Internal Audit of WFP Operations in Mozambique

Office of the Inspector General
Internal Audit Report AR/25/02

February 2025

Table of Contents

I. Executive summary

WFP Mozambique Country Office

1.   As part of its annual workplan, the Office of Internal Audit conducted an audit of WFP operations in Mozambique. The audit covered the period from 1 January 2023 to 30 June 2024 and the areas in the audit scope included: (i) risk management, global assurance project and oversight; (ii) need assessment and targeting; (iii) identity management; (iv) management of non-governmental organizations; (v) cash-based transfers; (vi) procurement; (vii) monitoring; and (viii) community feedback mechanism. WFP expenses in Mozambique, amounted to USD 144 million, and the office reached approximately 2.5 million beneficiaries.

Audit conclusions and key results

2.   Based on the results of the audit, the Office of Internal Audit reached an overall conclusion of major improvement needed. 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.

3.   The audit report contains four high-priority observations and five medium-priority observations. The high-priority observations are related to: (i) need assessment and targeting: (ii) community feedback mechanism; (iii) procurement; and (iv) regional bureau's oversight and support activities; they are described in paragraphs 4 to 7.

4.   In 2021, the country office started the implementation of a new targeting approach based on vulnerability criteria rather than status of the people in need. This approach is complex as it requires extensive engagement with local authorities, sensitization of communities, resource-intensive data collection and need assessments. The Office of Internal Audit acknowledges that this approach may improve the prioritization of assistance, and it is encouraged by the donor community. As of 2024, the use of the methodology to select beneficiaries have been limited since most geographic areas covered by the vulnerability-based targeting do not correspond to the areas of assistance currently prioritized by the country office.

5.   The systems and process used for the community feedback did not ensure traceability of complaints from intake to final resolution, and there were data quality issues and challenges in follow-up of feedback received. These issues limited the effectiveness of the mechanism as a tool for accountability to affected people.

6.   With reference to procurement, weaknesses in planning exposed the country office to the risk of funding losses, diminished the transparency of the vendor selection processes and, for a key construction project, contributed to delays in contract execution.

7.   The regional bureau conducted six missions to Mozambique during the audit period. The scope of the missions for cash-based transfers and partnership management combined oversight and support activities, this resulted in a hybrid approach and limited clarity in the reporting and follow-up process. There were issues with the timeliness and the quality of the food dispatched to Mozambique by the regional bureau from the Global Commodity Management Facility hub in Durban.

8.   The main root causes of the issues identified were: (i) unclear planning, processes and procedures and (ii) insufficient or inadequate oversight. The country office and the regional bureau will need to prioritize addressing these causes through the implementation of agreed actions. Management has agreed to address the reported observations and to work 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

Mozambique

10. Mozambique, a low-income country with a human development index ranking of 185 out of 191 countries is among the most impoverished nations globally and the most vulnerable country globally to extreme weather events. The severe armed conflict in Cabo Delgado has displaced over 1 million people and, after a period of calm in early 2023, insecurity surged again by the year's end, leading to more displacements.

11. The conflict spread south to previously unaffected districts, affecting every district in Cabo Delgado. According to the International Organization of Migration Displacement Tracking Matrix, there are still 851,000 internally displaced persons while the number of returnees had quadrupled to 571,000 people by August 2023. Needs analysis indicated high humanitarian needs in return districts.

12. Mozambique's economy relies heavily on natural resources like rain-fed agriculture and fishing, given that two-thirds of its population lives in rural areas. However, the Land Degradation Index indicates that 19 percent of the country is experiencing active degradation. Additionally, due to inadequate post-harvest management practices and the use of non-improved storage methods by smallholder farmers, Mozambique faces an estimated 30 percent post-harvest loss.[1]

WFP operations in Mozambique

13. In June 2022, the country office launched its country strategic plan for the period 2022-2026 with a budget of USD 819 million. Following two budget revisions, the approved budget in August 2024 increased to USD 850 million. In 2023, the country office secured USD 93.1 million, representing 40 percent of its needs-based plan of USD 237 million for the year. Overall, by 2023, the plan was approximately 30 percent funded with a total of USD 247.4 million secured; this included USD 123.5 million carried over from the previous country strategic plan.

14. The plan supports six strategic outcomes and is aligned to the United Nations sustainable development cooperation framework (UNSDCF) for 2022–2026 and the WFP strategic plan for 2022–2025. Strategic outcome 1 accounts for approximately 48 percent of the budget and focuses on crisis response, specifically thorough activity 1, which aims to provide integrated food and nutrition assistance to conflict and disaster-affected people.

15. The other strategic outcomes address the following priorities: strategic outcome 2 aims to strengthen human capital to reduce malnutrition; strategic outcome 3 focuses on resilience building by promoting sustainable food systems; strategic outcome 4 aims to strengthen national capacity to protect and improve shock-affected populations; strategic outcome 5 focuses on resilience building by fostering partnerships; and strategic outcome 6 aims to facilitate more efficient, effective and coordinated emergency interventions through WFP's provision of mandated services.

16. Despite challenges such as ongoing conflict in the northern region and extreme weather events the country office assisted approximately 2.5 million people in 2023, the majority through unconditional resource transfers.

17. At the time of the audit, the country office had approximately 436 staff located in Maputo and seven field offices.

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[1] WFP. 2023. Mozambique Annual Country Report

Objective and scope of the audit

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

19. To minimize duplication of efforts, the audit relied to the extent possible on the results of the Regional Bureau for Southern Africa oversight and support mission on finance, risk management and management services in April 2024.

20. The audit focused on strategic outcome 1, *crisis-affected populations in targeted areas can meet their essential food and nutrition needs immediately prior to, during and in the aftermath of shocks*, representing 60 percent (or USD 86 million) of the 2023 country office's total expenses and 1.3 million beneficiaries, 52 percent of 2023 caseload.[2]

21. The areas in audit scope, as identified in the audit engagement plan, included: (i) risk management, global assurance project and oversight; (ii) need assessment and targeting; (iii) identity management; (iv) management of non-governmental organizations; (v) cash-based transfers; (vi) procurement; (vii) monitoring; and (viii) community feedback mechanism. The audit covered the period from 1 January 2023 to 30 June 2024.

22. Audit fieldwork started in the Headquarters on October 28, the audit team conducted an in-country visit in Pemba and Maputo from 11 to 22 November 2024. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

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[2] WFP. 2023. Mozambique Annual Country Report

III. Results of the audit

Audit work and conclusions

23. The audit report contains four high-priority observations and five medium-priority observations. Any other audit issues assessed as low priority were discussed with the office directly and are not reflected in the report.

Risk management, global assurance project and oversight

24. The head of support services and the monitoring officer served as focal points for risk management practices. As per corporate standards, these included regular update of risk register and internal control assurance statements, and fraud risk assessments for key processes such as identity management, partnership management and supply chain. In addition, the country office created a working group for the design and implementation of the Global Assurance Project (GAP), the monitoring officer was focal point for consolidating and reporting updates for this workstream. The regional bureau complemented these activities through remote monitoring of the GAP as well as through oversight and support missions.

25. The audit reviewed the assessment, the action plan and the reporting for the GAP as well as the integration of the assurance plan with the mitigations identified through fraud risk assessments and risk register. Audit testing relied on results of the regional bureau oversight report on risk management and considered ongoing follow-up actions by the country office. The Office of Internal Audit acknowledges the GAP enhanced knowledge of internal controls across WFP staff as well as across relevant third parties including key donors.

Observation 1: Implementation issues related to the assurance action plan

26. Since the project inception phase in November 2023, the country office conducted several reviews of its preliminary assurance plan; these reviews followed and were mainly driven by the issuance of new corporate guidance. The report for the third quarter in 2024 identified a GAP implementation rate of 46 percent, equivalent to 26 actions implemented out of 56 included in the plan. The country office was reportedly on track to implement all actions by the end of 2024.

27. Sample testing identified some actions that did not enhance controls rather referred to process activities. For example, actions related to the community feedback mechanism mainly focused on ongoing efforts in managing the hotline and closing complaints rather than reporting key enhancements such as the development of a new system for capturing beneficiary feedback. Similarly, the plan for supply chain indicated two actions related to periodic trainings although these activities had been ongoing prior to the GAP.

28. In 2024, security issues and crisis response activities resulted in de-prioritization of some actions marked as ongoing in the GAP reporting tool. As a result, the country office was not able to implement these actions within 2024, the timeline set for the GAP. For example, the supply chain unit was not able to carry out all oversight missions to warehouses as planned. Similarly, as reported in observation 3, the scale-up of the vulnerability-based targeting will require additional actions in 2025.

29. Some sampled actions related to corporate benchmarks and while verified as completed by the regional bureau will still require improvements. For example, the country office was reviewing its Standard Operating Procedure (SOP) for partnership management while the GAP report indicated the enhancement as completed and verified based on review of the previous SOP. An additional example related to supply chain is provided in observation 2.

30. The 2023 preliminary assurance plan did not budget costs for all actions and the country office did not systematically track budget revisions as well as actual costs versus the budget. There were instances of cost duplication and limited clarity in the split between one-off and recurrent costs.

Underlying cause(s): Performance outcomes inadequately established (oversight and performance); external factors beyond WFP's control such as conflict, security, and access; absence of guidelines and tools for tracking expenditures (actions for headquarters to be considered as part of the country office consolidated analysis); limited internal coordination and resources to manage the project (process and planning).

Agreed Actions [Medium priority]

1. The country office will reframe actions ensuring they are measurable for progress reporting.

2. The country office will identify the action points that could not be implemented in 2024, establish mitigations and revise the plan and the budget accordingly.

3. The country office will reassess the internal coordination mechanism and the resources dedicated for consolidating results of the assurance plan and update budget versus actual.

Timeline for implementation

1. 31/03/2025

2. 31/03/2025

3. 31/03/2025

Observation 2: Inconsistent application of oversight framework and issues with support services

31. The regional bureau conducted several missions to Mozambique, areas covered included assessment and monitoring in 2023, support services in April 2024, targeting in May 2024, partnerships, and cash-based transfers in July 2024. In addition, the bureau carried out remote verifications on the progress in implementing the GAP and planned to visit the Pemba area office for a follow-up mission on the assurance actions.

32. The scope of the in-country missions for cash-based transfers and partnership management combined both oversight and support activities in line with the regional bureau's oversight and technical support SOP. The regional bureau did not issue separate reports for the two activities as established in the SOP, this resulted in a hybrid approach and limited clarity in the reporting and follow-up process. As of December 2024, the reports for these missions had yet to be finalized.

33. As part of its support services, the regional bureau is responsible for dispatching food purchased through the Global Commodity Management Facility (GCMF) and transiting from South Africa. The visit to WFP warehouse in Maputo, as well as reports from the food technologist, highlighted issues with food quality and timeliness of these consignments. For example, in November 2024 the country office received around 6,000 metric tons of rice, the inspection at the port detected some bags having sub-optimal quality hence not meeting standards required for distribution to beneficiaries.

34. The regional bureau did not conduct oversight missions for key supply chain sub-processes such as transport, and commodity management. The remote oversight for supply chain did not ensure in-depth review of progress in implementing GAP actions. For example, the regional bureau marked as verified one benchmark related to the physical inventory count exercise, while results of the GAP sample testing identified gaps in this process.

35. The regional bureau acknowledged these challenges and had requested the supply chain division to review its staffing model and capacity both at the regional bureau and in the GCMF hub in Durban, which is currently fully outsourced to a third-party.

<u>Underlying cause(s):</u> Oversight reporting process not aligned with framework identified in the standard operating procedure; insufficient skills and/or competencies for supply chain management.

Agreed Actions [High priority]

1. The regional bureau will review outstanding recommendations, ensuring clear separation between results of oversight and support services and close actions no longer relevant or not agreed with the country office.

2. The regional bureau, with support from the supply chain division, will carry out a review of the supply chain capacity in the regional bureau and in the Durban hub to support supply chain, corridor and corporate inventory management.

Timeline for implementation

1. 30/06/2025

2. 31/12/2025

Targeting and identity management

36. In 2023, WFP assisted 1.3 million internally displaced people and residents in host communities in the northern provinces.[3]

37. In 2021, the country office designed a Vulnerability-Based Targeting (VBT) strategy to assist the most vulnerable households afflicted by the conflict based on needs rather than status. The country office planned to expand VBT to the remaining districts of Cabo Delgado, this was also reflected in the GAP. At the time of audit reporting, the country office was working on implementing the recommendations made by the regional bureau following its targeting support mission in May 2024 and, in the last quarter of 2024, established a working group to strengthen coordination of targeting activities.

38. The internal control framework varied depending on whether VBT or non-VBT beneficiary lists were used and regardless of the assistance modality (cash-based transfers or in-kind). The audit reviewed needs assessments and targeting practices as well as identity management.

Observation 3: Limited progress with vulnerability-based targeting roll-out

39. By June 2024, the country office completed the VBT's implementation in seven out of the nine selected districts. Data collection occurred in one additional district, but the country office did not use the new master lists for its distributions as the government had yet to validate them. Furthermore, data collection could not begin in the last district, further delaying the VBT roll-out.

40. In 2023, around 81 percent of the beneficiaries assisted were identified through government lists rather than from VBT. Reliance on government lists continued into 2024 as the districts where VBT was fully implemented in previous years were not included in the distribution plan, resulting in around 67 percent of the assisted beneficiaries coming from government lists. The limited use of finalized VBT beneficiary lists affected the effectiveness of the initiative.

41. The VBT implementation plan lacked structured lessons-learned exercises, limiting opportunities to adapt or improve the process. Additionally, the roles and responsibilities of the various units involved in the process were unclear. The absence of key performance and risk indicators, or milestones created challenges in monitoring and overseeing the initiative's progress.

Underlying cause(s): Limited effectiveness in VBT management (strategic and operational plans not developed, approved, or not SMART); external factors impacting the roll-out of VBT (conflict, security & access); turnover and unclear roles and responsibilities of the different units engaged in the VBT implementation.

Agreed Actions [High priority]

The country office, with the support of the regional bureau, will review the vulnerability-based targeting implementation plan and define clear roles and responsibilities, milestones, necessary budget, and resources.

Timeline for implementation

30/06/2025

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[3] Annual Country Report 2023 - Mozambique

Observation 4: Insufficient controls on beneficiary identity management

42. During the audit period, the country office registered 15 percent (around 50,000 people) of the beneficiaries in SCOPE,[4] the WFP beneficiary information and transfer management platform, and 85 percent (around 291,000 people) in excel spreadsheets and based on government lists.

Non-vulnerability-based targeting beneficiary lists

43. Field visits to Pemba confirmed risks to the integrity of beneficiary data used for programme implementation and delivery of assistance, including:
- Reliance on beneficiary lists provided by district-level government counterparts;
- Lists of beneficiaries manually prepared by partners prone to errors and absence of controls over the lists after distributions;
- Deduplication and data cleaning limited due to the absence of a master beneficiary list and minimal identification information provided by the government (typically only names and surnames); and
- Recurrent anomalies on identification documents and absence of a standard for beneficiary identification during distributions.

Vulnerability-based targeting beneficiary lists

44. Although beneficiaries registered in SCOPE provide the country office with more controls, a review of the information within SCOPE identified issues:
- The data quality in SCOPE required improvement, with a backlog of beneficiary data, and recurrent anomalies on the identification documents registered; and
- Deduplication and quality checks happened only at the end of the registration process, which may affect both timeliness and cost, especially if new data collection is needed.

45. The caseload management and the data quality SOPs were in draft and, since data collection took place in 2021, the VBT beneficiary lists were outdated.

Underlying cause(s): Limited controls and standards on non-VBT beneficiary lists (political - government restrictions); challenges in access due to external factors (conflict, security & access), limited use of digitization tools (absence or late adoption of tools and systems).

Agreed Actions [Medium priority]

1. The country office, for non-vulnerability-based targeting beneficiary lists, will request and define a minimum level of information for government lists and reinforce the deduplication and cleaning processes.

2. The country office, for vulnerability-based targeting beneficiary lists, will review and clean the data that are no longer in use in the WFP beneficiary information and transfer management platform. Perform a feasibility and cost-efficient analysis for real-time deduplication during registration and, depending on the result, consider implementation of the control.

3. The country office will finalize and implement the caseload management standard operating procedure.

Timeline for implementation

1. 31/03/2025
2. 30/06/2025
3. 31/03/2025

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[4] The registration directly into SCOPE is only applicable for the VBT beneficiaries list.

Management of Non-Governmental Organizations

46. From January 2023 to June 2024, the country office contracted 22 Non-Governmental Organizations (NGOs), the value of purchase orders was approximately USD 18 million. As part of its fraud risk assessment, the country office identified risks related to partnership management, established mitigations, and updated its risk register accordingly.

47. The audit assessed the governance of NGO management, controls over the selection of partners including due diligence and capacity assessments, oversight practices including spot checks and performance evaluations. In August 2024, the regional bureau conducted an oversight and support mission on partnership management. As described in observation 2, the report had yet to be finalized as of November 2024. In addition to the review of the process at country office level, the Office of Internal Audit carried out a consolidated analysis of NGO management practices; results of this analysis and potential improvements will be discussed at corporate level.

Observation 5: Issues with assessment of Non-Governmental Organizations

Shortlisting and assessment

48. The country office issued an expression of interest in the last quarter of the year to identify potential NGOs. It relied on activity managers, who were also part of the cooperating partner committee, to shortlist the prospective NGOs, without additional review and validation of the list. The criteria for shortlisting were not documented.

49. The capacity assessments did not identify specific risks associated with each NGO and the country office did not develop tailored plans to strengthen the capacity of the NGOs. This left potential challenges unresolved during programme implementation.

Oversight

50. In October 2023, the country office implemented a new reporting mechanism to expedite payments to NGOs. Under the new mechanism, NGOs with new Field-Level Agreements (FLAs) no longer had to submit monthly invoices with full supporting documentation. Instead, they had to provide financial and narrative reports, while the country office planned to conduct cross-functional spot checks to verify proper use of funds and activity implementation.

51. Although the country office developed the standard operating procedure for financial spot checks in November 2023, the first one was conducted in September 2024. It also did not carry out cross-functional spot checks including programmatic and logistic reviews. As a result, the country office had yet to fully mitigate risks of misrepresentation and overbilling by NGOs.

Performance evaluation

52. The country office did not complete the performance evaluations of NGOs in a timely and effective manner. For example, a sample review noted delays of 6 to 15 months after FLAs had ended, as well as discrepancies between scores and comments. The country office did not leverage these evaluations to create actionable improvement plans.

Underlying cause(s): Insufficient internal coordination; absence of risk informed oversight plans.

> **Agreed Actions** [Medium priority]
>
> 1. The country office, to strengthen the coordination of non-governmental organizations, will:
>
>   (i) clearly outline in its standard operating procedure the responsibilities of its partnership unit in key sub-processes such as shortlisting and oversight.

(ii) establish, harmonize and document the criteria used by activity managers to shortlist non-governmental organizations.

2. The country office, to strengthen the oversight of non-governmental organizations, will:

(i) establish and implement a risk-based plan for cross-functional spot checks, ensuring proper follow-up of identified gaps.

(ii) track the timely and proper completion of performance evaluations.

(iii) develop targeted improvement plans incorporating training elements to address weaknesses identified during capacity assessments and performance evaluations.

Timeline for implementation

1. 31/03/2025

2. 30/06/2025

School Meals Management

53. The country office has been supporting the government to develop and operate a nationally owned home-grown school feeding programme. In 2023, as part of this activity which has been funded through a government debt swap, WFP in Mozambique supplied meals to 580 schools. As per corporate standards, the country office used three approaches: (i) support to the government for the provision of on-site meals; (ii) implementation of complementary home-grown school feeding programmes; and (iii) school feeding programmes in emergency and recovery settings.[5]

54. Interviews with WFP staff and other stakeholders highlighted (i) government's funding constraints; and (ii) limited capacity in managing financial resources at central and district levels; as key inherent risks for the sustainable transition to a nationally owned school feeding programme. For example, as identified by the country office and in the 2024 regional bureau finance oversight report, the government has not been able to close outstanding cash advances from WFP. The value of these advances as of July 2024 was USD 4.8 million. The Office of Internal Audit identified risks and mitigating actions related to unsustainable transitions as part of the School Meals Management thematic internal audit.[6]

55. In addition, the reconciliations for the cash transferred to schools focused on amounts disbursed to institutions and school meal expenses, limiting assurance that beneficiaries received the entitlements as planned. This issue was raised in the internal audit report mentioned above as well as in the 2023 external audit report[7] and the School Meals and Social Protection Service is currently working in addressing the recommendations.

Operations

56. In 2023, the total cash-based transfers to the beneficiaries amounted to USD 42 million. The country office used different delivery mechanisms: paper vouchers (USD 20 million), commodity vouchers for the school meal programme (USD 17 million), and mobile money and electronic voucher (USD 5 million).[8] As part of the GAP, the country office made significant efforts to digitize the reconciliation process by piloting corporate tools.

57. The review of the cash-based transfer process was limited to the reconciliation processes, advances, and guarantees in place with the Financial Service Provider (FSP) and the retailer's management. The audit acknowledges the regional bureau was reviewing other CBT controls as part of its oversight exercise.

Observation 6: Limited digitalization of cash-based transfer reconciliations

Reconciliation process as per WFP cash assurance framework[9]

58. At the time of the audit, the country office did not implement a programmatic reconciliation at the beneficiary level for paper vouchers. The reconciliation was done at an aggregated level based on the cooperating partners' distribution reports and invoices, including the physical vouchers, received from retailers. Finally, to pay the retailer, the reconciliation had to be finalized, and sample testing highlighted that, in some instances, this process could last up to six months after the distribution. Regarding the commodity vouchers used for the school meal programme, refer to the specific section School Meals Management.

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[5] Annual Country Report 2023 - Mozambique

[6] Internal Audit of School Meals Management in WFP. 2024. AR/24/11.

[7] External Audit Report of the World Food Programme. 2023.

[8] Annual Country Report 2023 - Mozambique

[9] The cash assurance framework divides transfer reconciliation into two levels: (i) validation of transactions and reconciliation of benefits, (ii) verification of the accuracy of the first level and confirmation of benefits and adjustments.

Management of payment instruments

59. The identity management unit at field level was in charge of the end-to-end management of the SCOPECARDS, including printing, custody, handover of cards to non-governmental organizations, and counting after the distribution. This resulted in lack of segregation of duty.

Management of retailers

60. Several inconsistencies were identified between the status of retailers in the Retail Onboarding and Contracting (ROC) application,[10] and the validation records maintained by the vendor management committee. No regular review of ROC data was in place, preventing the country office from keeping the information up to date.

Underlying cause(s): Paper voucher processes are manual (absence or late adoption of tools and systems limited process), the reconciliation SOP was still in draft (absence of local policies/guidelines), SOP on SCOPE user roles not implemented (unintentional human error), review of the ROC data not regular (absence of local policies/guidelines).

Agreed Actions [Medium priority]

1. The country office, in consultation with the relevant headquarters units and the regional bureau, will finalize the pilots for digital solutions for the reconciliation processes and management of payment instruments.

2. The country office will implement appropriate segregation of duty for the management of payment instruments and update the standard operating procedures for the management, tracking, and reconciliation of all payment instruments.

3. The country office will implement a regular review of the data in the Retail Onboarding and Contracting tool and ensure the vendor management committee's decisions on vendors are reflected in the tool.

Timeline for implementation

1. 31/03/2025

2. 31/03/2025

3. 31/03/2025

Observation 7: Exceptions to competitive tendering and post-factum procurement actions

61. WFP's policy is to procure food, goods and services through competitive processes. Procurement authorities can waive this requirement only if there is a sole source for the goods and services or if WFP's exigencies justify a single source procurement and direct contracting.[11] Based on the corporate manual, these exigencies can be linked to emergency situations but should not be caused by lack of planning or funding availability concerns.

62. The value of waived procurement actions was USD 1.4 million in 2023.[12] A review of a sample of procurement actions highlighted waivers mostly linked to single source procurement and activities not linked to emergency response, such as resilience or school meals. For example, following delays in the evaluation of bidders, the country office waived the competitive tendering for a kitchen construction project and as the awarding process took 11 months, the country office did not meet the project timelines. This exposed the

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[10] ROC is a digital platform supporting the selection & contracting of retailers in CBT voucher programs.

[11] WFP. 2019. Corporate Goods and Services Procurement Manual.

[12] Data from WFP Information Network and Global Systems

country office to the risk of funding losses as, at the time of the audit reporting, one donor had yet to approve the no cost extension for the construction project. Several United Nations agencies have expertise and activities linked to resilience and school meals, this overlap could affect efficient and effective delivery and required coordination efforts. The audit acknowledges the country office efforts on the Business Operating Strategy since 2022 and its continued collaboration with other agencies through the UN Procurement Working Group.[13]

63. Interviews with staff from procurement and requesting units highlighted gaps in procurement planning. Data analytics corroborated this finding as 69 percent (USD 2.1 million) of the purchase orders finalized from January to May 2023 had not been included in the procurement plan. This resulted in time constraints, limited visibility on the needs of requesting units and challenges in sourcing activities. For example, within a period of six months, the country office issued three purchase orders for the procurement of furniture. Based on the value of the first purchase, the country office used a request for quotation as solicitation method while the total value of the three purchase orders required sourcing using an invitation to bid.

64. The country office was procuring food commodities from small holder farmers through a mandate contract with a local trader. This contract outlined the supporting documents required from the supplier as proof of origin of the commodities. The country office was not able to obtain these documents and relied on government declarations as compensatory evidence.

Documentation of the procurement process

65. The Purchase and Contracts Committee adequately documented the exceptions related to competitive tendering in the notes for the records of the procurement actions. It did not document the quarterly analysis of post factum purchase orders as required by the corporate manual; post factum review was on a case-by-case basis. At the time of the audit execution, the country office had yet to finalize and reflect the vendor performance evaluations in the corporate system.

Underlying cause(s): Limited staff training to ensure clarity on key requirements for procurement planning (resources and people); insufficient market research prior to procurement of complex goods and services and limited competitive advantage for the delivery of related activities (process and planning); limited oversight on contracting and corporate requirements for the procurement from small-holder farmers and the memorandum for post-factum purchase orders (see actions for observation 2).

Agreed Actions [High priority]

1. The country office will carry out training sessions on procurement planning for key requesting units.

2. The country office, following training sessions and based on results of procurement planning, will identify complex procurement actions, carry out market research and use pre-qualification tools as per corporate guidance.

3. Based on results of procurement planning and, in coordination with the Resident Coordinator Office and the United Nations Procurement Working Group, the country office will review competitive advantages for the procurement of services in overlapping areas across United Nations organizations. Review results will be reflected in additional piggybacking, if necessary.

Timeline for implementation

1. 30/06/2025

2. 30/06/2025

3. 30/06/2025

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[13] The country office is the lead agency for the sourcing of fuel and cleaning services and has established 35 Long-Term Agreements for piggybacking among UN agencies.

Monitoring

66. The country office had approximately 2,000 active sites and, as of September 2024, the overall monitoring coverage was around 76 percent.

67. The Monitoring and Evaluation (M&E) team had 93 personnel, 13 at the country office and 80 at field locations, of whom 72 were field monitors performing both program implementation and monitoring tasks. Following the 2023 organizational alignment, the country office aimed to separate the dual roles of field monitors by converting about 40 positions to program assistant roles. The new structure will enhance segregation of duties and is expected to be fully implemented by early 2025.

68. In 2024, the country office introduced the use of dashboards to provide an overview of key process monitoring findings. It also initiated the process of contracting a third-party monitoring service to reinforce its monitoring efforts and implement a multilayered approach, as required by the minimum monitoring requirements. The audit reviewed the monitoring structure, planning, coverage of activities, and the mechanism for tracking and escalating monitoring issues.

Observation 8: Limited review of monitoring data and gaps in escalation process

Monitoring plan and coverage tracking

69. In 2024, the country office developed risk-based monitoring plans and tracked coverage using the corporate tool. It did not have a consolidated plan to assess the overall coverage but prepared and maintained monthly plans per each of the seven field offices. The review process of these plans was informal with no structured submission, review, validation, or follow-up. The updates to the risk analysis of sites and changes made to plans at field level were not tracked, and discrepancies between planned and actual monitoring activities were not systematically followed up.

Quality check of monitoring data

70. The country office used MODA to collect data during monitoring activities. Interviews with M&E personnel and sample review of process monitoring activities revealed that data quality, validation checks and follow-up of discrepancies were limited at both field and country office levels. For instance, some questionnaires indicated start and end dates nearly a month apart, there were errors in the number of reported interviews, and geolocation data captured when completing interviews in MODA was not used to verify the interview locations and ensure alignment with the plan.

Escalation process

71. In August 2024, the country office rolled out the corporate customer relationship management tool, SugarCRM, to ensure systematic follow-up of issues raised through process monitoring. Audit testing of the dataset highlighted gaps in the input from field monitors, this resulted in inconsistent follow-up actions.

Underlying cause(s): No structured review process and validation of the monthly monitoring plans submitted by field offices (rules and processes, including for decision making, not established or unclear); reliance on field office personnel with limited oversight on monitoring data at country office level (insufficient oversight from management); and lack of familiarity and guidance on the corporate customer relationship management tool (absence of/insufficient staff training).

Agreed Actions [Medium priority]

1. The country office will structure and formalize the submission, review, validation and follow-up process for monitoring plans developed by field offices.

2. The country office will establish systematic controls at field and country office level to enhance quality checks of monitoring data and address identified discrepancies.

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3. The country office, to improve the escalation process, will:

    (i)   develop standard operating procedures to streamline the escalation process.

    (ii) provide training to relevant personnel on these procedures.

    (iii) regularly review information in the customer relationship management system to ensure completeness, and proper follow-up of reported issues.

Timeline for implementation

1. 28/02/2025

2. 31/03/2025

3. 31/03/2025

Community Feedback Mechanism

72. The toll-free emergency response hotline, Linha Verde da Resposta a Emergencia (1458), is an inter-agency tool developed in 2019 and endorsed by Mozambique's United Nations Humanitarian Country Team. The hotline received 340,000 queries in 2023, with 32,000 related to humanitarian activities. The audit reviewed how the country office addressed complaints and reviewed its programme design accordingly.

<div style="background-color:#4472C4; color:white; padding:6px;">Observation 9: Limited effectiveness of the community feedback mechanism</div>

73. The country office did not ensure equitable access to the Community Feedback Mechanism (CFM) for all beneficiaries. Most beneficiaries did not have access to phones, limiting their ability to use the toll-free number to submit feedback. Interviews with beneficiaries and country office staff highlighted the population preferred face-to-face interactions, particularly through community leaders. The critical role of community leaders and the potential for abuse of power were reported as part of the previous internal audit report,[14] and despite the implementation of mitigation actions, the residual risk remained high. Partners, in coordination with WFP, implemented helpdesks at registration and distribution sites, however, the data collected was inconsistent and tracking was limited.

74. The country office registered feedback received through Linha Verde 1458 in one database, while those received through other channels were collected into the Mobile Operational Data Acquisition (MODA). The management of complaints was challenging due to data quality issues in both databases, these included duplicated entries, inconsistent case numbering, and items marked as closed without resolution details. These deficiencies led to difficulties in tracking the status of complaints and ensuring timely escalation and accurate internal or external referrals.

75. The systems lacked traceability from the intake of the complaints to their final resolution, and there was no tracking of closure time. Since 2023, the country office has been working on the implementation of a new information technology solution to address Linha Verde 1458 data quality issues. At the time of the audit, the project was still at the development stage.

76. Monthly reporting on the CFM data did not have key performance indicators for tracking activities and assessing performance. Linha Verde 1458 reports were generic, providing limited actionable information, while there was insufficient dissemination of MODA reports. The absence of detailed reporting and key performance indicators affected the ability to monitor progress, track complaint resolution times, and make informed decisions to improve the CFM.

Underlying cause(s): Limited awareness of the different CFM channels (limited local guidelines for the community feedback mechanism and training/capacity building of partners), MODA and Linha Verde 1458 systems presenting technological issues and limitations (inappropriate implementation or integration of tools and systems), performance measures and outcomes inadequately measured/established.

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[14] Internal Audit of WFP Operations in Mozambique. 2022. AR?22/02

Agreed Actions [High priority]

1. The country office will review and strengthen approaches to awareness raising on beneficiary rights and knowledge of community feedback mechanisms, including the hotline.

2. The country office will develop an interim solution and establish a standard operating procedure clarifying manual data cleansing and case management process applicable until the new information technology system is fully operating.

3. The country office, with the support of the Technology Division in the regional bureau and headquarters, will:

   (i) review, analyse and provide a decision on the system selected. Once the Technology Division gives the authorization to operate, implement the system to ensure accurate case collection and follow-up, classification of the complaints' status, confidentiality, and documented case monitoring until their closure. Update the standard operating procedure for community feedback mechanism accordingly.

   (ii) decommission the use of the mobile operational data acquisition tool by integrating the helpdesk collection into the new Information Technology system.

4. The country office will review the community feedback mechanism monthly reports by including key performance Indicators for tracking activities, assessing performance, and informing decisions.

Timeline for implementation

1. 31/03/2025

2. 30/06/2025

3. 30/09/2025

4. 30/06/2025

Annex A – Agreed action plan

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

The agreed action plan is primarily at the office level.

#	Observation (number / title)	Area	Owner	Priority	Timeline for implementation
1	Implementation issues related to the assurance action plan	Governance	Country Office	**Medium**	1. 31/03/2025 2. 31/03/2025 3. 31/03/2025
2	Inconsistent application of oversight framework and issues with support services	Governance	Regional Bureau	**High**	1. 30/06/2025 2. 31/12/2025
3	Limited progress with vulnerability-based targeting roll-out	Programme	Country Office	**High**	1. 30/06/2025
4	Insufficient controls on beneficiary identity management	Programme	Country Office	**Medium**	1. 31/03/2025 2. 30/06/2025 3. 31/03/2025
5	Issues with assessment of Non-Governmental Organizations	Non-governmental organization management	Country Office	**Medium**	1. 31/03/2025 2. 30/06/2025
6	Limited digitalization over cash--based transfer reconciliations	Operations	Country Office	**Medium**	1. 31/03/2025 2. 31/03/2025 3. 31/03/2025
7	Exceptions to competitive tendering and post-factum procurement actions	Operations	Country Office	**High**	1. 30/06/2025 2. 30/06/2025 3. 30/06/2025
8	Limited review of monitoring data and gaps in escalation process	Monitoring	Country Office	**Medium**	1. 28/02/2025 2. 31/03/2025 3. 31/03/2025
9	Limited effectiveness of the community feedback mechanism	Programme	Country Office	**High**	1. 31/03/2025 2. 30/06/2025 3. 30/09/2025 4. 30/06/2025

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
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.
	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.
Major improvement needed	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.
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: (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.[15]

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[15] 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

CBT	Cash based transfers
CFM	Community feedback mechanism
FLA	Field-level agreement
FSP	Financial service provider
GAP	Global assurance project
GCMF	Global commodity management facility
MODA	Mobile operational data acquisition
M&E	Monitoring and evaluation
NGOs	Non-governmental organizations
ROC	Retail onboarding and contracting
SCOPE	WFP beneficiary information and transfer management platform
SOP	Standard operating procedures
SugarCRM	Corporate customer relationship management tool
UNSDCF	United Nations sustainable development cooperation framework
USD	United States dollar
VBT	Vulnerability-based targeting
WFP	World Food Programme