

12 October 2026

**Management Comments to the Internal Audit of WFP Operations in Lao People's Democratic Republic (AR/26/11)**

WFP Management welcomes the observations made by the Office of the Inspector General in the Internal Audit of WFP Operations in Lao People's Democratic Republic (AR/26/11), covering the period from 1 January to 31 December 2025. WFP Management appreciates the audit's focus on governance, risk management, office organizational structure, needs assessment, programme planning and budgeting, targeting, identity management, accountability to affected populations, cooperating partners management, procurement, supply chain - logistics and monitoring, with partial coverage of delivery cash-based transfers, delivery in-kind, partnerships and finance.

Lao People's Democratic Republic continued to face poverty, food insecurity and malnutrition, as well as economic pressures and climate-related shocks. In 2025, WFP focused on school feeding, smallholder market support, malnutrition prevention, food assistance for assets, crisis response through cash-based transfers and on-demand services. WFP incurred USD 19.2 million in direct operational expenses and reached approximately 332,000 beneficiaries, while operating amid limited government capacity, funding pressures, weak data and monitoring systems and sustainability gaps.

WFP Management appreciates the audit's recognition that the country office managed its partnerships effectively, maintained strong relationships with Government, United Nations, and cooperating partners, and was regarded as a trusted partner in advancing national and United Nations priorities. The audit also acknowledged that interventions under the 2022-2026 Country Strategic Plan were well aligned with the national development agenda. WFP Management further acknowledges the country office's continued delivery of programmes and assistance, reflecting its adaptability and commitment to achieving results despite structural constraints.

WFP Management acknowledges and agrees with the audit's overall conclusion of "some improvement needed" and with the three high-priority and six medium-priority observations. WFP Management fully endorses the agreed actions and will implement them by the respective due dates of 31 January, 30 April, 31 July and 31 December 2027. Several corrective measures have already been initiated. Implementation will be regularly reviewed and updated through WFP's corporate tracking tool. Global Headquarters will provide ongoing guidance and technical support, where appropriate.

WFP Management gives particular attention to the three high-priority observations. Regarding Cooperating partner management, WFP Management will establish an annual risk-based spot-check process, consistently evaluate partner performance, collect partner feedback, and strengthen the tracking and reconciliation of grant expenditure, commitments and liabilities. Controls will ensure activities are authorized only after funding commitments are in place and expenditure is recorded against the correct award and reporting

period. Regarding Targeting and beneficiary identity management, WFP Management will establish a Targeting Working Group, operationalize recommendations from the national social registry pilot, issue beneficiary management lifecycle procedures, use approved corporate digital systems with data-quality and deduplication controls, train staff, and update the privacy impact assessment with support from the Global Privacy Office. Regarding Operational cash advances, WFP Management will update and implement procedures to restrict advances to authorized personnel, limit concurrent advances, involve programme personnel in expenditure validation, and establish analytical reviews, quarterly field-office oversight and regular management reporting. WFP Management acknowledges the six medium-priority observations identify opportunities to strengthen planning, governance and risk oversight, community feedback, supply chain, cash-based transfers and programme monitoring, with agreed actions focused largely on reinforcing existing processes and oversight arrangements.

WFP Management thanks the Office of the Inspector General for its constructive engagement and analysis. The audit observations and agreed actions provide an important basis for strengthening governance, risk management, internal controls, accountability and operational effectiveness in Lao People's Democratic Republic. WFP Management remains committed to implementing the agreed actions within the specified timelines and to using the audit results to support continued improvement across WFP operations.