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# Internal Audit of WFP Operations in Pakistan

Office of the Inspector General  
Internal Audit Report AR/24/09



World Food  
Programme

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## I. Executive summary

### WFP Pakistan Office

1. As part of its annual workplan, the Office of Internal Audit conducted an audit of WFP operations in Pakistan. The areas in the audit scope included: risk management and management oversight, management of cooperating partners, external stakeholder relationship management and communication, management services, operational effectiveness, monitoring, community feedback mechanisms, logistics and procurement.
2. The audit covered the period from 1 January 2023 to 31 December 2023. Over this period, WFP expenses amounted to USD 176 million, and the office reached approximately 4.4 million beneficiaries.

### Audit conclusions and key results

3. 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. Issue(s) identified by the audit were unlikely to significantly affect the achievement of the objectives of the audited entity/area. Management action is recommended to ensure that identified risks are adequately mitigated.
4. The audit made four observations with agreed actions, for which one action is rated as high priority where prompt action is required to ensure that WFP is not exposed to high/pervasive risks. Failure to act could result in critical or major consequences for the organization or for the audited entity.
5. The observation requiring prompt action, was that planning and coordination with the government donor requires improvement. Noting that WFP met its targets under the Benazir Income Support agreement, those were few and broad. Additional targets and operational plans should be formally defined with the government counterpart to measure and demonstrate achievements on all objectives. Some roles and responsibilities between WFP and its government counterpart were unclear and, despite engagement at the leadership level, operational and technical coordination mechanisms should be defined to limit risks linked to personnel turnover.
6. In 2023, the country office strengthened its risk unit and the Regional Bureau for Asia and the Pacific conducted nine oversight missions across various process areas, informing the country office's assurance action plan. Management was, therefore, aware of control issues and risks at the process level and was working to address them. Areas of improvement mostly related to cash-based transfers, administration and budget management.
7. The audit also identified deficiencies within finance, monitoring and management, ref observation 2,3,4 and Annex A for details. 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

### Pakistan

8. Pakistan is a lower-middle-income country ranked 164 of 193 in the 2022 Human Development Index. Its 2022 Gender Development Index value was 0.834, indicating significant gender development inequality.

9. The country faces multiple challenges, including increasing foreign debt, a persistent trade imbalance, inequitable resource distribution and socioeconomic disparities among provinces. An estimated 55 percent of the rural population is multidimensionally poor, exacerbated by the COVID-19 pandemic, unequal gender relations, security issues and frequent disasters. Vulnerable groups, including older persons, people with disabilities, rural women and informal economy workers, are most affected.<sup>1</sup>

10. In 2022, floods in Pakistan caused 1,700 fatalities, displacement and severe damage, doubling the food-insecure population. Marginalized groups faced livelihood losses, food shortages and increased malnutrition, with many children severely affected. Acute malnutrition remains high, especially in Sindh and Balochistan, with numerous children needing treatment.

11. Between March and June 2024, approximately 8.6 million people (24 percent of the analysed population) in parts of Balochistan, Sindh and Khyber Pakhtunkhwa were facing high levels of acute food insecurity, including 1.6 million people in IPC Phase 4.<sup>2</sup>

### WFP operations in Pakistan

12. The country office launched its 2023–2027 Country Strategic Plan in January 2023 with a budget of USD 780 million, which was increased by USD 6.5 million in December 2023. At the time of audit fieldwork, the country strategic plan was 37.5 percent funded against the 2023 needs-based plan of USD 787 million.

13. Through this strategic plan, WFP aims to consolidate its role as a partner of choice for the government in critical operational and policy areas and will continue to shift focus from direct implementation to institutional capacity strengthening and the provision of technical assistance.

14. In 2023, WFP continued to provide assistance to the flood response, which affected one-third of the country, assisting approximately 3 million beneficiaries and transitioning to a recovery-focused response.

15. The country office scaled up a significant nutrition-focus safety net programme in partnership with the Benazir Income Support Programme from the Government of Pakistan. The programme supported 1.3 million pregnant and breastfeeding women and young children throughout 500 facilitation centres in over 150 districts.<sup>3</sup>

16. The country office's work also included capacity strengthening for resilient food systems, and support to WFP Afghanistan supply chain operations.

17. At the time of the audit, the country office had approximately 430 staff deployed in Islamabad and six field offices. Management was undertaking an organizational review to ensure the office's staffing structure aligned with the country strategic plan objectives.

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<sup>1</sup> Pakistan Country Strategic Plan 2023-2027, [link](#)

<sup>2</sup> Pakistan: Integrated Phase Classification, Acute Food Insecurity Snapshot, March to November 2024, [link](#)

<sup>3</sup> WFP Pakistan Annual Country Report, 2023, [link](#)

## Objective and scope of the audit

18. 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 Pakistan. Such audits contribute to an annual and overall assurance statement to the Executive Director on governance, risk management and internal control.

19. To minimize duplication of efforts, the audit relied on the results of the Regional Bureau for Asia and the Pacific's oversight missions that took place between August 2022 and October 2023, on the supply chain, partnerships, finance, human resources, management services, procurement, budget and programming, cash-based transfers, information management and reporting, and monitoring.

20. The audit focused on activity 2 under strategic outcome 1, *Provide long-term adaptation, skills development, access to assets, links to agriculture, financial inclusion, and risk financing to strengthen the livelihoods of communities at higher risk of vulnerability*, and on activity 3 under strategic outcome 2, *Provide technical assistance to provincial and federal governments in their efforts to implement effective nutrition interventions and improve the enabling environment while concurrently supporting the private sector in the production of nutritious food*, representing 81 percent of total direct operational costs and 76 percent of the total number of beneficiaries assisted in 2023.<sup>4</sup>

21. The areas in audit scope, as identified in the audit engagement plan, included full coverage of: (i) risk management, including management oversight; (ii) management of cooperating partners, and partial coverage of (iii) external stakeholder relations management and communication; (iv) management services, including asset management and engineering services; (v) programme design and operational effectiveness; (vi) monitoring; (vii) community feedback mechanism; (viii) transport and logistics; and (ix) procurement, including food safety and quality as detailed in Figure 1 below.

22. The audit included a review of the effectiveness of operations and implementation of the country office's assurance action plan that resulted from the corporate Global Assurance Project. This initiative will be reviewed for consolidated insights across high-risk country operations at the end of 2024. The audit covered the period from 1 January 2023 to 31 December 2023.

**Figure 1: Areas in audit scope**



23. The audit team conducted the fieldwork phase in Islamabad and Peshawar from 14 to 30 May 2024. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

<sup>4</sup> 2023 WFP Pakistan Annual Country Report, [link](#).



## III. Results of the audit

### Audit work and conclusions

24. The audit report contains one high-priority and three medium-priority observations. Any other audit issues assessed as low priority were discussed with the country office directly and are not reflected in the report.

#### *Global Assurance Project*

25. In April 2023, the Deputy Executive Director launched a high-level Global Assurance Project to ensure that WFP's assistance reaches the right people, safely, in full and without interference. This resulted in an "end-to-end" Assurance Framework<sup>5</sup> for better-focused and more effective assurance across WFP's global operations. As part of this initiative, "high-risk" operations were required to complete key deliverables, including a costed assurance action plan to address critical gaps as defined by the country office by the end of 2024.

26. While shifting the focus from direct implementation to institutional capacity strengthening and the provision of technical assistance, the Pakistan Country Office qualified as a "high-risk operation" because of the emergency flood response for which it assisted 1.8 million beneficiaries in 2023 (refer to section [Country context and audit scope](#) – WFP operations in Pakistan).

27. The country office designed its assurance action plan, leveraging the nine 2023 regional bureau oversight missions, for a total cost of USD 1.6 million or approximately 1.5 percent of projected expenses in 2024.

28. The audit reviewed implementation of the Pakistan Country Office's assurance action plan to ensure it was informed by a gap analysis; designed to mitigate risks; costed and monitored, including implementation status and costs; and that issues were escalated.

29. While additional staff costs were yet to be defined, pending the finalization of an organizational alignment, implementation of actions was on track to meet agreed timelines. The Pakistan Country Office's context of working with the government entailed limitations in the applicability of the assurance standards, for example: WFP operational independence; processes for managing beneficiary identity; and complaints and feedback mechanisms. At the time of the fieldwork, the need for additional guidance on these aspects was under discussion at corporate level. In 2024, the Office of Internal Audit will consolidate and report on corporate issues regarding the design and implementation of the Global Assurance Project and country office action plans.

#### *Operational effectiveness*

30. The audit reviewed the country office's operational effectiveness with a focus on (i) programme effectiveness, including whether the office met targets for output and outcome indicators; (ii) resource management and effectiveness, to ensure resources were sufficient to meet objectives; and (iii) the effectiveness of processes and controls.

31. Overall, the country office achieved most of its output and outcome targets for 2023, and was on track to meet the 2027 targets established for the end of its strategic plan.<sup>6</sup> WFP operations in Pakistan were well funded compared with other operations, with a net six-month funding requirement of 19 percent. Process and control effectiveness required some improvement (refer to [Audit conclusions and key results](#)).

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<sup>5</sup> "End-to-end": from the start of assistance to the end of every distribution cycle and into the hands of the people WFP serves. The framework is comprised of four global assurance standards and eight minimum measures that are relevant to all WFP general food assistance operations (in-kind and cash), everywhere in the world.

<sup>6</sup> WFP Pakistan Annual Country Report, 2023, [link](#).



## Risk management and management oversight

32. The country office strengthened its risk unit in 2023, recruiting an international staff member and with the support of a temporary staff member. The unit had developed its 2024 workplan, including visits to field offices and oversight of cooperating partners.

33. Over the audit period, the Regional Bureau for Asia and the Pacific conducted nine management oversight missions over the following areas: administration (covering assets, facilities, fleet and travel management), finance, budget, operational information management, partnerships, cash-based transfers, human resources, procurement and supply chain. The country office leveraged these missions to inform its assurance action plan.

34. As of May 2024, the country office had implemented 62 percent of the 347 oversight recommendations for 2023 and 2024. Half of the outstanding recommendations related to cash-based transfers, administration – including asset management and engineering services (see section [Management services](#)) and budget.

35. The audit reviewed risk management practices, regional bureau support activities and measures implemented by the country office to follow up on regional bureau recommendations.

36. The audit did not identify significant matters to report. Low risk issues were discussed and communicated to management, including the inaccurate status of implementation of a few recommendations.

## Partnership management

37. The country office reduced the scale of its emergency and recovery response during the audit period, and approximately 80 percent of its planned activity portfolio in 2024 depended on host government funding.

38. The contribution agreement signed with the Benazir Income Support Programme (BISP) in 2020 was the result of a long-standing partnership and research, in collaboration with the government. As of the audit fieldwork, the country office was undertaking a lessons-learned exercise; workshops with all stakeholders; and a project-level risk assessment to identify areas of improvement for implementation of a future agreement.

39. The audit reviewed the country office's plans; efforts undertaken to broaden its funding base; and tested its compliance with the terms and conditions of the agreement with the host government.

### Observation 1: Planning and coordination with the government donor requires improvement

#### *Scope of work*

40. The review of the agreement between BISP and WFP showed that WFP partially met its contractual obligations, with gaps in payments of incentives to health workers and communication campaigns for social and behavioural change.

41. Overall, the absence of defined technical targets and operational plans for the agreement impaired the country office's assessment of progress and achievements on the scope of work. The Office of Internal Audit could not systematically assess the extent to which WFP's work met the donor's expectations, for example with regard to the renovation of facilitation centres and development of a registration application.

#### *Corporate food specifications and quality testing*

42. Since 2016, the country office has been purchasing lipid-based nutrient supplements (LNS) for pregnant and lactating women from the only available local supplier. In July 2023, corporate specifications for these commodities were revised, introducing changes in nutrient composition as well as laboratory testing methods. Although the supplier confirmed its ability to comply with the revised specifications, the country office opted to continue using the previous ones. The decision considered programmatic objectives, donor requirements and cost implications and was supported by an analysis of both versions of the specifications that compared



nutritional requirements, yet did not cover changes in laboratory testing methodology. This decision has yet to be formalized and approved through a waiver memorandum.

*Responsibilities and coordination mechanisms*

43. The allocation of roles and responsibilities between BISP and WFP was not always clear. For instance, the agreement stipulated that BISP was responsible for grievance mechanisms, an activity that WFP also implemented (see [Observation 3: Limited awareness of the community feedback mechanism](#) and the [Global Assurance Project](#) section). Similarly, the assets bought for the facilitation centres were the property of the host government, and WFP remained responsible for their custody without always being present on-site.

44. The donor's detailed expectations and requests were discussed at the senior management level, yet coordination mechanisms between WFP and BISP teams at the operational level were not defined. The project management unit composed of WFP staff was not mandated to coordinate the work of both organizations. This exposed the country office to risks in case of leadership turnover or other political factors.

Underlying cause(s): Strategy, mandate and authority | Strategic and operational plans not developed, approved, or not SMART | Process and planning | Insufficient coordination – internal or external.

**Agreed Actions** [High priority]

1. The country office will consolidate and document the lessons learned from the expiring agreement with the government.
2. The country office will develop a detailed workplan, including targets for future contributions, in agreement with the government counterpart.
3. The country office will:
  - (i) Formalize the agreement with the donor on food specifications and ensure approval of potential deviation from corporate standards as per delegated authority, in view of the nature of this government programme.
  - (ii) Amend the food supply and food inspection contracts in line with the donor agreement and corporate requirements for laboratory testing.
4. The country office will review roles and responsibilities to improve internal and external coordination mechanisms.

**Timeline for implementation**

1. 30 September 2024
2. 31 October 2024
3. 31 March 2025
4. 30 September 2024





## Observation 2: Inconsistent expense categorization in financial reporting

45. The country office submitted quarterly financial reports to BISP in a non-standard WFP format, following the contribution agreement budget structure. The finance and programme units shared responsibility for preparing these financial reports and followed a manual process prone to manual errors.<sup>7</sup>

46. A review of a sample worksheet from the financial reports identified inconsistencies in the categorization of various expenses. For instance, costs related to the delivery of food (such as distribution costs) were sometimes incorrectly reported under capacity strengthening, i.e. renovation costs instead of food transfer costs. Rooted in the absence of a defined and standardized approach for accurately assigning the cost category for each line of expenditure and without detailed technical targets (refer to [Observation 1: Planning and coordination with the government donor requires improvement](#)), this could result in a lack of clarity over achievements.

Underlying cause(s): External factors beyond the control of WFP | Donor requirements | Policies and procedures | Absence of local policies/guidelines.

### Agreed Actions [Medium priority]

The country office will review the process for identifying and categorizing actual expenses in accordance with the donor's reporting requirements and develop a standard operating procedure for its implementation.

### Timeline for implementation

30 September 2024

## Management of cooperating partners

47. In 2023, the country office worked with 34 cooperating partners, of which 21 were non-governmental organizations and 13 were government entities, to support implementation of all programmatic activities. During the audit period, over USD 16 million was paid to cooperating partners.

48. The country office's processes to manage cooperating partners have seen significant improvement since the last internal audit,<sup>8</sup> driven by the recruitment of staff in 2020 and the set-up of a dedicated unit in 2022.

49. The audit reviewed key controls related to the governance and oversight of partner selection, including due diligence, capacity assessment and performance evaluation; and performed a tailored review of management of field-level agreements, covering budget preparation, expense recognition and partner reporting.

50. The audit did not identify significant matters to report. Low-risk issues were discussed and communicated to management, including the timely submission of narrative reports by partners.

## Monitoring

51. The country office's monitoring team comprised six staff in the country office and 37 personnel in field offices. The 2023 budget for monitoring activities was USD 1.7 million – equivalent to one percent of annual expenses – to be supplemented by USD 0.6 million to address the staffing gaps identified in the assurance action plan.

<sup>7</sup> The process to prepare non-standard reports was as follows: the finance unit extracts a list of actual expenses categorized according to WFP standard cost categories. The programme unit then reviews this list and manually identifies which expenses are relevant to the BISP reporting structure. Following this review, the programme unit provides a detailed breakdown of actual expenditure, which is then used to prepare the quarterly report.

<sup>8</sup> Internal audit of WFP operations in Pakistan, 2019, [link](#)



52. The country office had identified areas for improvement in monitoring processes in the assurance action plan, including the update of its strategy, review of staffing, risk-based selection of sites to monitor, and the process for reviewing and addressing monitoring observations.

53. The audit reviewed the coverage of monitoring activities in 2023; monitoring reports and checklists for a sample of field locations; and how monitoring issues were addressed.

54. Several positive practices were observed, particularly the overall visibility of monitoring activities in an automated dashboard. Low-risk issues, including challenges to achieving monitoring plan targets set beyond the corporate minimum requirements, were discussed and communicated to management. The areas of improvement identified by the country office in its assurance action plan were consistent with the audit results.

### Community feedback mechanism

55. Over the audit period, the country office relied on two staff to manage beneficiary feedback received through a hotline, and onboarded an international protection officer in May 2024. The assurance action plan contained 17 actions which the country office was implementing to improve processes and controls over the feedback mechanism.

56. The audit reviewed how the country office considered feedback for its programme design and addressed complaints to ensure accountability to affected populations.

#### Observation 3: Limited awareness of the community feedback mechanism

57. The country office's community feedback mechanism relied principally on a hotline available at a cost to beneficiaries. In 2023, only 49 calls were received from Balochistan, 59 from Punjab and 140 from Khyber Pakhtunkhwa. These figures are also indicative of the low awareness of the feedback mechanisms.

58. Communication on the community feedback mechanisms available in the distribution centres visited during the audit fieldwork was confusing, with many posters and messages displayed – some included outdated hotline phone numbers. The country office would benefit from more structured coordination with the government counterpart and cooperating partners, which also have similar feedback mechanisms (refer to section [Global Assurance Project](#)).

59. The 2022 evaluation of the country strategic plan<sup>9</sup> recommended that the country office establish face-to-face feedback mechanisms, a channel more likely to be trusted by beneficiaries to report issues. As of May 2024, this recommendation remained pending implementation.

60. The country office's community feedback mechanism worked in parallel with the government's (see [Observation 1](#)). Information from this source was not systematically shared with WFP for a full view of the feedback received from beneficiaries.

Underlying cause(s): Process and planning | Inadequate process or programme design.

#### Agreed Actions [Medium priority]

The country office will:

- (i) Prioritize the implementation of measures defined in its assurance action plan to increase awareness of and improve the effectiveness of community feedback mechanisms.
- (ii) Work with the government to capture information across all feedback mechanisms.
- (iii) Seek guidance from headquarter on the reliance on, and strengthening of, existing government community feedback mechanisms.

<sup>9</sup> Evaluation of Pakistan WFP Country Strategic Plan 2018–2022, [link](#)



### Timeline for implementation

30 September 2024

## Management services

### *Engineering services*

61. During 2023, WFP renovated nearly 250 facilitation centres, expanding its reach to over 500 centres nationwide. This expansion enabled the programme to support 1.3 million pregnant and breastfeeding women and young children, across the country.

62. The audit reviewed the renovation process of these centres and visited a sample of centres and found they were well-maintained and in good condition.

### Observation 4: Safety risks with renovation work in health centres

63. In the pilot phase of the programme, WFP rehabilitated and renovated identified facilitation centres using local workers paid directly by WFP provincial offices through the operational advance modality to expedite the process. Country office engineering experts were not involved and did not conduct a technical evaluation of the work, even when the work involved structural elements such as metal structures for shaded waiting areas and false ceilings.

64. During the expansion phase, WFP contracted construction companies for the renovation work and recruited engineers at its provincial offices to oversee the work. The country office relied on contractors to assess renovation needs, develop bills of quantities and set the criteria for deliverables at the centres, which posed risks to the integrity of the assessments and accountability in the absence of WFP's independent review.

65. The renovation work lacked defined technical criteria (refer to [Observation 1: Planning and coordination with the government donor requires improvement](#)) and the country office did not have a standardized and centralized process to manage and oversee renovation of the centres. Responsibilities were fragmented between the programme unit, provincial offices and the supply chain unit, which resulted in an inconsistent approach to quality and the safety of the work.

66. While no renovation works are foreseen in future agreements, regular maintenance services at the renovated centres will be ensured through the long-term agreements recently signed with specialized providers under country office supervision.

Underlying cause(s): External factors beyond the control of WFP | Donor requirements | Process and planning | Inadequate process or programme design | Resources | Insufficient skills and/or competencies.

### Agreed Actions [Medium priority]

The country office will re-evaluate (on a risk basis) the facilitation centres which require priority maintenance services.

### Timeline for implementation

30 September 2024

### *Asset management*

67. As of May 2024, the country office had over 2,000 assets for a total value of USD 4.6 million and maintained over 8,000 assets on record with a null residual value.



68. In December 2023, the regional bureau carried out an oversight mission for the asset management process and issued seven recommendations. Three were still under implementation, including disposing of assets not in use or broken; deciding whether to write off or transfer assets loaned to third parties; and updating assets' status in the global equipment management system.

69. The audit reviewed the implementation status of these recommendations and performed a physical count to ensure the existence of assets on a sample basis.

70. Low-risk issues, such as the incorrect status of several assets in the global equipment management system, were discussed and communicated to management.

## Logistics

71. WFP extended logistics support to the government and to the WFP operation in Afghanistan. During the flood response, WFP provided critical logistics and warehousing support services to other UN agencies and entities to support national efforts.

72. Over the audit period, the country office distributed 32,358 metric tons of commodities, mainly wheat flour and LNS for nutrition activities. The country office also transported 121,897 metric tons of food commodities to Afghanistan as part of the corridor operation.

73. The audit conducted a limited review of the transporter contracting process, transport activities and controls to ensure food safety and quality. Issues related to food quality were reported in [Observation 1: Planning and coordination with the government donor requires improvement](#).

74. The audit also visited two warehouses in Peshawar and conducted a random physical stock count. The warehouses were clean, organized and well-maintained. No discrepancies were found during the stock count.



## 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 office level.

#	Observation (number / title)	Area	Owner	Priority	Timeline for implementation
1	Planning and coordination with the government donor requires improvement	Partnership	Country office	High	<ol style="list-style-type: none"> <li>1. 30 September 2024</li> <li>2. 31 October 2024</li> <li>3. 31 March 2025</li> <li>4. 30 September 2024</li> </ol>
2	Inconsistent expense categorization in financial reporting	Finance	Country office	Medium	<ol style="list-style-type: none"> <li>1. 30 September 2024</li> </ol>
3	Limited awareness of the community feedback mechanism	Monitoring	Country office	Medium	<ol style="list-style-type: none"> <li>1. 30 September 2024</li> </ol>
4	Safety risks with renovation work in health centres	Management services	Country office	Medium	<ol style="list-style-type: none"> <li>1. 30 September 2024</li> </ol>



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

### 1 Rating system

The internal audit services of UNDP, UNFPA, UNOPS and WFP adopted harmonized 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. Issue(s) identified by the audit were unlikely to significantly affect the achievement of the objectives of the audited entity/area. Management action is recommended to ensure that identified risks are adequately mitigated.
<b>Major improvement needed</b>	The assessed governance arrangements, risk management and controls were generally established and functioning, but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. Issues identified by the audit could negatively affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.
<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 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**

<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 organization 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: (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.<sup>10</sup>

<sup>10</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.



### 3 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.



## Annex C – Acronyms

BISP	Benazir Income Support Programme
IPC	Integrated Phase Classification
LNS	Lipid-based nutrient supplement
UNDP	United Nations Development Programme
USD	United States dollar
WFP	World Food Programme