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LIVES

# Internal Audit of WFP's Fleet Management

Office of the Inspector General  
Internal Audit Report AR/24/08



World Food  
Programme

July 2024



## Contents

I.	Executive summary	3
II.	Context and audit scope	5
III.	Results of the audit	8
	Line of enquiry 1: Do WFP’s strategy, guidance, structure and risk management provide effective governance arrangements over fleet management?	8
	<b>Observation 1: Absence of strategic transition risk and impact analyses</b>	<b>8</b>
	<b>Observation 2: Absence of updated corporate policies and detailed financial reporting</b>	<b>9</b>
	<b>Observation 3: Gaps in risk and performance monitoring and reporting</b>	<b>10</b>
	Line of enquiry 2: Are processes, systems and tools in place to facilitate the efficient and effective management of the WFP fleet?	13
	<b>Observation 4: Gaps in vehicle post-delivery services</b>	<b>13</b>
	<b>Observation 5: Fragmented systems and FMS data quality and training issues</b>	<b>14</b>
	Line of enquiry 3: Are controls in place for the safe and secure use and movement of the WFP fleet?	16
	Annex A – Agreed action plan	17
	Annex B – Definitions of audit terms: ratings and priority	18
	Annex C – Acronyms	20



## I. Executive summary

### Introduction and context

1. As part of its annual workplan, the Office of Internal Audit conducted an audit of WFP's fleet management that focused on the period from 1 January 2022 to 31 December 2023. The audit team conducted the audit fieldwork phase in the first quarter of 2024 at WFP headquarters in Rome; through specific field visits to the WFP Ethiopia, Cameroon, and Democratic Republic of the Congo country offices; through surveys and interviews with 11 country offices; and through a review of related corporate processes across WFP.
2. Light and armoured vehicles support WFP operations and programme delivery. As of 31 December 2023, with a total acquisition value of USD 129 million, WFP's fleet comprised 3,028 light vehicles and 417 armoured vehicles in 95 countries worldwide.<sup>1</sup> Around 91 percent in size and 96 percent in value of the total WFP fleet represented vehicles owned by the WFP Fleet Centre (the centre), while the balance represented vehicles owned by country offices.
3. In 2025, the centre will hand over its light vehicle acquisition and leasing operations to the United Nations Fleet (UN Fleet), a partnership jointly funded by WFP and the United Nations High Commissioner for Refugees that will provide fleet services to all UN organisations.

### Audit conclusions and key results

4. Based on the results of the audit, the Office of Internal Audit reached an overall conclusion of **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 objectives of the audited entity/area should be achieved. Issues 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.
5. Since its establishment in 2007 with an initial capitalisation of USD 4 million, the centre (formerly the Global Vehicle Leasing Programme) has expanded the centralised acquisition and leasing of light and armoured vehicles for WFP offices. Its growth, keeping pace with WFP's humanitarian responses over the years, as well as the ongoing strategic transition, have presented a range of operational and financial challenges, which, at the time of the audit execution, management was aware of and was proactively taking steps to address.
6. The audit received positive feedback from selected country offices on the services and systems implemented and/or managed by the centre, as well as the effectiveness of fleet optimisation missions and driver training. The centre has introduced various applications to digitise fuel data entry and vehicle inspections and developed fleet management training on a platform allowing wider reach to WFP staff.
7. The centre has not yet undertaken a comprehensive assessment to analyse the impact of the ongoing transition to the UN Fleet on its strategy and operations, including risks. Although a financial sustainability assessment was undertaken in 2023, some assumptions, figures and calculations underlying the fund analysis are no longer aligned with the actual results and the latest agreed terms of the transition project. Some percentages had no basis or supporting methodology, and a detailed review of existing leases and their forecasted disposal period was not carried out to determine a more accurate level of cashflow. The centre needs to regularly review and update its fund analysis to ensure financial sustainability.
8. There was no updated corporate guidance on fleet management delineating the roles and responsibilities of the various stakeholders in WFP, aligning existing manuals, workflows and performance indicators, and reflecting changes in strategic directions. The update should include mechanisms to strengthen the governance framework over the fund management of the vehicle self-insurance scheme special account. In addition, the

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<sup>1</sup> As of 31 December 2022, the WFP fleet comprised of 2,838 light vehicles and 344 armoured vehicles, which had a total value of USD 117.6 million.



centre's financial reports did not capture detailed revenue sources and expenditures, which limited management's complete and timely visibility over its financial performance and cashflow position.

### **Actions agreed**

9. The audit report contains two high and three medium priority observations. Management has agreed to address the reported observations and to implement the agreed actions by their respective due dates. The implementation of all agreed actions should consider the implications of transferring the centre's leasing operations to the UN Fleet to ensure that improvements are invested only in areas within WFP's responsibility and control.

### **Thank you!**

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



## II. Context and audit scope

### Fleet management

11. Light vehicles<sup>2</sup> are mission-critical assets in WFP operations, transporting mainly personnel to effectively achieve WFP's mandate objectives. The WFP Fleet Centre (the centre),<sup>3</sup> a branch of the Management Services Division (MSD) based in Dubai, was established in 2007 to standardise and centrally manage the acquisition, leasing and insurance of light and armoured vehicles for WFP offices globally.<sup>4</sup> It has four main operational pillars: (i) leasing operation; (ii) fleet management support and digitalisation, including fleet management systems training; (iii) driver trainings; and (iv) budget and administration, including the self-insurance scheme for light vehicles.

#### *UN Fleet transition project*

12. As part of the UN Reform Initiative, the WFP Strategic Plan (2022-2025) as well as the Global Management Services Strategy (2022-2026) outlined a transition to the United Nations Fleet (UN Fleet), a partnership jointly funded by WFP and United Nations High Commissioner for Refugees (UNHCR), to provide effective, safe and efficient fleet services to all UN organisations while achieving significant and sustainable cost savings. In 2023, WFP advanced USD 4.4 million to cover its 50 percent share of the up-front capital to the UN Fleet special account. The transition project will consolidate the existing individual operations of both WFP and UNHCR for light vehicle requisition and leasing<sup>5</sup> to the UN Fleet by April 2025. After the full transition date, the centre will only continue the leasing operations of armoured vehicles until 2030 and UN Fleet will start leasing armoured vehicles to WFP from 2031.

#### *Corporate policies and procedures*

13. Under Executive Director's Circular ED2007/001 on Global Vehicle Leasing Programme (GVLP) and Self-Insurance Scheme, WFP policy with respect to light vehicle procurement changed, whereby as from the second quarter of 2007, no WFP office was allowed to procure light vehicles, all of which required to be provided through GVLP. As part of its responsibilities, the centre developed detailed policies and procedures accordingly captured in the 2021 Fleet Manual.

#### *Roles and responsibilities*

14. Fleet management processes involve multidivisional responsibilities in a decentralised structure. Country office administration teams are responsible for fleet management with the support of regional bureaus and the centre. In country offices, administration officers oversee multiple administrative service lines including fleet management. There may also be fleet managers (normally at the general administrative staff level reporting to the administration officer) in some country offices who supervise daily fleet activities, drivers, driver dispatchers and mechanics.

15. Regional administration officers conduct fleet management oversight in country offices as part of the annual administration oversight plans and systematically track, monitor and report on the oversight recommendations.

16. The centre, with its technical expertise, is uniquely positioned to provide fleet optimisation mission support to country offices since 2019. It has streamlined the optimisation process since 2021, established formal standard operating procedures, and produced fleet optimisation reports containing observations and recommendations. The centre's structure was well-organised with experienced and knowledgeable staff.

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<sup>2</sup> Any land-based motorised transport medium, such as passenger vehicles, specialized vehicles and motorcycles, owned, leased or rented by WFP, which is designed for the movement of people and has a gross weight of up to 3.5 tonnes.

<sup>3</sup> Formerly the Global Vehicle Leasing Programme or GVLP.

<sup>4</sup> Chapter 7 of the Management Services Manual on light and armoured vehicle fleet management (Fleet Manual) provides an overview as well as the roles and responsibilities of fleet management in WFP.

<sup>5</sup> Only one (leasing operation to WFP offices) of the four operational pillars of the centre will be turned over to the UN Fleet. WFP Fleet Centre will continue delivering the three operational pillars even after the transition.



17. As one of its core services, the centre offers driver training upon country office request as well as to other UN agencies and international organisations on a full cost-recovery basis. In 2022 and 2023, more than 1,000 WFP drivers and staff completed training on armoured vehicles and defensive driving manoeuvres. In 2023, 23 organisations participated in such training provided by the centre. The centre plans to improve and streamline driver training through the new Road Safety Academy, starting in 2024.

#### *System and tools*

18. A 2015 joint directive between MSD and the Logistics Division (OSL2015/002 RMM2015/001) formalised FleetWAVE as the corporate Fleet Management System (FMS). FMS consists of several modules to manage all aspects of WFP's vehicle fleet operations. The centre also operates the: (a) Fleet Portal to centrally manage the lease order, replacement, and driver training requests from country offices; (b) Vehicle Tracking System (VTS), allowing for real-time-tracking of leased vehicles; and (c) insurance claims portal. MSD's Digital Mobility team manages the UN booking hub for vehicle scheduling, which is used by the country offices.

19. Country offices are required to use FMS to record organisational assets, monitor cost of ownership, ensure vehicles are efficiently and safely managed, ensure operational data is accurate and track key performance indicators for fleet efficiency. A detailed FMS user guide and online training content for FMS focal points and users is in place.

#### *Financial and budget management*

20. Under the 2007 ED circular and Joint Directive FL2008/004 FESO/2008/001 on the Administration and Accounting Procedures for Global Vehicle Leasing Programme (GVLP) and Self-Insurance Scheme, special accounts were established for vehicle leasing and insurance. These special accounts are used to record revenue from leasing fees, sale of accessories and the centre's share in disposal proceeds, insurance premiums, and management cost recovery on services and training provided to WFP country offices and other UN agencies, as well as related expenses. Country offices are required to develop an annual fleet budget aligned with the fleet plan and monitor financial performance monthly with support from the centre, where needed.

21. Throughout its operations, the centre has realised significant cost savings in light and armoured vehicle acquisitions through centralised sourcing and supply. The centre, through internal analyses and tracking, indicated that it had been consistently reporting since 2021 efficiency gains realised and has been recognised as one of the top ten efficiency gains initiatives for WFP.<sup>6</sup>

#### *Road safety and security*

22. Country offices must minimise road safety risks by ensuring that drivers are trained, vehicles are roadworthy, and safety equipment is in good condition and ready to use. All WFP vehicles (light and armoured) must be insured under the WFP Self-Insurance Scheme (SIS),<sup>7</sup> and country offices are responsible for setting up local third-party liability insurance where required by the local regulations.

23. Vehicle maintenance is performed locally through authorised dealership workshops. Country offices must report all road safety accidents/incidents involving WFP vehicles on FMS, and in parallel, WFP security officers also prepare security incident reports.

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<sup>6</sup> In 2022, the centre generated USD 2.8 million for centralized sourcing and supply of light vehicles and USD 6.3 million (as reported in the Annual performance report for 2023) for armoured vehicle cost savings. In 2021, the centre generated USD 2 million for self-insurance scheme for light vehicles and USD 1.9 million for centralized sourcing and supply of light vehicles.

<sup>7</sup> The SIS, established in 2007 under Executive Director's Circular ED2007/001 and managed within WFP by MSD's Fleet Centre branch, is an internal insurance scheme that provides comprehensive insurance covering vehicle damage and global third-party insurance covering third party claims not covered by local third-party insurance.



### *Positive practices and initiatives underway*

24. Country offices reported positively on the services and systems implemented and/or managed by the WFP Fleet Centre and communication through the Fleet Portal. Specifically, they acknowledged the usefulness of fleet optimisation missions, support for fleet management tools such as FMS, training, use of VTS, and armoured vehicle inspection.

25. The centre is implementing a new long-term agreement (LTA) for comprehensive armoured vehicle services, reflecting its proactive and solution-based approach.

26. The centre is introducing a mobile Fuel App to digitise and simplify fuel data entry for WFP drivers and enable the transfer of fuel transactions directly to FMS. It is also introducing the digitisation of logbooks and vehicle inspections through a mobile app. Although implementation is ongoing amidst some connectivity-related issues, the piloted offices appreciate these digital innovations.

27. At the time of audit reporting, the centre has initiated the development of fleet management training in coordination with the Fleet Forum, a platform for the exchange of issues and knowledge sharing amongst staff.

## **Objective and scope of the audit**

28. The objective of the audit was to provide assurance on the effectiveness of governance, risk management and internal control processes related to Fleet Management in WFP. Such audits are part of providing an annual and overall assurance statement to the Executive Director on governance, risk management and internal controls.

29. The audit covered the period from 1 January 2022 to 31 December 2023. Where necessary, transactions and events pertaining to other periods were reviewed. During the planning process, and in consultation with relevant stakeholders, three lines of enquiry were established:

- 1) Do WFP's strategy, guidance, structure, and risk management provide effective governance arrangements over fleet management?
- 2) Are processes, systems, and tools in place to facilitate the efficient and effective management of the WFP fleet?
- 3) Are controls in place for the safe and secure use and movement of the WFP fleet?

30. In 2022, the external auditors reviewed WFP's fuel management process, and the results have informed the audit approach.

31. As part of the audit planning phase, the audit team visited the WFP Fleet Centre office in Dubai and conducted interviews, physical inspection of facilities and vehicles, and reviewed documents to assess the organisational structure, performance indicators on its deliverables, and risk management processes. The audit team carried out the audit fieldwork phase in the first quarter of 2024 at WFP headquarters in Rome and through specific field reviews integrating findings and good practices noted from (a) audit field visits to Ethiopia, Cameroon, and the Democratic Republic of the Congo country offices; (b) surveys with 11 sampled country offices and follow-up interviews with eight of them; and (c) a review of related corporate processes that impact across WFP.

32. 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

33. Five observations corresponding to the three lines of enquiry arose from the audit. Any other audit issues assessed as low priority were discussed with management directly and are not reflected in the report.

### Line of enquiry 1: Do WFP's strategy, guidance, structure and risk management provide effective governance arrangements over fleet management?

34. The audit reviewed and tested the following areas: (i) strategic transition, planning and performance; (ii) organisational policies and governance structure; and (iii) risk management and oversight mechanisms. The audit carried out limited testing of the environmental and social standards applicable to fleet operations.

#### Observation 1: Absence of strategic transition risk and impact analyses

35. At the time of audit reporting, the WFP Fleet Centre strategy for 2025 onward was under management review. The audit was unable to examine the draft strategy. In addition, the centre has yet to assess the opportunities and impact of the transition to the UN Fleet on its strategy, operations and risk management.

#### *Financial sustainability assessment*

36. In 2023, the centre's leasing revenue represented 93 percent of its total revenue, while revenues from the SIS represented the remaining 7 percent. The centre carried out a nine-year fund analysis covering its operations from 2023 to 2031 with various assumptions linked to the transition of the leasing operations to the UN Fleet. Based on the analysis, the net fund balance will significantly decrease from 2029 as the centre's leased vehicles phase out by 2030 and will be replaced by UN Fleet-leased vehicles.

37. Some assumptions, figures and calculations underlying the fund analysis are no longer aligned with the actual results in 2023 and 2024, as well as the latest developments<sup>8</sup> of the UN Fleet Transition project. Some percentages had no basis or supporting methodology, while the decrease in operating expenses was calculated using the straight-line method and a fixed rate. A detailed review of existing leases and their forecasted disposal period and sale proceeds was not carried out to determine a more accurate level of cashflows in the next five years.

38. The lease calculator used in computing leasing rates to WFP offices was last updated in 2020. It has not been regularly updated to reflect the current market acquisition costs of vehicles. In addition, it did not align with the fund analysis assumptions or the recently introduced demand and procurement plan. The figures and assumptions used by the lease calculator directly impact the computations of WFP fleet operation's costs and gross savings.

Underlying causes: Alignment with the UN Reform initiative in which WFP is a major stakeholder; minimal anticipated impact on current workflows and operations; finance staff turnover; and competing priorities.

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<sup>8</sup> For example, latest discussions on the centre's cost recovery rate, UN Fleet's projected number of leased vehicles to be prepared and shipped by the centre, etc.





### Agreed Actions [High priority]

1. The WFP Fleet Centre will assess and analyse the impact of the transition of the light vehicle operations to UN Fleet and risk management in finalising its strategy.
2. The WFP Fleet Centre will regularly review and update its fund analysis to ensure financial sustainability and incorporate: (a) the centre's latest operational results and developments of the UN Transition project; (b) rates that are supported by documented assessments; and (c) a detailed review of existing vehicle leases and their expected disposal period and proceeds to determine accurate cashflow levels.
3. The WFP Fleet Centre will update its lease calculator to reflect the current market acquisition costs of vehicles and align with the figures and assumptions of the fund analysis and the demand and procurement plan. Once the transition to the UN Fleet is completed, the WFP Fleet Centre should regularly review the details of the UN Fleet's calculator to ensure value for money and an accurate computation of WFP's gross savings.

### Timeline for implementation

1. 31 March 2025
2. 30 June 2025
3. 31 December 2024

## Observation 2: Absence of updated corporate policies and detailed financial reporting

39. There was no updated corporate guidance on fleet management delineating the roles and responsibilities of the various stakeholders in WFP (for example, the WFP Fleet Centre, regional bureaus, country offices, Insurance Service, and Supply Chain), aligning existing manuals, workflows and performance indicators, and reflecting changes in strategic directions.

### *Governance and administration of insurance*

40. At the time of the audit reporting, the fund balance of the SIS special account for comprehensive vehicle insurance managed by the centre was USD 9.6 million. The governance structure over the SIS fund management needs to be strengthened because the centre's Insurance Claim Committee only reviewed transactions related to claims and did not cover fund management and strategic decisions. The committee's function is not aligned with the governance and oversight body of WFP's Insurance Service unit. Governance of SIS fund management activities requires technical expertise and experience. There was also an inconsistency in the implementation of the circular on which unit is responsible for the global third-party vehicle insurance.<sup>9</sup>

41. There were long lead-times in processing the country office claims for the comprehensive insurance, on average 70 days, that negatively impacted country office operations. In 2023, 200 claims were received, of which 25 percent remained open, and the financial exposure of open cases was not recorded.<sup>10</sup> Claims tracking and monitoring were not systematic. The claims management is done in an Excel spreadsheet despite the availability of FMS.

### *Fund management and reporting*

42. WFP Fleet Centre's quarterly financial reports focused on monitoring and reporting the centre's aggregated revenues and expenditures against budgeted figures. It did not capture detailed revenue sources (earned, received, and any reconciliation) in the associated period and how these compared to expenditures. This limited management's complete and timely visibility over financial performance (surplus/deficit) and cashflow position.

<sup>9</sup> For country offices with no local third-party liability (TPL) insurance available, the ED circular indicates that the WFP Fleet Centre is primarily responsible to provide TPL insurance coverage. In practice, however, WFP's Insurance Service unit (POI) is managing the global TPL insurance activities.

<sup>10</sup> In 2022, 117 claims were received of which 11 percent remained open.



Proper and systematic matching of revenues and expenses in each period would provide a comprehensive picture of whether the centre is generating surpluses or deficits, triggering discussion and decision on the need to adapt the funding analysis and its assumptions (see Observation 1).

43. The centre's financial, budget and fund management involved multiple analyses and data triangulation from its various operational pillars. There are no documented standard operating procedures and workflows to guide relevant staff in consistently updating and reviewing these analyses. Various spreadsheets were used by the Finance Officer to forecast revenues and expenditures and analyse fund balances. These analyses require inputs from the operational units – for example, data from the demand and procurement plan as well as the vehicle disposal plan – making data sharing and coordination of functional units important. The centre's Finance Officer also needs to periodically review operational plans (purchase requisitions and purchase orders) as they affect financial commitments and the fund balance.

Underlying causes: Change management and associated documentation are not prioritised; complexities in completing required documentation supporting comprehensive insurance claims and the Insurance Claim Committee's infrequent meetings; finance staff turnover; quarterly financial reporting is not considered a key source of information supporting management decisions.

#### **Agreed Actions** [High priority]

1. The WFP Fleet Centre will issue a comprehensive directive on fleet management (including governance and insurance administration), defining the roles and responsibilities of various stakeholders, existing workflows, procedures, and performance indicators, and reflecting changes in strategic directions.
2. The WFP Fleet Centre will establish a process for systematically tracking claims and reporting long-outstanding transactions to management.
3. The WFP Fleet Centre will revise the monthly financial reporting presentation to: (a) include a detailed analysis of revenue (including sources/revenue streams) and expenses; and (b) clearly present net surplus/deficit for the period.
4. The WFP Fleet Centre will develop standard operating procedures and workflows to support its financial, budget and fund management activities.

#### **Timeline for implementation**

1. 30 June 2025
2. 31 December 2024
3. 31 December 2024
4. 30 June 2025

### **Observation 3: Gaps in risk and performance monitoring and reporting**

#### *Risk management and risk-informed decisions*

44. With increasing conflict and insecurity in multiple operations, UN vehicles, including WFP's, have become the primary targets of potential attacks as in the case of DRC, Sudan or Yemen. Some country offices also rent vehicles and contract outsourced drivers locally for their operations. These, however, are neither covered by corporate guidelines, including the applicability of the carbon tax on rented vehicles<sup>11</sup> nor is the data captured in WFP systems. As a result, there was insufficient visibility of emerging risks affecting front-line fleet operations, including road safety, third-party risks and environmental considerations.

<sup>11</sup> In December 2023, the creation of the WFP Decarbonization Fund led to increased carbon tax rates for WFP vehicles and a revision in the calculation methodology by vehicle type and emission category, a positive initiative to fund WFP decarbonization projects and to align with global carbon pricing.



### *Fleet optimisation*

45. Right-sizing and profiling of the fleet based on fluctuating operational levels is a high priority for country offices, especially given the current funding cuts impacting WFP. However, country offices did not know how to undertake the analysis<sup>12</sup> and instead relied on the fleet optimisation missions by the WFP Fleet Centre. There were 27 requests from the field for optimisation missions, of which only 30 percent were delivered by the centre. While the centre is undertaking efforts to enhance the conduct of fleet optimisation missions, this could not be undertaken due to the limited internal resources. However, the centre did an internal review process to streamline the entire fleet optimisation procedures with improved analysis, report, and monitoring tools, and it has developed standard operating procedures for the optimisation process during the audit period.

46. The selection and prioritisation of country offices for fleet optimisation missions did not demonstrate a risk-based approach in line with existing criteria.<sup>13</sup> Missions were mostly driven by requests from regional bureaus.<sup>14</sup> Unclear accountability of country offices and regional bureaus in implementing related recommendations and monitoring progress provided limited assurance that areas for improvement were established in a timely manner. Although rented vehicles and outsourced drivers are not captured in WFP systems, the fleet optimisation process scoped rental management analysis for numerous country offices. The exercise is potentially unsystematic, laborious and prone to errors without recorded rental data.

### *Performance indicators, monitoring and reporting*

47. The centre had four key performance indicators (KPIs) in 2023<sup>15</sup> focused on vehicle leasing and insurance only. Other crucial work plans, such as fleet optimisation exercises, digitalisation efforts, and training components, were not captured.

48. For country office KPIs during the audit period, there was a disconnect between the FMS KPI dashboard, actual KPIs tracked by country offices (most tracked only the fuel cost and operational cost KPIs), and the eight KPIs prescribed in the corporate manual. As of April 2024, the centre was introducing a new dashboard with streamlined KPIs for country offices, and efforts to address long lead times for armoured vehicles resulting from challenges in securing local import and export authorities' clearances prior to dispatch were underway.

49. To monitor financial performance, country offices should: (a) develop an annual fleet budget (aligned with the fleet plan) that should be reviewed every month; and (b) complete the fleet overhead costing matrix every month in the FMS to support the centre's cost analysis. In two country offices audited, the annual fleet budget was not aligned with the fleet plan, and there was no monthly budget reporting. In 2022, the centre carried out an analysis of the fleet overhead costs, and established a methodology to charge 10 percent of staff cost as overhead cost in FMS.

50. In addition, the country offices audited and surveyed were not producing the standard fleet reports as required by the corporate guidelines, e.g., cost performance reports, fleet availability reports, fleet utilisation reports, inventory management reports (spare parts), driver performance reports, fuel consumption reports, maintenance and repairs, accident/incident, VTS tracking reports, etc. Most of these reports are required to be signed off by the country director as evidence of control performed, which did not happen during the audit period.

Underlying causes: Evolving risk management approaches vis-à-vis emerging risks from field operations; insufficient risk-informed decisions on fleet optimisation missions; limited capacity and resources in the field; responsibilities for monitoring the implementation of fleet mission recommendations not enforced; roles and responsibilities not aligned with technical expertise; and review of KPIs and targets post-transition not

<sup>12</sup> Requires detailed analysis of the office's priority, operational environment and future needs, and data analytics capacity within the country offices to reconcile local context with existing fleet data.

<sup>13</sup> Criteria to prioritize optimization missions include expansion of office, funding challenges, regional bureau oversight findings, data analysis and/or internal controls surveys.

<sup>14</sup> In 2022, two missions were planned and carried out, and respective reports were produced. In 2023, out of six planned missions, three were completed and reports are pending finalization.

<sup>15</sup> Captured within the Annual Performance Plan of the Management Services Division and KPIs developed in 2021.



prioritised; absence of reviews on reporting needs; and insufficient oversight over fleet management budgetary processes.

#### **Agreed Actions** [Medium priority]

1. The WFP Fleet Centre, in consultation with the Risk Management Division, will establish a set of fleet management risks and support country offices in establishing procedures for reporting, escalation, and monitoring mechanisms in coordination with regional bureaus.
2. The WFP Fleet Centre will enhance risk-based fleet optimisations in country offices by engaging and selecting qualified field resources to serve as regional focal points, ensuring that fleet management practices are effectively tailored to the specific needs and risks of each region. This approach will also facilitate better coordination, knowledge sharing, and support across different regions, leading to more robust and resilient fleet operations.
3. The WFP Fleet Centre will: (a) develop a standardised self-assessment tool to help country offices proactively identify areas for improvement in fleet management and optimise their fleets according to operational requirements; and (b) train field staff on how to use the tool effectively.
4. As part of the comprehensive directive on fleet management that will be issued, the WFP Fleet Center will introduce guidelines on rented vehicles and outsourced drivers, considering risk mitigation and use of the data in fleet optimisation analysis.
5. The WFP Fleet Centre will review and update Chapter 7 (Light and Armoured Vehicles [LV & AV] Fleet Management) of the Management Services Manual to: (a) ensure its key performance indicators and targets are in line with its new strategy; (b) indicate realistic and practical budget and cost performance reporting by country offices; and (c) include minimum required fleet management reports to inform the new dashboard.

#### **Timeline for implementation**

1. 31 March 2025
2. 31 December 2024
3. 31 December 2024
4. 31 March 2025
5. 31 December 2024



## Line of enquiry 2: Are processes, systems and tools in place to facilitate the efficient and effective management of the WFP fleet?

51. The audit reviewed the end-to-end processes in fleet management, including: (a) the adequacy of systems in supporting the processes; (b) the extent of use of systems, applications and tools; (c) data and report quality; and (d) budgeting and cost management.

52. As part of the digital transformation initiatives, the WFP Fleet Centre has recently launched the Fleet Management dashboard, consolidating major fleet management-related information for comprehensive operational and cost performance analysis and reporting. This allows seamless access for users and limits the need for preparing manual reports. The dashboard also highlights the discrepancies between two of the corporate platforms (i.e., FMS and GEMS). The data is sourced from the FMS, and the reliability of the dashboard depends on the quality of the data input.

### Observation 4: Gaps in vehicle post-delivery services

#### *Customer request management*

53. The customer support module in the Fleet Portal functions as a ticketing system for inbound and outbound requests related to FMS and VTS only. In the audit period, of the total 3,940 FMS requests, the highest requests pertained to the Fuel App (32 per cent), data update (28 per cent), and overhead costs (26 per cent). There was no customer request management process following through the request intake until resolution and highlighting the recurring issues and priorities of the field operations.

#### *Spare parts management*

54. Some country offices encountered difficulties procuring genuine parts locally, which affected the continuity of fleet operations and resulted in grounded vehicles. The procurement of spare parts is not a mandated responsibility of the centre, but it provides support to WFP offices on an ad hoc basis.<sup>16</sup> This has resulted in long procurement lead times because spare parts procurement at the centre's level involves a tendering process to select suppliers, followed by the shipment process. The WFP Fleet Centre has already identified spare parts procurement as part of its workstream after 2024 and plans to implement long-term agreements with spare part providers by 2024.

#### *Vehicle end-of-life extension and approval process*

55. The Management Services Manual defines that as per the end-of-life (EOL), light vehicles should be disposed of when they reach 60 months of operational life or 150,000 km, whichever comes first.<sup>17</sup> Requests to use vehicles beyond the standard EOL must be submitted through the Fleet Portal, supported by appropriate justifications, and are subject to the centre's approval.<sup>18</sup>

56. It is common for WFP country offices to use vehicles beyond the corporate-defined EOL when they are still in good condition. However, as of the end of 2023, a limited number of country offices followed the formal EOL extension procedure mentioned above to obtain approval from the centre. Non-compliance with the EOL extension process puts into question the effectiveness of corporate procedures and may lead to safety risks.

Underlying causes: the customer request management process is not fully considered part of service delivery; there are unclear responsibilities in consumable spare part management sourcing; and there is insufficient review and enforcement of the EOL extension process.

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<sup>16</sup> Section 7.3.10, Table 8: "Where the local sourcing of genuine parts is not possible, the WFP office should contact the Fleet Centre for guidance and support".

<sup>17</sup> Section 7.9. LV & AV Disposal

<sup>18</sup> Section 4.2.2. Vehicle Lifecycle Management

**Agreed Actions** [Medium priority]

1. The WFP Fleet Centre will review the existing customer request management process and improve the customer request experience for all the fleet management services provided to the country offices.
2. The WFP Fleet Centre will establish corporate LTAs for sourcing spare parts and delivering them to country offices where no local solution is available.
3. The WFP Fleet Centre will review the current EOL extension approval process to determine its effectiveness in managing the vehicle retirement and disposal process.

**Timeline for implementation**

1. 30 June 2025
2. 30 June 2025
3. 31 December 2024

**Observation 5: Fragmented systems and FMS data quality and training issues***Data quality and training issues*

57. During the audit period, fleet management data was fragmented into various systems, which were developed for specific purposes with different functionalities (asset records, vehicle tracking, ordering and scheduling, fuel management, insurance claims, carbon emissions, etc.). Data did not flow into and from FMS to these systems, and data entry itself in FMS was manual and inherently subject to errors. This limited the centre's visibility over real-time fleet management information and made it difficult to establish a single source of truth. The FMS operational and cost data were inaccurate, and incomplete for the country offices audited.

58. Country offices confirmed limited knowledge of new FMS functionalities and how to analyse system data to inform decision-making. In addition, the absence of guidance in the local language limited the training for sub- and field-office staff on fleet management, systems and related reports was confirmed as a major constraint.

*Vehicle tracking system access controls*

59. WFP country offices were generally unaware of the VTS access control and alert configurations. Some country offices indicated that the lack of the centre's training material in the local language made it difficult to disseminate the use of VTS at the sub/field office level, where the need for VTS tracking is high, but utilisation is low. There is a risk that VTS user access lists are not up-to-date, potentially impairing the confidentiality of VTS data, and there may be missed opportunities to effectively monitor the behaviour of vehicles and drivers, or respond promptly to security risks and critical alerts promptly.

*Accident reporting*

60. Country offices categorise accidents at their discretion, guided by their understanding and interpretation of the accident category due to the absence of corporate guidance. Additionally, accidents are not classified by severity due to system limitations. The majority of accidents recorded were considered not serious. This limits the WFP's ability to analyse trends, focus on serious accidents and implement road safety measures effectively.

Underlying causes: Absence of reviews of systems and information needs; proliferation of automated systems with different informational objectives linked to fleet management; insufficient training on systems and data analysis; existing manuals, procedures and training not translated into local language; unassigned roles and responsibilities for data integrity, oversight and system access control checks; and absence of corporate guidance on accident category.



**Agreed Actions** [Medium priority]

1. The WFP Fleet Centre, in coordination with the regional bureaus, will reinforce the roles and responsibilities for monitoring and verifying the quality of fleet data (timeliness, completeness, and accuracy) by updating oversight checks and internal control surveys to ensure that country offices comply with data quality standards and validation requirements.
2. The WFP Fleet Centre will translate key corporate guidance, standard operating procedures, manuals, and training material.
3. The WFP Fleet Centre will, in consultation with the headquarters technology team, establish vehicle tracking system user access control and management.
4. The WFP Fleet Centre will develop a guidance/framework to help classify vehicle-related accidents effectively and align the reporting system for proper classification and approval at country offices.

**Timeline for implementation**

1. 30 September 2025
2. 31 December 2025
3. 30 June 2025
4. 30 June 2025



### **Line of enquiry 3: Are controls in place for the safe and secure use and movement of the WFP fleet?**

61. The audit tested key controls to ensure safe driving, validity and monitoring of driver's license and training records, staff use of vehicles, mitigation of financial and legal risk exposures through insurance (refer to Observation 2) as well as monitoring and mitigating road incidents involving WFP vehicles and drivers. Except for the audit observations linked to the key controls tested (under this line of enquiry) and already raised in previous sections of this report, there were no other reportable findings.

62. In two audited country offices, efforts were made to strengthen ownership and empowerment among drivers (through committees, for example), where work plans are prepared in consultation with them. In one country office, drivers had extended working hours, which impacted their well-being and WFP's duty of care to them. The audit highlighted this issue to the concerned country office, which will take the necessary action to resolve it.





## Annex A – Agreed action plan

The following table shows the categorisation, ownership, and due date agreed upon with the audit client for all 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 WFP Fleet Centre level.

#	Observation (number/title)	Owner	Priority	Timeline for implementation
1	Absence of strategic transition risk and impact analyses	WFP Fleet Centre	High	1. 31 March 2025 2. 30 June 2025 3. 31 December 2024
2	Absence of updated corporate policies and detailed financial reporting	WFP Fleet Centre	High	1. 30 June 2025 2. 31 December 2024 3. 31 December 2024 4. 30 June 2025
3	Gaps in risk and performance monitoring and reporting	WFP Fleet Centre	Medium	1. 31 March 2025 2. 31 December 2024 3. 31 December 2024 4. 31 March 2025 5. 31 December 2024
4	Gaps in vehicle post-delivery services	WFP Fleet Centre	Medium	1. 30 June 2025 2. 30 June 2025 3. 31 December 2024
5	Fragmented systems and FMS data quality and training issues	WFP Fleet Centre	Medium	1. 30 September 2025 2. 31 December 2025 3. 30 June 2025 4. 30 June 2025



## Annex B – Definitions of audit terms: ratings and priority

### 1 Rating system

The internal audit services of UNDP, UNFPA, UNOPS and WFP adopted harmonised audit rating definitions, as described below.

**Table B.1: Rating system**

Rating	Definition
<b>Effective/ satisfactory</b>	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.
<b>Some improvement needed</b>	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.  Issues 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.
<b>Major improvement needed</b>	The assessed governance arrangements, risk management and controls were generally established and functioning, but needed 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.
<b>Ineffective/ unsatisfactory</b>	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 categorised 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**

<b>High</b>	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 organisation or for the audited entity.
<b>Medium</b>	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.
<b>Low</b>	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: (a) observations that are specific to an office, unit or division; and (b) observations that may relate to a broader policy, process or corporate decision and may have a broad impact.<sup>19</sup>

### 3 Monitoring the implementation of agreed actions

The Office of Internal Audit tracks all medium-risk and high-risk observations. Implementation of agreed actions is verified through the corporate system for the monitoring of the implementation of agreed actions. The

<sup>19</sup> 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.



purpose of this monitoring system is to ensure that 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 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 which owns the actions is informed. Transparency on accepting the risk is essential and the Enterprise 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.



## Annex C – Acronyms

EOL	End of life
FMS	Fleet management system
GVLP	Global Vehicle Leasing Programme
INS	Operational Risk Mitigation Service
KPI	Key performance indicator
LTA	Long-term agreement
MCR	Management cost recovery
MSD	Management Services Division
SIS	Self-insurance scheme
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
USD	United States dollars
VTs	Vehicle tracking system
WFP	World Food Programme