

# Internal Audit of WFP Operations in the Philippines

Office of the Inspector General  
Internal Audit Report AR/25/05

## Contents

I.	Executive summary	3
II.	Country context and audit scope	5
III.	Results of the audit	8
	Risk management and management oversight	8
	<b>Observation 1. Risk management and operationalization of delegation of authority</b>	<b>8</b>
	Resource mobilization and management	9
	<b>Observation 2. Private sector partnership due diligence and contracting of an international financial institution</b>	<b>9</b>
	Programme design and implementation	11
	<b>Observation 3. Programme setup and implementation</b>	<b>11</b>
	Targeting, identity management and cash-based transfers	12
	<b>Observation 4. Beneficiary information management and cash-based transfers</b>	<b>13</b>
	Monitoring and community feedback mechanisms	14
	<b>Observation 5. Tracking and resolution of monitoring issues and community feedback</b>	<b>14</b>
	Procurement	15
	<b>Observation 6. Procurement planning, coordination and management of purchase orders</b>	<b>15</b>
	Annex A – Agreed action plan	17
	Annex B – List of Figures and Tables	18
	Annex C – Acronyms used in the report	18
	Annex D – Root Cause Categories	19
	Annex E – Definitions of audit terms: ratings & priority	21



## I. Executive summary

### WFP Philippine Country Office

1. As part of its annual workplan, the Office of Internal Audit conducted an audit of WFP operations in the Philippines. The audit focused on risk management and management oversight, programme design and implementation, assessment and beneficiary targeting, identity management, monitoring activities, community feedback mechanisms, and procurement. The audit also carried out tailored reviews of finance and accounting, cooperating partner management and cash-based transfers.

2. The audit covered the period from 1 January to 31 December 2024. During this period, WFP's direct operational expenses in the Philippines were USD 13 million, reaching approximately 178,000 direct beneficiaries.<sup>1</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. The country office continues to play a critical role in supporting the Government of the Philippines in achieving food and nutrition security, aligning with national and regional development priorities. Given the country's exposure to natural hazards, the country office maintains operational readiness for emergency response and regularly updates response plans in coordination with the government.

5. The country office consistently coordinated with the regional office and headquarters on legal, contractual, and compliance matters to reinforce governance structures. Targeted initiatives also strengthened efforts to enhance staff well-being. Government and donor counterparts interviewed indicated the country office's collaborative and effective partnership, reliability, technical expertise, and leadership in capacity-strengthening and emergency preparedness.

6. The audit report contains the following two high priority observations with agreed actions:

7. Private sector partnership due diligence and contracting of an international financial institution ([Observation 2](#)): Delays in due diligence processes risked the loss of partnership opportunities, largely due to a non-traditional fundraising setup, prolonged negotiations on key terms, including applicable indirect support costs and slow partner responses to WFP's requests some of which require corporate-level actions. Given WFP's funding cuts, engaging with private entities will strengthen the country office's ability to diversify its funding sources and reduce the funding gap.

8. The Partnerships and Innovation Department, in coordination with the Legal Office, needs to streamline private sector partnership processes by: (a) finalizing and implementing the new due diligence procedure, including training on the updated interface of the Salesforce system (WFP's corporate tool for donor intelligence and forecasting); and (b) establishing a unified Salesforce-based agreement tracking system for all partner categories.

9. Procurement planning, coordination, and management of purchase orders ([Observation 6](#)): Inadequate needs assessments and coordination within the country office led to delayed amendments, post-factum waivers, and increased reliance on operational advances. The country office needs to: (a) formalize procurement needs assessments involving all relevant units, with sign-off prior to procurement initiation, to prevent scope changes and cost overruns; (b) enforce minimum bidding timelines, expand vendor pool

---

<sup>1</sup> <https://www.wfp.org/publications/annual-country-reports-philippines>



through proactive market analysis, and limit the use of operational advances to exceptional cases while monitoring their use; and (c) assign a lead focal point for micro purchase orders to streamline workflows, strengthen coordination and enforce delegation thresholds.

### **Actions agreed**

10. The audit report also contains four medium priority observations related to risk management, programme design and implementation, beneficiary information management and cash-based transfers, programme monitoring, and community feedback mechanisms. Management has agreed to address the reported observations and to implement the agreed actions by their respective due dates.

### **Thank you!**

11. 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

### The Philippines

12. The Philippines is a lower-middle-income archipelago country with an estimated population of 116 million people. It is ranked 113 of 193 countries in the 2023–2024 Human Development Index<sup>2</sup> and 114 of 180 countries in the 2024 Transparency International Corruption Perceptions Index.<sup>3</sup>

13. The Philippines experienced strong domestic economic growth and is on track to transition to upper-middle income status.<sup>4</sup> However, the country is exposed to natural disasters and vulnerable to climate changes. It was ranked first in disaster-prone countries in the 2023 World Risk Index for the third consecutive year.<sup>5</sup> This exposure to natural hazards and climate change has led to loss of livelihood and hampered access to basics social services and increased food insecurity and malnutrition.

14. The establishment of the Bangsamoro Autonomous Region in Muslim Mindanao<sup>6</sup> and the Philippine Government's commitment to food security and human development present opportunities for transformative change. These efforts, coupled with a strong policy environment, including the Philippine Development Plan 2023–2028, the Bangsamoro Development Plan 2023–2028, and the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2024–2028, provide a foundation for addressing the interlinked issues of climate change, conflict, and food insecurity.

### WFP operations in the Philippines

15. Guided by its Country Strategic Plan (CSP) for 2024–2028,<sup>7</sup> WFP operates in the Philippines with a budget of USD 131 million, focusing on strengthening government capacity, responding to emergencies, and building community resilience. In 2024, WFP focused on enhancing the Government's capacity to address food and nutrition needs during emergencies and supported community resilience against food and nutrition insecurity.

16. WFP's work in 2024 was centred on three strategic outcomes. Under strategic outcome 1, WFP augmented Government response operations to address immediate food, nutrition, and other essential needs during emergencies. During the typhoon season, WFP supported Government-led responses through assessments, cash assistance, technical assistance, logistics, and telecommunications augmentation. WFP continued to provide technical support in enhancing existing national and sub-national disaster risk management systems and capacities to better prepare for such events.

17. Under strategic outcome 2, WFP supported communities to better manage climate, conflict, and economic shocks by providing integrated resilience activities, strengthening food systems, and enhancing Government social protection delivery to become increasingly nutrition-sensitive and shock-responsive. WFP provided technical assistance and operational support in the implementation of *Walang Gutom 2027*, the Government's nutrition-sensitive social protection programme, and the National School-Based Feeding Programme to integrate a home-grown school feeding approach. Applying a conflict-sensitive lens, WFP engaged smallholder farmers, indigenous peoples, former combatants and their families, and other marginalized groups in livelihood projects and social and behavioural change activities.

18. Under strategic outcome 3, WFP can provide on-demand services (e.g., procurement, warehousing, transport) to the Government and humanitarian community to improve development action. While the government made no service requests in 2024, WFP provided mobility and carpooling services to partner UN agencies.

<sup>2</sup> [Human Development Report 2023–2024, Table 1](#)

<sup>3</sup> [Corruption Perceptions Index 2024](#)

<sup>4</sup> <https://www.worldbank.org/en/country/philippines/overview>

<sup>5</sup> World risk overview: [WorldRiskReport\\_2023\\_english\\_online.pdf](#)

<sup>6</sup> Established in 2019, the new southern Philippine region aims to resolve long-standing conflict and provide autonomy to the Muslim-majority population. The UN supports its peacebuilding through joint programs on displacement, women's rights, and community reintegration.

<sup>7</sup> <https://www.wfp.org/operations/ph03-philippines-country-strategic-plan-2024-2028>



## Objective and scope of the audit

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

20. The audit focused on Activities 1 to 4 under strategic outcomes 1 and 2 of the CSP. **Table 1** summarizes the direct operational costs and beneficiaries assisted in 2024 under these activities. These figures represent 93 percent of the total direct operational costs, and 100 percent of the beneficiaries reached in 2024.<sup>8</sup>

**Table 1: Direct operational costs and beneficiaries assisted in 2024**

Activity	Direct Operational Costs (USD millions)	Percentage of total	Direct beneficiaries	Percentage of total
<b>Activity 1</b> (Strategic outcome 1): <i>Provide nutrition-sensitive emergency food assistance and restore assets, directly or through the Government's social protection programmes or through partners, along with appropriate supply chain and emergency telecommunications services to crisis-affected communities.</i>	3.04	23 %	112,675	63 %
<b>Activity 2</b> (Strategic outcome 1): <i>Strengthen and augment the Government's and partners' emergency preparedness capacity along with appropriate supply chains and emergency telecommunications.</i>	3.16	24 %	1,216	1 %
<b>Activity 3</b> (Strategic outcome 2): <i>Provide integrated resilience building activities for targeted communities and support the Government in managing climate, economic and conflict-related risks and enhancing food value chains.</i>	3.15	24 %	50,830	28 %
<b>Activity 4</b> (Strategic outcome 2): <i>Strengthen the government social protection system, including through the provision of integrated food and nutrition assistance to vulnerable communities using conflict-sensitive and inclusive approaches.</i>	2.90	22 %	13,239	9 %
<b>Total: activities in the audit's scope</b>	<b>12.25</b>	<b>93 %</b>	<b>177,960</b>	<b>100 %</b>
Direct Support Costs	0.95	7 %		
<b>Total country operations in 2024</b>	<b>13.20</b>	<b>100 %</b>		

21. In defining the audit scope, the Office of Internal Audit considered coverage by second-line oversight providers, including the January 2024 Asia and the Pacific Regional Office (APARO) oversight mission on management services, the August 2024 oversight mission on monitoring, and the September 2024 oversight mission on human resources.

<sup>8</sup> Source: WFP Philippines country brief, available at [www.wfp.org/countries/Philippines](https://www.wfp.org/countries/Philippines)

22. The areas in the audit scope are included in **Figure 1** below.

**Figure 1: Areas in audit scope**

*Full audit coverage:*



*Partial audit coverage:*



23. The audit mission took place from 17 February to 7 March 2025 at the country office in Manila, including a visit to the Cotabato field operations in the Bangsamoro Autonomous Region in Muslim Mindanao. The country office was last audited in 2017, and a report was issued in May 2018.<sup>9</sup>

24. The audit was conducted in conformance with the *Global Internal Audit Standards*.

<sup>9</sup> <https://www.wfp.org/audit-reports/internal-audit-wfp-operations-philippines>



## III. Results of the audit

### Audit work and conclusions

25. Six observations resulted from the audit, relating to risk management and management oversight, resource mobilization and management, programme design, targeting and identity management, cash-based transfers, monitoring, community feedback mechanisms, and procurement. Other audit issues assessed as low priority were discussed directly with the country office and are not reflected in the report.

### Risk management and management oversight

26. In line with WFP's risk management framework, the country office updated its Risk and Oversight Committee Terms of Reference in June 2024, with a risk focal point and alternate appointed.

27. To enhance efficiency, the country office also operationalized the delegation of authority for micro purchase orders (MPOs)<sup>10</sup> to streamline low-value procurement (under USD 5,000). Country directors or heads of offices nominate MPO focal points and may delegate MPO approval authority to deputies, heads of units, or sub-offices, ensuring clear responsibilities, accountability, and operational efficiency.

28. The audit reviewed the risk management setup and processes in the country office.

#### Observation 1. Risk management and operationalization of delegation of authority

29. The country office's risk register identified 18 risks: 2 were rated high, 13 medium, and 3 low. Follow-up on key risks and mitigation actions and oversight recommendations lacked consistency, as it was managed by individual units without systematic coordination from the country office Risk Focal Point and heads of unit, leading to delayed implementation of recommended actions. For example, to address food handling risks in the homegrown school feeding programme, the country office conducted a food safety and quality assessment in September 2024. The assessment identified several actions, some of which were still pending implementation to mitigate the identified risks.

30. The audit noted that while the delegation of authority for micro purchase orders (MPOs) sets a USD 5,000 transaction limit to ensure proper control and segregation of duties, there were instances where MPO focal points processed separate but related transactions within a similar timeframe. This occurred due to limited coordination and oversight among staff applying delegated limits. As a result, cumulative micro purchases from a specific vendor exceeded the authorized threshold, indicating gaps in control and oversight.

31. In 2024, the country office carried out post-factum purchases totalling USD 58,140, representing 1.8 percent of the total procurement value of USD 3,261,363. Of this amount, USD 42,081 included cases where purchase orders were issued after goods or services had been delivered, or where original purchase order amounts were exceeded without prior authorization. The remaining USD 16,059 was related to utilities and services for the Cotabato sub-office. Additionally, approximately USD 28,951 in purchase orders were created retroactively during payment processing for expenses related to meetings and workshops. These practices indicate potential non-compliance with delegated authority, weakening internal controls and exposing the country office to potential financial risks.

Underlying causes: Process and planning | Insufficient coordination - internal or external; Inadequate process performance | Oversight plans are not risk-informed.

<sup>10</sup> ED Circular OED2022/005: MPO Delegation of Authority for Micro Purchase Orders at HQ and Offices outside HQ



**Agreed Action** [Medium priority]

The country office will activate a risk management committee and formalize regular discussions on country office risks and compliance matters. The discussions will include regular review of key monitoring findings and incidents, and country office risks and mitigation actions, follow-up on audit and oversight findings and related recommendations, and review of delegation of authority.

**Timeline for implementation**

30 September 2025

## Resource mobilization and management

32. The audit conducted a partial review of the country office's resource management processes, focusing on the current funding situation and the overall management of donor relations. The audit also reviewed the due diligence and legal review processes followed by the country office before engaging with these partners.

33. As part of its Partnerships and Resourcing Strategy 2024-2028, the country office seeks to form and expand partnerships with private sector entities. Given WFP's global funding cuts, engaging with private entities strengthens the country office's ability to diversify its funding sources and reduce the funding gap.

### Observation 2. Private sector partnership due diligence and contracting of an international financial institution

#### *Delays in private partner due diligence and negotiation of the partnership agreement*

34. In 2024, the country office began negotiations to partner with three emerging private donors. Before the country office can practically engage with a new private donor, it must request a due diligence screening<sup>11</sup> which is performed by the Legal Office (LEG) at WFP headquarters and takes 4 to 10 weeks to complete, depending on the complexity of the subject, the issues identified, and the level of approval required. The legal agreement can be drafted by the country office in parallel, with support from the Private Partnerships Division (PSP) regional focal point, and must be cleared by LEG; however, it can only be signed once due diligence clearance is secured.

35. There were significant delays in the due diligence process, which could potentially cause the country office to lose partnership opportunities. For two entities, the country office filed the request in July and September 2024 respectively, and both were still pending at the time of the audit fieldwork (six- and four-month delays, respectively). PSP indicated an increasing backlog of requests from multiple country offices, caused by a limited resource pool to conduct the process.

36. For the third private entity, the due diligence review took two months to complete, followed by an additional six months for the review and finalization of the legal agreement. The legal review team at headquarters indicated that several factors contributed to the delay, including: (a) the non-traditional nature of the fundraising setup, which required multiple consultations with various units at headquarters; and (b) delays in receiving responses from the entity to WFP's comments.

37. Recognizing these challenges, PSP and LEG have been working since 2022 to revisit and streamline the due diligence process and contracting<sup>12</sup> of private-sector partnerships. A revised process is expected to be adopted and launched by the end of 2025, with the aim of improving efficiency and reducing delays in future agreements.

<sup>11</sup>The 'Guidance on a Principle-based Approach to Cooperation between the United Nations and the Business Sector', the 'United Nations Global Compact', and the 'United Nations Guiding Principles on Business and Human Rights' guide the mandatory screening of any private entity or individual offering support to WFP. This due diligence process ensures full alignment with WFP's values and assesses the potential risks and benefits of the association, including the nature and level of risk WFP might be exposed to.

<sup>12</sup> As part of the Contract Lifecycle Management project.



### *Delay in contracting an international financial institution*

38. There were also delays in drafting the agreement with an international financial institution amounting to USD 1.9 million, with the administrative arrangement signed more than three months after negotiations began. Under the arrangement, WFP received contributions to deliver technical assistance for a Government programme. The delays were primarily due to protracted negotiations on key terms, including the milestone-based payment schedule,<sup>13</sup> the applicable indirect support cost, and the inclusion of new legal clauses requested by the institution, which required clearance from multiple headquarters units. These delays potentially risked impacting programme implementation timelines.

39. In response to such challenges, the External Auditor, in the 2021 Audited Annual Accounts<sup>14</sup>, recommended that WFP: *"Revise the directives, circulars and guidance documents on the management of funding agreements to ensure consistency and to include, as appropriate, a decision tree that specifies the consultations and decisions at each stage, depending on the circumstances and types of contributions."* At the time of the audit reporting, this recommendation was in the process of being implemented, highlighting the need for continued action to streamline agreement processes and reduce delays.

Underlying causes: Resources - people | Insufficient staffing levels - Limited human resources and capacity to conduct due diligence and legal reviews resulting from competing priorities; | Inadequate mechanism for local individual giving; External factors - beyond the control of WFP | Donor requirements.

#### **Agreed Actions** [High priority]

The Private Partnerships Division, in coordination with the Legal Office, will:

1. Finalize and operationalize WFP's new streamlined due diligence process for private-sector partners, including training on the updated corporate tool for donor intelligence and forecasting.
2. Support the pilot of the Contract Lifecycle Management project, led by the Coordination Support Services of the Partnerships and Innovation Department, to implement a new contribution agreement tracking system.

#### **Timeline for implementation**

31 March 2026

<sup>13</sup> The milestone-based payment schedule was adopted in response to the donor's strict requirements that any interest accrued on funds held in WFP's bank account be credited back to the grant, which conflicted with WFP's Financial Regulations.

<sup>14</sup> [https://executiveboard.wfp.org/document\\_download/WFP-0000138187](https://executiveboard.wfp.org/document_download/WFP-0000138187)



## Programme design and implementation

40. The audit reviewed the design, setup, reach and implementation of programme activities focusing on strategic outcomes 1 and 2. The Homegrown School Feeding (HGSF) programme<sup>15</sup> was piloted in nine school in seven municipalities, reaching 3,521 school children between July and December 2024, indicating a successful implementation of the pilot. There were plans to scale the programme to 10,000 school children by June 2025, with secured commitments from Government counterparts for two upcoming school years.

41. At the same time, the food for assets (FFA) activities (Activity 3) targeted and reached 50,830 people in 2024, emphasizing community participation in project selection and providing conditional in-kind support. The FFA activities aim to enhance food security and livelihoods by engaging targeted households in asset creation activities as part of the country capacity strengthening initiatives.

### Observation 3. Programme setup and implementation

#### *Homegrown school feeding programme*

42. In the initial phase of the HGSF pilot, some cooperatives faced payment delays, disrupting food delivery and increasing the risk of programme stoppages. To address this, the country office reviewed procurement processes and supported Government counterparts in formalizing procedures to resolve payment issues. However, the country office had not established a baseline to measure the impact of cooperative engagement, limiting the ability to assess their outcomes on food security and livelihoods within the broader resilience approach. This gap could hinder programme improvement and limit visibility into the progression and impact of the integrated resilience model.

#### *Food for assets*

43. In 2024, WFP targeted approximately 10,000 households and implemented FFA activities, which were associated with various risks and challenges.<sup>16</sup> Interventions spanned three to six months, limiting both the scale and duration of support. The absence of formal handover mechanisms to either Government counterparts or local communities further undermined the programme's long-term impact. Despite these constraints, the project facilitated collaboration with the Ministry of Agriculture, which supplied agricultural inputs, and the Ministry of Social Services and Development, which provided complementary cash assistance. This convergence helped align WFP's efforts with broader Government programmes.

44. Recognizing this gap, a post-implementation assessment of FFA activities was conducted to evaluate community efforts on asset maintenance and to inform future programming decisions. At the time of the audit fieldwork, the country office was well advanced in integrating FFA activities into existing Government programmes. This approach aimed to complement the country office's in-kind food assistance with Government-provided cash support, fostering local ownership and enhancing long-term sustainability.

45. To mitigate inclusion and exclusion risks, the country office implemented community-based participatory planning exercises and worked with local governments. Despite these efforts, community feedback mechanisms revealed instances where participants did not receive full allocations. In some cases, landowners demanded portions of entitlements from project participants, indicating insufficient risk mitigation.

<sup>15</sup> Under Strategic Outcome 2, this programme is a convergence project with government agencies, where WFP provides iron fortified rice for school meals, while government counterparts contribute financial resources for the fresh food components supplied through contracted cooperatives. The pilot aims to demonstrate a sustainable model using an integrated resilience-building approach and targets municipalities where local governments have committed to funding payments to cooperatives for fresh food items.

<sup>16</sup> The FFA activities reviewed were funded through a grant approved in early 2021 as part of the post-COVID emergency response. The rice, provided as in-kind assistance, arrived nearly three years later and had to be distributed within a limited timeframe. The grant did not include resources for capacity strengthening and was not intended for development-focused interventions.



Underlying causes: Process and planning | Insufficient coordination - internal or external; Oversight and performance | Performance measures and outcomes are inadequately measured/established; Resources - funds | Insufficient financial / cost management, Insufficient training/capacity building of cooperating partner staff.

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

The country office will:

1. Conduct a baseline study to evaluate the impact of cooperative engagement on food security and livelihoods, which will inform future program adjustments and advocacy efforts.
2. Finalise the implementation of phased transition strategies to institutionalize food for asset activities within government processes, ensuring long-term community benefits, sustained impact and reach.

#### **Timeline for implementation**

31 December 2025

## **Targeting, identity management and cash-based transfers**

46. For beneficiary targeting across activities, the country office utilized various data sources in coordination with Government and cooperating partners. For the FFA programme (Activity 3) in the Bangsamoro Autonomous Region in Muslim Mindanao, Government-provided community-level household vulnerability lists, based on socio-economic and demographic criteria, were used. For anticipatory action activities (Activity 1), beneficiary lists were developed and validated with the support of cooperating partners.

47. Similarly, for the Walang Gutom social protection pilot (Activity 4), beneficiary lists were provided by Government counterparts as part of national social protection initiatives. Across all activities, the country office used WFP's SCOPE platform to manage beneficiary registration, intervention design and administration, and redemption processes.

48. In 2024, the country office transferred USD 3.3 million in cash assistance, with 78 percent allocated to unconditional transfers and 22 percent to a malnutrition prevention programme. Assistance reached 125,000 beneficiaries through five transfer mechanisms, including cash-in-hand, remittance company transfers, and plugPAY<sup>17</sup> for emergency response activities, and 3,000 beneficiaries through e-vouchers under the Walang Gutom social protection pilot.

49. In some cases, partners predetermined the choice of cash transfer mechanism during programme design, limiting the country office's role in the transfer mechanism selection process. At the time of the audit, the country office was consolidating and updating beneficiary data with the necessary data fields to optimize the use of PlugPAY as a transfer mechanism. This initiative aimed to enhance efficiency while maintaining security and ensuring sustainable and inclusive financial approaches.

50. The audit reviewed the targeting and beneficiary identity management processes and carried out a partial review of the cash-based transfer delivery processes, including cash distribution planning, retailer selection and contracting, and cash transfer reconciliation processes.

<sup>17</sup> An innovative digital payment solution allowing WFP to send money from its bank account directly to beneficiary accounts or mobile wallets. In 2024, the country office implemented PlugPAY, which facilitated the direct transfer of USD 2.5 million to beneficiary bank accounts.



## Observation 4. Beneficiary information management and cash-based transfers

### *Beneficiary information management*

51. The beneficiary list for the anticipatory action was established in 2021. The country office contracted a cooperating partner to periodically update the list and reflect changes in beneficiaries' demographic information. However, important details such as beneficiaries' telephone numbers were missing from the list. In addition, the beneficiaries had been registered in SCOPE using multiple reference codes from various officially accepted identification documents.<sup>18</sup> This lack of a standardized reference code linked to the beneficiary identification document reduced the effectiveness of the deduplication process.

52. At the time of the audit reporting phase, the country office was (a) planning to update the data sets with the missing information in the beneficiary lists; and (b) considering leveraging the existing government social protection vulnerability data which contained more data fields to update its data in line with data protection and privacy requirements.

### *Value voucher transfer mechanisms and redemption assurance*

53. The country office distributed USD 708,000 in e-vouchers as part of the pilot implementation of the Government's social protection programme. Beneficiaries redeemed their entitlements through a network of pre-approved retailers using SCOPE.<sup>19</sup> The audit noted instances of redemptions occurring within unusually close time stamps, indicating potential anomalies that the country office did not analyse. The country office clarified that designated pop-up stores, operated by local farmers' cooperatives, served as regular retailers during each voucher redemption cycle and were available only on specific dates and at predetermined locations. Due to the concentrated nature of these redemptions, multiple redemptions within a short timeframe were expected.

54. Moving forward and in similar value voucher distributions (considering that the pilot implementation has been completed), the country office should assess the use of data analytics and determine the relevance and applicability of existing corporate anomaly detection tools. The Cash Assurance Framework Technical Note<sup>20</sup> on data analysis provides guidance for identifying anomalies and patterns to support assurance activities. No action has been raised with respect to this observation.

Underlying causes: Process and Planning | Insufficient planning; lack of foresight regarding the potential use of the data collected beyond its originally intended transfer mechanism.

#### **Agreed Action** [ Medium priority]

The country office will conduct an after-action review and work jointly with government counterparts to regularly revisit and assess data management and privacy-related risks.

#### **Timeline for implementation**

31 December 2025

<sup>18</sup> Ranging from birth certificates, certificate of residence (barangay certificate), voter identification card, senior citizen identification card, national identification card, passport, postal identification card, etc.

<sup>19</sup> WFP's beneficiary information and transfer management platform.

<sup>20</sup> WFP's technical guidance for field-level practitioners outlining key aspects and risk-mitigation measures for cash-based transfer operations. It details the components of an end-to-end Cash Assurance Framework to help country offices assess whether critical risk mitigation measures are implemented.



## Monitoring and community feedback mechanisms

55. In 2024, the country office achieved the following monitoring coverage: 96 percent of the 137 sites under activities 3 and 4; 100 percent coverage of post-distribution monitoring; and 68 percent of the 264 implementation sites under activity 3.

56. The country office, which uses SugarCRM as its community feedback mechanism (CFM) database, recorded approximately 2,300 cases, of which 90 percent were reported through cooperating partners and 5 percent through the helpline and email. The country office also conducted a community consultation exercise to identify the preferred communication channels to increase the reach and variety of its feedback channels.

57. The audit reviewed the country office monitoring planning, coverage, escalation, data quality and reporting, and the community feedback mechanism.

### Observation 5. Tracking and resolution of monitoring issues and community feedback

#### *Monitoring issues classification and resolution*

58. The country office monitoring identified 36 monitoring issues, which were tracked using spreadsheet documents. The issues identified did not have resolution dates and were not classified by priority to allow for visibility into issues that required critical and or immediate attention. At the time of the audit field mission, 14 monitoring issues, representing 43 percent of the monitoring issues were aged 102 to 188 days, indicating potential delays<sup>21</sup> in resolution timelines that could impact programmatic delivery and reduce the impact of outcomes.

#### *Accessibility of community feedback mechanisms*

59. The CFMs offered multiple modalities for collecting feedback, including a dedicated email address, helpline, and feedback boxes managed through cooperating partners (CPs). However, analysis of CFM data revealed that these channels were not functioning in a complementary manner. Over 90 percent of the recorded feedback originated from CP-managed feedback boxes and was entered into SugarCRM by CFM focal points, while the use of other channels, such as email and helpline, remained minimal.

60. Beneficiaries in remote areas with limited network coverage were unable to access the helpline, reducing the overall coverage and limiting the helpline's effectiveness in mitigating potential protection risks. Moreover, the country office lacked a process to verify the completeness and accuracy of the reported feedback. In some instances, CPs were self-reporting on activities for which they also served as implementing partners, limiting the reliability of the data and presenting a segregation of duties risk. Additional workflows in data entry could introduce errors of omission, further delaying case resolution timelines.

#### *CFM database quality and escalation protocol*

61. The country office SugarCRM application version does not include data on follow-up, resolution, and closure dates, which limited the country office's ability to analyse the resolution timelines for CFM cases logged. The aging of the unresolved cases rated as high (one case) and medium (two cases) at the time of the audit ranged from 54 to 182 days. In addition, some cases that were rated as high (in terms of criticality) were not escalated to country office management, as required by the country office CFM standard operating procedures.

Underlying causes: Tools, systems and digitization | Inappropriate implementation or integration of tools and systems, gaps in using the tool for issue tracking and escalation, and lack of regular updates on the resolution of monitoring issues; Process and planning | Inadequate process or programme design, existing CFM channels not aligned with beneficiary communication preferences; Tools, system and digitalization | Inappropriate implementation or integration of tools and systems, use of a non-standard version of SugarCRM.

<sup>21</sup> The 'Guidance on Escalation of Process Monitoring Issues' specifies that escalated matters must be resolved within 28 days for low-risk issues, 16 days for medium-risk issues, and 4 days for high-risk issues, counted from the date of escalation.

**Agreed Action** [Medium priority]

The country office will explore the use of SugarCRM: (a) for all monitoring issues identified and formalize the classification and escalation of monitoring issues; and (b) by providing access to cooperating partners' CFM focal points to directly input data into the database.

**Timeline for implementation**

30 September 2025

## Procurement

62. In 2024, 55 percent of the total procurement value of USD 3,261,363 was conducted through competitive processes; 33 percent was waived, and 10 percent was procured via MPOs. Post-factum purchases totalled USD 58,140.

63. The country office utilized operational cash advances totalling USD 114,500 (representing 0.9 percent of the country office expenditure) to facilitate purchases in areas with limited vendor availability, for example, training expenses in regions lacking pre-qualified vendors. These advances, governed by standard operating procedures, are intended for emergency situations and exceptional circumstances.

64. The country office also carried out due diligence in vendor contracting to comply with the UN Security Council Sanctions List. Contractors and cooperating partners were oriented on the WFP policies regarding anti-fraud and anti-corruption, as well as protection and accountability measures for affected people. In addition, the country office had proactively begun analysing the use of MPOs and operational advances to identify potential gaps and had initiated preliminary steps to address them.

65. As part of capacity strengthening in emergency telecommunications, the country office supported a Government agency by procuring equipment valued at USD 355,936 through a formal invitation to bid launched in December 2023. WFP assumed accountability for aspects such as insurance, warranties, and post-delivery services. Although a no-cost extension was agreed upon with the Government agency, delivery delays required additional equipment customization. At the time of the audit, the country office was addressing these customization requirements, resulting from limited early consideration of using a tripartite agreement with Government counterparts and leveraging localized solutions during the project design phase to ensure legal and financial safeguards.

66. The audit reviewed procurement processes, including planning, vendor management, purchasing, and receipt of goods and services, and assessed both the disbursement of operational cash advances to staff members and their subsequent liquidation processes.

### Observation 6. Procurement planning, coordination and management of purchase orders

#### *Management of purchase orders*

67. Limited coordination and oversight between the requesting and procurement units led to the late identification of additional needs and inadequate needs assessments. As a result, quantities and amounts in the original purchase order were understated and required amendments, some of which needed post-factum waivers. Procurement processes were affected by insufficient lead times for requests for quotations and limited vendor participation, which necessitated the use of waivers.

68. Over the course of the audit period, 20 MPO focal points processed purchase orders, exposing the country office to the risk of circumventing the appropriate procurement thresholds. The lack of unified coordination led to miscommunication and unprocessed amendments to long-term agreements or purchase orders, resulting in unanticipated financial obligations and overruns. It also risked undermining compliance and inefficiencies in procurement processes.





69. While the country office prepared MPO Assurance Statements<sup>22</sup> for three quarters in 2024, these statements only reported the number and value of MPOs by unit and did not include cumulative by vendor spending. This lack of visibility on purchases across units contributed to a perception of split procurements to bypass established thresholds and approval requirements.

#### *Operational cash advances*

70. Operational cash advances were not always used for emergency activities or exceptional circumstances as required by the standard operating procedures. The country office frequently used operational advances for: (a) costs of events held in remote islands where there are no pre-registered vendors, preventing the country office from following the regular procurement process; and (b) purchases at the Manila office were processed as emergency procurements due to poor planning, which left insufficient time to follow the regular process.

71. The standard operational procedures prescribe that for circumstances that are not emergencies, the threshold for operational cash advances is USD 2,000. Eight of 19 (42 percent, amounting to USD 25,667) operational cash advances sampled by the audit exceeded this threshold even though they were not related to emergencies. In addition, 13 of the advances (68 percent) were liquidated from 8 to 24 days after the end of the event, beyond the required period of 5 business days as per approved standard operational procedures.

Underlying causes: Process and planning | Inadequate process or programme design, Insufficient coordination - internal or external, Insufficient planning, Unintentional human error, Resources - third parties | Insufficient third-party capacity (non-governmental organizations, government, financial service providers, vendors, etc.), Absence of/insufficient staff training and corporate purchase monitoring tools, such as dashboards, have not been cascaded to the country office.

#### **Agreed Actions [High priority]**

The country office will:

1. Formalize needs assessment involving all relevant units, with formal sign-off before launching the procurement process to avoid scope expansions and cost overruns.
2. Enforce minimum bidding timelines, expand vendor databases, and conduct proactive market analyses to increase the vendor pool. Limit operational advances to last-resort cases and regularly monitor advance utilization to ensure compliance with SOPs.
3. Assign a lead micro purchase order focal point to consolidate the purchasing workflow, coordination, and processing. Track cumulative spending by vendor and enforce delegation of authority thresholds to prevent unplanned splitting while maximizing cost efficiency.

#### **Timeline for implementation**

30 September 2025

<sup>22</sup> The Assurance Statement is required on a quarterly basis by all WFP offices using MPOs. After the collection of the MPO Assurance Statements signed by individual MPO creators, the Procurement unit prepares a summary page for the County Director's signature.





## 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	Risk management and operationalisation of delegation of authority	Governance	Country Office	Medium	30 September 2025
2	Private sector partnership due diligence and contracting of an international financial institution	External Relations, Partnerships & Advocacy	Headquarters Partnerships Division and Legal Office	High	31 March 2026
3	Programme setup and implementation	Programme	Country Office	Medium	31 December 2025
4	Beneficiary information management and cash-based transfers	Operations	Country Office	Medium	31 December 2025
5	Tracking and resolution of monitoring issues and community feedback	Programme	Country Office	Medium	30 September 2025
6	Procurement planning, coordination and management of purchase orders	Operations	Country Office	High	30 September 2025



## Annex B – List of Figures and Tables

Table 1: Direct operational costs and beneficiaries assisted in 2024.....	6
Figure 1: Areas in audit scope .....	7

## Annex C – Acronyms used in the report

<b>APARO</b>	Asia and the Pacific Regional Office
<b>CFM</b>	Community feedback mechanism
<b>CSP</b>	Country Strategic Plan
<b>FFA</b>	Food for assets
<b>FSQ</b>	Food safety and quality
<b>HGSF</b>	Homegrown school feeding programme
<b>LEG</b>	Legal Office
<b>LTA</b>	Long term agreement
<b>MPO</b>	Micro purchase orders
<b>PO</b>	Purchase order
<b>PSP</b>	Private Partnerships Division
<b>USD</b>	United States dollars
<b>SCOPE</b>	System for Cash Operations and Payment Evidence
<b>UNSDCF</b>	United Nations Sustainable Development Cooperation Framework
<b>WFP</b>	World Food Programme



## Annex D – Root Cause Categories

### **Strategy, mandate and authority**

- Unclear direction for planning, delivery, or reporting
- Insufficient authority and/or accountability
- Strategic and operational plans not developed, approved, or not SMART

### **Process and planning**

- Rules and processes, including for decision making, not established or unclear
- Unclear roles and responsibilities
- Insufficient planning
- Inadequate process or programme design
- Inadequate risk management
- Insufficient coordination - internal or external

### **Policies and procedures**

- Absence or inadequate corporate policies/guidelines
- Absence of local policies/guidelines

### **Oversight and performance**

- Insufficient oversight from HQ /RB / management
- Insufficient oversight over third parties
- Oversight plans are not risk-informed
- Performance measures and outcomes are inadequately measured/established

### **Resources – People**

- Insufficient staffing levels
- Insufficient skills and/or competencies
- Absence of/insufficient staff training
- Inadequate succession and workforce planning
- Inadequate hiring, retention, and/or compensation practices
- Inadequate supervision and/or performance appraisal processes

### **Resources – Funds**

- Inadequate funds mobilization
- Insufficient financial / cost management

### **Resources – Third parties**

- Insufficient third-party capacity (NGO, Government, FSP, Vendor, etc.)
- Insufficient due diligence of third parties
- Insufficient training/capacity building of CP staff

### **Tools, systems and digitization**

- Absence or late adoption of tools and systems
- Inappropriate implementation or integration of tools and systems

### **Culture, conduct and ethics**

- Deficient workplace environment
- Insufficient enforcement of leadership and/or ethical behaviours



**External factors - beyond the control of WFP**

- Conflict, security & access
- Political - government restrictions
- Funding context and shortfalls
- Donor requirements
- UN or sector-wide reform

**Unintentional human error**

**Management override of controls**

## Annex E – 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>23</sup>

<sup>23</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.