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# Internal Audit of WFP Operations in Ukraine

Office of the Inspector General  
Internal Audit Report AR/25/01



World Food  
Programme

January 2025



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## I. Executive summary

### WFP Ukraine Country Office

1. As part of its annual workplan, the Office of Internal Audit conducted an audit of WFP operations in Ukraine. The audit focused on programme design and implementation,<sup>1</sup> and management of cooperating partners. It also included tailored reviews of risk management and oversight, management of external stakeholder relations and communication, budgeting and programming, transport and logistics, and procurement.

2. The audit covered the period from 1 January 2023 to 30 June 2024. In 2023, WFP's direct operational expenses in Ukraine were USD 497 million, reaching approximately 4.5 million beneficiaries.<sup>2</sup>

### 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. 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. Since resuming its operations in 2022,<sup>3</sup> the country office has integrated comprehensive risk management practices into its activities. The initial response under the Limited Emergency Operation followed a "no-regrets" approach,<sup>4</sup> which permitted the temporary waiver of certain controls.<sup>5</sup> Subsequently, the country office worked to transition to more structured processes aligned with corporate guidelines. By the time of the audit fieldwork in October 2024, these processes and controls were well established overall.

5. The audit report includes one observation with high-priority actions regarding the targeting strategy and modality selection processes, which require updating and clarification. Gaps were noted in (i) updating the targeting strategy and procedures; (ii) selecting the appropriate delivery modality; and (iii) inter-agency collaboration. These gaps led to confusion among beneficiaries and stakeholders regarding WFP's approach, potentially limiting the effectiveness of coordination with other humanitarian actors in the country.

6. To address the gaps, the country office should (i) update its targeting and prioritization strategy, using updated food security assessments, and by clearly linking needs assessments to programmatic responses; and (ii) strengthen its regular communication with beneficiaries and stakeholders, clarifying WFP's role in the cash response strategy and enhancing collaboration with the broader humanitarian community.

7. The audit report also contains three medium-priority observations regarding implementation of the country office assurance plan, identity management processes, and management of cooperating partners. Management has agreed to address the reported observations and implement the agreed actions by their respective due dates.

8. The Office of Internal Audit would like to thank managers and staff for their assistance and cooperation.

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<sup>1</sup> Focusing on Activity 1: *provide food and nutrition assistance to crisis-affected populations*.

<sup>2</sup> As reported in WFP Ukraine's 2023 [Annual Country Report](#).

<sup>3</sup> Following the phasing out of WFP's operations in the country in 2018.

<sup>4</sup> Defined as: "taking actions that are justifiable from a humanitarian perspective in response to an emergency before having all the facts and before it worsens, preferring to mobilize excess capacity and resources rather than risk failing to meet the most urgent needs of people in crisis."

<sup>5</sup> The WFP operational task force oversaw the processes, risks and opportunities faced by the country office at the time.



## II. Country context and audit scope

### Ukraine

9. Ukraine is a lower middle-income country with an estimated population of 35.6 million people, as of October 2022, down from 43.8 million in 2021 due to the large-scale displacement caused by the conflict with the Russian Federation.<sup>6</sup> Ukraine ranked 100 of 193 countries in the 2023-2024 Human Development Index,<sup>7</sup> and 104 of 180 countries in the 2023 Transparency International Corruption Perceptions Index.<sup>8</sup>

10. The ongoing conflict in Ukraine has led to food insecurity, with an estimated 18 million people in need, including 11 million food insecure as of 2023; over 7.6 million refugees across Europe; and 6.2 million internally displaced persons. The agricultural sector, crucial for the economy, has been disrupted, with over 25 percent of previously cultivated areas being rendered unproductive due to landmines, unexploded ordnance and displacement of farm workers.<sup>9</sup>

### WFP operations in Ukraine

11. WFP operations in Ukraine are guided by the Transitional Interim Country Strategic Plan (T-ICSP) covering the period from January 2023 to December 2024. After two budget revisions, the budget reached USD 2.1 billion over the entire period.

12. In 2023, the focus of WFP operations in Ukraine remained crisis response, emphasizing the achievement of Sustainable Development Goal 2 (Zero Hunger). WFP also expanded its efforts to strengthen the capacity of the government and non-governmental partners. This involved enhancing the responsiveness of social protection system to shocks and strengthening food systems, paving the way for a transition and eventual handover of humanitarian assistance to the government and other stakeholders.

13. During implementation of the T-ICSP, WFP's operations in Ukraine transitioned from the limited emergency operation (initially framed in the context of the Inter-Agency Standing Committee's "no regrets" approach) with a higher risk appetite threshold being accepted, to a more stabilized operation, aligned to the standard procedures contained in corporate WFP guidelines. The country office prioritized local support, gradually shifting from international to national suppliers and non-governmental organizations and partners.

14. Under the T-ICSP, WFP assumed that the conflict and its knock-on effects would persist beyond 2022, and therefore would continue to negatively impact food security, people's ability to meet their essential needs and the safety and security of affected communities.<sup>10</sup> In 2025, WFP will transition to an interim country strategic plan to build on the gains made in the country to support Sustainable Development Goals 2 and 17.

#### *Grain from Ukraine*

15. The WFP Grain from Ukraine initiative supported the procurement and shipment of Ukrainian commodities for export and use in WFP's global operations. WFP received contributions of USD 305 million from 26 partners,<sup>11</sup> including the Government of Ukraine, to support the initiative and related twinning efforts. In 2023, approximately 170,000 metric tons of grain from Ukraine were used in WFP operations in countries such as Somalia, Ethiopia, Kenya and Yemen. In 2024, the country office started negotiations with the Ukrainian authorities for in-kind donations for WFP's own operations in the country.

<sup>6</sup> [Ukraine Transitional Interim Country Strategic Plan 2023-2024](#)

<sup>7</sup> [Human Development Report 2023-2024, Table 1](#)

<sup>8</sup> [Corruption Perceptions Index 2023](#)

<sup>9</sup> Ukraine Transitional Interim Country Strategic Plan (2023-2024). The 2025 humanitarian needs and response plan estimates that the number of food insecure people will be 5 million.

<sup>10</sup> [Ukraine Transitional Interim Country Strategic Plan 2023-2024](#).

<sup>11</sup> From 2022 to June 2024. Additional contributions were under negotiation at the time of the audit fieldwork. The Ukraine Country Office mainly contributed to the negotiation with the Ukrainian authorities and in-country supply chain activities.



## Objective and scope of the audit

16. The objective of the audit was to provide assurance on the effectiveness of governance, risk management and internal control processes related to WFP operations in Ukraine. Such audits contribute to an annual overall assurance statement to the Executive Director on governance, risk management and internal control.

17. The audit focused on Activity 1 of the T-ICSP, with a reported USD 460 million in direct operational costs for 2023 and 4.5 million beneficiaries assisted. These figures represent 93 percent of total direct operational costs, and nearly 100 percent of the beneficiaries reached in 2023.<sup>12</sup> In 2023, the country office planned to support 1.3 million beneficiaries with in-kind assistance and 1.9 million with cash transfers. Actual assistance reached 3 million beneficiaries for in-kind assistance and 2 million for cash transfers.

- **Activity 1** under strategic outcome 1: *Provide food and nutrition assistance to crisis-affected populations.*

18. In defining the audit scope, the Office of Internal Audit considered previous and current audit coverage, as well as coverage by second-line oversight and other assurance providers, as follows:

- The last internal audit report on Ukraine was issued in May 2023. It raised observations regarding targeting and beneficiary data validation; cash-based transfer reconciliation and assurance; food safety and quality management; and monitoring coverage, community feedback processing and tracking.
- The Internal Audit of Staffing in Emergencies<sup>13</sup> included Ukraine as a sample country to inform its conclusions. The following internal audits (included in the Office of Internal Audit's assurance workplan for 2024)<sup>14</sup> cover processes and areas of interest relevant to WFP operations in Ukraine: (i) security in field offices; (ii) humanitarian access management; (iii) the Regional Bureau for the Middle East, Northern Africa and Eastern Europe; (iv) consolidated insights on WFP's Global Assurance Plan; and (v) an advisory on staff wellness and mental health.
- At the time of audit reporting, the Office of Evaluation was conducting a [Corporate Emergency Evaluation on WFP's Corporate Emergency Response in Ukraine](#).

19. The audit focused on delivery of in-kind assistance. The areas in the audit scope are included in Figure 1 below.

**Figure 1: Areas in audit scope**

Full audit coverage:



Programme  
design and  
implementation



Management of  
cooperating partners

<sup>12</sup> [WFP Ukraine Annual Country Report 2023](#)

<sup>13</sup> [Internal Audit of Staffing in Emergencies 9 September 2023](#)

<sup>14</sup> [The Office of Internal Audit Assurance Workplan 2024](#)



*Partial audit coverage:*



Risk  
management  
and oversight



Management of  
external stakeholder  
relations and  
communication



Transport and  
logistics



Procurement



Budgeting and  
programming

20. The audit mission took place from 28 October 2024 to 7 November 2024 at the country office in Kyiv and included visits to the field office in Dnipro and operations in the Zaporizka and Dnipropetrovska oblasts. Additional audit work was conducted remotely in Rome from 11 to 15 November 2024. 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

21. Four observations resulted from the audit, relating to risk management and management oversight, programme design and implementation (focus on T-ICSP Activity 1), and management of cooperating partners. Other audit issues assessed as low priority were discussed directly with the country office and are not reflected in the report.

#### *Global Assurance Project*

22. In April 2023, the Deputy Executive Director launched a Global Assurance Project to ensure that WFP's assistance reaches the right people, safely and without interference. This resulted in an "end-to-end" Assurance Framework<sup>15</sup> for better-focused and more effective assurance across WFP's operations. As part of this initiative, "high-risk" operations were required to complete key deliverables by the end of 2024, including a costed assurance action plan to address critical gaps as defined by the country office.

23. In August 2024, WFP introduced a comprehensive implementation tool to measure country office progress in the assurance framework's five focus areas, using benchmarks and sub-benchmarks, based on existing guidance. The level of detail and availability of guidance and criteria to assess progress varied across the focus areas. Regional bureaux were tasked with completing the implementation assessment using their second-line oversight knowledge, in consultation with functional leads.

24. The country office designed its assurance action plan at a total cost of USD 1.1 million, or approximately 0.3 percent of projected funding in 2024. Limited corporate guidance and tools were available to track and report on the use of this budget and tracking remained a manual process, with reported data granularity not intended for in-depth variance analysis and oversight. The Office of Internal Audit has already raised this issue at the corporate level.

25. The audit reviewed implementation of the Ukraine 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 expenditure) and that issues were escalated. Issues related to implementation of the country office's assurance action plan are reported in observation 1 [Country office assurance plan assessment requires formalization](#). The corporate Global Assurance Project will be reviewed for consolidated insights across high-risk country operations at the end of 2024, and relevant aspects identified during this audit will contribute to the assignment.

### Risk management and management oversight

26. The country office had structured risk management processes in place and had prepared an annual plan with clear identification of risk management and internal control activities, timelines and objectives. Activities included control assessment missions to field offices and undertaking various corporate requirements: planning and mid-year review of annual performance plans and risk registers, the Executive Director assurance statement and monitoring the progress of the Global Assurance Project, among others. The Regional Bureau for the Middle East, Northern Africa and Eastern Europe (hereinafter referred to as the regional bureau) highlighted the country office's strong capacity, particularly regarding the preparation of its assurance plan and periodic reporting.

27. The audit performed tests and reviews of country office management processes to identify and analyse risks (including fraud risks), and to implement mitigating actions to achieve operational objectives. It also examined the adequacy of management oversight, including segregation of duties and oversight missions.

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<sup>15</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 comprises 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.



28. The audit also reviewed the assumptions contained in the country office assurance plan, its progress and related reports. This included a review of specific aspects of monitoring and leveraging audit work conducted in other areas (identity management, cooperating partner management and supply chain management) to assess the assurance plan.

### Observation 1. Country office assurance plan assessment requires formalization

29. In 2023, to respond to the requirements of the Global Assurance Project, the country office assessed its existing processes and controls in the five focus areas and identified improvement actions mainly for digital enhancement and better assessment of third parties.

30. During the audit period and until the audit fieldwork, corporate guidance on the Global Assurance Project process evolved, and aimed to provide more clarity on minimum requirements and expected controls.<sup>16</sup> Some updates to focus area guidance were released at an advanced stage of the assurance project, while others were not yet available at the time of the audit.<sup>17</sup> Reporting requirements also evolved and, since August 2024, the narrative quarterly report on completion status and achievements was coupled with a second-level assessment and review from the relevant regional bureau.

31. The Ukraine Country Office actively participated in the functional activities and discussion forums to prepare for the Global Assurance Project and informally voiced possible concerns. The office regularly reported implementation progress in adherence with expected timelines and templates. However, due to the continuous evolution of corporate guidance, and in the absence of instructions on detailed assessments for various functional areas, the country office has not formalized its assessments of controls, gaps and actions by benchmark and sub-benchmark to clearly indicate planned/feasible actions, alternative measures and accepted risks.

32. In addition, the narrative report, the official quarterly status update from the country office, did not align with established sub-benchmark structures. The regional bureau's status report also contained inaccuracies including sub-benchmarks indicated as (i) completed while not in place or requiring indication of risk acceptance; or (ii) in progress when the country office was not in a position to fully implement or was not yet complying with the most recent guidance.

33. Among these, one major action<sup>18</sup> was significantly delayed by corporate digital strategic decisions and resumed during the audit fieldwork; however, the delay and new implementation forecast were not formally articulated and reported. See observation 3 [In-kind beneficiary data quality issues and limited use of available data for decision making](#). There is a risk that challenges and decisions at the country office level are not adequately escalated, leading to an incorrect perception of full compliance.

34. Corporate level recommendations on the Global Assurance Project were captured in an Office of Internal Audit consolidated report informed by the results of high-risk country office audits completed in 2024.

Underlying cause(s): Policies and procedures | Absence or inadequate corporate policies/guidelines; Process and planning | Inadequate process or programme design; Tools, systems and digitization | Absence or late adoption of tools and systems.

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<sup>16</sup> This resulted in standards available from the second quarter of 2024 and benchmarks and sub-benchmarks from August 2024. See also section *Audit work and conclusions – Global Assurance Project*.

<sup>17</sup> For example, the new Minimum Monitoring Requirements and Community Feedback Mechanism Standards in WFP Country Offices circular (OED2024/006) was issued in July 2024, while the new circular on Identity Management was issued in December 2024.

<sup>18</sup> Relating to the enhancement of the registration portal already used at the inception of WFP operations in Ukraine for use during the in-kind response. Discussions on this topic with WFP headquarters started in 2023.





### Agreed Actions [Medium priority]

The country office, leveraging available functional guidance and in preparation for the next implementation status report, will formalize a gap assessment and actions to achieve individual benchmarks/sub-benchmarks and clarify implementable actions, alternative measures in line with most recent guidelines, and/or accepted risks.

#### Timeline for implementation

30 April 2025

## Programme design and implementation (focus on T-ICSP Activity 1)

35. During the audit period, WFP's operations in Ukraine aimed to support crisis-affected populations in the country, including internally displaced persons, to meet their food and nutrition needs during and in the aftermath of crises.

36. The WFP operation in Ukraine is digitally advanced and the country office leveraged the technology available in the country and within WFP to establish effective and efficient processes and controls. WFP also contributed to enhancing the humanitarian community's de-duplication processes, providing and currently expanding the blockchain technology-based de-duplication mechanism at inter-organizational level, also coordinated by the Inter-Agency Cash Working Group.<sup>19</sup> The country office gathered a significant amount of information and data, which was useful to feed into and enhance its decision making.

37. During the audit period, the country office began negotiations for an extension and evolution of the Grain from Ukraine initiative, where grain donated by the Ukrainian government would be used for the in-country emergency response. At the time of the audit fieldwork, with corporate support, an agreement was being drafted for approximately 25,000 metric tons of food to be used as a component of the in-kind basket. The audit reviewed the expected timeline for consumption of this commodity and the cost analysis and comparison (transportation and milling) versus local procurement. While this is a commendable initiative, it is also indicative of the challenges the country office faces in balancing different and competing objectives.

38. The audit reviewed aspects of targeting and prioritization, programme implementation and in-kind beneficiary identity management from registration to de-duplication and reconciliation.

### Observation 2. Targeting strategy and modality selection processes require update and clarification

#### *Targeting strategy and procedures*

39. WFP's targeting approach for unconditional resource transfers in Ukraine relies on annual, national-level multi-sector needs assessments, which include some food security assessments, supplemented with local-level data.<sup>20</sup> Partner organizations apply a targeting framework to identify households within targeted communities based on specific criteria.<sup>21</sup> While operations evolved, the targeting strategy did not sufficiently outline updated prioritization criteria. In the absence of updated food security assessments, current targeting was mainly category-based. In a context of declining funding,<sup>22</sup> the need to focus and prioritize activities and beneficiaries became more relevant.

<sup>19</sup> This mechanism has contributed to cost efficiencies since the inception of operations, as reported in the [Internal audit of WFP operations in Ukraine - May 2023](#) (AR/23/04).

<sup>20</sup> The country office gathered local information using secondary data and self-paced web surveys with local authorities, with the most recent data collection in July and August 2024.

<sup>21</sup> Such as beneficiaries of government social programmes, people living with disabilities, households with unemployed members, or with three or more children and households with damaged houses, suddenly displaced, or evacuated.

<sup>22</sup> Confirmed contributions for WFP operations in Ukraine were USD 1.2 billion in 2022, USD 321 million in 2023 and USD 294 million as of November 2024.



*Modality selection and inter-agency collaboration*

40. The country office employed various distribution instruments for beneficiary assistance, including general in-kind food assistance (blanket and targeted), institutional feeding, sectoral cash-based assistance (cash for food), social benefit top-ups and multi-purpose cash assistance. The decision to use sectoral cash was based on concerns that increasing the multi-purpose cash transfer value would have not allowed WFP to cover the recurring food security needs of beneficiaries; this approach faced strong opposition from other humanitarian actors. External stakeholders interviewed for the audit reported confusion about WFP's selection of assistance modalities, and frustration with interactions in the cash working group.<sup>23</sup> A corporate-level dialogue may be needed to clarify the country office's collaboration with the food security cluster, the cash working group, and its broader role in the humanitarian response.

41. The need for an updated modality selection strategy became more relevant considering that the rationale for modality selection was not consistently documented and communicated, causing confusion among stakeholders, including beneficiaries, donors and partners. In particular, although the country office determined a rationale for its decision to use sectoral cash, this may not have been adequately documented or effectively communicated to beneficiaries and stakeholders. While technical questions raised at the cash working group could be open for discussion, better communication was required to ensure an effective response in collaboration with other stakeholders.

42. Sectoral cash-based assistance was mainly implemented following the evolution from in-kind assistance when market conditions allowed. The country office has reported a shift from in-kind assistance to sectoral cash for 200,000 beneficiaries since September 2023, yet the supporting evidence of this evolution was not sufficiently structured. The issue highlighted the challenge of keeping track of the various modalities in use in a constantly changing, volatile environment.

43. In October 2024, WFP provided in-kind assistance in areas where assessments<sup>24</sup> indicated that markets were functioning, raising questions about the clarity of the country office's modality selection process. The country office cited several factors influencing the shift from in-kind to cash assistance, including the availability of trained partners, evolving security conditions, operational lead times and the time lapse between the month of distribution and the actual data used to prepare distribution lists. Competing programmatic objectives<sup>25</sup> contributed to the prevalence of in-kind assistance.

Underlying cause(s): Strategy, mandate and authority | Strategic and operational plans not developed, approved or not specific, measurable, achievable, relevant and time-bound; Process and planning | Rules and processes, including for decision making, not established or unclear; External factors beyond the control of WFP | UN or sector-wide reform; Tools, systems and digitization | Inappropriate implementation or integration of tools and systems.

**Agreed Actions** [High priority]

The country office will:

1. Update its targeting and prioritization strategy using updated food security assessment data, clearly linking needs assessments and the selected targeting methods, vulnerability criteria, programmatic responses and modality choices.

<sup>23</sup> Similar concerns about communication and the clarity of WFP's approach were noted in the 2023 internal audit report. Refer to the [Internal audit of WFP operations in Ukraine - May 2023](#).

<sup>24</sup> Including market functionality assessments, and assessments of security dynamics, as documented in WFP's Hromada profiling platform.

<sup>25</sup> The country office faced the challenge of balancing two objectives: delivering urgent food assistance to conflict-affected vulnerable populations and supporting the local economy and government programmes.



2. With support from the regional bureau, strengthen regular communication to ensure that beneficiaries and stakeholders clearly understand WFP's targeting criteria and modality choices: better communication should facilitate collaboration with the broader humanitarian community.

#### **Timeline for implementation**

1. 30 June 2025
2. 30 September 2025

### **Observation 3. In-kind beneficiary data quality issues and limited use of available data for decision making**

#### *Beneficiary data registration and management*

44. During the audit period, the country office extended beneficiary registration to in-kind targeted and blanket general food distribution. This process represented an improvement in beneficiary management practices, aligned with the evolution of operations in the country. However, some general food distribution activities were not included; for example, institutional feeding beneficiaries, for approximately 1,200 institutions in 23 of 24 oblasts, were not individually tracked. The country office indicated that it was not feasible to track beneficiaries under this modality, mainly due to data sensitivity; thus, it assumed the associated risks regarding potentially overlapping assistance. De-duplication was a gradual process with in-kind intramodality de-duplication introduced in 2023, and inter-modality within WFP and the humanitarian community established in early 2024 and after the audit period, respectively.

45. In-kind beneficiary lists were Excel-based and, as such, inherently prone to errors and manipulation. While the country office introduced built-in security features, such as passwords and sharing via protected platforms, in areas without internet connection partners downloaded and locally processed the lists before returning them to WFP. This increases the risks associated with data privacy. In 2023, the country office agreed with the WFP headquarters Technology Division to enhance and integrate the WFP Self-Registration Portal with existing country office tools to allow WFP partners to register beneficiaries directly. At the time of the audit fieldwork, WFP functional units had just resumed contacts with the country office to proceed with this enhancement, following finalization of WFP headquarters strategic decisions on in-kind beneficiary identity management systems.

#### *Data quality and analysis for decision making*

46. The review of sampled beneficiary lists highlighted data quality issues, including the absence of tax identity numbers for 10 percent of the beneficiaries assisted, which could impact the completeness of de-duplication.<sup>26</sup> The country office has been analysing the quality of beneficiary data collected by cooperating partners to provide feedback to the partners.

47. The absence of complete data for all beneficiaries was partially a result of the in-kind assistance delivery approach, which allowed partners to assist additional eligible beneficiaries who arrived at the distribution site even if they were not on the initial beneficiary list. In March 2024, these additional beneficiaries represented more than 50 percent of the total. Subsequently, the country office limited this option, with a significant reduction in the number of additional beneficiaries: approximately 14 percent in June 2024. The presence of blanket distribution sites limited the country office's ability to carry out regular reconciliation, including analysis of no-shows. See [observation 2 Targeting strategy and modality selection processes require update and clarification](#).

<sup>26</sup> According to the country office, these include beneficiaries who did not share their personal details for religious reasons. However, there were no detailed analyses to ascertain the proportion of missing data attributable to this reason.



48. The beneficiary lists reviewed included the households to be assisted; however, household members' tax identity documents were not always captured, with the risk that the same household could be registered multiple times across partners, modalities or organizations. To mitigate this risk, starting in October 2024, the country office introduced a household mapping exercise<sup>27</sup> to be used in the inter-agency de-duplication tool. The review of the initial results of this mapping highlighted quality issues, including two heads of households associated with approximately 1,400 individuals/tax identity documents. This did not impact WFP's internal de-duplication process, yet it highlighted the need to enhance the inter-agency de-duplication procedure. The country office detected the issue in a timely manner, and subsequently in November 2024 it indicated having developed additional data validation mechanisms.

49. Inter-agency de-duplication between in-kind and cash modalities started after the audit period. Extending the review to October 2024, approximately 20,000 in-kind beneficiaries were de-duplicated as registered to receive in-kind assistance from WFP and cash from other organizations. This information was used to prevent double assistance, yet it could also be used to inform decision making on modality selection. See [observation 2 Targeting strategy and modality selection processes require update and clarification](#).

Underlying cause(s): Process and planning | Inadequate process or programme design; Tools, systems and digitization | Inappropriate implementation or integration of tools and systems; External factors beyond the control of WFP | Conflict, security and access.

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

The country office will:

1. Following the targeting and prioritization update, assess the opportunity to register or track beneficiaries for all relevant in-kind activities/streams, including institutional feeding, formalizing risk acceptance as appropriate if any tracking of beneficiaries remains not feasible.
2. In coordination with the relevant corporate units, including the WFP Technology and Supply Chain & Delivery Divisions, assess and finalize the identification of a digital solution to streamline the in-kind beneficiary management process and establish an agreed roadmap for implementation.
3. Reassess and establish regular analysis of available beneficiary and distribution data to improve data quality, further enhance de-duplication and inform programmatic decisions on prioritization and modality selection.

#### **Timeline for implementation**

1. 30 June 2025
2. 30 September 2025
3. 30 June 2025

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<sup>27</sup> A process to identify all members within a household.



## Management of cooperating partners

50. During the audited period, the country office contracted 18 cooperating partners to implement its programmatic activities. Those organisations received approximately 227,000 metric tons of food for distribution. The audit performed tests and reviews of cooperating partner activities, the selection and capacity assessment process, management of field-level agreements, performance evaluations, spot checks and the reporting process.

51. The country office had established effective cooperating partner management processes, allowing it to monitor, detect and address partner performance issues promptly. The country office implemented additional controls beyond corporate requirements to address the specific risks identified, including conducting basic due diligence on sub-partners and expanding the scope of spot checks. The country office's risk and compliance unit conducted field-office oversight missions in 2023 and 2024, identifying risks related to sub-contracting of field-level agreement implementation. In 2024, the country office adopted stricter provisions regarding the use of sub-partners and reduced the number of sub-partners in the country from 31 to 21.

### Observation 4.Recurring underperformance of cooperating partners

52. The country office's approach aimed at strengthening the capacity of local partners and gradually move to "localizing" the partners' portfolio, prioritizing close collaboration with those organizations with a solid presence in the country. The country office also provided ongoing assistance and implemented a formal performance improvement plan for underperforming partners.

#### *Underperforming cooperating partners*

53. Although the country office took steps to monitor and identify issues, some partners were not responsive to capacity-strengthening activities or performance improvement plans, which led to the non-extension of their field-level agreement or, in one case, its termination. Considering the ongoing localization of the partner portfolio, recurring performance problems with certain partners may indicate a need for an enhanced risk mitigation strategy.

54. As operations in the country mature along with the management of partners, it would be prudent to analyse underlying patterns and root causes of recurring issues. The analysis could inform a reassessment of the country office's risk appetite, developing contingency plans and documenting lessons learned to inform future decision making processes.

Underlying cause(s): External factors beyond the control of WFP | Conflict, security and access; Resources ð third parties | Insufficient third-party capacity (non-governmental organizations, government, financial service providers, vendors etc.).

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

The country office will consolidate analysis of recurrent issues with cooperating partners by identifying trends, reviewing possible root causes and evaluating the effectiveness of past improvement plans between 2023 and 2024 to inform the country office's risk management processes accordingly.

#### **Timeline for implementation**

30 June 2025



## Supply chain management

55. Supply chain management within the Ukraine Country Office includes local food, goods and services procurement; logistics services; and food safety and quality. During the audit period, the country office purchased USD 94 million of grains, cereals and canned food locally, representing 50 percent of total food procurement over the period. The country office increased its local food procurement from 47 percent in 2023 to 62 percent in 2024. Expenditure on logistics services, which mainly included warehouse services, totalled USD 38 million. The audit reviewed local food procurement, including food safety and quality, and warehouse management.

56. The country office had established functioning, relevant procurement and vendor management committees. The office leveraged the existing national database for businesses to expand its vendor roster. Based on the review of samples of transactions, the Office of Internal Audit noted that the country office assessed food safety and quality aspects of new food suppliers at the vendor onboarding stage and throughout the procurement process through quality and quantity inspections and laboratory testing. At the solicitation stage, the country office used the corporate online tendering platform for its procurement activities, which ensured the integrity and efficiency of the process. The country office also systematically used the corporate commodity specification, which ensured the nutrient value of the food basket was met. The country office monitored contract execution and vendor performance, and contract renewals and extensions were properly documented, approved and justified.

57. The country office carried out a market assessment to select its warehouses and relevant services; drew a detailed contract with the selected service providers; conducted a monthly performance evaluation; escalated identified issues to service providers for resolution; and followed up on implementation of corrective measures.

58. There were no reportable audit observations in the areas under supply chain management.



## Annex A – Agreed action plan

The following table shows the categorization, ownership and due date agreed with the audit client for all the 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 country office level.

#	Observation (number / title)	Area	Owner	Priority	Timeline for implementation
1	Country office assurance plan assessment requires formalization	Risk management and oversight	CO	Medium	1. 30 April 2025
2	Targeting strategy and modality selection processes require update and clarification	Programme design and implementation	CO	High	1. 30 June 2025 2. 30 September 2025
3	In-kind beneficiary data quality issues and limited use of available data for decision making	Programme design and implementation	CO	Medium	1. 30 June 2025 2. 30 September 2025 3. 30 June 2025
4	Recurring underperformance of cooperating partners	Management of cooperating partners	CO	Medium	1. 30 June 2025



## 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>28</sup>

<sup>28</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

T-ICSP	Transitional Interim Country Strategic Plan
USD	United States dollars
WFP	World Food Programme