Capacity Strengthening Unit, in coordination with the Research, Assessment and Monitoring Division, was planning to update the corporate results framework indicator compendium to improve the monitoring and visibility of country capacity strengthening projects with a timeline for completion by early 2024.

Observation 6: DASS project financial management, monitoring and reporting

Budget management

86. Nine of the 11 sampled projects had no specific budget and cost management process to estimate project activity costs or to track and periodically review actual expenses. This limited project sustainability and the identification of the resources and funding required to initiate, plan and execute DASS projects and sustain activities after the handover of projects to governments. It was also confirmed during the audit fieldwork that country offices face long-term funding challenges, and government counterparts have limited resources to sustain activities after project handover.

87. While some divisions, such as the Cash-based Transfers Division, had developed operational guidance for on-demand cash transfer services, including budget formulation and applicable cost recovery rates, other divisions had yet to define specific rates and cost recovery models for DASS. Without a clear corporate position on a costing and cost recovery model for WFP divisions involved in DASS projects, there is a risk that country offices cannot properly plan, budget and effectively manage the total cost of ownership of DASS projects.

88. The absence of a cost management process limited the complete and accurate tracking, aggregation and reporting of expenditure on DASS projects. The total cost of ownership and metrics such as risk and potential value realization gain to WFP and governments were not defined and tracked. This resulted in inadequate oversight and visibility by PRO and TEC (see paragraph 6666).



Monitoring and reporting

89. The Office of Internal Audit reviewed the reporting of sampled projects with differentiated service offerings to recipient governments at different project management stages.

90. Eight of the 11 sampled country offices referred to DASS projects in their annual reports. There was no systematic process to measure DASS project results and articulate the different strategic outcomes, including whether DASS projects had achieved programmatic and technological objectives, generated benefits and were sustainable.

91. Two of the projects sampled (18 percent) could not demonstrate the achievement of programmatic and technical objectives. Ownership of DASS projects and accountabilities for monitoring project results were unclear, hindering the holistic programmatic and technological assessment of the projects.

Underlying cause(s): Absence of defined DASS project budget and cost categories; undefined roles and responsibilities, and lack of guidelines on how to track DASS project costs; limited clarity on roles and responsibilities between PRO and TEC on financial management and reporting; and current corporate indicators providing limited visibility of the different DASS results.

Agreed Actions [High priority]

1. The Programme – Humanitarian and Development Division and the Technology Division, in consultation with relevant WFP divisions will:
 - (i) Develop a budget template and corresponding guidance to ensure country offices capture the resources needed to initiate, plan and execute digital advisory and solution service projects and strengthen visibility on the resource requirements needed to sustain activities after project handover.
 - (ii) Adopt a costing and cost recovery model (where applicable) for digital advisory and solution services to facilitate service provision to governments.
 - (iii) Define roles and responsibilities to track and report individual project costs and aggregate project portfolio costs.
 - (iv) Define roles and responsibilities to monitor and report on the performance and results of digital advisory and solution service projects. Leverage existing measurement and reporting mechanisms for digital advisory and solution service project reporting and develop measurement and reporting tools to ensure tracking of project progress and success.
2. The Programme – Humanitarian and Development Division will update and launch corporate indicators to guide the continuous monitoring and evaluation of digital advisory and solution service projects.

Timeline for implementation

31 December 2024



Observation 7: Project agreement, handover and knowledge management

Memorandum of understanding

92. Five of the 10³ ongoing or closed projects sampled had no memorandum of understanding. The projects that did have a memorandum of understanding did not include a clause specifying the conditions for the handover of the project to the recipient country, thereby formalizing the completion of WFP's obligations to recipient governments and limiting the organization's liability. These clauses should have considered, among other elements: (a) ownership of the DASS project; (b) roles and responsibilities; (c) activities, timelines and outputs to be continued beyond the project's life; (d) monitoring and evaluation; (e) potential risks and contingency plan; and (f) resources required and funding sources to sustain the DASS project.

93. The review of sampled projects and stakeholder interviews confirmed challenges in handing over DASS projects to governments due to the limited technical capacity of government counterparts, budgetary constraints, incompatible systems, data security and privacy concerns, and lack of ownership and engagement.

Project handover and exit strategy

94. Nine of the 10 ongoing or closed DASS projects sampled did not have an exit strategy developed by both WFP and government counterparts to plan the project handover to improve the sustainable functioning of digital outputs and programmatic sustainability. This resulted in challenges transitioning DASS projects to governments due to: (a) limited clarity on roles and responsibilities after handover; (b) undefined activities, timelines and outputs to be undertaken beyond the project's life; (c) resourcing gaps to sustain activities beyond the project's life; and (d) undefined data hosting arrangements.

95. Interviews with government counterparts confirmed the absence of a joint capacity assessment by WFP and governments to ensure the government had adequate capacity to undertake the project's next phase after the handover.

Knowledge management

96. The Office of Internal Audit assessed the extent to which management captured and reviewed the lessons learned from DASS projects.

97. Five of the seven closed projects tested had not conducted a lessons-learned review. The remaining two projects had completed a lessons-learned review; yet the knowledge gained from these exercises was not captured outside the country office to improve future projects' performance and likelihood of success. This increases the risk of parallel and isolated 'reinvention' of processes and solutions and is a missed opportunity to benefit from similar DASS project lessons.

98. In April 2023, TEC published a case study on closed DASS projects that collected lessons to inform global headquarters and country offices. The study focused on technology and did not cover programmatic results and lessons, constraining DASS knowledge management.

Underlying causes: Limited clarity on the definition of DASS and what constituted capacity strengthening or service provision to inform the applicable exit strategy, country capacity strengthening and sustainability activities; limited clarity on headquarters support mechanisms to support DASS project agreements with governments; limited PRO and TEC alignment and coordination on DASS guidelines and templates; and absence of a central DASS repository to capture PRO and TEC results and lessons learned to enable country offices to learn from each other.

³ 1 of the 11 sampled projects by OIGA was at the planning stage and in the process of defining project's deliverables and requirements.



Agreed Actions [High priority]

1. The Programme – Humanitarian and Development Division, in consultation with the Technology Division, will:

- (i) Develop exit strategy guidelines for the various digital advisory and solution service offerings.
- (ii) Develop a knowledge management approach and a central repository to capture, store and disseminate lessons learned and best practices.

2. The Programme – Humanitarian and Development Division, in consultation with the Technology Division and the Legal Office, will develop a digital advisory and solution service agreement template(s) and related guidance to support country offices.

Timeline for implementation

- 1. 31 December 2024
- 2. 31 March 2025



Annex A – Agreed action plan

The following table shows the categorization, ownership, and due date agreed with the auditee for all the audit observations raised during the audit. This data is used for the macro analysis of audit findings and monitoring the implementation of agreed actions.

#	Observation title	Focus Area	Owner	Priority	Timeline for implementation
1	DASS project alignment with WFP and country office business objectives	Area 1: DASS project strategy and governance	PRO and TEC	High	30 June 2024
2	DASS project initiation	Area 1: DASS project strategy and governance	PRO and TEC	High	31 December 2024
3	DASS project governance and Risk management	Area 1: DASS project strategy and governance	PRO and TEC	Medium	31 December 2024
4	Project management methodology information	Area 2: DASS project planning, execution and monitoring	PRO	High	31 December 2024
5	IT solution delivery process	Area 2: DASS project planning, execution and monitoring	TEC	Medium	31 March 2025
6	DASS financial management, monitoring and reporting	Area 3: DASS project delivery, closure, reporting, and lessons learned	PRO	High	31 December 2024
7	Project agreement, closure, handover, and knowledge management	Area 3: DASS project delivery, closure, reporting, and lessons learned	PRO	High	31 December 2024 31 December 2025



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 a broad impact.⁴

⁴ 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.

Office of Internal Audit monitors agreed on 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. Office of Internal Audit informs senior management, the Audit Committee and the Executive Board of actions closed without mitigating the risk on a regular basis.



Annex C – Acronyms

DASS	Digital Advisory and Solution Services
FSDN	Field Software Development Network
IT	Information Technology
PRO	Programme - Humanitarian and Development Division
TEC	Technology Division
USD	United States Dollar
WFP	World Food Programme

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