

22 January 2024

Management Comments to the Internal Audit Report of WFP Operations in Somalia (AR/23/22)

WFP Management welcomes the observations and recommendations made by the Office of the Inspector General (OIG) in its internal audit report on WFP operations in Somalia (AR/23/22), covering the period from 1 January 2022 to 30 June 2023.

The period under review represents an unprecedented time in Somalia, as WFP's largest cash operation was further scaled up to respond to famine conditions across the country. While WFP's food assistance response during this period ensured that famine was averted, WFP Management recognizes that processes and controls were stressed owing to the challenging operating context. WFP further identified increased risk of misappropriation of entitlements related to the presence of gatekeepers and escalated its concerns on the risks and underlying drivers to the Humanitarian Country Team for collective review and action. WFP is committed to addressing the identified gaps and was pleased to brief the audit team on preliminary lessons learned from the scale-up and actions already underway at the time of the audit.

WFP Management appreciates the positive reflections noted by the Internal Audit since the 2021 Internal Audit of Operations in Somalia (AR/21/20), including the closure of all previous high and medium-priority agreed actions from the 2021 audit, and investments made in monitoring, non-governmental organization (NGO) partnership management, and expansion of WFP's operational footprint inside Somalia.

WFP Management acknowledges the feedback from the 2023 audit report, recognizing that governance, risk management practices, and internal controls have been established and are functioning in line with WFP standards. WFP Management further recognizes that new investments and innovative controls are required to better safeguard resources and prevent misappropriation of beneficiary entitlements, including post-delivery wherever possible.

WFP Management recognizes the overall audit rating of **"major improvement needed,"** and agrees with the report's six high-priority and seven medium-priority observations, which are closely aligned to country and regional-level control strengthening efforts, and with WFP's global reassurance priorities, established concurrently to the audit. WFP Management fully endorses the corresponding agreed actions and has initiated their implementation, with completion expected



within the agreed timelines. WFP Management notes that while internal processes and controls in Somalia are aligned with global standards, WFP must continue to invest in control strengthening measures and explore new ways of working to address the ongoing risk of fraud and corruption.

WFP Management acknowledges the focus areas of the high-priority issues and agreed actions outlined in this audit report, namely: (i) fraud risk and incident communication to donors; (ii) targeting and selection processes; and (iii) cash programming design, processes, and corresponding digital solutions. WFP's cash programming in Somalia is critical to delivering both relief and social safety net programmes on behalf of the Government of Somalia, and WFP is committed to continue addressing control effectiveness gaps and fraud risk exposure through robust process review, systems upgrades and innovation. Further investment in both the targeting, selection, and registration processes as well as the cash delivery chain are expected to safeguard against the improper influence of gatekeepers and other stakeholders seeking to misappropriate assistance.

WFP Management appreciates the efforts of the Office of the Inspector General to align its observations and agreed actions with the ongoing Global Reassurance Project and respective regional and country assurance priorities. The country office, with support from the Regional Bureau for Eastern Africa, is already working with partners and donors to implement an action plan to address post-delivery diversion risks in the operation. WFP Management is committed to provide progress updates at appropriate intervals to the Office of the Inspector General, the WFP Executive Board, and donor partners, on the implementation of agreed actions and improvements to overall control effectiveness in Somalia.

WFP Management thanks the internal audit team for their constructive engagement and visit to Somalia, and efforts to ensure the audit observations and actions are reflective of the operating context, while also recognizing the investments made in Somalia in recent years. WFP Management is also appreciative that recent regional oversight findings were also considered. The implementation of the agreed actions contained in the audit report will serve as a crucial instrument for improving operational effectiveness and internal control processes of WFP's operations in Somalia.