

2 April 2024

Management Comments to the Internal Audit Report of WFP Operations in Nigeria (AR/24/03)

WFP Management welcomes the observations made by the Office of the Inspector General (OIG) in its internal audit report on WFP operations in Nigeria (AR/24/03), covering the period from 1 January 2022 to 30 June 2023.

WFP's operations in Nigeria are defined in its country strategic plan (CSP) 2023-2027. It steers WFP's engagement in support of national efforts to end hunger and aligns with national priorities and government systems, advocating for the implementation of scalable, evidence-based approaches to address the root causes of food insecurity and nutrition challenges. WFP is working jointly through the United Nations country team and is guided by the United Nations sustainable development cooperation framework for Nigeria (2023–2027).

WFP Management is pleased that the audit report acknowledges the significant process improvements carried out by the country office through a comprehensive implementation review launched in late 2022. It aimed to ensure that office structures and processes are optimally positioned to deliver high-quality results in line with the new CSP; identify operational strengths, weaknesses, and lessons learned; and articulate practical actions to enhance good practices and address gaps in key operational areas. The review covered all country office functional units and field offices, thus increasing the visibility of action points and enhancements being implemented as well as cross-functional coordination.

WFP Management appreciates the focus on risk management and management oversight, programme design and implementation of selected activities, identity management and digital solutions, supply chain, programme monitoring, and accountability to affected populations. In addition, the audit carried out tailored reviews of cash-based transfers, non-governmental organization management, donor engagement and contribution management, humanitarian access management, and gender and diversity.

WFP Management recognizes the audit's overall conclusion of **"some improvement needed"** and agrees with the two high- and seven medium-priority observations contained in the audit report. The observations and the corresponding agreed actions are well-aligned with existing management priorities, with their implementation initiated and completion expected within the agreed timelines.

WFP Management acknowledges the focus areas of the high-priority observations: (i) transporter due diligence and sub-contracting and (ii) monitoring coverage and in-kind food assistance modified group distributions. WFP Management is committed to continue addressing control effectiveness gaps in standardizing vendor assessment mission approaches and documentation, strengthening the review of shortlisted transporters by developing checklists to ensure all necessary assessments and due diligence checks are completed. This includes the costs and benefits of establishing detective controls to mitigate fraud risks related to conflict of interest and to formalize acceptance of residual risk. In terms of monitoring coverage, WFP Management is reassessing the residual risks associated with in-kind modified group distributions, including mitigation actions and formalizing risk acceptance.

In addition, WFP Management notes that efforts are well underway to address the medium-priority observation on risk appetite, reporting and mitigation by defining a country-specific risk appetite framework in line with WFP's corporate risk appetite statement to guide operational decisions with due consideration for risk impact and the cost of control.

WFP Management will undertake regular reviews of outstanding agreed actions and provide updates through WFP's corporate tracking tool. The Regional Bureau for Western Africa will provide guidance and technical support to the country office, as required.

WFP Management would like to thank the Office of the Inspector General for its thorough analysis and its excellent collaboration with the country office team. Implementation of the agreed actions will serve as a valuable instrument to improving operational effectiveness, as well as to further strengthen the governance, risk management, and internal control processes of WFP's operations in Nigeria.