

17 October 2024

## **Management Comments to the Internal Audit Report of WFP's Operations in Myanmar (AR/24/16)**

WFP Management welcomes the observations made by the Office of the Inspector General (OIG) in its internal audit report on WFP operations in Myanmar (AR/24/16). The audit covered the period from 1 January to 31 December 2023 and focused on risk management and management oversight, budget and programming, programme design and implementation, assessment and beneficiary targeting, identity management and digital solutions, community feedback mechanisms, and humanitarian access.

Myanmar faces complex challenges arising from political instability, conflict, displacement and economic turmoil. In November 2020, general elections were held which were followed by a military takeover in February 2021. These events led to a humanitarian crisis contributing to food insecurity and malnutrition, as well as protection risks linked to attacks on civilians, gender-based violence and the use of explosive ordnance. The crisis has also increased the number of internally displaced people (IDPs), with about 2.6 million in 2023. As noted in the audit report, insecurity and bureaucratic impediments caused by this crisis are severely constraining humanitarian access and impacting the delivery of assistance.

WFP Management appreciates the recognition that governance, risk management practices, and internal controls were generally established and functioning. Furthermore, WFP Management values that the audit report recognizes the importance of the oversight missions from the Regional Bureau for Asia and the Pacific to the country office as a means to strengthen internal controls and processes. The audit report also highlighted the positive steps taken to reinforcing warehouse management practices, improving service efficiency through savings in storage and transport costs, enhancing monitoring coverage, strengthening beneficiary identity management, and refining the segregation of duties.

WFP Management acknowledges the audit's overall conclusion that **"major improvement is needed"** to provide reasonable assurance that the objectives of WFP's operations in Myanmar are achieved. WFP Management agrees with the four high and three medium-priority observations outlined in the audit report and fully endorses the corresponding agreed actions and has initiated their implementation, with completion expected within the agreed timelines. In addition, WFP Management notes that several actions have been implemented prior to the issuance of the audit report including regularizing bank contracts that reduce counterparty risk, as well as reinforcing processes to review non-governmental organizations (NGOs) risk assessments and capacity strengthening measures. The observations and agreed actions contained in the audit report are closely aligned with existing management priorities and country and regional-level control strengthening efforts.



WFP Management is committed to regularly reviewing the implementation of the agreed actions and will provide updates through WFP's corporate tracking tool. The Regional Bureau for Asia and the Pacific will provide guidance and technical support to the country office, as required.

WFP Management would like to express its appreciation to OIG for their constructive engagement, comprehensive analysis, and efforts to ensure the audit observations and agreed actions reflect the operating context. WFP Management is confident that implementing the agreed actions in the audit report will play a crucial role in further improving operational effectiveness, as well as further strengthening the governance, risk management and internal control processes of WFP's operations in Myanmar.