

14 April 2025

WFP Management Comments to the Internal Audit Report of WFP's Financial Service Provider Management (AR/25/03)

WFP Management welcomes the audit observations contained in the audit of Financial Service Provider (FSP) Management for Cash-Based Transfers (CBT) and the conclusion of “some improvements needed” by the Office of the Inspector General. The audit report covers the period from 1 January 2023 to 30 June 2024, and focused on governance, risk management, financial sector and financial service provider assessments, and onboarding of non-traditional financial service providers.

WFP Management is pleased to note the recognition that the assessed governance arrangements, risk management and controls were generally established and functioning well yet needed improvements to provide reasonable assurance that the objectives of the audited entity/area are achieved. Issues identified by the audit were unlikely to significantly affect the achievement of the objectives of the audited entity/area. These acknowledgements underscore WFP's commitment to operational excellence and continuous improvement in supporting CBT operations globally.

WFP Management acknowledges the positive practices, challenges, and initiatives noted in the audit report, including the existence of normative guidance and tools for reviewing FSP risks and ongoing alignment with the procurement transformation project. In addition, the report recognized that the Business Development Cash-Based Transfers Unit (CFOFC) staff demonstrated strong expertise and close attention to emerging trends, ensuring the continued maturity of financial service provider management processes while driving further innovations.

WFP Management acknowledges that one high-risk and five medium risk audit observations were raised and fully endorses the agreed actions for improvement in governance, policies, risk assessment, and oversight of financial service providers, which will enhance risk management and further optimise efficiency.

To effectively and timely accomplish the agreed actions, the CFOFC Unit will coordinate completion with relevant cross functional divisions. Some of the agreed actions have already been initiated such as enhancement of the financial sector intelligence tool, as well as discussions with the Technology and Risk Management Divisions on collaboration regarding IT related risks and fraud risk assessment, respectively.

WFP Management would like to thank the Office of the Inspector General for its thorough analysis and its excellent collaboration during this audit. Implementation of the agreed actions will improve operational effectiveness, as well as further strengthen the governance and risk management of WFP's FSP management processes for CBT operations.