Internal Audit of selected WFP processes in Syria

Office of the Inspector General
Internal Audit Report AR/24/02

February 2024

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I. Executive summary

WFP Syria Country Office

1. As part of its annual workplan, the Office of Internal Audit conducted an audit of selected WFP processes in Syria. The audit faced staffing constraints and fieldwork limitations due to the volatile security situation prevailing in the region, which led to the shortening of the on-site mission. Accordingly, the Office of Internal Audit adjusted the scope and the methodology of the audit, relying on remote testing. The areas in audit scope included: governance, beneficiary management, management of cooperating partners and monitoring activities.

2. The audit covered the period from 1 January 2022 to 30 June 2023. Over this period, WFP expenses amounted to USD 866 million. The country office reached six million beneficiaries in 2022 and the main transfer modality was in-kind delivery. The operational context in Syria remained complex and was further compounded by limited access to beneficiary data.

Audit conclusions and key results

3. The internal audit report does not include an engagement level rating as the audit scope focused on a limited set of selected processes. The results of the audit highlighted that the internal controls for the processes included in the audit scope were generally established but needed improvements. Prompt management action is required to ensure that identified risks are adequately mitigated and to enable WFP in Syria to manage unprecedented funding constraints.

4. The main root causes of the issues identified were: (i) limited access to operational sites and beneficiary data; (ii) insufficient mitigation of third-party risks; and (iii) risk analysis not sufficiently embedded in key planning activities.

5. Access constraints limited the country office's ability to develop effective mitigation measures for risks related to key processes such as identity management, monitoring and management of cooperating partners. For example, WFP could only reach the population in North-Western Syria through cross-border operations and crossings were closed several times. As confirmed by the United Nations Office for the Coordination of Humanitarian Affairs, WFP in Syria has been a valuable partner and has consistently tried to manage these challenges.

6. The audit report contains three high-priority observations and three medium-priority observations.

7. WFP cooperating partners collected data for vulnerability assessments. The extended time lag in data collection, spanning from 2020 to 2022, significantly delayed the verification process. Community feedback mechanisms had limited coverage, particularly in North-Western Syria. This contributed to a sub-optimal control environment in the area.

8. Both management of cooperating partners and third-party monitors were mostly decentralized at field office level. This exposed operations to potential conflicts of interest and collusion risks. For example, audit testing highlighted instances of partners not providing access to distribution sites and related reports, as a result the country office could not implement key controls on their food distributions, timely adjust programme implementation and reflect findings in comprehensive partners' performance evaluations.

9. Delays in implementing the risk management strategy and follow-up on fraud risk assessment results was a missed opportunity to further mitigate and reassess risks.

10. The Office of Internal Audit acknowledges that, at the time of audit fieldwork, the country office was working on key initiatives, including drafting calls for proposals to update the partner roster; improvements

in data quality reviews; establishing key performance indicators for management of third-party monitoring services and contracting new call centres to strengthen the community feedback mechanism.

11. For the in-kind food distribution modality, there were gaps in controls over the identity of beneficiaries receiving assistance from partners. The Office of Internal Audit acknowledges that some gaps in this process are linked to the absence of corporate standards and, to assess residual risks and potential mitigation measures, the Office of Internal Audit will carry out a thematic audit on identity management in 2024.

12. In addition to these activities, there is an urgent need to increase process coordination at country office level, strengthen partnership performance evaluation and follow-up actions, define workplans for oversight of field offices and key processes. Risk-based approaches should guide the selection of cooperating partners for spot-check verifications, and the prioritization of operational sites for field monitoring.

13. The Office of Internal Audit acknowledges that, to complement local initiatives, WFP recently embarked on a corporate "reassurance action plan" aimed at reinforcing risk management. The Regional Bureau for the Middle East, Northern Africa and Eastern Europe, with support from headquarters, has already engaged with the Syria Country Office in reviewing risks and strengthening controls.

14. Management has agreed to address the reported observations and to work to implement the agreed actions by their respective due dates.

THANK YOU!

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

II. Country context and audit scope

Syria

16. The Syrian Arab Republic has faced a prolonged crisis since 2011, which has caused severe damage to the country's economic and social fabric. The country has become food import-dependent and, in 2022, short-lived periods of stability were disrupted by drastic economic decline. Food import prices increased due to a depreciating currency and the higher global costs of commodities and fuel. The war in Ukraine exacerbated the price increases which had already been impacted by the COVID-19 pandemic.[1]

17. Syrians suffered high levels of food insecurity. The nationwide food security assessment conducted by WFP and the Whole-of-Syria Food Security Sector in late 2021 revealed that 12 million people, close to 55 percent of the population, faced acute insecurity. Of these, 2.5 million people were estimated to be severely food insecure, including people residing in camp settings who are considered fully dependent on humanitarian assistance.[2]

18. Access remains critical to reach people in need. In non-government-held North-Western Syria, four million people rely on aid corridors through Türkiye border crossings. As of May 2023, the Office for the Coordination of Humanitarian Affairs identified 26 sub-districts where access constraints have a very high or high impact on humanitarian partners' ability to reach people in need and on the ability of people in need to reach humanitarian assistance.[3]

WFP operations in Syria

19. The country office launched its interim country strategic plan in January 2022 with a budget of USD 2.87 billion over two years. In 2022, despite receiving substantial contributions for its operations, the country office faced a significant funding gap due to the vast humanitarian needs. Only 63 percent of the 2022 needs-based requirement of USD 1.37 billion was funded. WFP provided general food assistance to 5.8 million people in 2022. However, the resources were strained by supply chain disruptions and increased operational and food costs, and the country office had to reduce ration sizes to continue assisting the same number of beneficiaries.

20. In February 2023, after an earthquake affected Türkiye and Northern Syria, WFP provided emergency food assistance to an estimated 2.3 million people in both countries through hot meals, ready-to-eat packages and family rations. The country office continued to face constraints in physical access to North-Western and North-Eastern Syria as well as restrictions in collecting and managing personal identity information. From July 2023, the number of beneficiaries also had to be reduced to 3.3 million people per month.

21. In the last quarter of 2023, the country office was redesigning its emergency food assistance to prioritize the acute needs of just over a million of the most vulnerable people and was planning additional interventions should funding permit. The country office was concerned about the impact of these programmatic changes as, since the reduction in the level of assistance, there had been a noticeable decline in food security.

22. In December 2023, the country office issued a budget revision extending the duration of the interim country strategic plan by two years, from January 2024 to December 2025. The revised budget for the plan is USD 4,874 million. This budget revision did not change the plan's strategic orientation.

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[1] WFP. 2022. Syrian Annual Country Report.
[2] WFP. 2022. Syrian Annual Country Report.
[3] OCHA. June 2023. Humanitarian Access Severity Overview.

Objective and scope of the audit

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

24. WFP Interim Country Strategic Plan 2022–2025 in Syria is aligned with the inter-agency humanitarian response plan for the Syrian Arab Republic and the United Nations Sustainable Development Cooperation Framework. Through 4 strategic outcomes, the plan aims to respond to growing food and nutrition needs; the severe deterioration of livelihoods and resilience; and the collapse of food systems in the country.

25. The audit focused on activity 1, *unconditional resource transfers to food-insecure households*, within the Interim Country Strategic Plan 2022–2025, under strategic outcome 1, *food-insecure populations affected by the crisis, including host communities, internally displaced persons and returnees across all governorates in the Syrian Arab Republic, meet their basic food and nutrition needs all year round*, representing 81 percent of the country office's total expenses and 96 percent of beneficiaries reached in 2022. The main transfer modality was in-kind delivery, corresponding to more than 90 percent of the caseload for activity 1.

26. To minimize duplication of efforts, the audit partially relied on the results of the fraud risk assessment conducted by the country office in July 2023 with the support of the Regional Bureau for the Middle East, Northern Africa and Eastern Europe. The assessment specifically targeted two processes: management of cooperating partners and monitoring.

27. The audit faced resource constraints and fieldwork limitations due to the volatile security situation prevailing in the region. As a result, the on-site mission had to be shortened. The fieldwork phase took place from 8 October to 11 October at the country office in Damascus and continued remotely from 15 October to 16 November 2023.

28. The selected processes included: (i) governance; (ii) beneficiary management, including accountability to affected people; (iii) management of cooperating partners; and (iv) monitoring, as detailed in Figure 1 below. The audit covered the period from 1 January 2022 to 30 June 2023.

29. Process areas such as supply chain, cash-based transfers and finance might be subject to assurance assignments in 2024.

Figure 1: Areas in audit scope

Governance	Beneficiary Management	Accountability to affected people	Partnerships	Monitoring

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

III. Results of the audit

Audit work and conclusions

31. Six observations arose from the audit, relating to governance, beneficiary management, management of cooperating partners and monitoring.

Governance

32. The audit review focused on the country office's arrangements for implementing and embedding risk management activities. This included the test and review of the country office-level risk register, fraud risk assessments, corporate annual internal control assurance statements, compliance with the corporate anti-fraud and anti-corruption policy, and oversight activities over field offices.

33. The risk management unit had four staff at country office level with the Head of Risk & Compliance leading the workstream. The position had a high turnover with four different staff covering the role during the audit period.

Observation 1: Risk management and management oversight

34. Results of audit testing for beneficiary management, management of cooperating partners and monitoring highlighted high residual risks related to potential conflicts of interest at field level and the management of third parties such as cooperating partners and third-party monitors. While the internal control system had identified these risks, follow-up measures were yet to be fully identified or implemented.

35. Delays in implementing the risk management strategy and tracking actions recommended by the fraud risk assessment was a missed opportunity to further mitigate and reassess these risks.

Country office risk assurance framework

36. The country office's 2023 risk management strategy had five workstreams and 23 deliverables. As of November 2023, key activities linked to these deliverables, as described in the following paragraphs, had not started or been carried out systematically.

37. The country office risk management unit did not document any field office oversight activity and had not developed a plan for internal control testing of key processes. As such, there was no regular and systematic oversight of high-risk activities or reporting of test results to management.

38. The risk management unit had yet to finalize the development of a dashboard and scorecards for follow-up of key selected risk indicators. This action would enable the consolidation of incidents and red flags of fraud in a single repository, and the assessment of other high-risk items identified by internal controls of key processes such as monitoring and community feedback mechanisms.

39. The risk management working group did not meet during the audit period. This led to the absence of a forum for discussing relevant updates related to risks and related mitigating actions.

Fraud risk assessment

40. Outcomes of the July 2023 fraud risk assessment included a mapping of fraud risks related to management of cooperating partners and monitoring, a list of proposed additional mitigation measures and eight recommendations. At the time of audit testing, the country office had not established an action plan for implementation of the recommendations and had not identified an owner for the proposed actions. This resulted in limited tracking of progress made in mitigating the risks identified.

Underlying cause(s): Unclear prioritization of key activities and deliverables for the risk management workstream; turnover in key positions within the risk management unit; and limited capacity in developing data

analytics tools.

Agreed Actions [High priority]

1. The country office will:

   i) In coordination with headquarters and the ongoing reassurance action plan, develop a risk management strategy over a longer time-span with yearly workplans, deliverables and key performance indicators.

   ii) Design and follow up on an action plan for the fraud risk assessment recommendations.

   iii) Develop a dashboard to enable the consolidation of incidents, red flags of fraud and the assessment of other high-risk items identified by internal controls.

   iv) Establish, with the support of the regional bureau, a systematic field office oversight process.

2. The country office will, with the support of the regional bureau and headquarters, build capacity in using data analytics.

Timeline for implementation

1. 31/12/2024

2. 31/12/2024

Beneficiary management

41. In 2022, under general food assistance, WFP in Syria and its partners distributed in-kind food rations to 5.6 million people and cash-based transfers to 400,000 people; 115,000 people received hybrid assistance, a combination of in-kind and cash-based transfers. During the first half of 2023, the country office assisted an average of 5.5 million people every month. However, from July 2023, this was reduced to 3.3 million people per month due to unprecedented funding shortfalls.

42. The operational context in Syria remained challenging and was further compounded by a complex data protection framework and data sovereignty limitations. The country office operated mainly as a data processor with cooperating partners acting as the beneficiary data controller. Only these partners, and not WFP, had access to beneficiaries' personal identity information.

43. In 2021–2022, cooperating partners finalized the first phase of a vulnerability needs review data collection. The goal was to assess the vulnerability of families in Syrian Government-held areas with tools developed by WFP.

44. After collecting the data, partners sent anonymized records to the country office for analysis and prioritization of assistance. WFP categorized households in four tiers according to their vulnerability level. Following this exercise, in 2023, a continuous targeting approach was progressively established. A dedicated assessment team was established at the cooperating partner level to conduct relevant activities, including household interviews by trained enumerators.

45. In non-government-controlled areas in North-Western Syria, the country office was enhancing its beneficiary selection tool to improve needs assessments and targeting. In all areas, more than 7 million people were assessed on their levels of vulnerability and food insecurity.

46. The audit focused on needs assessments, beneficiary targeting, identity management and community feedback mechanisms under general food assistance activity.

Observation 2: Vulnerability assessments and prioritization of assistance

Data collection procedures

47. The vulnerability needs review involved complex data collection procedures and the administration of lengthy questionnaires designed to capture a wide range of socioeconomic indicators.

48. Country office analysis of the vulnerability application data revealed anomalies, such as variations in enumerator performance, irregular device usage, interview time lag and irregular data entry records. This might be an indication of limited data quality checks on the data collected by cooperating partners, although field-level agreements had incorporated clauses for conducting data quality checks and allowing for data recollection if deemed necessary.

49. The extended time lag in data collection, spanning from 2020 to 2022, significantly delayed the verification process. The country office conducted this detective control for 1 percent of the vulnerability assessment records as per agreements signed with cooperating partners. This further limited the representativeness of data quality checks. Socioeconomic developments during this period led to alterations in household composition, income sources and head of household information. The associated costs of data recollection were too high and rendered the realignment of vulnerability records with outcomes of the verification unfeasible.

50. In North-Western Syria, the country office undertook an analysis of the vulnerability assessment data and identified data quality gaps and contextual challenges. The analysis also highlighted that the registration process relied on up to 13 identification methods sourced from various authorities. At the time of audit fieldwork, some improvement actions, such as data triangulation with technical assistance from the regional bureau and self-assessment of key activities, were still in the initial stages of implementation.

Prioritization of assistance

51. Post-distribution monitoring results from May 2023 indicated that 50 percent of respondents were unaware of the targeting criteria, and 34 percent lacked awareness of their entitlements. In October 2023, results showed that 91 percent of households had the vulnerability level identified in the tiering system. However, document review and interviews with partners and country office staff highlighted that many non-interviewed households might have been more vulnerable than those currently receiving assistance.

52. Moreover, the tiering system did not consider changes over time in vulnerability indicators. The country office mitigated the systemic risk of exclusion by providing buffer monthly rations for the vulnerable households not included in distribution plans. Distribution of these buffer rations was based on the relative number of non-interviewed households in each operational area.

53. In October 2023, the country office further prioritized its assistance to align with funding constraints. The country office and its cooperating partners contacted affected families and communities to notify them of these modifications. Engagement with communities will be crucial to ensure that people receive the necessary information regarding this situation.

Underlying cause(s): Contextual factors such as economic decline and data sovereignty limitations; lack of optimization in questionnaire design and verification procedures; limited development of community engagement strategies; bottlenecks related to the huge volume of data collection exercises resulting in ageing needs assessments with outcomes not reflecting changes in vulnerability status; and inconsistent registration requirements specific for north-western operations.

Agreed Actions [High priority]

1. The country office will:

   i) Streamline and standardize beneficiary data collection protocols applicable to all geographic areas and consider data minimization strategies.

   ii) Review and enhance data quality control measures, including reassessing the level of dedicated resources for the timely verification and adequacy of the associated monitoring system.

2. Explore channels for implementing targeted communication strategies aimed at increasing awareness of prioritization criteria and entitlements.

3. Streamline registration documentation requirements for North-Western Syria.

Timeline for implementation

1. 30/09/2024

2. 30/09/2024

3. 30/09/2024

Observation 3: Beneficiary identity management

Organizational set-up

54. During the audit fieldwork, the Office of Internal Audit noted that roles within the country office in terms of beneficiary identity management were not adequately aligned with data ownership and processing needs. This issue extended to the allocation of resources among the Vulnerability Analysis and Mapping (VAM), Programme Delivery and Digital Support units. Specifically, the VAM unit had a broad and excessive range of responsibilities.

Data architecture

55. Beneficiary data were fragmented across multiple systems and applications, limiting the country office's ability to track programme outcomes and hindering the feasibility of data integration. The absence of compatible and identifiable data sets across various systems resulted in challenges in mapping beneficiaries across various delivery mechanisms. This had an impact on the country office's ability to track actual beneficiaries assisted when implementing the tiered approach. Management of beneficiary data for in-kind general food assistance was different from the framework applied to assistance through cash-based transfers. The absence of corporate standards and real-time assurance mechanisms for in-kind beneficiaries further compounded these challenges.

Beneficiary data management for cash-based transfers

56. The country office used WFP's corporate SCOPE[4] platform to store household and biometric data related to cash-based operations in government-held areas. Cooperating partners were responsible for registering beneficiary data through the SCOPE mobile application and for uploading it to the SCOPE database. From its analysis of beneficiary data registered in SCOPE, the Office of Internal Audit noted instances of the same biometrics registered multiple times for principal and alternate recipients, which requires review. This observation was already raised in the previous internal audit report.[5] At the time of audit fieldwork, the country office was following up on individual biometric identity values which were associated with more than two

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[4] SCOPE is WFP's beneficiary information and transfer management platform.

[5] Internal Audit of WFP Operations in Syria, report AR/22/04 – link

household identities. The review of the remaining duplicates was still in progress through manual adjudication processes, which resulted in slower resolution timelines.[6]

57. Beneficiary information in North-Western Syria required strict data protection measures and there were challenges sending SCOPE equipment to the area. This resulted in the field office managing data for cash-based assistance and deduplication through a separate management system,[7] with limited visibility at country office level. In addition, unlike in areas under Syrian Government control, the authentication of beneficiaries for cash assistance did not rely on biometrics.

Underlying cause(s): Data sovereignty and regulatory environment in which WFP was trying to collect data and the political negotiations that were required; a protracted emergency, which initially lacked comprehensive data, resulting in unclear role allocation when data collection processes were introduced; data silos, coupled with restricted data accessibility, presenting challenges for seamless programmatic delivery across operational areas; and limited efforts in the review and adjudication of duplicate backlogs.

Agreed Actions [Medium priority]

The country office will:

1. Assess the distribution of roles and responsibilities, guaranteeing a clear segregation of duties in terms of data ownership and processing among the units engaged in beneficiary identity management.

2. Establish, with support from the Technology Division in headquarters, a data architecture enabling visibility of critical data, adapted to the operational context.

3. Implement, in coordination with headquarters, distribution assurance mechanisms for last-mile, in-kind delivery.

4. Fast track the review and adjudication of duplicate backlogs, ensuring alignment with corporate guidance and standards.

Timeline for implementation

1. 30/06/2024

2. 31/12/2024

3. 31/12/2024

4. 31/12/2024

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[6] At the time of audit fieldwork, there was a total of 4,659 duplicated identities in SCOPE, of which 1,704 had already been assessed and classified during the 2023 country office deduplication exercise.

[7] Oneplatform

Observation 4: Accountability to Affected People

Gaps in feedback data and community feedback mechanism

58. There were gaps in feedback data records, i.e. closed items within the corporate system SugarCRM[8] lacked associated closure dates. These incomplete records presented a challenge when tracking resolution timelines. This included high-priority issues remaining open for over 90 days. In other instances, records displayed negative closure times, implying that the closure date was recorded before the case entry date.

59. Community feedback mechanisms had limited coverage, particularly in North-Western Syria. Limitations included local hotlines that were not toll free and the absence of network coverage in some operational areas. These challenges represented significant barriers to inclusivity and accessibility for affected people. In all regions, beneficiary complaints logged through partners' help desks were not systematically shared, leading to limited escalation of issues.

Community engagement

60. Enforcing communication strategies with cooperating partners posed challenges, as some organizations had not effectively implemented communication messages, especially those related to prioritization exercises.

61. In September 2023, following a scale-up in call centre capacity,[9] there was a spike in inbound calls (19,150 – representing a 400 percent increase compared to prior months). As of October 2023, the country office had deferred the outbound calls originally planned to anticipate further reductions in the assistance provided. The deferment limited information-sharing with people in need.

62. The country office had taken some actions to improve its accountability to affected people. For instance, it increased the number of hotline operators for enhanced response times and more effective handling of surges in calls and was contracting a call centre for North-Western Syria. With support from the headquarters Gender Equality Office, the country office was also examining unequal access and gender barriers to humanitarian assistance.

Underlying cause(s): Privacy settings assigned to the system administrator role at country office level and a system bug affecting the accuracy of the records in the corporate system; manual management of the closure date cleaning process; limited development of community engagement strategies; and limitations in technical and infrastructure coverage.

Agreed Actions [Medium priority]

The country office will:

1. Enhance tracking of beneficiary feedback through resolution of the closure date issue and further automatization of case handling procedures.

2. Reinforce cooperating partner collaboration in communication strategies when engaging communities.

3. Explore options for a more inclusive community feedback mechanism for areas with limited network coverage.

Timeline for implementation

1. 30/06/2024

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[8] SugarCRM, a Customer Relationship Management software, is WFP's corporate digital tool for community feedback, allowing safe storage, accurate management and detailed analysis of feedback received from users.

[9] In January 2023, the helpline was operating with five staff, by September, the country office employed 23 staff; therefore, its capacity to accept more incoming calls was much greater.

2. 30/06/2024

3. 30/06/2024

Management of cooperating partners

63. In 2022, the country office collaborated with 50 cooperating partners, the main partner being the Syrian Arab Red Crescent which managed more than 50 percent of the beneficiary caseload. The value of purchase orders for distribution agreements was approximately USD 25 million during the audit period.

64. Access to geographic areas was a key factor in selecting partners. Once selected, the country office needed to obtain local authority approval for all partnership agreements. This involved a lengthy clearance process for contracting partners.

65. The Office of Internal Audit assessed the governance mechanisms and key controls designed to mitigate risks in partnership management, including a review of the selection process; involvement of the cooperating partner committee; field-level agreement management; capacity building and strengthening activities; reporting; performance evaluation; and oversight of non-governmental organizations.

Observation 5: Cooperating partner management

Organizational set-up

66. The partnership unit had seven positions at country office level and focal points deployed in each field office. Two positions were vacant throughout the audit period. At the time of audit fieldwork, the country office had not initiated the recruitment process for these positions as funding shortfalls had resulted in a workforce planning review.

67. The partnership focal point position had been vacant since 2021 in the field office responsible for North-Western Syria. The field office managed approximately 35 percent of the country office's partnership agreements (by financial value) during the audit period. This longstanding vacancy along with challenges in filling other positions and limited access to distribution sites led to a sub-optimal control environment.

Partnership management cycle

68. The country office had not issued calls for proposals to select cooperating partners since 2019; field-level agreements were extended on a yearly basis; and partner capacity assessments had not been updated.

69. There were delays of up to five months in signing field-level agreements resulting in approximately 30 percent of financial commitments to cooperating partners recorded after the services had been rendered. In the absence of signed field-level agreements, the country office ensured business continuity through the issuance of letters of intent. This arrangement relied on cooperating partners to advance funding thereby affecting the ability of these organizations to cover operating expenses. The previous internal audit reported the same issue.[10]

70. Following the 2022 audit, actions implemented to streamline contracting and expedite payments included simplifying the reporting process and the systematic use of spot checks to provide assurance on partner expenses. In February 2023, the country office carried out a lesson learned exercise on the payment process, the results of which highlighted the limited coverage and effectiveness of the spot checks, high residual risks related to fund diversion and double charging of invoices to different donors. Following this exercise, the country office revised the payment process.

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[10] Internal Audit of WFP Operations in Syria, report AR/22/04 – link

71. As of November 2023, the country office had completed only 15 percent of the 56 spot-check exercises planned for the year and did not have adequate resources to achieve its target.

Oversight and performance evaluation

72. There was limited and unclear linkage between partner performance evaluations and other assessment tools such as oversight reports, spot checks and outcomes of monitoring and community feedback mechanisms.

73. Field offices finalized partner evaluations independently without obtaining systematic inputs from country office staff as required by corporate guidance. This approach exposed operations to conflicts of interest at field level and led to limited tracking and follow-up of performance issues. For example, monitoring reports and interviews with staff highlighted insufficient collaboration from the main cooperating partner in sharing distribution plans and reports. This issue, ongoing since 2020, affected financial reporting and country office monitoring activities.

74. Insufficient review of the partner roster, paired with weak controls and follow-up on performance evaluations, exposed the country office to increased risks of partner underperformance and collusion between partners, third-party monitors and field staff. This was corroborated by the fraud risk assessment on cooperating partner management, which indicated that partners may hinder monitoring activities through biased sample selection of household visits.

75. In August 2023, the programme unit drafted a standard operating procedure and the tender documents required for issuing an expression of interest for 2024 partnerships. The agreed actions below will complement such ongoing streamlining initiatives.

Underlying cause(s): Contextual access constraints in North-Western Syria limiting implementation of controls for cross-border operations; insufficient mitigating measures to respond to challenges in recruiting staff based in Türkiye; absence of open selection process; high number of cooperating partners; unclear role of country office units in performance evaluation process; and absence of a risk-based process driving the selection of partners for spot-check exercises.

Agreed Actions [High priority]

1. The country office will identify and implement strategies to mitigate staffing challenges in cross-border operations.

2. The country office will:

    i)   Launch a call for proposal and update the partner roster.

    ii)   Reassess the number of partners, agreements and causes for the delays in contracting.

3. The country office will:

    i)   Review the performance evaluation process.

    ii)   Establish a risk-based selection process for partner spot checks.

Timeline for implementation

1. 30/09/2024

2. 30/09/2024

3. 30/09/2024

Monitoring

76. In 2022, the country office had approximately 4,500 active operational sites for general food distribution at approximately 1,700 locations. More than 80 percent of the sites were semi-accessible or inaccessible: WFP mainly relied on two third-party monitors to cover these locations. Regular access to sites was limited by the security situation and by the lengthy process required to obtain access clearance from local authorities.

77. In 2022, the monitoring unit had 11 positions at country office level and monitoring associates deployed in field offices, independent from programme units. The country office monitoring team provided guidance, including the provision of tools and training to WFP field monitors and third-party monitors, and used information collected at field level for the analysis and reporting of findings and the provision of recommendations to programmes.

78. The Office of Internal Audit reviewed roles and responsibilities, monitoring plans and actual coverage, management of third-party monitors and the process for identifying, tracking and addressing issues identified.

Observation 6: Monitoring

Design and implementation of the monitoring plan

79. In 2022, the country office visited 66 percent of active sites and did not achieve its target of one visit per year at each food distribution point. Data related to the first half of 2023 confirms the same rate of site coverage.

80. Field offices shared monthly monitoring plans with the country office. There was no evidence of review and inputs to the plans at country office level. The decentralized plan, coupled with limited coverage, exposed the monitoring activity to bias in site selection and limited the effectiveness of the monitoring process.

Management of third-party monitors

81. In 2022, third-party monitors carried out approximately 70 percent of the visits to WFP's active operational sites. This included all North-Western Syria distribution points reached through cross-border operations and most of the sites located in the north-eastern area of the country.

82. The monitoring unit carried out regular quality reviews of the data collected by third-party monitors and shared outcomes of these reviews with the service providers. During the audit period, the country office did not provide consolidated feedback reports to the third-party monitors nor defined action plans to address the issues identified in the quality reviews.

83. In 2023, the implementation of additional quality assurance controls allowed the country office to detect misrepresentations and false statements by the third-party monitors operating in north-eastern areas. Follow-up actions included the deduction of corresponding amounts from invoices.

84. The country office did not adequately document capacity issues or misrepresentations in the performance evaluation forms of the two service providers. The absence of comprehensive performance evaluations led to unclear conclusions about the reliability of the third-party monitors during the audit period and delays in establishing new contracts for the services.

85. At the time of audit fieldwork, the country office was expanding its roster to diversify service providers and implementing additional controls such as key performance indicators and formalization of a data quality strategy. The Office of Internal Audit considered these ongoing actions in assessing the residual risks for this process. The country office still had to define how performance issues would be systematically followed up and addressed.

Process monitoring and issue tracking

86. The country office tracked findings from monitoring visits in a database and, in 2023, developed a dashboard to improve the follow-up and escalation of these issues. The audit testing highlighted that the

assignment and accountability for closing findings mainly rested at field office level. The standard operating procedure related to the process was still in draft and existing escalation protocols did not ensure review and assessment of issues (including red flags for fraud) by the country office risk management unit.

87. The 2023 fraud risk assessment and ongoing corporate initiatives highlight the need to ensure joint analysis of findings identified through monitoring and community feedback mechanisms. The country office had yet to develop tools and processes accordingly.

Underlying cause(s): High number of semi-accessible and inaccessible distribution points; absence of country office driven risk-based site selection; main partner not systematically sharing distribution plans for some field locations (recurrent cause since 2020), see also actions in Observation 5 Management of cooperating partners; follow-up on performance of third-party monitors not systematic; and limited involvement of risk management and accountability to affected people units in the analysis and follow-up of issues.

Agreed Actions [Medium priority]

1. The country office will:

    i)   Review roles and responsibilities for site selection, strengthening the risk-based approach and functional reporting to the country office monitoring unit, and ensure coverage meets new corporate requirements.

    ii) Negotiate timely access to the main cooperating partner's distribution plan.

2. The country office will:

    i)   Update the standards and practices for reviewing and reporting performance of third-party monitoring service providers.

    ii) Document the outcome of reviews, follow-up actions and owners.

3. The country office will:

    i)   Establish roles and responsibilities, including those of the risk management unit, in the issue tracking process.

    ii) Establish tools and processes to facilitate the joint analysis of issues identified through monitoring and complaint and feedback mechanisms.

Timeline for implementation

1.   31/12/2024

2.   31/12/2024

3.   31/12/2024

Annex A – Agreed action plan

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

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

#	Observation (number / title)	Area	Owner	Priority	Timeline for implementation
1	Risk management and management oversight	Governance	Country Office	**High**	1. 31/12/2024 2. 31/12/2024
2	Vulnerability assessments and prioritization of assistance	Programme	Country Office	**High**	1. 30/09/2024 2. 30/09/2024 3. 30/09/2024
3	Beneficiary identity management	Programme	Country Office	**Medium**	1. 30/06/2024 2. 31/12/2024 3. 31/12/2024 4. 31/12/2024
4	Accountability to Affected People	Programme	Country Office	**Medium**	1. 30/06/2024 2. 30/06/2024 3. 30/06/2024
5	Cooperating partner management	Non-governmental organization management	Country Office	**High**	1. 30/09/2024 2. 30/09/2024 3. 30/09/2024
6	Monitoring	Monitoring	Country Office	**Medium**	1. 31/12/2024 2. 31/12/2024 3. 31/12/2024

Annex B – Definitions of priority of agreed actions

1   Priority of agreed actions

Audit observations are categorized according to the priority of agreed actions, which serve as a guide to management in addressing the issues in a timely manner. The following categories of priorities are used:

Table B.2: Priority of agreed actions

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

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

Typically audit observations can be viewed on two levels: (1) observations that are specific to an office, unit or division; and (2) observations that may relate to a broader policy, process or corporate decision and may have broad impact.[11]

2   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 corporate system for the monitoring of the implementation of oversight recommendations. The purpose of this monitoring system is to ensure management actions are effectively implemented within the agreed timeframe to manage and mitigate the associated risks identified, thereby contributing to the improvement of WFP's operations.

The Office of Internal Audit monitors agreed actions from the date of the issuance of the report with regular reporting to senior management, the Independent Oversight Advisory Committee and the Executive Board. Should action not be initiated within a reasonable timeframe, and in line with the due date as indicated by Management, the Office of Internal Audit will issue a memorandum to management informing them of the unmitigated risk due to the absence of management action after review. The overdue management action will then be closed in the audit database and such closure confirmed to the entity in charge of the oversight.

When using this option, the Office of Internal Audit continues to ensure that the office in charge of the supervision of the unit who owns the actions is informed. Transparency on accepting the risk is essential and the Risk Management Division is copied on such communication, with the right to comment and escalate should they consider the risk accepted is outside acceptable corporate levels. The Office of Internal Audit informs senior management, the Independent Oversight Advisory Committee and the Executive Board of actions closed without mitigating the risk on a regular basis.

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[11] An audit observation of high risk to the audited entity may be of low risk to WFP as a whole; conversely, an observation of critical importance to WFP may have a low impact on a specific entity, but have a high impact globally.

Annex C – Acronyms

USD	United States dollars
VAM	Vulnerability Analysis and Mapping
WFP	World Food Programme