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Internal Audit of WFP Operations in Zambia

Office of the Inspector General
Internal Audit Report AR/25/18



World Food
Programme

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I. Executive summary

WFP in Zambia

1. As part of its annual workplan, the Office of Internal Audit conducted an audit of WFP operations in Zambia. The audit focused on full coverage of programme design and implementation. In addition, several process areas were covered partially, including strategic planning and performance, risk management and management oversight, external stakeholder relations management and communication, finance and accounting, assessment, beneficiary targeting and identity management, management of cooperating partners, monitoring activities, procurement, and cash-based transfers.

2. The audit covered the period from 1 January 2024 to 30 June 2025. During this period, WFP's direct operational expenses in Zambia were USD 54 million, reaching approximately 1.8 million beneficiaries.

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. In response to organizational and financial challenges, WFP undertook a structural review in 2023, leading to the adoption of a "one integrated global headquarters" model in October 2024 becoming operational on 1 May 2025, which aimed at enhancing support to country offices and streamlining services through global hubs. Following a pause in a donor's foreign development assistance and declining funding projections, WFP initiated cost-efficiency measures, and by April 2025, due to a projected 40 percent funding reduction, WFP announced plans to reduce its global workforce by up to 30 percent. The results of this audit should be read in the context of these organizational measures.

5. WFP Zambia's response to the 2023/2024 El Niño-induced drought was marked by strong collaboration with the Government of Zambia and key partners, enabling rapid assistance to over one million vulnerable people across 30 districts. Guided by a country strategic plan focused on resilience and food system transformation, WFP effectively scaled operations and coordinated with national authorities to address acute food insecurity and support recovery.

6. WFP also forged strong partnerships with other United Nations organizations – including the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), and the World Health Organization (WHO) – to advance nutrition, support refugees, enhance resilience building through smallholder farmers, improve disaster preparedness, and strengthen capacities on social protection interventions. Collaboration with the Africa Risk Capacity Group and participation in the United Nations Joint Programme on Social Protection and Scaling Up Nutrition II enhanced WFP's capacity to deliver integrated assistance and expand drought insurance coverage. WFP's joint efforts and role as a trusted partner in delivering coordinated, impactful interventions that aligned with national priorities and donor expectations efforts and were recognized by key stakeholders.



Actions agreed

7. The audit report contains two high-priority observations related to governance and risk management and emergency response through national systems.

8. While key elements of risk management were in place during the audited period, opportunities remain to strengthen the documentation and formalization of some operational procedures, particularly in areas such as targeting, identity management, and cash-based transfer delivery. Due to the need for prompt action during the emergency response, key decisions for cash-based transfers were frequently advanced through alternative coordination channels and the risk task force terms of reference were yet to be formally approved. Notably, the country office fraud risk assessment had not been finalized prior to the emergency, although discussions were ongoing. As the country office continues to build its emergency preparedness capacity, there is an opportunity to consolidate and formalize these procedures, including completing the fraud risk assessment and ensuring clear alignment of high-risk activities within approved governance structures.

9. During the 2024 drought response, the country office applied a mixed approach for beneficiary targeting, drawing on both WFP systems and government social protection mechanisms. For majority of the beneficiaries assisted during this period, the country office used beneficiary lists drawn by government authorities with limited verification. For delivery of cash assistance, the country office opted to establish its own direct cash-transfer set-up. However, the underlying analysis and risk assessment to document the basis for these decisions was limited. The country office, in consultation with relevant global headquarters teams, established that using government systems during the emergency was not feasible due to absence of pre-existing formal agreements with relevant ministries, the lengthy negotiations required to establish them, and conditions by certain donors restricting channelling of funds through government systems.

10. Within this context, strengthening the analytical documentation that guides decisions on targeting and transfer modalities, consistent with WFP guidance, would enhance transparency, support due diligence, and ensure continued alignment with WFP's strategic objectives. The country office could also benefit from reviewing how other partners engage with national systems to identify opportunities for improved coordination, greater synergy, and enhanced readiness for future emergency responses.

11. The audit also highlighted three medium-priority observations. The country office should strengthen supply chain preparedness with updated logistics assessments and vendor rosters, train staff on logistics contracting and procurement and complete the registration of all vendors. On cash-based transfer delivery, the office should establish a single verified dataset for beneficiary numbers, implement timely transfer reconciliations and train staff and partners on data validation and reconciliation controls. There are opportunities to update the roster of vetted financial service providers, implement pre-agreed financial guarantees in contracts and assess system integration and interoperability. The office should improve management oversight over operational advance management and automate payments to programme participants using approved digital tools.

12. Management agreed to address the five reported observations and implement the agreed actions by their respective due dates.

Thank you!

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



II. Country context and audit approach

Zambia

14. Zambia is a large, landlocked country with an estimated population of 19.5 million that is among the world's youngest.¹ It ranked 153 of 193 countries in the 2023–2024 Human Development Index,² and 92 of 180 countries in the 2024 Transparency International Corruption Perceptions Index.³

15. Zambia's economy grew steadily from the 1990s onward and by 2011 had reached lower-middle-income status, but a deepening economic crisis resulted in its reclassification as a low-income country in 2022. In 2024, Zambia's gross domestic product growth slowed to 2 percent from 5.8 percent in 2023 due to persistent inflation and economic instability. Despite projected economic growth of above 5 percent during 2026–27, driven by agriculture, mining, and tourism, poverty remains severe,⁴ with 60 percent of the population living below the national poverty line in 2022.⁵ Economic growth has had limited impact on reducing inequality, which remains among the highest globally.

16. Food insecurity worsened in 2024–2025 due to an El Niño-induced drought, the worst in 40 years, causing crop failures and record maize prices. Although cereal production rebounded in 2025, reliance on rain-fed subsistence farming and climate shocks keep vulnerability high. Malnutrition is widespread: 35 percent of children under five are stunted, 12 percent underweight, and 58 percent anaemic, alongside rising overnutrition and inequality.⁶

17. The 2024–2025 Integrated Food Security Phase Classification (IPC) acute food insecurity analysis estimates that 5.8 million people, across 94 of 116 districts faced acute food insecurity between October 2024 and March 2025, including 236,000 people in IPC 4 (emergency) and 5.6 million in IPC 3 (crisis).

WFP operations in Zambia

18. The country office successfully completed its first country strategic plan for Zambia (2019–2024), with a WFP evaluation of its implementation in 2023. During the audited period, WFP operations were guided by a new country strategic plan covering July 2023 to June 2028 (hereafter referred to as CSP). Initially budgeted at USD 96 million, the plan underwent two revisions, increasing the total need-based plan budget to USD 166 million.

19. The 2023–2028 CSP focuses on delivering life-saving assistance to food-insecure and vulnerable populations while supporting resilience and food system transformation in partnership with the Government of Zambia, Food and Agriculture Organization and other United Nations bodies, non-governmental organizations (NGOs), research centres and the private sector. Of the total initial budget, 70 percent was allocated to resilience and development activities, and 30 percent was dedicated to crisis response.

¹ World Bank. 2022. ([Population ages 0–14 as a percentage of total population](#)).

² United Nations Development Programme. 2022. [Human Development Report 2023–2024, Table 1](#)

³ Transparency International. 2024. [Corruption Perceptions Index 2024](#)

⁴ World Bank. 2025. [Zambia economic overview](#)

⁵ World bank. 2025. [Zambia poverty and equity brief](#)

⁶ WFP. 2023. [Evaluation of Zambia WFP Country Strategic Plan 2019–2023](#)



20. Between June 2024 and May 2025, in response to the severe El Niño-induced drought of 2023/2024, the country office, in collaboration with the Government of Zambia, and other United Nation organizations, implemented a multi-sectoral intervention targeting over one million vulnerable individuals across 30 districts. This coordinated initiative not only delivered immediate food assistance to food insecure populations but also focused on facilitating early recovery and supporting the restoration of livelihoods for affected communities.

21. During the drought response, the country office scaled up its operations, with expenditure rising nearly fourfold from USD 7.1 million in 2023 to USD 29.7 million in 2024. It assisted 1.6 million people during this period, compared to 49,328 in 2023. **Table 1** below illustrates this substantial shift in expenditure and the number of people assisted before and during the drought response. Crisis response activities grew from about 25 percent of expenditure and beneficiaries assisted before the drought response to over 80 percent during 2024–2025.

Table 1 – Zambia country office expenditure and people assisted (2023-2025)

CSP focus area	CSP activities	Expenditure (USD millions)			Beneficiaries assisted		
		2023 ⁷	2024 ⁸	2025 (Jan-June) ⁹	2023 ⁷	2024 ⁸	2025 (Jan-June) ⁹
Crisis response	Activity 1: Provide food and livelihood support to crisis affected, food-insecure people, and support self-reliance in anticipation of, during and the early aftermath of shocks including climate change induced impacts.	2.0	24.5	17.7	49,328	663,340	1,673,687
Root causes	Activity 2: Promote adoption of optimal nutrition practices among populations at risk of malnutrition and strengthen partnerships with food system actors to increase the availability of nutrient dense foods.	0.7	1.2	0.2	68,023	56,386	50,212
Resilience building	5 CSP activities ¹⁰	4.4	4.0	3.7	133,794	267,766	136,305
	Total	7.1	29.7	21.6	251,145	987,492	1,860,204

22. Before the drought response, the country office only used cash-based transfers (CBT) mechanisms, averaging about USD 1.5 million annually. During the drought response, CBT surged to USD 26.2 million and became the primary modality of assistance. The country office also introduced food transfers, which accounted for 38 percent of total costs in 2024. Table 2 illustrates the expenditure of the country office during 2022-2025 by key cost component.

⁷ 2023. WFP. [Annual Country Report - 2023 \(CSP 2019-2023\)](#) and [Annual Country Report 2023 \(CSP 2023-2028\)](#)

⁸ 2024. WFP. [Annual Country Report 2024](#)

⁹ From WFP internal operational reports

¹⁰ Activity 3: Small-holder farmers protection against climate shocks; Activity 4: Smallholder farmers agricultural market support; Activity 5: Technical support to national institutions for emergency preparedness, and social protection; Activity 6: Technical support to Government to strengthen national supply chain capacities; and Activity 7: On-demand service.



Table 2 – Zambia Country Office expenditure by key cost component (in USD millions)

Cost category	Pre-drought response period			Drought response period			Increase / (decrease)
	2022	2023	Total	2024	2025 (Jan-June)	Total	
Cash-based transfers	2.2	1.3	3.6	11.6	14.6	26.2	631%
Food transfers	0.1	0.1	0.2	11.5	3.4	14.9	7769%
Capacity strengthening	6.3	4.4	10.7	4.6	1.9	6.4	(40%)
Implementation cost	3.0	1.3	4.3	2.0	1.8	3.8	(12%)
Service delivery	0.1	0.0	0.1	0.1	0.0	0.1	34%
Total	11.7	7.1	18.9	29.8	21.6	51.4	173%

23. During the audited period, the country office also supported smallholder farmers with training, provision of agricultural inputs, climate and weather risk information, and facilitating access to insurance and markets. It promoted private sector led climate-smart agriculture and irrigation, scaled up nutrition programmes including social behaviour change, and strengthened government capacities in social protection, school feeding, emergency preparedness, and supply chain management.

24. In 2024, the country office engaged in joint programmes with other United Nations organizations and Government partners to deliver integrated assistance. WFP collaborated with FAO, UNDP, UNFPA, UNICEF and WHO to advance nutrition, social protection and livelihood interventions, and partnered with UNHCR to implement livelihood and self-reliance programmes for refugees and host communities. Joint efforts also included expanding drought insurance with the Africa Risk Capacity Group and strengthening disaster preparedness and anticipatory action systems through the UN Joint Programme on Social Protection.

25. The Zambia Country Office consists of its capital office located in Lusaka and four field offices located in Mumbwa, Petuake, Mazabuka, and Mpika. A satellite office was temporarily opened in Mongu district to support drought response activities in the remote Western province from August 2024 to April 2025. As of September 2025, the country office employed a total of 122 staff members.

WFP's organizational redesign and funding context

26. The results of this audit, and specifically the agreed action plans, should be read in the context of the organizational changes ongoing in WFP at the time of audit reporting.

27. In the second half of 2023, WFP conducted a review of its organizational structure. Following this exercise, in October 2024, WFP announced adopting a “one integrated Global Headquarters” model, which came into force on 1 May 2025, aiming to ensure better support to country offices, through consolidating the delivery of key enabling services via a network of global hubs.

28. In February 2025, and in response to the 90-day pause in a donor's foreign development assistance, WFP implemented cost-efficiency measures in view of projected donor forecasting and the overall widening resource gap.

29. In March 2025, WFP issued a Management Accountability Framework, aimed at enhancing accountability, authority, performance, and results across country offices and the global headquarters. The framework outlines functional roles and responsibilities at various levels including country



directors, regional directors, and global functions. It establishes a support structure with a defined chain of command and explicit accountability, aiming at ensuring flexibility and operational efficiency.

30. In April 2025, WFP's funding projection for 2025 was set at USD 6.4 billion, a 40 percent reduction compared to 2024. As a result, senior management communicated the need for a 25-30 percent reduction in the worldwide workforce, potentially impacting up to 6,000 roles across all geographies, divisions, and levels in the organization.

31. Concurrently, WFP examined the role and configuration of its six regional bureaus, as part of the overall review of its organizational structure and decided to consolidate two of them: the one for Southern Africa, located in Johannesburg (hereafter referred to as "the Regional Bureau", which was overseeing Zambia), and that for Eastern Africa, to form the Eastern and Southern Africa Regional Office (ESARO), located in Nairobi, Kenya, operational since 1 May 2025.

Objective, scope and methodology of the audit

32. The audit's objective is to provide independent and objective assurance on the effectiveness of internal controls, governance, and risk management processes supporting WFP operations in Zambia. This audit contributes to the broader objective of issuing an annual assurance statement to the Executive Director regarding the adequacy and effectiveness of governance, risk management, and internal control systems across WFP.

33. The audit focused on Activities 1 and 3 of the CSP, which together accounted for 93 percent of total direct operational costs and 97 percent of all beneficiaries assisted during the audited period. These key figures are detailed in Table 3.

Table 3 – Expenditure and beneficiaries assisted during the audit period

CSP activities	Expenditure (USD millions)	Percent of total	Number of beneficiaries assisted	Percent of total
Activity 1: Provide food and livelihood support to crisis-affected, food insecure people, and support self-reliance in anticipation of, during and in the early aftermath of shocks including climate change induced impacts.	42.2	83%	1,673,687	89%
Activity 3: Promote knowledge and adoption of climate services, regenerative agriculture practices and innovative technologies among smallholders and nutritious food value chain actors.	5.0	10%	136,305	7%
Sub-total: activities in the audit scope	47.2	93%	1,809,992	97%
Other activities not in the audit's scope	3.9	7%	50,212	3%
Total during the audit period	51.1	100%	1,860,204	100%

34. In defining the audit scope, the Office of Internal Audit considered oversight coverage of the operations by the Regional Bureau with support from relevant headquarter units. The coverage included: (a) Occupational safety and health risk management (October 2024); (b) Review of monitoring and evaluation activities (November 2024); (c) Review of cooperating partner (CP) management (April 2025); (d) review of CBT and identity management (IDM) (May 2025); (e) Review of CBT finance, finance and procurement (July 2025). It also considered the evaluation of the Zambia Country Strategic Plan (2019 – 2023) conducted by the Office of Evaluation in May 2023.

35. Figure 1 below shows the areas in the scope, as identified in the audit engagement plan.

Figure 1 – Process areas in the audit scope



36. The audit mission took place from 15 to 26 September 2025 at the country office in Lusaka, with a visit to Kazungula district. As part of the fieldwork, the audit team visited beneficiaries supported through drought response and resilience projects in two villages, visited a school assisted for school-feeding under the drought response, and visited an aggregator and bulk centre linked to CSP Activity 3.

37. The draft report was shared with the country office on 12 November 2025 and final comments received on 1 December 2025.

38. The country office also participated in the thematic audit on employee duty of care in the fourth quarter of 2025. The thematic audit is due for finalization in early 2026.

39. The audit used a comprehensive methodology that included: interviews with key WFP personnel and external stakeholders, reviewing relevant documentation, requesting walkthroughs, mapping key processes, performing data analysis, field visits, testing transactions, root cause analysis, and verifying compliance with applicable policies and procedures.

40. The audit was conducted in conformance with the *Global Internal Audit Standards* issued by the Institute of Internal Auditors.



III. Results of the audit

Audit work and conclusions

41. Five observations resulted from the audit, relating to governance and risk management, targeting and programme planning, supply chain, and finance. Other audit issues assessed as low priority were discussed directly with the country office and are not reflected in the report.

Governance: Strategic planning and performance

42. The country office anticipated responding to shocks and emergencies through its CSP. For the 2024 drought response, it developed a drought response plan and concept of operations in collaboration with the Regional Bureau. After completing the response, the country office conducted a comprehensive after-action review in June 2025 as a learning and accountability exercise to evaluate whether core objectives were met and to inform early recovery efforts and long-term resilience planning.

43. The audit assessed the alignment of activities implemented during the audit period, particularly the 2024 drought response, with the CSP 2023–2028. It reviewed governance arrangements, agreements with the Government, budget alignment, timeliness of revisions, and effectiveness of planning and oversight.

Governance: Risk management

44. Risk management was carried out through management operational meetings. Risk management efforts were further reinforced by regional bureau oversight missions as described in paragraph 34. Zambia was not included in the 31 high risk countries identified for implementing the Global Assurance Project (GAP) in 2023.¹¹ Nonetheless, the country office undertook a proactive gap analysis against GAP benchmarks in 2024, to identify disparities and inform future initiatives to align with GAP standards.

45. The audit assessed the existence and effectiveness of risk governance structures; risk identification, assessment, and prioritization practices; implementation and monitoring of mitigation measures; and risk reporting to key stakeholders.

Observation 1. Governance and risk management

Standard operating procedures

46. Standard Operating Procedures (SOPs) for critical operational areas including targeting, identity management, CP management, and CBT delivery and reconciliation were either absent or incomplete during the audit period, affecting operational consistency, accountability, and effective risk mitigation. By the time of the audit reporting phase, the country office was finalizing SOPs for key areas, including CBT reconciliations, IDM and CP management.

¹¹ Through the GAP, WFP renewed its focus on assurance by developing the Global Assurance Framework, making key enhancements in focus areas, and addressing risks and assurance gaps in higher-risk country offices. The project was formally mainstreamed on 1 July 2025.



Governance and decision-making structures

47. Key strategic and operational decisions for CBT were taken through formal operational meetings, between the emergency coordinators and heads of unit outside of the formal Cash Working Group (CWG). The terms of reference of the CWG were last revised in 2021 and did not align with the staffing structure nor operational requirements during the drought response. The decisions on which various transfer mechanisms to use were influenced by the large-scale market monitoring system that was set up with the Disaster Management and Mitigation Unit (DMMU), to provide regular analysis on market conditions and suitable transfer modalities in different parts of the country.

Risk management

48. During the audited period, the country office did not have a dedicated risk management resource. Instead, a staff member was designated as focal point for risk oversight. In August 2025, the office took steps to strengthen its risk governance by establishing a dedicated risk task force. At the time of the audit reporting phase, the task force terms of reference were yet to be formally approved. As a result, the task force’s operational effectiveness and alignment with the intended governance objectives could not be assessed.

49. While country office management discussed high risks and related mitigation measures during country management meetings, there was no consistent documentation of these mitigation actions, nor were the actions reflected in the risk register. The absence of documentation hindered the monitoring of risk management activities, delayed the implementation of mitigation plans and limited management visibility on residual risks. Audit sample testing identified instances where mitigation actions remained outstanding beyond their target implementation dates, with no evidence of progress updates or revised timelines.

50. As an example, although the country office developed an environmental and social risk management plan to guide the mitigation and monitoring of risks related to resilience activities, these risks and mitigation measures were not incorporated into the risk register and were not regularly monitored. This may lead to non-compliance with donor requirements should risks materialize during project implementation.

51. During the drought response, the country office’s fraud risk exposure increased significantly with the scale-up of CBT, reliance on manual reconciliation processes, use of cash-in-hand mechanisms, absence of financial guarantees, and recurring digital system malfunctions. Despite these vulnerabilities, the country office did not conduct a fraud risk assessment. This represented a missed opportunity to proactively identify and mitigate fraud risks associated with these operational challenges.

Underlying cause(s):

<i>Process and Planning:</i>	Rules and processes, including for decision making, not established or unclear Insufficient planning Inadequate risk management
<i>Resources – People:</i>	Insufficient staffing levels



Agreed Actions [High priority]

1. The country office will finalize and implement standard operating procedures for key operational processes, including targeting, identity management, community feedback mechanism, cooperating partner management, and cash-based transfer delivery and reconciliation.
2. The country office will:
 - (i) Update the terms of reference of the cash working group and ensure all key decisions are made and documented within formal structures.
 - (ii) Approve and implement terms of reference of the risk task force to enforce accountability through quarterly risk reporting and oversight of implementation of mitigation actions, including changing implementation dates.
3. The country office will conduct a fraud risk assessment for high-risk activities that consider risks from its emergency response.

Timeline for implementation

- 1) 30 June 2026
- 2) 31 March 2026
- 3) 30 June 2026

Programme design, planning and operations

WFP guidance on designing shock-response leveraging national social protection schemes

52. Leveraging national social protection systems is central to WFP's approach to delivering assistance. Rather than creating parallel mechanisms, WFP promotes working through government systems whenever feasible and when robust enough, provided that minimum standards of accountability and oversight are met. WFP guidance outlines several key principles to this approach:

- The 2021 Targeting and Prioritization Guidelines recommend harmonizing beneficiary targeting with government systems. This alignment can range from basic coordination to full integration, depending on context, capacity, and risk considerations.
- Multiple WFP guidance documents outline that country offices may channel WFP cash assistance via national social protection or safety net programmes after conducting assessments to confirm that controls and assurance mechanisms meet the standards set out in the WFP cash assurance framework.¹²
- WFP's Emergency Pocketbook provides engagement models for WFP when Governments operate social protection schemes.

53. For the 2024 drought response, the country office developed a drought response plan (April 2024) and a concept of operations (May 2024) with support from the Regional Bureau.

¹² These include 'Transferring WFP Resources through Government Systems' (October 2024), 'Application of cash assurance framework when transferring money through government systems – Guidance' (November 2023), and 'Interim Guidance and Assurance Standards for Cash-Based Transfer (CBT) through Governments and Social Protection Systems' (October 2020).



54. The audit reviewed the design, set-up, reach, and implementation of programme activities, focusing on Activities 1 and 3. It included a review of programme design and implementation, of assessment and beneficiary targeting, and of identity management.

Need assessment, targeting and programme planning for drought response

55. In addition to the IPC analysis informing the need assessment, WFP conducted multiple need assessments at the onset of the drought emergency declaration in Zambia. These included rapid need assessment conducted by the WFP-led food security cluster (March 2024) and drought hotspot analysis conducted by the Regional Bureau. In coordination with the Government of Zambia, WFP prioritized 31 out of 84 districts for its drought response intervention.

56. As noted in paragraph 19, WFP's focus has been on resilience-building activities in Zambia, initially under the CSP 2019–2023, then through the CSP 2023–2028, while responding to occasional, smaller-scale crises. The country office recognized the absence of systems and technical capacity required for a large-scale emergency operation and proactively engaged the Regional Bureau, which provided support in designing and implementing the drought response.

Observation 2. Emergency response through national systems

57. While the Government requested WFP to provide food transport services and deliver food assistance, the country office also planned cash assistance under the drought response. WFP's drought response included a flexible approach combining in-kind, commodity vouchers and cash transfers, guided by needs and market assessments. There were no documented analysis and assessment to determine whether to implement a parallel system for programme delivery or to leverage existing government social protection systems, as required by WFP guidance. Factors such as differences in targeting criteria and delivery capacity likely influenced the decision to maintain a separate system to meet urgent needs, even though WFP's guidance recommends assessing opportunities for alignment.

58. For beneficiary targeting, the country office initially planned to apply community-based targeting in all districts, as defined in its operating procedures. In practice, it adopted a mixed approach. In 8 of the 31 districts, accounting for 30 percent of target beneficiaries, WFP applied its own vulnerability criteria to select and register beneficiaries directly, while in the remaining districts, it relied on beneficiary lists generated through Proxy Means Testing (PMT)¹³ by the Ministry of Community Development and Social Services (MCDSS) for the horizontal expansion of social assistance. WFP could only partially validate beneficiary lists at the community level, as the country office was required to fully utilize the Government's generated lists. Further, these lists were not updated during implementation to reflect changing vulnerabilities. WFP's targeting in the first eight districts was due to having no indication that the Government would conduct enumeration. After the Government finalized nationwide enumeration, the latter required all drought-response actors to use its lists.

59. The drought response after-action reviews, conducted during June-September 2025, highlighted inclusion and exclusion errors, limited community validation, and perceived external influence over targeting decisions.

¹³ Proxy Means Testing (PMT) is a method used to determine eligibility for social programs by using a household's observable, non-income characteristics (like housing and assets) to estimate their welfare or income level, commonly used by World Bank for social programmes.



60. These issues reflect broader systemic constraints in contexts where WFP operates within and supports national systems and underscores the challenge of balancing operational independence with reliance on those systems. This issue and a corporate action have been raised in the recent internal audit of WFP operations in Lebanon,¹⁴ concerning shock-response assistance delivered through national social safety net programmes and WFP's reliance on Government-led processes for targeting, beneficiary data collection, cleaning, and deduplication.

61. During the April–May 2025 planning period, the country office did not clearly define its CBT strategy. WFP had no formal Memorandum of Understanding with the relevant Government authorities to leverage government systems for cash transfers. Although initial discussions considered existing government systems, this option was dropped after consultation with the Regional Bureau indicated that it was impractical during the emergency, due to lengthy negotiations and some donor restrictions on channelling funds through Government systems. Consequently, WFP did not carry out the required assessment of national social protection systems and related risks, highlighting a missed opportunity for preparedness and collaboration.

62. The country office, following Regional Bureau guidance, opted to establish its own direct cash-transfer set-up. This required significant resources and intensive capacity enhancement, including deployment of corporate systems such as SCOPE¹⁵ for registration and distribution management and MoDA¹⁶ for monitoring and data collection, the development of a retailer network for commodity vouchers, and contracting financial service providers for cash transfers. The decision to adopt this approach, rather than leveraging Government systems, was not supported by a documented rationale, risk assessment, or comparative analysis with other actors in the country.

63. During the same period, UNICEF and the World Bank used national social protection platforms to deliver cash assistance. They had existing agreements with the Government and ongoing operational and financial support for cash-based social assistance through Government systems, which enabled them to leverage those systems for the drought response.

64. The absence of formal analyses and justifications may have limited the opportunities for cost savings, increased operational synergies, and better alignment with WFP's strategic objective of strengthening national systems.

Underlying cause(s):

<i>Organizational direction, structure and authority:</i>	Unclear direction for planning, delivery, or reporting
<i>Process and planning:</i>	Inadequate process or programme design

¹⁴ WFP. 2025. [Internal Audit of WFP operations in Lebanon](#)

¹⁵ WFP's beneficiary information and transfer management platform.

¹⁶ MoDA is WFP's primary tool for data collection, helping staff make evidence-based decisions.

**Agreed Actions** [High priority]

The country office will conduct a comparative review of how other development and humanitarian actors engage with national systems for targeting and resource transfers, with a focus on beneficiary data validation, risk management and control practices. Based on the findings, the country office will determine whether to pursue formal stand-by agreements with relevant Government counterparts and UN partners with clear roles, data-sharing protocols, and validation mechanisms, to ensure operational readiness, accountability and a coordinated response when sudden emergency shocks occur.

Timeline for implementation

31 December 2026

Identity Management

65. The country office deployed SCOPE during the drought response, issuing SCOPE light cards for assistance through commodity vouchers and in-kind food modalities. Beneficiaries in eight districts were registered directly in SCOPE, while Government-provided lists were uploaded to SCOPE for the remaining 23 districts. The county office performed deduplication checks using national identity cards, given that the country has a reliable national identity system.

66. Although all beneficiaries were registered in SCOPE, transfers under multiple mechanisms did not fully utilize SCOPE. In 2024, 40 percent of the 663,340 beneficiaries under the drought response received assistance through SCOPE, while the remaining 60 percent – mainly cash-transfer recipients – were supported outside the system. In 2025, 55 percent of the 1.6 million beneficiaries were assisted through SCOPE. SCOPE and SCOPE Light cards were also used in early recovery interventions, allowing farmers to redeem agricultural inputs directly through the platform.

67. In May 2025, the Regional Bureau conducted a management oversight mission covering CBT and identity management. The resulting report highlighted several high-risk issues, including insufficient identity management personnel, in numbers and skills, the absence of an identity management strategy and SOPs, and the reliance on offline spreadsheet-based tools for deduplication. Of the 11 recommendations issued, only two had been implemented at the time of audit fieldwork.

68. The audit reviewed key controls related to identity management for drought response operations. No reportable observations were identified in this area.

Cooperating partner management

69. During the audited period, the country office signed 17 field level agreements (FLAs) with CPs, with a total commitment value of USD 7.0 million. Six partners focused on emergency response, while eight implemented resilience initiatives. In April 2025, the Regional Bureau completed a management oversight mission of the CP management process and reported six observations (two high priority and four medium priority) and 20 recommendations. By the time of the audit fieldwork, 15 recommendations were implemented, while five remained in progress. To strengthen capacity, the country office dedicated a resource to CP management.



70. The audit tested internal controls related to partner selection, due diligence, capacity building, FLA management, and management oversight practices, including spot-checks and performance assessments. No reportable observations were identified in this area.

Supply Chain: Logistics and procurement

Logistics

71. Prior to the 2024 drought response, WFP had a minimal logistics footprint and did not deliver food assistance. For the 2024 drought response plan, WFP planned direct in-kind food transfers to beneficiaries and on-demand service provision to the Government for procuring and transporting maize to 81 districts as part of the national drought response. Under this arrangement, WFP transported 10,998 metric tons (mt) of maize to depots in 81 remote districts and supported the Government in scaling up emergency school feeding in 36 districts.

72. In 2024, WFP distributed a total of 5,905 mt of food to assist approximately 107,535 beneficiaries across 12 districts. In 2025, WFP scaled up its operation as more CPs came on board, enabling broader coverage and more efficient distribution. During this period, WFP distributed 10,839 mt of food to 307,448 beneficiaries across 14 districts.

Procurement

73. During the audited period, total procurement amounted to USD 2.6 million, comprising USD 0.5 million for food, USD 0.7 million for non-food items, and USD 1.4 million for services. Procurement plans were timely and supported by weekly tracking and follow-up meetings with programme teams to anticipate changes.

74. In June 2025, the Regional Bureau conducted an oversight mission reviewing procurement processes and issued eight medium-priority recommendations. By the time of the audit fieldwork, three recommendations were implemented, while the remaining were in progress.

75. The audit reviewed key controls related to logistics management and procurement of goods and services.

Observation 3. Supply chain preparedness and contracting

Supply chain preparedness

76. Despite the scale and urgency of the drought emergency response, key logistics preparedness instruments required under WFP's logistics manual, including the logistics capacity assessment and the logistics services and market assessment, were not conducted or updated. Although the country office anticipated a scale-up of logistics services and noting that the response magnitude was significantly higher than predicated and previously experienced, the office did not proactively update or expand its transporter roster. The first such exercise began only after the peak of the emergency response in February 2025, indicating a delay in proactive logistical planning and readiness.

77. For procurement of goods and services, the country office utilised a vendor roster last updated in 2021. It did not launch an expression of interest during the audit period to refresh or expand the vendor list, especially for conference facility providers.



Logistics contracting

78. Multiple decisions on transport contracting process did not follow WFP's logistics manual and lacked documented/approved justification, indicating gaps in compliance and management oversight. For instance, in February 2025, the country office added new transporters to the roster without using a documented local service market assessment, issuing an expression of interest, or conducting a competitive selection process.

79. In one instance, the country office issued a request for quotation to only four suppliers instead of all transporters in the roster, which did not align with expected contracting procedures. In another instance, the country office did not award a contract to a supplier which offered rates 50 percent below the average, citing performance concerns yet without documenting a formal rationale. While the supplier had a track record, reliability and performance issues, if any, were not formally captured in assessment records.

80. These practices reflected weaknesses in documentation, transparency, and adherence to procurement standards, increasing the risk of non-compliance and reputational exposure.

Vendor management, and post-factum procurements

81. During the audited period, the country office procured conference facilities for programme delivery in remote locations. These providers (mainly Government facilities – farmer training centres & farmer training institutes) were not registered as vendors; the required due diligence was not performed, and payments could not be processed through corporate systems. Instead, the country office issued operational advances to staff for payment to service providers, amounting to USD 325,000 in aggregate during the audit period (the corresponding financial risks are highlighted later in [Observation 5: Operational advance management](#)). This practice bypassed standard procurement procedures, including vendor screening and compliance with UN requirements, increasing operational and reputational risk.

82. In 2024, the country office began registering these providers as vendors. The registration for the sampled vendors was still incomplete by the time of audit fieldwork: 31 lodges and farmer training centres had been cleared but not yet registered; two lodges had submitted documents; and 107 facilities had yet to provide full documentation. Progress varied significantly across provinces.

83. The country office developed and monitored procurement plans in 2024 and 2025 to meet operational needs. Despite these efforts, implementation challenges persisted, as reflected in post-factum purchases. Such transactions rose from USD 43,000 in 2024 to USD 78,000 by June 2025, primarily for conference facilities and vehicle hire.

Underlying cause(s):

<i>Process and planning</i>	Insufficient planning Inadequate risk management
<i>Oversight and performance</i>	Insufficient oversight from global headquarters / local management
<i>Resources – People:</i>	Insufficient skills and/or competencies Absence of/insufficient staff training

**Agreed Actions** [Medium priority]

1. The country office will
 - (i) Conduct and regularly update the logistics capacity assessment and logistics services and market assessment to ensure readiness for emergencies.
 - (ii) Update the vendor rosters for key categories of goods and services through the launch of expressions of interest and comprehensive competitive procurement process.
 - (iii) Provide targeted staff training on logistics contracting and procurement compliance.
2. The country office will complete registration of all active vendors, prioritizing those paid through operational advances, and establish a defined threshold to restrict the use of operational advances for vendor payments.

Timeline for implementation.

- 1) 30 September 2026
- 2) 30 September 2026

Delivery cash-based transfer

84. WFP distributed USD 23 million in CBT to 1.6 million beneficiaries during the audited period. Delivery mechanisms included cash transfers through financial service providers (FSPs) as well as, commodity and value vouchers through a network of contracted retailers. The Regional Bureau reviewed CBT process aspects related to finance, retailer management, and identity management through multiple management oversight missions in 2024 and 2025.

85. The audit performed tests of critical controls in the CBT process, including governance, set-up, delivery, and reconciliations.

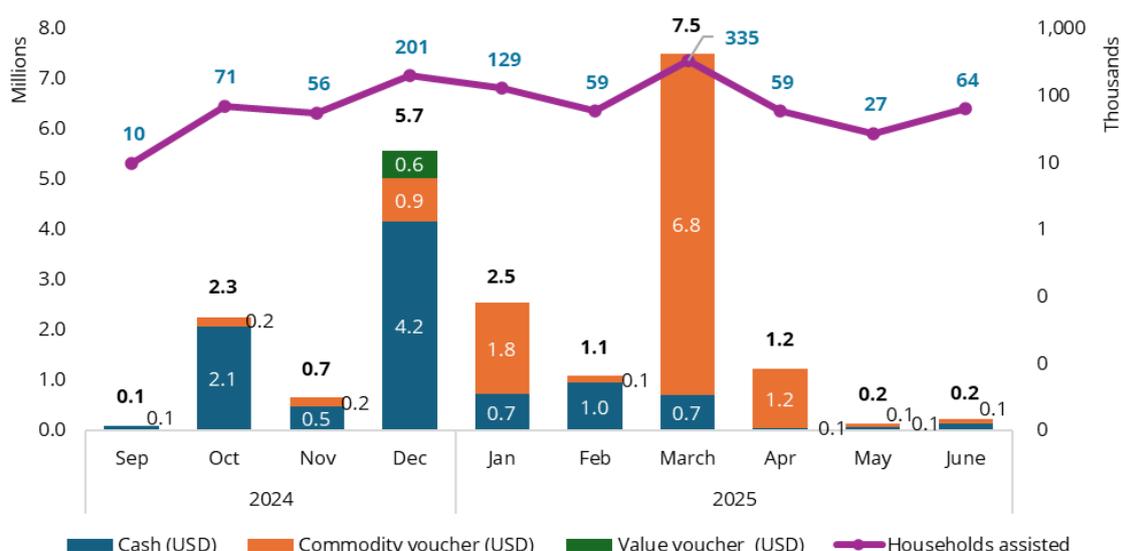
Observation 4. Delivery of cash-based transfer

Timeliness and data integrity of cash-based transfers assistance

86. Although WFP finalized its drought response plan in May 2024, assistance remained minimal until December 2024. As illustrated in Figure 2 below, scale-ups occurred only in December 2024 and March 2025, when approximately USD 6 million was transferred per distribution for multi-month rations. Delays occurred due to funding constraints, inadequate preparedness, issues with distribution plans, and reconciliation challenges. As a result, transfers were concentrated within two months rather than spread across planned cycles.



Figure 2 – Cash transfers (in USD millions) and households assisted



87. Further, data integrity and reconciliation processes were sub-optimal. Assistance data was fragmented across COMET, SCOPE, and offline trackers, with inconsistencies and limited reconciliation. Multiple sources reported varying data for household coverage and modality-specific assistance. Although the drought response plan targeted nine months of support per household, the country office did not have the granular data to assess assistance levels per household against the target.

CBT set-up and reconciliations

88. The country office did not update the due diligence assessment for one FSP since 2020, despite changes in its operational context and volumes. WFP engaged two FSPs without obtaining financial guarantees proportional to advances for cash-transfers. Management decision for continuing pre-financing under these conditions was not documented resulting in unmitigated financial risk exposure, particularly for cash-in-hand transfers.

89. The country office implemented CBT without a SCOPE rollout strategy or CBT reconciliation SOPs. A significant proportion of beneficiaries, which the audit was unable to quantify due to unreliable data, was assisted outside the SCOPE system, with no consolidated monthly tracking. Connectivity issues and SCOPE device malfunctions further impeded data synchronization for voucher redemptions, while FSP cash-in-hand payouts required manual reconciliation due to non-integration with SCOPE. Delayed reporting by CPs and data discrepancies between CPs and FSPs undermined data validation and accuracy of number of beneficiaries assisted.

90. The country office did not conduct CBT reconciliations on a cycle basis, and these were often conducted late. The limited use of corporate reconciliation templates, the reliance on manual processes and staff capacity gaps delayed financial validation and compromised data reliability. To address these gaps, the office relied heavily on documented notes, underscoring persistent weaknesses in data integrity.

Underlying cause(s):

<i>Policies and procedures</i>	Absence or inadequacy of local policies/guidelines
<i>Process and planning</i>	Inadequate process or programme design



	Insufficient planning Inadequate risk management;
<i>Resources – Third parties:</i>	Insufficient third-party capacity (NGO, government, financial service providers, vendors/retailers) Insufficient due diligence of third parties
<i>Tools, systems and digitization</i>	Absence or late adoption of tools and systems Inappropriate implementation or integration of tools and systems

Agreed Actions [Medium priority]

1. For the concluded drought response operations, with the support of relevant global headquarter functions, the country office will:
 - (i) Consolidate and reconcile data from corporate systems and offline trackers into a single verified dataset and validate beneficiary numbers and assistance intensity against the nine-month target.
 - (ii) Finalize cash-based transfer reconciliations across all mechanisms, with formal review and approval by the cash working group and management.
2. For future cash-based transfer operations and scale-up readiness, the country office will:
 - (i) Develop standard operating procedures for operational planning and delivery reconciliations and include mechanism for tracking beneficiaries assisted and assistance intensity per household.
 - (ii) Maintain an updated roster of vetted financial service providers with updated due diligence profiles and pre-agreed financial guarantee commensurate with advances.
 - (iii) Assess the possibility of system integration and interoperability with financial service providers to enable automatic reconciliation of cash transfers within SCOPE.
 - (iv) Prepare a rapid deployment toolkit for digital platforms, including offline reconciliation protocols, and deliver training modules for staff and partners on data validation and reconciliation processes.

Timeline for implementation

- 1) 30 June 2026
- 2) 30 June 2026

Monitoring

91. The country office directly monitored its programme activities through a well-resourced research, assessment and monitoring (RAM) team reporting to the Deputy Country Director. A draft RAM strategy for 2023–2028 outlined key monitoring activities. The office used a monitoring coverage tracker to list all sites by activity, plan monthly coverage, and to report actual coverage.

92. In November 2024, the Regional Bureau conducted a management oversight mission and issued six recommendations: (a) elevate the RAM team's reporting line to the Country Director; (b) align field monitors to the country office monitoring team; (c) develop integrated dashboards and a unified evidence repository; (d) create a one-stop analytics hub; (e) document actions on monitoring recommendations; (f) update community feedback mechanism SOPs to consolidate



feedback; and (g) extend coverage to resilience beneficiaries. Implementation of these recommendations was ongoing at the time of audit fieldwork.

93. The audit reviewed monitoring structures, planning, coverage tracking, escalation, and reporting processes. No reportable observations were identified in this area.

External stakeholders and advocacy: Partnerships

94. WFP engaged in strategic partnerships with the Government of Zambia, donors, UN organizations, NGOs, financial institutions, and the private sector. Support from major donors, led by the United States of America, Germany, and the European Commission, along with contributions from emerging donors and development partners enabled WFP to deliver adaptive food assistance, nutrition, and resilience-building initiatives. WFP collaborated closely with the Disaster Management and Mitigation Unit (DMMU), Ministry of Agriculture and the Ministry of Community Development and Social Services (MCDSS) to implement the 2024–2025 drought emergency response across 84 districts.

95. The audit met key donors, relevant Government entities, and other UN organizations to assess WFP's role, collaboration, and alignment of its activities with donor and government priorities, as well as related challenges.

96. Stakeholders commended WFP's role in Zambia's drought response and resilience-building initiatives. DMMU highlighted WFP's strong capacity and support to transport Government food closer to affected populations as a critical contribution. WFP's co-chairing of the food security cluster and its role in implementing drought response activities were widely recognized. UN organizations also praised WFP's engagement in joint programmes on nutrition and resilience, underscoring its value as a trusted partner in delivering coordinated and impactful interventions.

97. No reportable observations were identified regarding external stakeholder management and advocacy.

Enabling services and functions: Finance

98. The audit focused on the end-to-end process for operational and trip advances, covering request, utilization, settlement, and monitoring. The office had an approved standard operating procedure that set clear criteria for the use of operational advances and defined accountability measures for each category.

Observation 5. Operational advance management

Use of operational advances

99. During the audited period, the country office issued operational advances amounting to USD 1.6 million to staff members to facilitate programme delivery, covering: USD 325,000 for conference facilities, USD 213,000 for fuel, USD 165,000 for daily subsistence allowances (DSA) for programme participants, and remaining balance for other categories.

100. The country office processed payments for conference facilities and recorded these as staff advances rather than vendor payments, as the providers were predominantly farmer training centres/ farmer training institutes which are stand-alone Government facilities that do not possess the required documents to be registered as vendors. Consequently, they were not registered as vendors, as previously explained in [Observation 3](#).



101. As of August 2025, operational advances amounting to approximately USD 101,000 remained outstanding beyond the 30-day advance clearance period, underscoring the need for active monitoring of outstanding advances.

Payments to programme participants

102. The country office also used staff advances to process and record DSA payments to programme participants, including Government officials and capacity strengthening training participants. This was due to the inability to register these recipients as vendors or beneficiaries, which prevented direct payment through corporate systems. The ultimate recipients of these payments were not visible in corporate platforms, impairing the ability to monitor disbursement flows, reconcile transactions, and reflect the true nature of these transactions. While recorded as staff advances, actual payments were not made through staff members.

103. In 2024, the country office used a fintech platform to execute these payments. This platform was not assessed or endorsed by headquarters, and its use was inconsistent with corporate guidance. In January 2025, the country office transitioned to mobile money bank-to-wallet payments through two banks, aligning with corporate standards.

104. Yet, the upstream payment preparation process remained largely manual and prone to error. It involved creating and verifying payment lists manually, matching names, tracking successful and rejected transactions, and performing line-by-line bank clearances at month-end. These inefficiencies increased operational risk and consumed significant staff time.

Underlying cause(s):

<i>Oversight and performance</i>	Insufficient oversight from global headquarters / local management
<i>Tools, systems and digitization</i>	Absence or late adoption of tools and systems (<i>delayed adoption of corporate process for payments to non-WFP staff</i>)

Agreed Actions [Medium priority]

1. The country office will establish management oversight over outstanding advances to ensure that staff clear all operational advances within the prescribed 30-day timeframe.
2. In collaboration with the Chief Financial Officer Division, the country office will set up an automated payment process for programme participants using a corporate-approved solution. This process will replace staff advances, ensure direct payments through approved platforms, and remove manual steps by adopting available digital tools.

Timeline for implementation

- 1) 31 March 2026
- 2) 31 December 2026



Annex A – Agreed actions plan

The following table shows the categorization, ownership, and due dates 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 actions plan is primarily at the country office level, with support for corporate units to help address audit observations where necessary.

#	Observation	Process area	Owner	Priority	Due date for implementation
1	Governance and risk management	Governance and risk management	Country Office	High	1. 30 June 2026 2. 31 March 2026 3. 30 June 2026
2	Emergency response through national systems	Targeting and programme planning	Country Office	High	31 December 2026
3	Supply chain preparedness and contracting	Logistics and procurement	Country Office	Medium	1. 30 September 2026 2. 30 September 2026
4	Delivery of cash-based transfer	Cash-based transfer	Country Office	Medium	1. 30 June 2026 2. 30 June 2026
5	Operational advance management	Finance	Country Office	Medium	1. 31 March 2026 2. 31 December 2026



Annex B – List of tables and figures

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Table 2 – Zambia Country Office expenditure by key cost component (in USD millions).....5

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Annex C – Acronyms used in the report

AAR	After action review
ARC	Africa risk capacity
CBT	Cash based transfer
CFM	Community feedback mechanism
COMET	Country Office Tool for Managing (programme operations) Effectively
CP	Cooperating partner
CSP	Country strategic plan
CWG	Cash working group
DMMU	Disaster Management and Mitigation Unit
DSA	Daily subsistence allowance
ESARO	Eastern and Southern Regional Office
ESS	Environmental and social safeguards
FAO	Food and Agriculture Organisation of the United Nations
FLA	Field-level agreement
FSP	Financial service provider
FTC	Farmer training centre
GAP	Global Assurance Project
IDM	Identity management
IPC	Integrated food security phase classification
MoDA	Mobile Operational Data Acquisition
MCDSS	Ministry of Community Development and Social Services
Mt	Metric ton
NGO	Non-governmental organizations
OIGA	Office of Internal Audit, Office of the Inspector General
PMT	Proxy Means Testing
RAM	Research, Assessment and Monitoring
RFQ	Request for quotation
SCOPE	WFP's beneficiary information and transfer management platform
SOP	Standard operating procedure
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WFP	World Food Programme
WHO	World Health Organization



Annex D – Agreed actions terminology

List of root causes

Organizational direction, structure and authority	Unclear direction for planning, delivery, or reporting
	Insufficient authority and/or accountability
	Strategic and operational plans not developed, approved, or not SMART
Policies and procedures	Absence or inadequate corporate policies/guidelines
	Absence or inadequacy of local policies/guidelines
Process and planning	Inadequate process or programme design
	Rules and processes, including for decision making, not established or unclear
	Unclear roles and responsibilities
	Insufficient planning
	Inadequate risk management
	Insufficient coordination - internal or external
Oversight and performance	Insufficient oversight from global headquarters / local management
	Insufficient oversight over third parties
	Oversight plans not risk-informed
	Performance measures and outcomes 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, financial service providers, vendor, etc.)
	Insufficient due diligence of third parties
	Insufficient training/capacity building of cooperating partners' 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 – governmental situation
	Funding context and shortfalls
	Donor requirements
	UN or sector-wide reform
Unintentional human error	
Management override of controls	



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:

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 a broad impact.¹⁷

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 that 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.

¹⁷ 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.



Annex E – Audit rating system

The internal audit services of UNDP, UNFPA, UNOPS, and WFP adopted harmonized audit rating definitions, as described below:

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	<p>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.</p> <p>Issue(s) identified by the audit were unlikely to significantly affect the achievement of the objectives of the audited entity/area.</p> <p>Management action is recommended to ensure that identified risks are adequately mitigated.</p>
Major improvement needed	<p>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.</p> <p>Issues identified by the audit could negatively affect the achievement of the objectives of the audited entity/area.</p> <p>Prompt management action is required to ensure that identified risks are adequately mitigated.</p>
Ineffective / unsatisfactory	<p>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.</p> <p>Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.</p> <p>Urgent management action is required to ensure that the identified risks are adequately mitigated.</p>