

26 April 2024

## **Management Comments to the Internal Audit Report of WFP Operations in Afghanistan (AR/24/04)**

WFP Management takes note of the observations and recommendations made by the Office of the Inspector General (OIG) in its internal audit report on WFP operations in Afghanistan (AR/24/04), covering the period from 1 August 2021 to 31 December 2022.

WFP Management appreciates the insights which the audit offers, as WFP continuously strives to enhance the operation and strengthen its control environment. In the time since the finalization of the report, WFP has already taken concrete steps to address many of its findings, noting that a number of them were already in progress at the time of the field mission. The implementation of the agreed actions is well underway, with a number of high-priority concerns already mitigated as detailed below under the responses to observations raised in the audit.

Already at the scale-up phase, and as noted by the auditors, WFP started to develop regular systems of governance, risk management, and internal controls. These included formulation of standard operating procedures; increased use of biometric registrations; preparations for a comprehensive re-targeting exercise; and active participation in inter-agency risk management fora. Moving from the scale-up phase, WFP worked on streamlining processes to transition to a more effective control environment, particularly for cash-based transfers, monitoring, and food quality and safety.

WFP Management acknowledges the report's four high-priority and five medium-priority observations, which are closely aligned to country- and regional-level control strengthening efforts, and with WFP's global reassurance priorities, established concurrently with the audit. With regard to specific observations, WFP Management wishes to share the following:

- with respect to Observation 1, a comprehensive fraud risk assessment was completed in October 2023 and WFP is tracking key mitigation controls for these risks; reporting and escalation protocols have also been updated; and the risk management unit, headed by a senior officer, is an active member of key committees and key risks continue to be escalated appropriately.
- with reference to Observation 2, a targeting working group is in place and regular quantitative analyses are conducted. Other agreed actions related to this observation are in an advanced stage of completion.
- in line with Observation 3, the country office centralised its system to manage all cases raised through the CFM. A dashboard is updated monthly that combines and tracks the five most important common risks. Since February 2024, staff operating the CFM have joined the monthly monitoring meeting, where case analysis is triangulated, analysed and presented to inform decision-making.
- in relation to identity management (Observation 4), registrations made outside of SCOPE were ceased already in 2023. Currently, registrations, identity verification, and corresponding beneficiary lists for 100 percent of cash-based transfer beneficiaries and around 90 percent of in-kind beneficiaries are managed through SCOPE, predominantly with biometric authentication. For the remaining 10 percent of in-kind beneficiaries, the country office awaits the new corporate solution which is under development. A deduplication mechanism and standard operating procedure have been in place since August 2022. In-kind beneficiaries go through the same process of deduplication as beneficiaries of cash-based transfers.

- with regard to Observations 5 and 6, the October 2023 fraud risk assessment covered cash-based transfer risks, and an organizational alignment exercise also conducted in 2023 reviewed the capacity of the cash-based transfer team. Financial service provider performance evaluations have been structured and all oversight recommendations issued by the Regional Bureau for Asia and the Pacific have been addressed. WFP Management notes that the country office has fully digitalized and automatized end-to-end cash-in-hand distributions. From registration to reconciliation, all data verification, redemption, and reconciliation happens inside the SCOPE system and SCOPE card light.
- with regard to Observation 9, it is noted that the monitoring strategy was completed in February 2024 for the 2024-2025 period.

During the period under review, there was an unprecedented scale-up of operations in Afghanistan in an extremely complex and volatile environment. With a determination to stay and deliver, WFP managed to provide assistance to 23 million people in 2022, up from nine million in 2020, while expanding controls and in some cases going beyond minimum standards included corporate guidance. WFP Management recognizes that some processes and controls were stressed at the early stages, owing to the challenging operating context that affected all actors in Afghanistan.

While recognising the valuable work done by the auditors, WFP Management wishes to note the following:

- a. In some instances, auditors' expectations of controls go beyond existing corporate guidance or tools, for example, on the triangulation of data from monitoring and community feedback mechanisms (CFM); on the expectation of biometric registration during the scale-up phase; and on the reconciliation and validation of distribution data outside of the Country Office Tool for Managing (programme operations) Effectively (COMET).
- b. The audit seems to imply that risk management only happens through the country office risk management unit, which does not fully reflect how risks, when operating in the context of a complex emergency such as Afghanistan, were central to management's engagement with the Leadership Group, the Strategic Task Force, the Operational Task Force, the regional bureau, as well as within the country office management team. As a consequence, it fails to sufficiently acknowledge the success in achieving the operational objectives of feeding more than half of Afghanistan's population in particularly challenging circumstances.

WFP Management expresses its appreciation to the Office of the Inspector General for its continued work and reporting on control issues and looks forward to a follow-up mission to the Afghanistan country office to demonstrate the progress made since the fieldwork was completed in June 2023. WFP Management will ensure resolute follow-up on agreed actions not yet completed and is confident that this will contribute to further improving the effectiveness and internal control processes of WFP's operations in Afghanistan.

