SAVING LIVES
CHANGING LIVES

Internal Audit of WFP's Contributions Management

Office of the Inspector General

Internal Audit Report AR/26/16

WFP
World Food Programme

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Contents

I. Executive summary 3

II. Background and audit approach 5

III. Results of the audit 9

Governance 9

Observation 1. Guidance, approval process and roles 10

Negotiation 12

Observation 2. Risk assessment and management in contribution negotiations 13

Grant Management 15

Observation 3. End-to-end grant lifecycle controls 16

Observation 4. Allocation and monitoring of flexible Funding 19

Reporting 20

Observation 5. Reporting 20

Annex A – Agreed actions plan 22

Annex B – Process areas in scope 23

Annex C – Acronyms used in the report 23

Annex D – Agreed actions terminology 24

Annex E – Audit rating system 26

I. Executive summary

Background

1. As part of its annual workplan, the Office of Internal Audit conducted an audit of WFP's Contributions Management, covering the period from 1 January to 31 December 2025. The audit reviewed all key aspects of contributions management for public sector contributions, including governance, negotiation, grant management, systems and tools, and reporting.

2. In 2025, contributions from the public donor sector totalled USD 6.2 billion or 95 percent of WFP's total annual contributions of USD 6.5 billion.

3. While the Partnerships and Innovation Department leads the WFP's global partnership and resource mobilisation efforts, contributions management entails cross-functional coordination, with responsibilities and accountabilities disseminated across global headquarters and country offices.

Audit conclusions and key results

4. 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.

5. WFP relies entirely on voluntary contributions, which grew steadily until 2024 before declining in 2025. Despite the increase in flexible funding—reflecting donor confidence—overall levels remain limited, and most contributions continue to be earmarked for specific activities. Donors also reiterated their strong trust in WFP's mandate and its key role in the humanitarian system.

6. WFP has taken steps in recent years to strengthen contributions management. These include guidance on the approval of non-standard clauses, the development of standard agreement templates, ongoing digital initiatives to improve traceability and contract management, and the centralisation of negotiation and oversight activities at headquarters level. In 2025, WFP also carried out a strategic review of multilateral funding to improve the use of flexible resources and support priority operations. In December 2025, it launched a broader funding model review, including full cost recovery, to identify constraints and recommend improvements.

Actions agreed

7. The audit report contains five observations with one high and four medium-priority actions, related to governance, negotiation, grant management and reporting.

8. The observation resulting in the high-priority actions (Observation 2: Risk assessment and management in contribution negotiations) relates to the assessment and management of operational, compliance and financial risks during contribution negotiations. The audit identified opportunities to strengthen the systematic assessment of risks during negotiations and the monitoring of compliance with agreed conditions. This would help anticipate implementation, delivery and reporting challenges, while supporting compliance with applicable frameworks and requirements. Addressing this high-priority issue requires clearer accountability, stronger risk and

impact assessments during negotiations, and enhanced compliance monitoring and escalation mechanisms throughout the contribution lifecycle.

9. Other observations highlight opportunities to further strengthen governance, grant management and reporting processes.

10. Contributions management governance remains fragmented across multiple functional areas, with distinct processes and guidance, as well as uneven oversight and coordination across functions. There is an opportunity to strengthen and streamline the governance framework by consolidating guidance, clarifying roles and accountabilities, enhancing oversight mechanisms, and promoting the consistent use of systems to improve transparency, traceability, and operational efficiency.

11. There are areas for improvement across the grant lifecycle. In particular, there were instances of data quality issues at registration resulting from inconsistent interpretations of agreements. Delays in programming and utilisation were noted particularly for flexible funding, where its flexibility led to de-prioritisation. These challenges reflect capacity, process design and system gaps, and the absence of a systematic approach to prioritising the use of flexible funding when needed. There is an opportunity to strengthen these areas, reinforcing training and introducing processes to prioritise flexible funding over earmarked funding where appropriate.

12. Finally, donor reporting continues to present challenges due to diverse donor requirements, multiple systems and significant reliance on manual processes. While WFP has already identified many of these challenges through a previous advisory engagement, progress in implementing improvements has been slower than anticipated. Strengthening governance, accountability and cross-functional coordination for donor reporting would help improve efficiency, consistency and responsiveness to donor expectations.

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

Acknowledgment

14. The Office of Internal Audit would like to thank managers and staff for their assistance and cooperation during the audit.

II. Background and audit approach

Background

15. WFP's funding model relies entirely on voluntary contributions, without assessed contributions[1] or core funding from Member States.

16. With the exception of a few outlier years, WFP has seen sustained resource growth over two decades (2002–2024). After a record year in 2022, USD 14.2 billion during the Ukraine crisis, funding levels returned to pre-pandemic levels in 2023 and 2024 and had a significant reduction of 34 percent from 2024 to 2025, when WFP confirmed contributions totalled USD 6.5 billion.

17. The proportion of flexible funding[2] doubled from 5 percent to 11 percent between 2019 and 2024, and further increased reaching 13 percent in 2025, most contributions remain non-flexible.

Donor base and funding structure

18. WFP has a large partner base that includes 119 public funding and private sector sources.

19. Resource partners are categorised into three main groups, public sector partners, private sector partners and innovative financing,[3] jointly contributing to WFP's operational requirements. These categories encompass a range of actors, including government and multilateral partners, corporations and foundations, as well as structured and climate financing mechanisms, reflecting WFP's diversified funding approach. WFP's operational requirements are estimated at USD 13 billion for 2026 (Global Outlook, end-2025).

20. Historically, up to 95 percent of WFP's funding has come from a small group of OECD Development Assistance Committee partners. Diversification efforts have accelerated in the past five years, and in 2025, the top 10 resource partners represented 82 percent of WFP funding, with the private sector, being the fifth largest resource provider.[4] The table below shows the top 10 funding sources and their respective contributions for 2025.

Table 1 – Top 10 funding sources and their respective contributions for 2025

2025 Top 10 Funding Sources (by Contribution Year)	
Donor	Confirmed Contributions (USD)
USA	2,058,926,247
European Commission	593,476,780
Germany	570,014,945
United Kingdom	435,167,050
Private Donors	309,939,003
Canada	236,440,917
Republic of Korea	233,267,003
Sweden	156,016,770
World Bank	152,879,378
Norway	142,885,793

[1] Assessed contributions are mandatory payments that UN Member States are required to make to finance the Organisation's budget, as apportioned by the General Assembly.

[2] Flexible funding refers to voluntary contributions that are unearmarked or only softly earmarked, allowing WFP to allocate resources based on identified operational needs and priorities rather than donor-specified purposes.

[3] WFP Resource Mobilization Strategy 2026-2029 | WFPgo.

[4] Had International Financial Institutions and programme countries been reported together, including service provision, this group would have been placed second largest with USD 1.03 billion in 2024.

21. WFP manages its financial resources through two main streams: budgetary and extra-budgetary resources:

- Budgetary resources fund programmatic activities within a country portfolio budget structure, which consolidates all operations under each country strategic plan and links planning, budgeting and implementation to results.
- Extra-budgetary resources (mainly trust funds and special accounts) finance specific activities outside approved country budgets.

Contribution management process

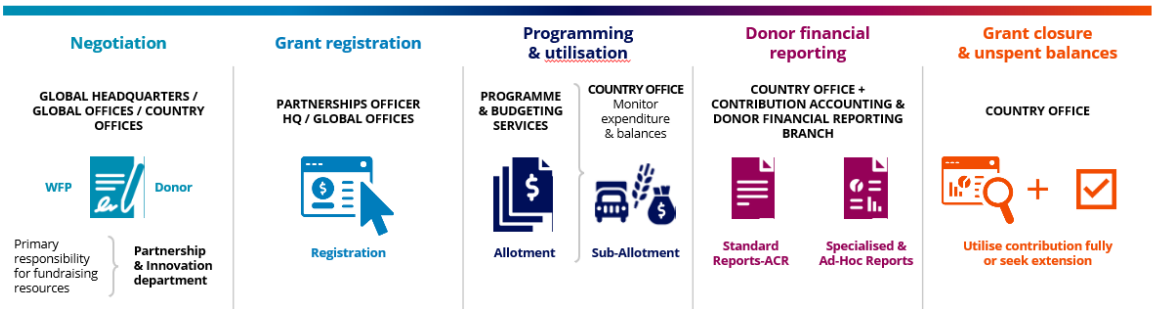
22. Contribution management is a cross-functional, end-to-end process involving multiple stakeholders across headquarters, regional bureaux and country offices. It spans the full lifecycle of contributions—from donor engagement and agreement to recording, allocation, implementation and reporting. The process requires coordination across multiple functional areas and systems to ensure compliance with donor conditions and alignment with operational priorities.

23. The Resource Mobilisation Strategy (2026–2029) positions resource mobilisation as a shared organisational responsibility and reinforces its central role in enabling WFP to deliver its mandate. The Partnership and Innovation Department leads global efforts, including the management of government and international financial institution partnerships, as well as corporate partnership systems and architecture.

24. Within the Department, the Public Partnership Division is a global team that builds and maintains WFP's public partnerships worldwide. It manages (i) WFP's government and International Financial Institutions partnership portfolios, except for the United States which is managed through the Washington Office,[5] and (ii) the corporate partnerships systems and architecture.

25. Figure 1 below illustrates the main process phases and stakeholders involved in the management of contributions.

Figure 1 - Contribution management process areas in scope



[5] The Public Partnership Division was responsible for 60 percent of contributions received by WFP in 2025, amounting to USD 3.8 billion.

Contribution Management Transformation Initiatives

26. The Partnership and Innovation Department, in coordination with the Technology Division, started two main digitalisation projects, (i) the harmonisation of Contribution and Donor Management in Salesforce and (ii) the Introduction of a Contract Lifecycle Management (CLM) system to serve as a central repository and enhance tracking of contribution contracting.

27. These projects, as recommended by previous assurance exercises,[6] aim at streamlining contribution management through development of long-term solutions and systems. At the time of the audit execution both initiatives were ongoing.

28. In December 2025, WFP launched a review of its funding model, including full cost recovery, with the aim of optimising its ability to mobilise resources and establish strategic partnerships.

29. Building on work already underway under various initiatives, the review aims to cover topics as internal cost recovery, direct/indirect costs, indirect support cost rates, twinning, on-demand service provision and more, highlighting constraints and providing recommendations that aim for transparency and agility. Leveraging this project, WFP started an active strategic dialogue with the Executive Board on achieving sustainable, diversified funding amid a major and persistent shortfall, including explaining voluntary funding model and needed adaptation and diversification routes.[7]

Objectives, scope and methodology of the audit

30. The audit's objective is to provide independent and objective assurance on the effectiveness of internal controls, governance and risk management processes supporting contributions management in WFP. 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.

31. In defining the audit scope, to ensure efficient use of resources and avoid duplication of efforts, the Office of Internal Audit considered the coverage of its previous advisory assignment on donor reporting[8] and the UN Joint Inspection Unit report of the donor led assessments and oversight related requests from donors to UN system organisations in the context of funding agreements and the UN single audit principle.[9]

32. This audit reviewed the negotiation phase of the resource mobilisation, but excluded activities related to donor mapping, identification and engagement, forecasting and fundraising initiatives.

33. The audit covered the period from 1 January to 31 December 2025 and reviewed transactions and events pertaining to other periods where necessary.

34. The areas in scope, as identified in the audit engagement plan and based on a risk-based assessment, include the following processes and audit objectives:

[6] WFP, Internal Audit of WFP's Contributions Management - AR/20/16. December 2020 and WFP audited annual accounts report 2022 - WFP/EB.A/2023/6-A/1 – May 2023.

[7] It also framed three discussion blocks for Member States: (1) investment/portfolio balance and where to prioritise, (2) Member State advocacy to unlock new counterparts and mechanisms, and (3) more flexible full cost recovery rules to enable non-traditional and in-kind contributions.

[8] May 2025.

[9] JIU/REP/2025/3

Table 2 – Process areas and audit objectives in the audit scope

Area		Process
Governance		Contributions guidance and alignment with WFP objectives and priorities; staffing structures, roles and responsibilities.
Negotiation		Standard and non-standard agreements. Risk assessment, mitigation and monitoring.
Grant Management	Registration	Registration of stipulations and donor conditions.
	Programming and utilisation	Prioritisation and programming of contributions; utilisation, monitoring and oversight (Funds Management); attribution of expenditure; modifications[10] to Contributions.
	Closure and Unspent Balances	Identification of unspent balances, refunds, write-offs or resource transfers to other activities.
	Systems and Tools[11]	Integration and roll-out of systems and tools supporting contribution management.
Reporting		Donor programmatic and financial reporting (leveraging previous assurance assignment).

35. The audit assessed contributions management in WFP against established criteria to determine compliance, efficiency and effectiveness. These criteria were drawn from the following sources, as applicable:

- WFP strategies, policies, procedures and guidelines, including WFP manuals, directives and circulars; standard operating procedures; and internal controls and risk management frameworks.
- Agreements and donor requirements, including conditions outlined in funding agreements.

36. The audit used a comprehensive methodology that included interviews with and a survey to key WFP personnel at global headquarters and country office level, reviewing relevant documentation, requesting walkthroughs, mapping key processes, performing data analysis, testing transactions, root cause analysis and verifying compliance with applicable policies and procedures.

37. The audit also met with representatives of WFP's four top donors, accounting for almost 59 percent of public sector funding.

38. The audit was conducted in accordance with the *Global Internal Audit Standards (GIAS)* issued by the Institute of Internal Auditors, ensuring consistency, quality and adherence to internationally recognised professional practices.

39. The draft report was shared on 18 June 2026 and final comments received on 24 August 2026.

[10] Possible modifications include: extension of contribution validity, change in contribution value, commodity type, purchasing restrictions, funding window, bag marking, currency, programme category and project allocation, etc.

[11] These include WFP accounting system WINGS-Grant Management module, Salesforce, Grants360, FACTory, Visualize, DOTS, and the ongoing Harmonise and Contract Lifecycle Management (CLM) initiatives.

III. Results of the audit

Audit work and conclusions

40. Five observations resulted from the audit, relating to governance, negotiation, grant management and reporting. Other audit issues assessed as low priority were discussed directly with the office and are not reflected in the report.

Governance

41. In 2025 WFP signed 860 agreements[12] with public donors; corresponding to 1,760 grants[13] when including amendments. 17 percent of contribution agreements were signed at country office level.

42. According to WFP General Regulations, donors may contribute appropriate commodities, cash and acceptable services in accordance with the general rules, providing cash contributions sufficient to cover the full operational and support costs.

43. The authority to sign contributions agreements rests with the Executive Director and was delegated to the Assistant Executive Director Partnership and Innovation.[14] During the audited period, sub-delegations were in place to the Directors of the Partnerships and Innovation Department and to Regional and Country Directors, based on geographical ownership of activities.

44. The 2025 Partnership and Innovation Department organisational review resulted, from 2026, in the centralisation of agreements negotiation and contracting, except for two global offices.[15] During audit reporting, the directive on sub delegations of authorities to sign agreements was being updated accordingly.

45. WFP has defined standard clauses for contribution agreements with donors which are incorporated in WFP's template agreements to ensure alignment with WFP's normative framework, systems and standard operating practices. As donors increasingly seek greater transparency and accountability, requests for non-standard clauses have also increased, requiring ad hoc review and approval to ensure WFP's obligations remain manageable. Once agreed, these clauses become part of the donor's specific agreement templates.

46. In 2022, WFP established the cross-divisional "Changing Donor Landscape Working Group" led by the Partnerships and Innovations Department. This initiative aimed to identify recurring donor requirements, analyse emerging trends and align WFP's practices with the evolving donor landscape. Notable progress was achieved by defining boundaries for acceptable donor conditions and creating decision paths for non-standard clauses.[16]

47. WFP portfolio and volume of on-demand services have been growing over the years expanding the scope and scale of its services, including to host governments. These agreements are non-donor grants and fall under the responsibility of the Supply Chain Division. The 2024 Internal audit

[12] Calculated as number of awards recorded in WFP corporate systems.

[13] A grant is the internal systemic mechanism WFP uses to manage and track that contribution within its corporate systems.

[14] OED2020/021.

[15] The Global Offices in Washington and Brussels remained independent.

[16] Issued in February 2025 consolidating and further elaborating existing guidance available since 2024, it provided standard text and acceptable alternatives and clarified required approval for "non-standard" conditions in six areas.

of On-Demand Service Provision in WFP[17] has raised the need for the development "of a framework clarifying WFP's strategic direction for service provision", including when an activity should be classified as WFP's own programmatic activity or as service provision. During audit reporting, the action was yet to be implemented.

48. Surveyed country offices generally reported positive feedback on the clarity of available corporate guidance and of roles and responsibilities between country offices and headquarters, and highlighted the reliance on corporate support for learning.

49. The audit reviewed the governance surrounding contribution management including policy and guidance, particularly the provisions for accepting contributions in line with WFP priorities, mission and operational needs, as well as the framework for donor relations and partnerships that supports transparent engagement and the structures in terms of clear definition and understanding of roles across relevant teams.

Observation 1.Guidance, approval process and roles

50. Management has taken important steps to strengthen the governance and management of contribution agreements, building on issues identified in previous audits[18] and rooted into the fragmented process and responsibilities and the absence of adequate digital systems. Efforts to address underlying causes have been initiated, and several improvement measures were implemented while others were either underway or required further improvement.

51. In particular, the negotiation and approval of non-standard agreement conditions, including non-standard clauses and restrictions, was not consistently traceable nor was the guidance on the approval of non-standard clauses consistently followed, with some stakeholders considering it not applicable. While the Legal Office was largely considered as the main reference point for guidance, there were inconsistencies in the submission of agreements for their review.

52. To strengthen governance, in 2026 the Partnership and Innovation Department established the Contracts, Negotiations, and Grants Management unit responsible to support and oversee negotiations, enhance consistency and transparency, and perform quality control and compliance checks on post-grant registration. At the time of the audit execution, the terms of reference of this unit were still under development.

53. In parallel, a new Executive Director circular was being drafted to enforce the implementation of the guidance on approval of non-standard clauses and introduce the mandatory use of the Contract Lifecycle Management (CLM) system for standardised contracting.

54. The CLM system will allow for traceability of approval and changes to standard agreements, however at the time of the audit execution, only 40 percent of the agreement standard templates had been developed, with the intention of expanding the coverage in the future. Contracts not based on a template will still be managed through CLM and will require manual input by the relevant stakeholders for registration and approval of the agreement and related conditions. There

[17] Internal Audit of WFP On-Demand Service Provision AR/24/07

[18] Internal audit of WFP's Contributions Management AR/20/16 - Specific issues referred to limited system data reliability and offline tracking, staffing capacity, inadequate processes and systems efficient contributions management along with fragmented manuals and inconsistent guidance; poor grant master-data governance and limited information access drive re-processing, weaken monitoring of donor conditions, and increase risk of breaching obligations.

is an inherent risk of inconsistencies, offline processing or ex post detection of non-compliance in the absence of a clear oversight role/mechanism.

55. While country offices are leading the proposal preparation, there were instances where they were not involved in the subsequent negotiation of contract terms and conditions, which impacted their ability to comply. Key functions, including the Procurement Service[19] and the Global Commodity Management Facility (GCMF), were not consistently or timely informed at negotiation stage. During the audited period, GCMF's post agreement visibility of in-kind contributions and delivery-modality changes led to rerouting commodities to other country offices, incurring additional storage costs and, in some cases, the use of flexible funds to cover them.

56. Multiple guidance existed for contracting with specific donors and the Partnerships and Innovation Department's had created a single repository with 250 guidance documents, yet some overlapped in scope or were outdated. As guidance is also distributed across different functional areas, a consolidated, end to end guidance was still not available to set out clear roles, process steps, tools and cross functional interactions. At the time of audit reporting, operational guidance on CLM had been prepared, while other related guidance still required updating.

Technical Assistance vs Service Provision

57. There were inconsistent approaches across country offices in contracting similar activities. In particular, cash-based transfers carried out on behalf of host governments were contracted in some cases as contributions, in other as service provision. This resulted in different internal ownership, costs recovery mechanisms[20] and internal and external visibility (because of different registration process, donor reporting and classification within the Annual Country Reports).

58. Some service provision agreements included requirements (i.e. reporting, monitoring) and thus responsibilities not envisaged for this type of activity and, as such, not covered by the cost recovery mechanism, while others reportedly required time-consuming changes to standard resource partners' templates. The formalisation of a strategic direction for service provision, as reported in paragraph 47, will contribute to improving consistency.

Underlying cause(s):

Process and planning	Rules and processes, including for decision making, not established or unclear. Unclear roles and responsibilities.
Tools, systems and digitisation	Absence or late adoption of tools and systems

[19] As subject matter expert in fair market value determination.

[20] Indirect support cost (ISC) income is generated applying the relevant ISC percentage to all contributions received by WFP and funds also the Programme support and Administrative Budget (PSA) defined as the portion of the WFP Budget that pertains to providing indirect support to WFP activities including corporate overhead costs that cannot be linked directly with a particular project's implementation. Management Cost Recovery (MCR) is intended to cover global Headquarters overhead costs mainly relating to on demand service provision as such do not feed into the PSA budget.

Agreed Actions [Medium priority]

The Partnerships and Innovation Department, in coordination with the Supply Chain Division, and other departments and divisions as relevant, will:

(i) Strengthen and consolidate operational guidance to clarify roles and responsibilities, processes, steps and information flows within cross-functional teams from resource planning to contributions contracting, supported by the standardised use of systems to enhance traceability and reduce inconsistencies.

(ii) Strengthen the implementation of corporate guidance by clearly defining its role and accountability, including its visibility in service provision arrangements with public sector counterparts; introduce a review mechanism to ensure agreements are consistent and in line with expected use of defined tools; and enhance capacity of country offices in determining the differences between donor contributions and service provision.

Timeline for implementation

31 December 2027

Negotiation

59. As WFP relies entirely on voluntary contributions, the negotiation phase is a critical control point in the contribution lifecycle, during which WFP and resource partners agree the contribution modality, earmarking and key conditions, as well as respective obligations and reporting requirements.

60. Contributions are classified by availability type as cash or in-kind (commodities, goods and services directly contributed by the donor). In-kind donations and donations for procurement in the donor country are classified as tied contributions, which can introduce operational constraints and additional coordination requirements across functions. In 2025, cash contributions[21] represented 87 percent of total contributions, while tied contributions share was 13 percent. Within this latter, in-kind contributions[22] reached USD 0.6 billion, with a reduction in their share by 54 percent compared with 2024, while donations for commodity procurement in the donor country almost doubled since 2023, reaching 3 percent of total contributions in 2025.

61. WFP's General Regulations provide that donors may contribute commodities, cash and acceptable services, and that donors should provide cash sufficient to cover the full operational and support costs associated with their contributions. In this context, the negotiation phase aims to ensure that agreed conditions remain aligned with WFP's mandate and operating model, and that any non-standard requirements are identified, assessed and approved before agreements are concluded.

62. With the digital initiatives still ongoing, at the time of the audit execution, WFP used Salesforce to track donor engagement and negotiation progress, while WINGS served as the primary source

[21] Cash contributions can be allocated to both cash-based and in-kind assistance modalities, based on country office needs and donors' preferences. At the time of the audit reporting phase, nearly 30% of the 2025 cash contributions received from public donors had been spent on food assistance and related transfer costs.

[22] As every contribution needs to meet the full cost recovery principle, a portion of the in-kind contribution is cash to cover for the associated costs.

for contractual and accounting information. This split across systems reinforces the importance of clear controls for documentation, traceability and handover between teams during negotiation and contracting.

63. Donors met during the audit were appreciative of the engagement and interaction with WFP focal points at both headquarters and field level.

64. The audit reviewed the consistency and effectiveness of the negotiation process, focusing on the use of standard templates and clauses, the timely involvement of relevant stakeholders and subject matter experts, the alignment with WFP objectives, priorities and operational needs, the assessment of risks and non-standard requirements, and mechanisms in place to monitor compliance and the use of lessons learned to strengthen future negotiations. The audit also met with a selection of key donors to obtain their feedback on the processes leading to the conclusion of agreements.

Observation 2. Risk assessment and management in contribution negotiations

65. The review of sampled tied contribution agreements, together with stakeholder consultations, highlighted issues in the assessment and management of operational, compliance, and financial risks during negotiation. While needs, risk, and impact assessments were reportedly conducted, particularly for tied contributions, they were not formalised. In addition, stakeholders indicated that WFP often operates with a limited margin for negotiation. In this context, the cases reviewed showed that risks and operational implications were not consistently analysed, documented, and used to inform decisions before commitments were made.

66. In the cases reviewed, agreements were concluded without sufficient upfront assessment of feasibility and risks. In one instance, an in-kind contribution was accepted without a suitable operational framework, requiring further negotiation and subsequent shift to an on-demand service provision agreement, impacting registration, visibility, the full cost recovery mechanism, and resulting in delayed delivery and inconsistent reporting. In another case, a tied contribution relied on a long-standing exceptional arrangement with an entity listed as non-eligible in the UN consolidated sanctions list. This arrangement was not aligned with applicable control requirements, and led to waived processes, food quality issues and delays impacting operations. While issues were reported to the donors for approval, the risks associated with the specific set-up, its implementation and the overall impact of the contributions were not consistently assessed to inform negotiation decisions.

67. Despite a decreasing trend in in-kind contributions (refer to paragraph 60), many donors expressed concern about a potential increase, decoupled from actual needs and conflicting with their operational/modality preferences, as well as unclarity of associated cost coverage. Within WFP, stakeholders highlighted the potential impact of an increase on achieving other priorities and securing multi-donor funding.

68. Rooted in WFP Financial rules, available guidance for in-kind contribution acceptance focuses on revenue recognition and contribution registration in compliance with applicable accounting principles.[23] Additional criteria are only available to assess the suitability of in-kind contributions from the private sector including the alignment with WFP needs and more favorable procurement

[23] The Financial regulations and WFP Contribution and Grants Manual criteria include: WFP control and ownership, budgetary impact and reliable fair market value measurement.

alternatives.[24] These criteria are not applicable for cash for purchase in donor country. This limits the consistency of risk-informed decision-making during negotiations.

Agreement conditions assessment and implementation

69. In the cases reviewed, compliance with agreed conditions was not consistently ensured. Instances were identified where requirements were not fully met or were implemented through alternative approaches, without clear evidence that these deviations had been formally agreed with donors.

70. The risks and feasibility of implementing agreement conditions, including the additional costs and operational constraints arising from specific clauses or restrictions, were not consistently assessed prior to agreement. Following signature, monitoring of compliance was not structured, due to unclear responsibilities and limited supporting systems.[25] This reduced the availability of reliable information on compliance issues and limited its use to inform future negotiations.

71. Surveyed country offices reported increasing donor conditions, including non-standard clauses and restrictions, that add to operational complexity and can impact delivery[26] and a need for clear accountability for implementing and monitoring compliance with agreement requirements, as well as stronger coordination among involved actors.

Underlying cause:

Process and planning	Rules and processes, including for decision making, not established or unclear. Unclear roles and responsibilities.

Agreed Actions [High priority]

The Partnerships and Innovation Department, in consultation with other departments and divisions as relevant, will:

(i) Refine criteria for assessing the suitability of in-kind contributions, including applicability to tied contributions, and introduce a requirement for risk-impact assessments (including risk acceptance) before applying or accepting in-kind and tied contributions.

(ii) In the interim, ensure that tied contributions comply with applicable frameworks, including vendor eligibility requirements, and that associated risks are formally assessed and accepted, supported by documented analysis of operational implications and implementation challenges.

(iii) Establish a structured and consistent approach to assessing risks and implementation feasibility of contributions agreements requirements, prior to sign-off, proportionate to the complexity and potential impact.

[24] api.godocs.wfp.org/api/documents/WFP-0000126458/download/

[25] Agreement conditions implementation tracking is mainly manual (via e-mail/spreadsheets).

[26] In one case a country office was unable to implement because of the absence of an alternative suitable option approved by the donor.

(iv) Clarify roles and operational modalities for monitoring compliance with contributions agreements requirements and define compliance issue identification and escalation mechanisms/information flow to feed in contributions negotiations.

Timeline for implementation

31 December 2027

Grant Management

72. WFP manages confirmed contributions through grants in its corporate systems. Upon registration, a single contribution is often split into one or more grants to enable accurate implementation, expenditure tracking, and donor-specific reporting and allow WFP to manage differing conditions, restrictions, and timelines within the same agreement.

73. Multiple corporate systems and tools are utilised across the grant lifecycle. WINGS[27] is the corporate system for grant registration, budget management, financial execution and recording, utilisation monitoring, and closure. Grants 360[28] provides complementary end-to-end grant visibility and supports monitoring of grant status and extensions. While performed in WINGS, Grant related actions, including modifications, reprogramming, refinancing, expenditure attribution, reallocations, write-downs, are also supported through a combination of tools.

74. In WFP, funding allocated to a Country Strategic Plan contribute to broader operational objectives and requires active monitoring, including of different deadlines, to optimise resource use and synchronise implementation as possible. As such, WFP's grant management is a tiered process involving both global headquarters and country offices level units and oversight mechanisms, mainly the resource management committees and the multilateral budget committee respectively.

Multilateral Contributions

75. A multilateral contribution[29] is a flexible donor contribution where WFP retains the full discretion to determine which programmes or activities the funds will support and how they will be utilised, prioritising needs strategically. Multilateral contributions to WFP in 2025 are estimated at around USD 445 million.[30]

76. The allocation of these funds is decided internally by the Multilateral Budget Committee,[31] which evaluates corporate priorities, ranks operations and activities, and subsequently transfers funds to specific country programmes.

[27] WINGS represents a number of systems which are integrated with the organisation's Enterprise Resource Planning system. WINGS Grants Management is owned by Partnerships and Innovation Department, WINGS Fund Management is used by Programme Cycle, Quality and Budgeting Service and WINGS Financial Accounting by Chief Financial Officer Division.

[28] This is part of WFP's Corporate Data Management platform (DOTS).

[29] These resources are utilised either for strategic allocations or for rapid, life-saving emergency activities through Immediate Response.

[30] Source: WFP Annual Performance Report 2025

[31] As per Executive Director Circular 2022, the MBC is responsible for allocation decisions and for ongoing oversight and post-allocation accountability, including periodic review of financial monitoring and budgetary performance to ensure allocations are utilised, use aligns with the endorsed prioritisation criteria and budget holders (typically country directors) deliver expected results.

77. Softly earmarked contributions are not fully flexible[32] but still grant the organisation the discretion to allocate resources across multiple countries within a specific focus area while reflecting broad donor preferences.

78. In 2025, in the context of declining flexible funding, WFP conducted a Strategic Multilateral Review to enhance the impact of unearmarked contributions, and safeguard programme delivery in priority operations. The review resulted in recommendations and key reforms to sharpen guidance on the strategic use of multilateral funding, streamline allocation decisions-making and to update relevant corporate guidance.[33]

79. During the audited period, ad hoc allocations[34] of multilateral contributions were used for different operational and funding needs, including some not explicitly foreseen by the applicable guidance. the subsequent Strategic Multilateral Review ratified this use of funds recognising the need to maintain a dedicated balance for ad hoc country office requests and establishing a more structured framework for assessing and funding such requests.

80. The audit examined end-to-end grant lifecycle key controls, covering grant registration, programming, utilisation, monitoring, expenditure attribution, and closure of grants, including donor conditions and grant-critical data captured and maintained across corporate systems and responsibilities and decision-making across functions. It also reviewed prioritisation decisions and related country-level programming and utilisation; and mechanisms in place to monitor, oversee, reprogramme, and report on the use of multilateral contributions.

Observation 3. End-to-end grant lifecycle controls

81. Despite actions taken following the 2020 internal audit, weaknesses in end-to-end grant management persist.[35] Gaps in upstream data quality and donor condition codification continue to affect downstream processes, leading to increased reliance on compensating controls to meet utilisation and compliance requirements. WFP operates under sustained operational pressure as a provider of last-resort humanitarian assistance, often responding to emergencies, funding volatility, and compressed delivery timelines. This context increases reliance on downstream flexibilities, intended as exceptions, to maintain programme delivery.

Grant registration and data quality

82. The review of the grant master data identified several instances where donor-requirements, including reporting obligations, restrictions, and time-bound conditions, were not consistently or accurately captured in corporate systems at grant registration.[36] In some of these, the inaccurate

[32] As earmarked with strict time constraints, thematic restrictions or geographic earmarking.

[33] Key reforms included a composite index for prioritising allocations; the interim arrangements for multilateral allocations pending the completion of country portfolio needs calibration to align programme plans with the actual operational capacity, implementation capabilities, and expected funding. The reforms also established a predefined formula for distributing resources across activities, new delegation of authority, and clear requirements for governance, donor recognition, and reporting follow-up actions.

[34] These are exceptional requests for multilateral funding, outside regular prioritisation process, intended to address urgent operational requirements or critical shortfalls that cannot be covered through available Country Strategic Plan resources or other funding sources.

[35] Internal audit of WFP's Contributions Management AR/20/16 - This highlighted a fragmented system and information landscape and reliance on offline trackers and manual reprocessing to meet donor conditions.

[36] These included fields that are mandatory according to the relevant guidance, with instances of the information being recorded in open text fields.

recording impacted downstream visibility of donor conditions,[37] and resulted in late corrections that contributed to shortened implementation timelines and/or downstream adjustments.

83. While recognising that WFP has established system controls and started internal compliance initiatives, there is an opportunity to strengthen preventive controls at grant registration and reduce reliance on compensating mechanisms.

Programming, utilisation and adjustments

84. In sampled grants, there were delays and control gaps in programming which reduced the effective delivery timeframe of contributions. This was particularly evident for directed multilateral contributions,[38] which were often programmed weeks after donor confirmation. As timelines compressed, budget adjustments, intended for exceptional situations, was increasingly used as a routine tool to address operational constraints.

85. The attribution of direct operational expenses from one grant to another or across several grants was also increasingly used to meet utilisation pressures and manage end-of-cycle balances. Some key controls in the grant modification tools,[39] were inconsistently applied: validation fields were frequently incomplete, documentation was limited, and donor restriction checks not consistently enforced. Analysis of available records indicates that these practices were primarily used to achieve full utilisation of grants before expiry.

86. Expenditure attribution relied on a certification tool based on grant validity. As donor conditions were not fully reflected in the system, manual overrides were frequently required. Recertification requests from country offices were not consistently assessed for compliance with donor conditions, increasing the risk of misallocation.

Closure and management of grant extensions

87. Grant closure processes were largely reactive. During the audited period, many grant extension requests were submitted, predominantly in the final stages of grant implementation and often combined with last-minute reprogramming, budget adjustments, or repayments.

88. Extensions were often driven by short agreement validity periods and unforeseeable operational changes. requiring adjustments to country office programming plans. A few grants also experienced long registration delays, also due to late internal submission or insufficient information for the registration. In several cases, grants were extended to facilitate the full utilisation of funds; however the root causes were not adequately documented.

Systems integration, governance and capacity

89. Grant-critical data were inconsistently embedded across systems, reflecting limitations in system integration and information flow across tools and functions. Country office roles and responsibilities related to grant validities, utilisation, and compliance were not consistently enforced and training efforts remained uneven.

[37] Downstream users may need to rely on grant agreement text, institutional knowledge, bilateral coordination with partnership officers, manual checks and subsequent corrections.

[38] Directed by donors to a specific activity or activities initiated by WFP or to a specific programme or programmes.

[39] WFP has several formal grant modification mechanisms, and they are supported through combination of tools developed in DOTs.

90. Surveyed country offices identified the need for more systematic training on grant and contract management beyond partnerships functions, particularly for programme and implementation staff, as well as stronger monitoring of compliance with donor conditions.

Underlying cause(s):

Process and planning	Inadequate process or programme design Rules and processes, including for decision-making, not established or unclear
Oversight and performance	Insufficient oversight from global headquarters Performance measures and outcomes inadequately measured or established
Resources – People	Absence of/insufficient staff training
Tools, systems and digitisation	Inappropriate implementation or integration of tools and systems

Agreed Actions [Medium priority]

1. The Partnerships and Innovation Department, in consultation with the Programme Cycle, Quality and Budgeting Service within Programme Operations Department and the Financial Reporting Service within the Chief Financial Officer Division, will:

(i) Review and strengthen preventive controls at grant registration to ensure accurate and consistent capture of donor requirements, validation rules, and embedded system checks to reduce reliance on manual corrections and reclassification of budgets and expenditures.

(ii) Deliver targeted, cross-functional mandatory training for stakeholders, focusing on high-risk, and refund-prone operations.

(iii) Strengthen mechanisms to systematically capture recurring operational, system, and utilisation challenges, and feed these insights into upstream grant design, donor negotiations, and engagement.

2. The Programme Cycle, Quality and Budgeting Service, in collaboration with the Financial Reporting Service, will strengthen governance, approval, and monitoring frameworks to ensure that budget adjustments and recertification of expenses are used strictly as exception mechanisms. This includes clarifying justification requirements and identifying recurring patterns that should be addressed through improved grant design and negotiation.

Timeline for implementation

1. 31 December 2027

2. 31 December 2027

Observation 4. Allocation and monitoring of flexible Funding

Alignment between approved allocations and country level programming

91. The allocation of flexible multilateral funding is based on a corporate prioritisation process. This identifies eligible countries and focus areas, based on the assessment of specific activities within these latter. In the reviewed sample, some country offices programmed funds to activities different from those used to inform the corporate prioritisation and allocation decision, while remaining within the broader approved focus area. This was rooted in evolving operational requirements and funding levels, over the course of the allocation process.

92. While flexibility is expected, this practice was not supported by an assessment and limited the visibility of how final allocations effectively targeted corporately prioritised activities. At operational level, this resulted in frequent budgetary and expenses adjustments.

Re-prioritisation of under-utilised allocations

93. In sampled cases, the country offices did not programme or utilise allocations within the corporate deadlines.[40] While flexibility is intentional for contextual and operational challenges in WFP operations, and oversight mechanisms exists at headquarters and country-level, including the resource management committee, no control in place ensured timely visibility, escalation and reallocation of under-utilised funds. This limited the ability to redirect scarce multilateral resources to higher-priority operations, in line with the corporate prioritisation principles and value for money considerations.

Ad hoc allocations – due diligence and scope

94. For the ad hoc allocations reviewed, there was no consistent documentation of how the requests were assessed against the full set of due-diligence criteria for eligibility and selection defined in corporate guidance.[41]

Underlying cause(s):

Policies and procedures	Absence or inadequate corporate policies/guidelines
Process and planning	Inadequate risk management
Oversight and performance	Insufficient oversight from global headquarters
Tools, systems and digitisation	Inappropriate implementation or integration of tools and systems

Agreed Actions [Medium priority]

1. The Programme Cycle, Quality and Budgeting Service within the Programme Operations Department will:

   (i) Reassess the prioritisation framework and clarify country office flexibility to programme multilateral allocations across activities within approved focus area, including requirements

[40] 3–6 months for Crisis Response; 6–9 months for Resilience and Root Causes

[41] The guidance requires ad hoc requests for allocation of multilateral funding to relate to urgent operational requirements with beneficiary impact and to be supported by documented due diligence to demonstrate that these requests are not driven by routine funding gaps or weak planning, including evidence of exhausted alternatives, ongoing fundraising efforts and mitigation measures to prevent recurrences.

for documenting that the activity change remains aligned with corporate allocation rationale. Update corporate guidance accordingly.

(ii) Strengthen mechanisms in place to review multilateral allocations programming and utilisation within defined deadlines and define cases that would need escalation to the Multilateral Budget Committee for timely decision-making.

2. The Programme Cycle, Quality and Budgeting Service within the Programme Operations Department will strengthen the end-to-end linkage between prioritisation, allocation, programming, and utilisation monitoring tools and records, building on ongoing corporate initiatives.

Timeline for implementation

1. 31 December 2026
2. 31 December 2027

Reporting

95. Contribution agreements specify the programmatic and financial reporting requirements by the donor, that WFP needs to fulfil. These include final and interim reports.

96. Donor reporting expectations continue to evolve, with increasing demands for transparency and accountability. In recent years, donors have attached more detailed and diverse reporting requirements to their contributions, challenging WFP to accommodate customised and non-standard reporting requests while ensuring compliance with corporate policies and requirements. Recognising these challenges, WFP launched a cross-divisional initiative to strengthen its reporting framework and practices, as described in the Governance section.

97. Grant reporting forms a critical component of contributions management, providing assurance to donors on the use of funds and achievement of results. It involves multiple stakeholders and requires the consolidation of financial and operational data from different systems.

98. Reporting processes are supported by several corporate platforms; however, producing donor-specific outputs, particularly for non-standard reporting, often requires additional manual processes and coordination across functions.

99. In 2025, the Office of Internal Audit conducted an advisory assignment on donor reporting, which identified challenges related to the mapping of donor requirements, use of systems, roles and responsibilities, and alignment between policies and practices. The audit assessed the extent to which reporting processes, systems and controls have evolved to address these challenges.

Observation 5. Reporting

100.WFP has defined standard tools to report on its operations and achievements, particularly the Annual Country Report.[42] However, this does not systematically meet donors reporting

[42] The Annual Country Reports (ACRs) are annual project performance reports that are prepared by country offices worldwide fulfilling a contractual agreement with donors.

requirements and they still require ad hoc reporting. Contribution agreements define donor-specific reporting requirements, including narrative and financial reports.

101.Consequently, donor reporting at WFP is fragmented and resource-intensive, resulting in inefficiencies and instances of inaccurate and untimely reporting.

102. WFP relies on multiple partially integrated systems, with significant use of manual processes to produce donor-specific and non-standard reports. This has contributed to variability in the quality and timeliness of reporting, as well as instances of inaccuracies.

103.Despite prior advisory work on donor reporting, limited progress has been made in strengthening reporting processes, systems, and governance arrangements, primarily due to competing priorities and organisation-wide efficiency measures.

104.Donors indicated reporting as a key area that could benefit from improvements, particularly in terms of type and detail of information provided – varying based on country office capacity-, cost of certified reporting and timeliness. Instances of inaccurate reporting were noted by the audit and reported by donors. While donors reported some country offices good practices, such as structured information sharing and engagement and regular reporting debriefs, these approaches were not consistently applied across the organisation.

105. These challenges had already been identified by the advisory, which designated the Changing Donor Landscape Working Group[43] as the sponsor to drive improvements. While the Working Group acknowledged this role, no tangible progress was made in implementing the advisory recommendations, largely due to competing priorities as well as WFP's funding context and related efficiency measures. Consequently, in the absence of actions taken in response to the advisory, the issues and associated risks identified therein remain unaddressed and unmitigated.

Underlying cause(s):

Process and planning	Inadequate process or programme design Rules and processes, including for decision making, not established or unclear
Resources – People	Insufficient staffing levels
External factors - beyond the control of WFP	Funding context and shortfalls

Agreed Actions [Medium priority]

The Partnerships and Innovation Department, through the Donor Changing Landscape Working Group, will strengthen donor reporting by prioritising key recommendations from the 2025 Donor Reporting Advisory, clarifying accountability, identifying and promoting replicable good practices, and streamlining reporting through standardisation and reduced manual workarounds, using existing tools where possible and contributing to longer-term system improvements subject to resource availability.

Timeline for implementation

31 December 2028

[43] This is a cross-divisional working group led by the Partnership and Innovation Department, established in 2022 to agree on a coordinated approach on donor conditions, enable a more coherent negotiation with donors at all levels, and support compliance with contractual obligations. Changing Donor Landscape | WFPgo

Annex A – Agreed actions plan

The following table shows the categorisation, 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 department level and at service level where applicable.

#	Observation	Process Area	Owner	Priority	Due date for implementation
1	Guidance, approval process and roles	Governance	Partnership and Innovation Department	**Medium**	31 December 2027
2	Risk assessment and management in contribution negotiations	Negotiation	Partnership and Innovation Department	**High**	31 December 2027
3	End-to-end grant lifecycle controls	Grant and Fund Management	Partnership and Innovation Department Programme Cycle, Quality and Budgeting Service of Programme Operations Department	**Medium**	1. 31 December 2027 2. 31 December 2027
4	Allocation and monitoring of flexible Funding	Grant and Fund Management	Programme Cycle, Quality and Budgeting Service of Programme Operations Department	**Medium**	1. 31 December 2026 2. 31 December 2027
5	Reporting	Reporting	Partnership and Innovation Department	**Medium**	31 December 2028

Annex B – Process areas in scope

Table 1 - Process areas in the audit scope 8

Annex C – Acronyms used in the report

CLM	Contract Lifecycle Management
DAC	Development Assistance Committee
DOTS	Corporate Data Management platform
GCMF	WFP Global Commodity Management Facility
GIAS	Global Internal Audit Standards
MBC	Multilateral Budget Committee
USD	United States Dollar
WINGS	WFP accounting system
WFP	World Food Programme

Annex D – Agreed actions terminology

List of root causes

Category	Root Causes
Organisational 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 mobilisation
	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 digitisation	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 categorised 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:

Priority	Definition
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 organisation 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.[44]

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.

[44] 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 harmonised audit rating definitions, as described below:

Rating	Definition
Effective / satisfactory	The assessed governance arrangements, risk management and controls were adequately established and functioning well, to provide reasonable assurance that issues identified by the audit were unlikely to affect the achievement of the objectives of the audited entity/area.
Some improvement needed	The assessed governance arrangements, risk management and controls were generally established and functioning well but needed improvement to provide reasonable assurance that the objective of the audited entity/area should be achieved. Issue(s) identified by the audit were unlikely to significantly affect the achievement of the objectives of the audited entity/area. Management action is recommended to ensure that identified risks are adequately mitigated.
Major improvement needed	The assessed governance arrangements, risk management and controls were generally established and functioning, but need major improvement to provide reasonable assurance that the objectives of the audited entity/area should be achieved. Issues identified by the audit could negatively affect the achievement of the objectives of the audited entity/area. Prompt management action is required to ensure that identified risks are adequately mitigated.
Ineffective / unsatisfactory	The assessed governance arrangements, risk management and controls were not adequately established and not functioning well to provide reasonable assurance that the objectives of the audited entity/area should be achieved. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area. Urgent management action is required to ensure that the identified risks are adequately mitigated.