Internal Audit of WFP Operations in Iraq

Office of the Inspector General
Internal Audit Report AR/24/12

Contents

I. Executive summary

WFP Iraq Country Office

1.   As part of its annual workplan, the Office of Internal Audit conducted an audit of WFP operations in Iraq covering the period from 1 January 2023 to 31 March 2024. During the audit period, WFP responded to severe funding shortfalls and the scale-down of the international humanitarian response by shifting its focus to supporting national resilience programmes in Iraq. WFP Iraq is implementing its Country Strategic Plan 2020–2024 with a revised budget of USD 701 million, and in 2023 its direct operational expenses amounted to USD 55 million. The country office reached 687,207 beneficiaries in 2023.

2.   The areas in the audit scope included: strategic planning and staffing structure, risk management and oversight, programme design and implementation, needs assessment, targeting and identity management, programme delivery, monitoring, community feedback mechanisms and procurement.

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 need 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.

4.   During the audit period, the country office shifted to a direct implementation model and realigned its staffing structure to address funding shortfalls and improve cost efficiency. Despite challenges, WFP maintained food assistance for refugees and displaced populations while leveraging its emergency response capabilities to support resilience building and capacity strengthening. Donors and key interlocutors praised the role of WFP as a credible development partner to the Government of Iraq, and evaluations highlighted its effective management of strategic transitions.

5.   The audit report contains one high-priority and five medium-priority observations. The various underlying causes included both internal and external factors beyond the control of WFP. These included funding shortfalls and outlook, short funding cycles, staffing reductions, increased responsibilities for field offices, delays in the application of corporate models, ineffective control implementation, and the absence of both corporate and local guidelines.

6.   The observation with high-priority actions pertains to the management of the in-house community feedback mechanism, which was established in 2022, and was not fully effective. The absence of guidelines, ineffective communication channels and ineffective implementation resulted in weak community engagement and limited awareness among beneficiaries of WFP programmes and feedback mechanisms. The country office also has an opportunity to improve its response mechanism, particularly in handling sensitive issues such as misconduct and fraud.

7.   Other medium-risk observations highlighted that the country office customized its resilience-building approach, focusing on national analysis and a draft strategy awaiting approval. However, inconsistent targeting, lack of tailored eligibility criteria, and outdated data hindered effectiveness, while ad hoc project management and dispersed activities hindered implementation and monitoring. The country office faced other challenges including limited oversight, inconsistencies in beneficiary targeting and prioritization for refugee assistance, gaps in cash-based transfer reconciliation processes, and challenges with monitoring.

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

9.   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

Iraq

10.   Iraq is an upper-middle-income country with an estimated population of 41.2 million and is gradually recovering from decades of conflict. While the defeat of the Islamic State of Iraq and the Levant (ISIL) and the resumption of oil exports have bolstered its economy, challenges persist. The nation was ranked 128th out of 193 in the 2024[1] Human Development Index and 154th out of 180 in the 2023 Corruption Perceptions Index, reflecting significant issues.[2]

11.   Iraq's development has been severely affected by two decades of conflict, including the US invasion in 2003, sectarian conflict, and an ISIL insurgency from 2014 to 2017.[3] Since the conclusion of large-scale military operations against ISIL in 2017, the humanitarian situation in Iraq has significantly improved. The number of people requiring humanitarian assistance declined from a high of 11 million in 2017 to 2.5 million in 2022.

12.   Despite a decline in overall humanitarian needs, 1.2 million internally displaced people (IDPs) and 247,000 Syrian refugees remain vulnerable. Since 2022, the Government of Iraq has been pushing to close IDP camps and requiring IDPs to return to their areas of origin. IDPs returning to their areas of origin continue to experience protection risks, poor infrastructure, and lack of livelihood opportunities, exacerbating humanitarian needs. Secondary displacement is not uncommon due to security issues, inadequate livelihood opportunities, and limitations in services like water, sanitation and hygiene, housing, electricity, and monthly food rations. Amid a declining appetite among donors to fund humanitarian assistance in Iraq, and the conclusion of the IDP response, the humanitarian response was largely phased out.

13.   The last humanitarian response plan was published in 2022, and humanitarian coordination responsibilities transitioned to government and development actors in December 2022.[4] Factors such as rapid population growth, climate change, declining agricultural production, reduction of water flow in rivers and reservoirs, and inefficient food systems continue to threaten Iraq's food security and the achievement of zero-hunger goals.

WFP operations in Iraq

14.   WFP Iraq launched its Country Strategic Plan 2020–2024 (CSP) in January 2020 with a budget of USD 460 million, in alignment with the United Nations sustainable development cooperation framework for 2020–2024. The country office subsequently increased the budget to USD 701 million through four budget revisions. The last revision, dated 15 September 2023, made operational adjustments to the plan in line with the Government of Iraq's national priorities and a transition towards durable solutions for IDPs.

15.   After the United Nations shifted its focus from humanitarian assistance to development- and resilience-oriented support, WFP aligned its efforts with the Government of Iraq's vision for 2023. The country office implemented activities and solutions to mitigate the adverse impacts of climate change, tackle high youth unemployment, foster entrepreneurship, and create livelihood opportunities for marginalized communities, contributing to Iraq's goal of achieving zero hunger. It also strived to develop the skills of displaced people and returnees in climate-vulnerable areas to help them rebuild their agricultural livelihoods.

16.   During the audit period, the country office changed its operational strategy and transitioned to direct delivery, rather than acting through cooperating partners. Moreover, due to staff capacity challenges and a significant reduction in its humanitarian portfolio, the country office carried out an organizational realignment exercise in 2023.

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[1] United Nations Development Programme, 2024. *Human Development Index (HDI)*, Country Insights | Human Development Reports (undp.org).

[2] Transparency International, 2023. Corruption Perceptions Index 2023 t, https://www.transparency.org/en/cpi/2023.

[3] United States Institute of Peace, 2020. *Iraq Timeline since the 2003 War*, https://www.usip.org/iraq-timeline-2003-war.

[4] United Nations Office for the Coordination of Humanitarian Affairs, 2023. *Humanitarian Transition Overview: Iraq*, https://iraq.un.org/sites/default/files/2023-02/Iraq%20Humanitarian%20Transition%20Overview%202023.pdf.

17.   Table 1 presents the strategic outcomes and related activities under the CSP and the actual expenditures for the year 2023.

Table 1: 2023 Financial outlay of CSP outcomes and activities (in USD millions)

CSP – Strategic outcome	CSP activities	Actual expenditure – 2023
01: Crisis response	01: Provide unconditional food assistance to internally displaced persons, refugees, and other crisis-affected people.	15.80
02: Resilience building and livelihood programming	02: Provide livelihood support, asset creation and climate adaptation activities, including capacity strengthening, to targeted farmers and communities.	21.20
	05: Implement climate resilience projects for targeted individuals and communities.	-
03: Supporting national and sub-national institutions	03: Provide institutional capacity strengthening to government officials and partners.	12.65
	04: Support government officials and partners in enhancing information technology for managing public distribution system modernization and strengthening the safety net component of the government social protection systems.	5.60
		55.25

18.   At the time of the audit, the country office had 124 staff (reduced from 170 in 2022), divided between the Iraq Country Office in Baghdad and five field offices.

Objective and scope of the audit

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

20.   The audit covered activity 1 under strategic outcome 1 and activity 2 under strategic outcome 2, which, as presented in Table 1, accounted for 67 percent of the country office's total direct operational expenditure in 2023.
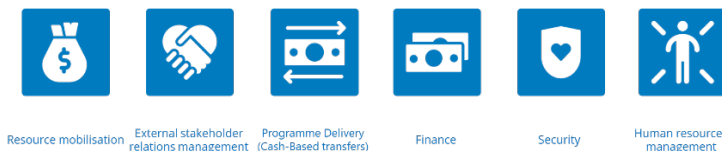
21.   Under activity 3, the country office provided school meals to over 452,000 schoolchildren in 13 governorates across Iraq. As the country office had handed over the school meals programme to the Ministry of Education by March 2024, the audit only focused on the operational and financial closure of the activity. Areas included in the scope of the audit are presented in Figure 1.

Figure 1: Areas in audit scope

Full audit coverage: Strategic planning and staffing structure; Risk management and management oversight; Programme design and implementation and operational effectiveness; Assessment, targeting and Identity management; Programme Delivery (Asset creation and livelihood); Monitoring activities; Community feedback mechanisms; Procurement

Partial audit coverage: Resource mobilisation; External stakeholder relations management; Programme Delivery (Cash-Based transfers); Finance; Security; Human resources management

22.   The audit mission took place from 26 May to 14 June 2024 at the country office in Baghdad and included visits to the Erbil and Mosul area offices.

23.   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

24.   Six observations arose from the audit of the areas in scope, as reported in the objective and scope of the audit. The observations grouped into four categories: (i) governance and risk management; (ii) programme management covering programme design and delivery; (iii) Accountability to Affected Populations; and (iv) monitoring.

25.   The audit assessed observations with a priority rating of high or medium. Audits of other areas, including procurement, human resource management, resource mobilization, external stakeholder relations management, finance, and security, resulted in either low-priority or no observations. Observations assessed as low priority were discussed directly with the country office and are not reflected in the report.

Governance and risk management

26.   The audit focused on the country office's strategic planning, performance, and risk management practices. This included reviewing the country office's risk register, fraud risk assessments, annual internal control assurance statements, annual performance plans and oversight plans. The country office maintained a comprehensive risk register and responded in a timely manner to emerging risks. The risk registers reflected risks related to resource constraints due to reduced donor appetite, the limited number of technical specialists available for resilience- and development-oriented project activities, and political and economic instability.

Observation 1:   Oversight and field staff capacity challenges

Oversight by the country office and the regional bureau

27.   A formalized oversight mechanism to assess the effectiveness of field office control activities was not in place. In 2023, the country office started implementing all programmes directly, shifting away from the use of cooperating partners. This included programme execution through contractors and government counterparts. Field offices now handled certain tasks previously managed by cooperating partners. This shift expanded the responsibilities of field offices regarding programme delivery and monitoring, while certain key functions remained centralized at the country office level. The country office has an opportunity to improve management oversight with independent monitoring (as described in Observation 6) to strengthen programme quality and achieve operational effectiveness.

28.   There was limited oversight from the Regional Bureau for Middle East, North Africa, and Eastern Europe (hereafter referred to as the regional bureau). While the regional bureau provided support in areas like organizational restructuring, conflict sensitivity training, and integrated cross-cutting context analysis and risk assessment, it conducted only one oversight mission to review monitoring activities, which took place in October 2023. Given the resource constraints and the country office's shift towards direct implementation, increased oversight efforts were needed.

Field staff skills gap for development-oriented programme

29.   Recognizing staff skills gaps while shifting from humanitarian to development activities, the country office enhanced its capacity by hiring staff with specialist skills, such as those related to climate change, agronomy, and livelihoods, and facilitating hands-on training for existing staff. However, in the field offices, there was limited capacity and experience in implementing and monitoring resilience-building activities.

30.   The country office's efforts to bolster staff capacity through free online training achieved limited results. However, in 2024, the country office hired additional technical staff to enhance overall capacity and planned to conduct a gap assessment to identify training needs.

Underlying causes: Reduced financial and staffing resources across the country operations; Insufficient oversight from headquarters/regional bureau.

Agreed Actions [Medium priority]

1. The country office, in consultation with the Regional Bureau for Middle East, North Africa, Eastern Europe, will develop and implement a risk-based oversight mechanism to review critical programme and support activities implemented by the field offices.

2. The country office will:

    i).   Perform a skills gap analysis and based on its results, develop a sourcing, training, and learning plan

    ii). Monitor the progress of staff training through performance management.

Timeline for implementation

1. 30 June 2025
2. 30 June 2025

Programme management

31. In 2023, the country office assisted 687,207 beneficiaries,[5] primarily through crisis response, resilience building and livelihood programming. The country office utilized SCOPE[6] to register beneficiary data and manage transfers for the entire beneficiary caseload. Government-issued identity documents (IDs), such as public distribution system cards, personal ID cards and unified ID cards, are used as unique identifiers. WFP utilized these unique identifiers at household and individual levels to prevent duplicate registrations. For those IDPs who do not possess valid identity documentation, the country office has issued a document bearing a QR code for verification. Government of Iraq prohibits collection of biometric information of beneficiaries. For refugee data, WFP relies on United Nations High Commissioner for Refugees (UNHCR)-verified lists shared under a global data-sharing agreement, ensuring each beneficiary has a single payment instrument.

32. In 2023, while the country office was progressively phasing out the direct provision of humanitarian assistance and building the resilience of individuals and institutions, annual cash-based transfers reduced by 44 percent to USD 22.9 million (from USD 40.6 million in 2022). The audit focused on two cash-based transfer mechanisms: mobile money through e-wallet and cash in hand, representing 87 and nine percent of the total amount of cash-based transfers, respectively.

33. The audit reviewed resilience building and livelihood programming through a sample of projects to ensure the adequacy and effectiveness of project lifecycle management, and the physical existence, quality, and condition of the assets. The resilience activities that the audit reviewed were generally well managed and implemented. Both communal and individual assets existed in good condition. During field visits, and as noted in the Interim Evaluation Report of WFP Iraq Operations, communities, government counterparts and beneficiaries all expressed satisfaction with the execution of the project.

Observation 2: Challenges in targeting and prioritization for refugee assistance

34. Corporate targeting guidelines require regular monitoring of targeting processes and outcomes to enable accurate targeting and prioritization. The country office developed a targeting framework to define eligibility criteria and guide targeting decisions for refugee and IDP assistance, which was further updated in 2022. However, challenges remained in operationalizing this framework, particularly regarding the frequency of beneficiary data updates.

35. The last comprehensive retargeting exercise was conducted in November 2022. Beneficiary lists were subsequently updated in January 2023 through desk review to include initially excluded beneficiaries. Since then, the country office has neither reassessed vulnerability criteria nor conducted retargeting or prioritization exercises to reflect demographic and economic changes among the refugee population. Throughout the audit period, the community feedback that the country office collected consistently indicated targeting issues, with 22 percent of complaints related to refugee targeting issues and another 35 percent to requesting assistance. Moreover, camp managers and donor monitoring reports also highlighted concerns about targeting, emphasizing the need for a prioritization exercise.

36. The country office attributes the absence of a retargeting exercise to the uncertainty surrounding refugee assistance continuation due to declining funding for emergency response activities. The country office faced financial constraints in 2023, necessitating the closure of the emergency response for IDPs in camps in the Kurdistan region and adjustments to the frequency of refugee assistance.

37. At the time of the audit, the country office had initiated discussions with UNHCR to take over the refugee caseloads and was still actively seeking funding opportunities with donors. Discussions were also underway to perform a reprioritization exercise by using existing eligibility criteria and running them against the updated UNHCR refugee database.

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[5] WFP, 2023. *Annual Country Report 2023: Iraq*, https://www.wfp.org/operations/annual-country-report?operation_id=IQ02&year=2023#/26463.

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

<u>Underlying causes</u>: Significant reductions in humanitarian funding and reduced donor appetite; Uncertain or short-term funding outlook leading to operational challenges; Organizational realignment causing staffing reductions and role shifts; Increased field staff responsibilities due to transition to direct implementation; and lack of coordination with communities and partners.

Agreed Actions [Medium priority]

1. The country office will finalize and implement targeting guidelines to outline targeting strategy and process and ensure consistent application of eligibility criteria across multiple interventions.

2. The country office will conduct a retargeting exercise of crisis response beneficiaries and frequently verify payment instruments to minimize targeting errors and ensure assistance is received by the intended person.

Timeline for implementation

1. 31 December 2024

2. 31 December 2024

Observation 3:   Challenges in implementing resilience activities

Resilience strategy and implementation of corporate three-pronged approach

38. The country office did not have an approved strategy for resilience building and livelihood programming. Moreover, the country office partially implemented the corporate three-pronged approach (3PA)[7] for resilience building, despite this being adopted fully in the Country Strategic Plan 2020–2024 and subsequent documents. The past efforts and investment in staff skills and capacity training for a government counterpart[8] was partially undermined by staff and management turnover and organizational realignment, as noted in Observation 1. The implementation of the 3PA faced challenges across its three components: national-level analysis for strategy identification, sub-national planning for multiyear operations with community involvement, and local planning to empower communities in setting and leading their priorities.

Targeting and prioritization

39.   The country office developed eligibility criteria for selecting beneficiaries under resilience-building activities based on geographical mapping done in 2019, but the criteria were not applicable or tailored for each type of activity. Moreover, the country office did not consistently apply the criteria. A review of selected projects, including field visits, indicated that household targeting, and beneficiary selection were sometimes driven by government counterparts, with WFP having limited involvement in verification and control. As a result, the level of assurance of the targeting process varied by field office.

Prioritization of locations and project lifecycle management

40. The prioritization of locations for project selection is based on the 2019 socioeconomic atlas of Iraq, which centred on food security and vulnerability analyses from 2016. Using these data, the country office determined the priority levels of all governorates and developed a resilience priority matrix. The prioritization and the underlying data have not been updated to address various shocks and changes since 2019. While the country office has yet to formally define and rationalize its priority areas, subsequent studies in 2024 have provided an

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[7] The 3PA is a corporate programming approach to strengthen the design, planning and implementation of programmes in resilience-building, productive safety nets, disaster risk reduction and preparedness: https://www.wfp.org/publications/2014-three-pronged-approach-3pa.

[8] The University of Mosul was chosen as the government partner to implement the 3PA: WFP, 2021. *WFP Collaborates with Iraqi Universities to Improve Resilience as Part of Zero Hunger Efforts*, https://www.wfp.org/news/wfp-collaborates-iraqi-universities-improve-resilience-part-zero-hunger-efforts.

opportunity to update this analysis and formalize its geographic targeting approach. During the field visits, the audit observed that project activities were widely dispersed, overstretching the country office's capacity for implementation and monitoring, as reported in Observation 1. The country office has an opportunity to reassess its geographic targeting and explore the consolidation of its activities.

41. Resilience-building projects were initiated either at the country office level or at field offices. The project lifecycle management was ad hoc and relied on past practices without a systematic and formalized mechanism whereby activity managers were responsible for evaluating project proposals and recommending them to management for approval. No neutral project selection committee was in place. This centralized and informal process resulted in field offices having insufficient visibility of budgets and timelines. It also led to issues with segregation of duties because the budget manager was responsible for project review and approval, as well as with comprehensive technical evaluation of proposals, and raised risks to knowledge retention and continuity upon staff turnover.

42. The country office and field offices did not have clear and detailed plans for the entry/handover/exit of projects. While the country office collaborated with government entities, it was frequently required to adapt its procurement and contracting procedures to fit government timelines, demanding better operational planning. WFP resilience-building projects face challenges in long-term planning, sustainability, and measurable impact, all of which can increase the risk of the project failing and being dropped by the beneficiaries.

Underlying causes: Lack of effective and empowered community structures for participatory planning; Evolving activities and shifting strategy during the transitory period; Limited data for geographic targeting in the absence of an updated socio-economic survey by the Government of Iraq; Short-term funding cycles for the resilience portfolio with reduced lead times between planning and implementation; Inadequate process and absence of local policies/guidelines.

Agreed Actions [Medium priority]

1. The country office, in consultation with the headquarters Climate and Resilience Service and the Regional Bureau for Middle East, North Africa and Eastern Europe, will:

    i). Finalize and approve the resilience strategy. This will include developing a comprehensive livelihood strategy that integrates the corporate three-pronged approach to ensure robust seasonal livelihood programming and community engagement, particularly through community-based participatory planning.

    ii). Formalize its geographic targeting approach based on updated resilience matrix data and consolidate project locations where feasible to optimize resource allocation and impact. This will include reviewing and updating the methodologies used for prioritizing project locations.

2. The country office will develop and implement a standard operating procedure to standardize the project lifecycle management mechanism with clear roles, responsibilities, and documentation requirements. This will include establishing a neutral project selection committee to ensure comprehensive, impartial evaluation and approval of project proposals.

3. The country office will enhance collaboration between the country office and sub-offices to ensure a shared understanding of project goals and activities and develop clear plans for project handover and exit to ensure continuity, sustainability and measurable impact.

Timeline for implementation

1. 30 September 2025

2. 31 December 2024

3. 31 March 2025

Observation 4: Gaps in the cash-based transfer process

Governance

43.   During the audit period, the country office's cash working group – set up to facilitate an integrated and cross-functional approach to cash-based interventions – did not operate as per its terms of reference and only met five times (instead of nine) between January 2023 and March 2024. Its membership had yet to be reviewed or updated to reflect staff departures. Further, some units, such as Security or Research, Assessment and Monitoring, were not represented in most of the cash working group meetings. Some risks associated with cash-based transfers were not discussed in the meeting minutes reviewed by the audit.

Reconciliation process including first- and second-level reconciliation [9]as per WFP cash assurance framework

44.   The country office management had no mechanism to oversee and validate the results of cash-based transfer reconciliations, ensuring that invoices from the financial service provider matched the amounts redeemed by beneficiaries and that assistance was delivered to the intended recipients as planned by WFP.

45.   Although all beneficiaries were registered in the SCOPE platform of WFP, the country office did not fully leverage the platform's capabilities. Specifically, SCOPE was not utilized for automated reconciliations of cash-in-hand assistance, nor was it integrated with the financial service provider system to establish a closed-loop reconciliation process for mobile money assistance.

Underlying causes: Lack of adequate oversight mechanisms; Technical difficulties, and compatibility issues between SCOPE and financial service provider systems.

Agreed Actions [Medium priority]

1.   The country office will enhance the implementation of the corporate cash assurance framework by strengthening the cash working group and establishing a process for management to review and endorse the monthly reconciliation package.

2.   The country office, in consultation with the relevant headquarters units and the Regional Bureau for Middle East, North Africa and Eastern Europe, will consider expanding the use of SCOPE functionalities and data analytics to automate first- and second-level reconciliation. This can include exploring the possibility of improving the interoperability between SCOPE and the financial service provider system.

Timeline for implementation

1.   30 June 2025

2.   30 June 2025

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[9] The WFP cash assurance framework divides transfer reconciliation into two levels: first-level, which validates transactions and reconciles benefits, and second-level, which verifies the accuracy of the first level and confirms benefit distribution and adjustments.

Accountability to Affected Populations

46. Until June 2022, the country office partnered with the United Nations Office for Project Services (UNOPS) to utilize a common community feedback mechanism (CFM) for food assistance beneficiaries. Due to financial constraints, the country office did not extend its agreement with UNOPS beyond 30 June 2022.

47. To address the need for a multifaceted CFM, the country office implemented several initiatives, including (i) developing an online form to collect complaints and feedback; (ii) establishing help desks in camps; and (iii) using field monitors to implement and monitor activities, collect complaints, and feedback, and provide relevant information in camps. Reduced resources due to organizational realignment had a negative impact on such country office initiatives, and this CFM became non-functional from October 2023.

48. In July 2023, the country office established an in-house CFM through a WFP toll-free hotline and a dedicated call centre to record and address beneficiary complaints. The country office shares key messages with communities through field offices and field monitors. Protection cases are referred to UNHCR or other United Nations agencies capable of managing these cases. The country office CFM is still in its infancy and has yet to function fully, which remains the main root cause of the noted issues.

Observation 5:   Gaps in community engagement and feedback mechanisms

Community engagement

49. The processes for newly established WFP-managed CFM needed to be better socialized across the operations. The CFM guidelines were last updated in 2019 and required amendments to address the changes and to harmonize practices with the corporate CFM toolkit issued in 2023. The country office did not establish a proactive community engagement mechanism and relied on field monitors to disseminate programme information to beneficiaries and collect their feedback or complaints. Beneficiaries interviewed during audit field visits confirmed their limited direct interaction with WFP staff and preference for directly engaging with camp managers. Moreover, the country office had no mechanism for regularly receiving complaints reported through the camp managers. Community engagement for resilience activities varied across area offices and was dependent on individual initiatives rather than a formalized process.

Communication channels

50. The country office predominantly used emails and posters to communicate programme information to camp managers, who disseminated this information to beneficiaries through social media platforms. Additionally, field monitors occasionally communicated through beneficiary WhatsApp groups or distributed tokens with hotline numbers. CFM visibility materials, including posters, were not visible at the distribution sites visited during the audit field visits.

51. Beneficiary awareness of the WFP feedback mechanism, including the hotline number, was consistently low across all activities. Most of the beneficiaries interviewed during field visits were not aware if WFP had a feedback mechanism or how to make an inquiry or complaint to WFP about the programme. The absence of an effective feedback mechanism was also highlighted in donor monitoring reports and multiple evaluations. Moreover, beneficiaries had limited knowledge of the issues that they could raise or report affecting the reach and accessibility standards of Assurance Standard 1.[10]

Case categorization, escalation, and resolution

52. The country office used the corporate application SugarCRM to manage and track complaints and feedback but did not employ the corporate standard configuration, which includes features for case categorization and prioritization. This limitation restricted the system's full potential, thereby hampering the office's ability to categorize and prioritize cases.

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[10] Communication and feedback mechanisms are designed to be accessible and safe, ensuring that all affected individuals, including vulnerable and hard-to-reach groups, can easily understand and use them across all operational areas.

53. Case categorization and escalation mechanisms did not provide for effective handling of sensitive cases. While call centre staff had access to frequently asked questions (FAQs) and an escalation guide, the process lacked robust case categorization and prioritization. All complaints were routed to office-specific focal points without differentiating between routine inquiries and serious allegations like misconduct, fraud and corruption. Cases were neither sorted by type nor assigned any priority levels at the time of registration or escalation. The country office has an opportunity to revise existing FAQ protocols and strengthen its case escalation and resolution mechanism.

Underlying causes: Transition to WFP-managed CFM without comprehensive guidelines and sufficient personnel; Lack of staff training on community engagement, case management and SugarCRM; and Underutilization of corporate tools.

Agreed Actions [High priority]

1. The country office will develop and execute a community engagement plan to ensure direct, regular engagement with beneficiaries and improve beneficiary awareness of programme information and feedback mechanisms.

2. The country office will establish a fully functional community feedback mechanism aligned with corporate standards for collecting and addressing beneficiary feedback. This would include a mechanism to systematically collect complaints received by camp management and reported by other stakeholders.

3. The country office will develop a community feedback mechanism framework that establishes a responsible, accountable, consulted, and informed matrix for feedback management and categorizes and prioritizes issues based on severity and impact, ensuring timely and effective responses.

4. The country office will explore the possibility of a short-coded Interactive voice response hotline to increase the uptake and improve the visibility of community feedback mechanism materials at project sites.

Timeline for implementation

1. 31 May 2025

2. 31 December 2025

3. 31 July 2025

4. 31 March 2025

Monitoring

54. In the first half of 2023, the country office had 1,550 active sites, of which 1,367 (88 percent) were schools monitored by third-party monitors. By June 2023, the school meals programme was handed over to the government, reducing the total number of active sites to 183, all of which are monitored by WFP field monitors.

55. After the organizational realignment in 2023, the monitoring function faced periods of gaps in leadership, which were temporarily filled with the support of the regional bureau. The structural changes reduced the monitoring team from 32 to 14 staff, with recruitment underway for certain vacancies to reach full capacity by the end of 2024.

56. A regional bureau oversight mission in 2023 identified six areas for improvement. At the time of this report's issuance, the country office had already implemented four of the resulting recommendations, while the remaining two were still in progress. Improvements to the monitoring activities included: (i) centralized process planning; (ii) development of a tracker to follow up on monitoring issues; (iii) collaboration using information technology to implement an escalation system for timely resolution of monitoring issues; and (iv) use of representative samples at the governorate level. The country office had also developed standardized reporting templates for reporting monitoring information.

57. The country office used the digital tool Mobile Operational Data Acquisition (MoDA)[11] to collect data and the survey designer to develop data collection questionnaires.

Observation 6:   Gaps in monitoring structures and processes

Roles and responsibilities of field monitors

58. Multiple factors affected the independence of the monitoring function, including an organizational realignment in 2023 that depleted resources, a decentralized approach in which field monitors reported to area offices and WFP's direct implementation of programme activities.

59. The internal audit observed that field monitors were frequently tasked with dual responsibilities, acting as both programme staff and independent monitors, which compromised their ability to provide objective assessments. Additionally, line managers at the field offices conducted performance evaluations of field monitors without formal input from the country office's monitoring function. The absence of segregation of duties and unclear division of roles between the country and area offices undermined the effectiveness and reliability of the monitoring function.

60. Following the audit fieldwork, the country office worked with field offices to establish standards for independent field monitoring structures, defining technical reporting lines and country office-led performance evaluations for field monitors. These changes aim to enhance independence while retaining administrative reporting under the field offices.

Process monitoring planning and coverage

61. Following restructuring and staffing reductions, the country office did not update its monitoring, review and evaluation plans and budgetary requirements to reflect the new structure. In 2023, the development of monitoring plans was decentralized to field offices, resulting in inconsistent reporting approaches and challenges in reconciling actual monitoring visits with reports. While the country office reported 89 percent monitoring coverage, the absence of centralized planning, a risk-based approach to site selection and inconsistencies in reporting compromised data quality. In January 2024, monitoring plans were centralized but not consistently followed due to conflicting priorities at the field office level.

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[11] MoDA is WFP's primary tool for data collection, helping staff make evidence-based decisions.

Data collection and tools for resilience activities

62. The shift towards resilience and capacity-strengthening activities expanded operations to wider geographical areas and overstretched the programme and monitoring teams, which were already challenged by limited resources. While standardized tools and compendium indicators were developed corporately to facilitate country offices in data collection, their application in Iraq was challenging due to the diverse nature of activities requiring different kinds of data collection and reporting. The country office has an opportunity to leverage corporate tools and develop tailored tools and indicators that would better align with its own operational context. A staffing capacity assessment to determine training needs would also benefit the country office, ensuring staff are proficient in data collection for these activities.

Underlying causes: Rules and processes, including for decision making, unclear/not established; Unclear roles and responsibilities; Inadequate risk management; Absence of/inadequate corporate policies/guidelines; and Absence of/insufficient staff training.

Agreed Actions [Medium priority]

1. The country office will:

    i). Establish clear roles and responsibilities, separating duties between programme implementation and field monitors at the field office level as per corporate guidance.

    ii). Improve the performance evaluation mechanism by requiring field offices to evaluate field monitors' performance, with a final review at the country office, ensuring the Technical Unit provides input on monitors' technical performance.

    iii). Develop and implement a centralized, risk-based process monitoring plan.

2. The country office, in coordination with the headquarters Programme Monitoring and Reporting Service, will develop tailored data collection tools and indicators for resilience building and livelihood activities and invest in staff training on data collection and analysis for resilience activities.

Timeline for implementation

1. 31 March 2025

2. 31 December 2025

Annex A – Agreed action plan

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

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

#	Observation title	Area	Owner	Priority	Timeline for implementation
1	Oversight and field staff capacity challenges	Governance and risk management	Country office	**Medium**	1. 30 June 2025 2. 30 June 2025
2	Challenges in targeting and prioritization for refugee assistance	Programme management	Country office	**Medium**	1. 31 December 2024 2. 31 December 2024
3	Challenges in implementing the resilience activities	Programme management	Country office	**Medium**	1. 30 September 2025 2. 31 December 2024 3. 31 March 2025
4	Gaps in the cash-based transfer process	Programme management	Country office	**Medium**	1. 30 June 2025 2. 30 June 2025
5	Gaps in community engagement and feedback mechanisms	Accountability to Affected Populations	Country office	**High**	1. 31 May 2025 2. 31 December 2025 3. 31 July 2025 4. 31 March 2025
6	Gaps in monitoring structures and processes	Monitoring	Country office	**Medium**	1. 31 March 2025 2. 31 December 2025

Annex B – Definitions of audit terms: ratings and 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
Effective/ satisfactory	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.
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 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.
Major improvement needed	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.
Ineffective/ unsatisfactory	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

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

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

Typically, audit observations can be viewed on two levels: (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 have a broad impact.[12]

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 monitoring the implementation of agreed actions. The purpose of

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[12] 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.

this monitoring system is to ensure that management actions are implemented within the agreed time frame to manage and mitigate the associated risks identified, thereby contributing to the improvement of WFP 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 time frame, 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

3PA	three-pronged approach
CFM	community feedback mechanism
CSP	Country Strategic Plan 2020-2024
FAQs	frequently asked questions
IDP	internally displaced people
SCOPE	WFP beneficiary information and transfer management platform
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNOPS	United Nations Office for Project Services
USD	United States dollar
WFP	World Food Programme