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Follow-up Review of the Implementation of Agreed Actions from the 2023 Internal Audit of WFP Operations in Guinea

Office of the Inspector General

Follow-up of Audit Report
AR/24/01



Table of Contents

| | | |
|------|--|----|
| I. | Executive Summary | 3 |
| II. | Context and scope | 4 |
| III. | Results of the follow-up review | 6 |
| | Table 1: High-priority observations..... | 6 |
| | Table 2: Medium priority observations..... | 14 |
| | Annex A – Definitions of audit terms: ratings & priority | 15 |
| | Annex B – Acronyms | 17 |



I. Executive Summary

Introduction

1. As part of its annual workplan, the Office of Internal Audit conducted a follow-up review of the implementation of agreed actions from the March 2023 Internal Audit of WFP Operations in Guinea (AR/23/03)¹, which was rated *Unsatisfactory*, i.e., internal controls, governance, and risk management practices were not adequately established and not functioning well. The audit report made five high-priority and one medium-priority observations with 14 related agreed actions which, except for one, were all due to be implemented by 31 October 2023.

2. The review team conducted the fieldwork from 8 to 12 January 2024 in the Guinea Country Office.

Status of agreed actions

3. The country office committed resources and substantial efforts to address the agreed actions in 2023 and meet implementation timelines. The Regional Bureau for Western Africa and technical units in headquarters undertook various support and oversight missions in the Guinea Country Office for some of the high-risk areas.

4. The 2023 audit report identified control weaknesses in program management, non-governmental organization oversight, monitoring, procurement, and budget management. attributed to rushed scaling down in staffing structure amid funding constraints, coupled with limited knowledge and expertise in applying corporate standards. Third-party and operational risks were heightened due to non-compliance with due diligence processes, specifically for non-governmental organizations and vendors. Internal control gaps arose in vendor management and food safety and quality. Targeting criteria were not established resulting in ineffective beneficiary registration while manual data handling increased the risks of errors. The absence of a complaints and feedback mechanism hindered accountability to affected populations, while insufficient monitoring resources did not ensure adequate coverage of programme activities.

5. Of the 14 agreed actions, 10 were implemented and closed (71 percent), corresponding to four high-priority and one medium-priority observations. Three of the remaining four agreed actions were overdue from the initial agreed implementation date of 31 August 2023. Nonetheless, the country office had already undertaken significant work to complete these actions and aim for their implementation by 31 March 2024. The fourth agreed action implementation date was extended until 30 September 2024, reflecting the anticipated support from the relevant headquarters unit.

6. Implemented actions include enhancements in structure, skills, and oversight along with improvements in fraud risk management, targeting, and data integrity in cash-based transfers and procurement. Pending full implementation are actions related to community feedback mechanisms, monitoring, accounting adjustments, and gender and inclusion guidelines.

7. Nonetheless, the WFP operations in Guinea remained exposed to increasing risks of fraud and corruption in supply chain and cooperating partners management and internal challenges linked to funding situation. The Office of Internal Audit encourages management to continue the efforts undertaken since the 2023 internal audit in identifying and mitigating residual risks in coordination with the regional bureau and headquarters units, where applicable.

8. Details of observations, actions taken, and the conclusions of the follow-up review are provided in Tables [1](#) and [2](#).

Thank you!

9. The Office of Internal Audit would like to thank management and staff for the assistance and cooperation accorded during the follow-up review.

¹ <https://www.wfp.org/audit-reports/internal-audit-wfp-operations-guinea-march-2023>



II. Context and scope

Guinea

10. Guinea Conakry, also referred to as Guinea, is a coastal country largely dependent on mining and agriculture, with a population of 13.5 million. Low productivity, poor farming techniques, and significant post-harvest losses undermine the agricultural sector, while poor road infrastructure hinders access to markets. Guinea also faces major socio-economic and political challenges. In 2021, it experienced a coup d'état as well as multiple health emergencies² and sudden-onset natural crises. These, coupled with the COVID-19 pandemic, exacerbated the hardships of vulnerable local households and communities through movement restrictions, market closures, and rising food prices.³
11. According to the March 2022 Integrated Food Security Phase Classification analysis, the number of people in acute food insecurity situation (phase 3) increased by 11 percent since February 2021. Food insecurity is compounded by increasing poverty and inequality of the most vulnerable people, particularly women, children, people living with disabilities, and casual laborers.
12. Guinea ranked 150 of 180 countries in the 2021 Transparency International Corruption Perception Index, which represents a high inherent risk of fraud and corruption likely to impact the delivery of WFP's operations.

WFP operations in Guinea

13. The 2019-2022 interim country strategic plan (ICSP) was initially approved with a budget of USD 40.0 million to assist the Government in improving food security outcomes across the country. Several budget revisions increased the budget to USD 112.0 million to respond to various emergencies, improve resilience building, and extend the ICSP duration to June 2024 to align it with the UN Sustainable Development Cooperation Framework (UNSDCF) timeframe and reflect the significant decrease in funding as emergency activities ended.
14. In 2022, WFP reached 383,099 vulnerable people with conditional and unconditional food assistance, by delivering 5,780 metric tons of food and USD 1.5 million of cash-based transfers⁴.
15. Following the 2023 internal audit, the country office enhanced its staffing capacity by augmenting the level and number of international positions and established a more stable national staff workforce. The reinforcement of existing committees through a review of memberships and terms of reference yielded improvements in governance mechanisms and controls over key processes.
16. The regional bureau and headquarters units supported the country office in various critical areas. These included reviewing the country office management structure, conducting learning needs and fraud risk assessments with the formulation of corresponding mitigation measures, and developing standard operating procedures for targeting and monitoring. Efforts were also directed towards establishing a beneficiary feedback mechanism and implementing a digital solution for beneficiary data management. Detailed information on this support is available in relevant observation of the report.

² Including the resurgence of the Ebola virus disease, the Marburg virus disease and the Lassa fever.

³ Annual Country Report 2022

⁴ Annual Country Report 2022



Objective and scope of the follow-up review

17. The objective of the follow-up review was to determine the extent to which the actions agreed in the 2023 internal audit of WFP operations in Guinea have been implemented and risks reported effectively mitigated.

18. This involved a review of available documentation, interviews, and consultations with the Guinea Country Office, the Regional Bureau for Western Africa as well as relevant headquarters divisions to verify the implementation of the agreed actions. The Office of Internal Audit verified and documented the implementation of the agreed actions through its system for monitoring the implementation of agreed actions. The Office of Internal Audit tracks all medium and high-risk observations to ensure management actions are implemented within the agreed timeframe to manage and mitigate identified risks, thereby contributing to the improvement of WFP's operations.

19. The verification process followed standard internal audit practices and was in line with the Office of Internal Audit guidelines. The guidelines provide for follow-up reviews of internal audits that the Office of Internal Audit rated 'unsatisfactory' (see Annex A for definitions of audit ratings). The follow-up review procedures and tests were designed to assess the progress of implementation of the agreed actions, and not for the purpose of expressing an opinion on the effectiveness of the Guinea Country Office, its operations, and internal controls.

20. The review was carried out in accordance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors.

21. Annex A outlines the categories used to determine the status of implementation of the agreed actions based on the 2023 internal audit.



III. Results of the follow-up review

Table 1: High-priority observations

Audit report observation 1: Structure, skills and oversight as from AR/23/03

More than 70 percent of controls tested were either not in place or partially functioning.⁵ There were pervasive control breakdowns in programme areas (i.e., beneficiary management, non-governmental organization management, monitoring, gender and diversity mainstreaming); procurement, and food safety and quality; and budget management.

The scaling down in staff numbers driven by the funding shortfall was not sufficiently planned to consider the impact on controls, leaving the country office reliant on a small pool of staff. Staff, even existing and long-serving, reported limited knowledge of corporate standards across most areas audited. Activity and functional managers did not fully understand their roles and responsibilities in resource management. Committee members did not understand procurement rules and regulations. There had been no management oversight over decentralized processes and controls in field offices since 2020.

Further, at times in the period in scope, functional managers were on temporary assignments abroad.

As a result, management had limited visibility on unmitigated risks and their impact on operations. As an example, insufficient financial oversight led to non-compliance with the International Public Sector Accounting Standards for expense recognition. In order not to lose donor grants that had close expiry dates, expenses and liabilities to various suppliers amounting to USD 960,000 were recorded in the accounting system before goods and services were received. The related liabilities were subsequently paid, through manually split invoices, when the goods and services were received. The incorrectly posted expenses carried the risks of not meeting the grant's eligibility and validity requirements and of misreporting to donors.

Several committees' terms of reference were not updated to reflect membership changes. The Procurement and Contracts Committee and Cooperating Partner Committee did not fully undertake their expected responsibilities, including completing conflict of interest declarations and reviewing third-party rosters, risks and capacity assessments.

Underlying cause(s): Gap in the country director position for several months and issues with previous management; rushed scaling-down in staff numbers without considering ownership for controls; insufficient management oversight; suggested corporate office structure models not considered; limited staff knowledge, skills and discipline to apply corporate standards; and oversight by the regional bureau not prioritized because of the small size of operations

⁵ Of the 39 controls tested, 33 (i.e., 85 percent) were not functioning or partially functioning.



| Agreed actions as from AR/23/03 | Actions undertaken and update from the 2024 follow-up review | Review conclusion |
|---|--|-------------------|
| The country office will: | | |
| (i) with the support of the Regional Bureau for Western Africa, will review its management structure against corporate models, to strengthen centralized management oversight especially in programme, operations, and budget management. | The regional bureau supported the country office in conducting an organizational alignment review and subsequently providing an implementation plan. This plan offered detailed analysis of the proposed position actions, overall cost, and existing incumbents for each position, encompassing the country and field offices. To facilitate effective communication regarding these changes, the country office developed a comprehensive communication plan to inform all staff, including those directly affected by the proposed changes. At the time of the follow-up, the country office successfully onboarded a Deputy Country Director and was actively recruiting a Head of Programme. | Closed |
| (ii) With the support of the Regional Bureau for Western Africa, will carry out a learning and needs assessment and deploy the necessary trainings to staff. | The country office conducted the learning needs assessment in consultation with all staff and with the support of the human resources unit of the regional bureau. The assessment identified technical and cross-functional capability gaps that required strengthening, assigned priority (low, medium, or high) for key capabilities, and identified relevant training solutions to address the identified gaps. Based on the assessment, the country office developed a detailed implementation plan including budgeting aspects. | Closed |
| (iii) Review committee membership and staff terms of reference to clarify accountabilities, roles and responsibilities for control and management oversight activities | The country office revised and updated all committees' membership and terms of reference. Terms of reference for Heads of units and senior local staff were also updated to include a specific provision on their oversight role | Closed |
| The Regional Bureau for Western Africa will: | | |
| (iv) Review its oversight plan to include, on a risk-informed basis, small operations with no previous oversight coverage. | The Oversight and Risk Management Committee of the regional bureau convenes regularly to strategize oversight engagements across the region. Employing the Oversight Planning Tool, a comprehensive instrument, the regional bureau assesses risks and prioritizes oversight missions through a risk-based approach | Closed |



Audit report observation 2: Risk and fraud risk management as from AR/23/03

Guinea has a high inherent level of fraud and corruption risk. Several allegations of collusion between external parties and staff members, as well as theft, were reported in line with corporate guidance to headquarters. Fraud risks relating to food diversion and beneficiary information were included in the country office risk register. Nonetheless, fraud risk exposure relating to unfair tendering practices, conflicts of interest (related forms not being signed by suppliers and procurement committee members), possible collusion in procurement and vendor selection, and the misappropriation of WFP resources remained high.

Risks relating to monitoring, non-governmental organizations, beneficiary feedback, food safety, and quality, gender, and diversity were not captured in the risk register and, hence, not managed.

Underlying cause(s): limited country office capacity and expertise in risk and fraud risk management ([see observation 1 - Structure, skills and oversight](#)).

| Agreed actions as from AR/23/03 | Actions undertaken and update from the 2024 follow-up review | Review conclusion |
|--|--|-------------------|
| The country office will: | | |
| (i) With the support of the Regional Bureau for Western Africa, will carry out a fraud and corruption risk assessment and establish mitigating measures on priority processes. | The regional bureau undertook a support mission in October 2023 to assist the country office in conducting a fraud and corruption risk assessment. The mission encompassed a review of the key process areas including cash-based transfers (CBT), logistics, procurement, and cooperating partner management. Subsequently, fraud risk registers for each area, accompanied by relevant mitigation actions, were established. | Closed |
| (ii) Strengthen its risk management and establish key mitigating measures | The 2024 draft risk register identified key risks related to monitoring, targeting, food safety and quality, management of non-governmental organizations, gender and diversity, and beneficiary protection. At the time of the follow-up reporting, the country office was in the process of approving the updated and streamlined risk register. | Closed |

Audit report observation 3: Targeting, partners and gender and diversity as from AR/23/03

Targeting guidelines were in draft since 2018 and there was an approved targeting strategy only for school feeding. Targeting criteria for the emergency activities were not fully defined. Key prioritization decisions because of funding and capacity constraints were not communicated to national partners, increasing the risk of inclusion and exclusion errors, and inconsistency across geographical regions.

Corporate controls required for managing non-governmental organizations were not in place. These included assessments of capacity, including of protection from sexual exploitation and abuse, due diligence checks,⁶ performance evaluations, spot-checks and invoice verification. There were several inconsistencies in project duration, financial advance amounts, contract extension, invoice quality, and delays creating financial commitments in WFP systems. The country office issued 101 purchase orders to 27 partners under 70 field-level agreements, which represented a significant transactional workload. There was an opportunity to improve process efficiency in leveraging the UN Partner Portal to launch calls for interest as well as to vet and select partners.

There was no organizational structure in place nor the capacity to help mainstream gender and diversity in programme activities and in the work environment. The country office did not participate in gender working groups, either at WFP or in the inter-agency context.⁷

Underlying cause(s): Insufficient number of staff in the country office for research, assessment and monitoring, compounded by staff's limited knowledge of corporate guidance and insufficient skills in programme management ([see observation 1 - Structure, skills and oversight](#)); decentralized processes to sub-offices with unclear roles and responsibilities; and gender and inclusion budgets not considered in the ICSP design.

| Agreed actions as from AR/23/03 | Actions undertaken and update from the 2024 follow-up review | Review conclusion |
|--|---|---|
| The country office will: | | |
| (i) With the support of the Regional Bureau for Western Africa: <ul style="list-style-type: none"> a) Recruit expert skills to strengthen its research, assessment, and monitoring team; and b) Develop a targeting strategy and criteria for all activities, and clarify programme roles and responsibilities of staff for through documented standard operating procedures | In September 2023, the country office finalized the revision of its methodology for beneficiary targeting in emergency activities through standard operating procedures. To strengthen its research, assessment, and monitoring capacity, the country office updated its monitoring standard operating procedures clarifying roles and responsibilities and ensuring adequate segregation of duties along the process. The country office also recruited expertise at various levels (for example: vulnerability analysis and mapping officer, Complaints Feedback Mechanism manager and operators). | Closed |
| (ii) Establish country context-specific gender and inclusion guidelines. | The country office has sought support from the regional bureau and headquarters to implement this action, after an initial assessment of the required efforts to address the issue, the country office requested an implementation timeline extension. The action remains pending implementation at the report finalization stage. Its implementation started in September 2023 and is expected to be completed by September 2024. | In Progress Due date 30 September 2024 |

⁶ The country office was unable to provide evidence of the due diligence checks before signature of field-level agreements, including checks against UN sanctions.

⁷ These include WFP gender results network, WFP regional gender platforms, WFP gender transformation programme and interagency coordination over gender thematic groups.



Audit report observation 4: Feedback mechanisms and monitoring as from AR/23/03

Beneficiaries visited by the audit team were unaware of the toll-free number activated since 2020. The country office collected feedback and complaints during targeting and distribution through community committees. These local committees collected complaints informally without systematic mechanisms to escalate the information to WFP. The regional bureau deployed to the country office a feedback mechanism expert support mission in November 2022 to help design and implement referral systems.

At the time of the audit fieldwork, the country office’s monitoring strategy and relevant standard operating procedures were not defined to reflect actual practices. The country office used corporate tools to plan and to cost monitoring needs for 2021 and 2022, albeit without considering sub-offices’ on-site monitoring plans and process monitoring for all programmatic activities. Due to funding constraints, the research, assessment and monitoring unit did not benefit from a dedicated budget or resources to deliver on monitoring plans. Further, field monitors were mostly involved in implementing programme activities.

Field monitors reported the results of their monthly process monitoring visits by email to activity managers. The research, assessment and monitoring unit in Conakry did not have a systematic approach to consolidate monitoring findings, resulting in inadequate visibility on overall monitoring coverage and adherence to the minimum requirements for process monitoring.

Underlying cause(s): limited awareness of the importance of complaints and feedback mechanisms; funding constraints; country office management yet to analyse and prioritize monitoring needs; absence of standard operating procedures; insufficient number of staff; and insufficient skills and discipline to ensure application of monitoring corporate standards ([see observation 1 - Structure, skills and oversight](#))

| Agreed actions as from AR/23/03 | Actions undertaken and update from the 2024 follow-up review | Review conclusion |
|---|---|---------------------------------------|
| The country office will: | | |
| (i) With the support of the Regional Bureau of Western Africa, will establish channels for internal and external complaints and feedback, in consultation with affected populations and partners. | The country office established the toll-free complaints and feedback mechanism and recruited a Community Feedback Mechanism (CFM) manager and four CFM operators. the CFM manager and Operators were successfully onboarded with priority to establish relevant standard operating procedures with the support of the Regional Bureau. The action was partially implemented with full implementation expected in March 2024. | In Progress Due date 31 March 2024 |
| (ii) a) Assess its monitoring needs across interventions and allocate an appropriate level of resources in its country portfolio budget to implement monitoring plans and achieve minimum coverage in line with corporate guidelines. b) Establish procedures to clarify roles and responsibilities for monitoring including tracking monitoring issues. | The country office demonstrated its commitment to implementing the action. Detailed monitoring and evaluation plans of field offices for 2024 were developed and disseminated to the respective field offices for implementation. However, implementing the plans were hindered by the spread of activity sites across the country (1,200 sites) and the funding constraints. The ongoing Global Analysis of Vulnerability, Food Security and Nutrition AGVSAN will inform the country office’s process of consolidating its field presence and the review of its monitoring plans. For the CSP, the assessment of monitoring needs across interventions and locations could be improved and consolidated to enable comprehensive and continuous tracking of coverage against established plans and minimum monitoring requirements. The country office | In Progress Due date 31 March 2024 |



| Agreed actions as from AR/23/03 | Actions undertaken and update from the 2024 follow-up review | Review conclusion |
|---------------------------------|---|-------------------|
| | <p>encountered funding difficulties in recruiting the optimal monitoring resource structure, resulting in multiple vacant positions.</p> <p>The country office established standard operating procedures, delineating clear roles and responsibilities for monitoring activities.</p> <p>The action was partially implemented with full implementation expected to be on March 2024</p> | |



Audit report observation 5: Data, cash-based transfer reconciliations and procurement as from AR/23/03

Management of beneficiary data and lists

Excel files were used for registering and managing beneficiary data; they did not have an audit trail for changes to master data and there were no review and approval controls over changes made. To process payments, programme and finance staff manually transformed beneficiary lists for upload into the financial services providers' platforms. This manual process was prone to potential manipulation and mistakes.

There were data quality issues, like several duplicate identity numbers, or no data cleaning or standardization to ensure effective deduplication controls. Some duplicates arose because vulnerable beneficiaries without identity cards were initially registered with the identification document number of their family members (also potential recipients of WFP assistance). Those cases were not escalated for further follow-up and validation by the programme unit or management. The need to develop a dedicated strategy to eliminate these duplicates were highlighted in the regional bureau oversight mission.

Supply Chain

During the audit period, there were no market assessments nor a food procurement strategy. A goods and services procurement plan was approved by the country director in September 2022. There were important exceptions to corporate procurement standards, namely:

Absence of a vendor list, due diligence checks (other than UN Sanctions List checks), and vendor performance evaluation.

Inconsistent use of the corporate electronic tendering system and absence of follow-up with suppliers who did not submit an offer in response to a tender.

Absence of performance bonds from food suppliers as per contractual agreements.

The review of local food suppliers showed several gaps in the application of WFP food safety and quality standards: (i) an absence of assessments during the selection of new food suppliers to ensure their compliance with WFP corporate standards; and (ii) the use of outdated food specifications (from 2014) for locally sourced commodities. Furthermore, the country office used the National Office of Control and Quality to test commodities, albeit without a contractual agreement in place and without its capacities having been assessed by WFP.

Overall, there was a low level of transparency over procurement processes and a high risk of contracting potentially non-qualified vendors and of collusive or fraudulent practices.

Underlying cause(s): absence of a system to manage beneficiary data and cash-based transfers; insufficient management oversight by the regional bureau; limited staff knowledge of corporate controls; and insufficient management oversight at the country level to enforce controls ([see observation 1 - Structure, skills and oversight](#))

| Agreed actions as from AR/23/03 | Actions undertaken and update from the 2024 follow-up review | Review conclusion |
|---|---|-------------------|
| The country office will: | | |
| (i) In consultation with the Regional Bureau of Western Africa and the headquarters data assurance team, establish a digital solution to manage beneficiary master data, payment lists and cash-based transfer reconciliations. | The country office developed a CBT strategy 2023-2027 and made significant efforts to digitalize its operation and centralize beneficiary information management in SCOPE for both cash and in-kind transfers. It also developed relevant standard operating procedures to ensure | Closed |



| Agreed actions as from AR/23/03 | Actions undertaken and update from the 2024 follow-up review | Review conclusion |
|---|--|-------------------|
| | consistency and efficient use of the platform. The country office also adopted the DARTS ⁸ platform to strengthen the reconciliation process for cash transfer interventions. | |
| The Regional Bureau of Western Africa will: | | |
| (ii) Monitor and oversee the implementation of controls in procurement and food quality and safety controls in the areas identified by the audit. | <p>The regional bureau undertook a mission in June 2023 to assess the effectiveness and efficiency of internal control systems in place at the Guinea country office concerning the supply chain and to support the country office in implementing audit recommendations.</p> <p>The mission report shows that all controls that we highlighted in the audit report are being implemented by the country office. The mission also identified potential risks in the procurement and logistics functions and proposed various recommendations</p> | Closed |

⁸ Data Assurance and Reconciliation Tool Simplified: Customisable tool offered by headquarters CBT division to help country offices conduct CBT reconciliation in compliance with assurance and corporate policy standards.

Table 2: Medium priority observations

| Audit report observation 6: Implementation plan and expense recognition as from AR/23/03 | | |
|--|---|---------------------------------------|
| <p>The resource management committee met regularly with key staff in attendance. Meetings did not cover funds monitoring and resource outlook nor were deliberations documented.</p> <p>Activity managers and functional unit heads did not maintain resource management reports and spending plans to structure their priorities and responses, in alignment with the implementation plan. The absence of regular implementation plan review and validation resulted in inaccurate programmatic rates for associated costs (especially staff costs); overspent against planned cost categories; and misalignment between budget and actual contribution revenues.</p> <p>The recent regional bureau finance oversight mission highlighted issues in expiring grants management; the need for budget management training for activity managers; and associated cost management assigned to the finance unit instead of the budget and programming unit.</p> <p>The country office was unable to pay back the long overdue existing advance finance balance amounting to USD 228,905. It also did not comply with the International Public Sector Accounting Standards for expense recognition as detailed in observation 1 – Structure, skills and oversight.</p> <p><u>Underlying cause(s)</u>: Regular review of implementation plan not prioritized; insufficient consultation with headquarters; and insufficient skillset and financial oversight (see observation 1 - Structure, skills and oversight)</p> | | |
| Agreed actions as from AR/23/03 | Actions undertaken and update from the 2024 follow-up review | Review conclusion |
| The country office will: | | |
| (i) Regularly revise the implementation plan in consultation with the resource management committee. | The country office conducted a mid-year review of its implementation plan in consultation with the Resource Management Committee in June 2023; the regional bureau supported the country office throughout the process and reviewed and endorsed the revised implementation plan in July 2023. | Closed |
| (ii) In consultation with the relevant headquarter units in finance and budget, will: <ul style="list-style-type: none"> a) Determine the repayment plan for the overdue advance finance balance. b) Review and adjust expenses to ensure compliance with the International Public Sector Accounting Standards and grants validity period. | In August 2023, the country office repaid the outstanding balance of the advanced finance. At the time of the follow-up review, the country office was in the process of reviewing its expenses compliance with the International Public Sector Accounting Standards and requested an implementation timeline extension. The action remained pending implementation at the time of reporting with an expected implementation date of March 2024 | In Progress Due date 31 March 2024 |



Annex A – Definitions of audit terms: ratings & priority

1 Rating system

Audit observations are categorized by impact or importance (high, medium or low risk) as shown in the internal audit services of UNDP, UNFPA, UNOPS and WFP adopted harmonized audit rating definitions, as described below:

Table A.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 A.2: Priority of agreed actions

| | |
|---------------|--|
| High | Prompt action is required to ensure that WFP is not exposed to high/pervasive risks; failure to take action could result in critical or major consequences for the organization or for the audited entity. |
| Medium | Action is required to ensure that WFP is not exposed to significant risks; failure to take action could result in adverse consequences for the audited entity. |
| Low | Action is recommended and should result in more effective governance arrangements, risk management or controls, including better value for money. |

Low priority recommendations, if any, are dealt with by the audit team directly with management. Therefore, low priority actions are not included in this report.

Typically audit observations can be viewed on two levels: (1) observations that are specific to an office, unit or division; and (2) observations that may relate to a broader policy, process or corporate decision and may have broad impact.⁹

⁹ 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 Categorization of the status of implementation of agreed per audit observation

Table A.3: Priority of agreed actions

| Status | Definition |
|-----------------------|--|
| Closed | Action has been fully implemented. |
| In Progress | Action has been started, partially implemented and revised timescales for full implementation have been established. |
| Open | Action has not been partially or fully implemented. Revised timescales have been agreed in some cases. |
| Not Applicable | Senior management has accepted the risk of not taking action. Conditions have changed that render the agreed action not relevant. |



Annex B – Acronyms

| | |
|---------------|--|
| CBT | Cash-Based Transfers |
| CFM | Community Feedback Mechanism |
| DARTS | Data Assurance and Reconciliation Tool Simplified |
| ICSP | Interim Country Strategic Plan |
| SCOPE | WFP's beneficiary information and transfer management platform |
| UNSDCF | UN Sustainable Development Cooperation Framework |
| USD | United States Dollar |
| WFP | World Food Programme |