Annual report of the Inspector General

Executive summary

The Office of the Inspector General of WFP submits its annual report for the year ended 31 December 2020 to the Executive Board.

The report provides the Office of the Inspector General's assessment, based on the scope of the work undertaken, of the effectiveness of WFP's governance, risk management and control processes in 2020. It also provides an overview of the activities carried out during the year by the Office of the Inspector General, including the Office of Internal Audit and the Office of Inspections and Investigations.

Draft decision*

The Board takes note of the annual report of the Inspector General (WFP/EB.A/2021/6-D/1) and notes that, based on the risk-based oversight work performed and reported in 2020, no material weaknesses were identified in the governance, risk management or control processes in place across WFP that would seriously compromise the overall achievement of WFP's strategic and operational objectives.

The Board encourages management to take advantage of the opportunities for improvement highlighted in the report.

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* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

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Assurance statement

This opinion is based on the Office of the Inspector General's assurance work (internal audits and follow-up reviews, advisory services, proactive integrity reviews and inspections) completed between 1 January and 31 December 2020. All assurance work was conducted in accordance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and the Office of the Inspector General's Charter.

To formulate this opinion, other sources of evidence were considered, as appropriate: work conducted by the External Auditor and the United Nations Joint Inspection Unit in 2020; the status of implementation of internal audit agreed actions as of 31 December 2020; and any systemic issues noted in investigations completed in 2020. The Office of the Inspector General relies in part on management to advise it of significant known failures of internal control systems, fraudulent activities and known weakness that would allow fraudulent activities or significant losses to occur, or that would substantially impede the efficient and effective use of resources. The assurance work conducted by the Office of the Inspector General is risk-based and provides, in our view, reasonable support for our assurance opinion within the inherent limitations of the assurance process.

Risk-based work plan: The annual work plan does not include engagements for every WFP business process, entity or organizational unit. Instead, assurance services are selected based on an analysis of material risks to WFP's objectives. The work plan is not designed to provide a comprehensive opinion on the governance, risk management and control processes for the overall global programme or all WFP processes that support WFP's strategic, financial, operational and compliance objectives.

Inherent limitations: Because of the inherent limitations in any governance, risk management or control process, errors or irregularities may occur and not be detected. Additional matters could have been identified that may have changed opinions had additional audit work been performed. Projections of any evaluation of these processes to future periods are subject to the risk that processes may become inadequate because of changes in conditions, management override or deterioration in the degree of compliance with policies and procedures. As identified later in this report, travel restrictions and lockdown measures in Italy and other countries due to the COVID-19 pandemic resulted in limited coverage of field operations, with most of the work for this opinion conducted remotely.

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The Office of the Inspector General's annual assurance opinion provides assurance that, based on the risk-based oversight activities performed in 2020, no material weaknesses were identified in the governance, risk management or control processes in place across WFP that would seriously compromise the overall achievement of WFP's strategic and operational objectives.

However, this assurance opinion does identify governance, risk management and control practices that require attention and improvement. Details of key issues identified during 2020 are discussed in paragraphs 27–44. The practices requiring improvement do not rise to a level of institutional significance that would seriously compromise WFP's achievement of its overall objectives.

In view of the change of Inspector General during the drafting and finalization of the assurance opinion, both the outgoing Inspector General, who was in position for the whole of 2020 and until the end of February 2021, and the acting Inspector General, who was responsible for drafting the opinion and presenting it through its various stages of validation and finalization, have agreed on the opinion.

Anita Hirsch, Inspector General a.i.

April 2021

Overview of the Office of the Inspector General

Mandate and operations

1. The Office of the Inspector General (OIG) operates under a charter that was revised and approved by the Executive Board in November 2019.

2. The mission of OIG is to provide WFP's stakeholders with assurance on the adequacy and effectiveness of WFP's governance, risk management and control processes aimed at detecting and deterring fraud, waste and abuse through the conduct of independent and objective oversight activities; to conduct inspections and investigations of allegations of wrongdoing and misconduct; and to facilitate the adoption and implementation of United Nations, humanitarian agency and private-sector best practices related to assurance and oversight.

3. OIG comprises two units: the Office of Internal Audit (OIGA) and the Office of Inspections and Investigations (OIGI).

4. OIG is responsible for providing the Executive Director with an annual assurance opinion on the adequacy and effectiveness of governance, risk management and control processes in achieving WFP's objectives, and an annual report of OIG activities, including a summary of significant oversight findings resulting from OIG's assurance work, the implementation status of recommendations, and confirmation of the organizational independence of OIG activities.

5. OIG submits all of its reports to the Executive Director. A public disclosure policy approved by the Executive Board stipulates disclosure of internal audit and inspection reports on a public website, with some exceptions. The distribution of reports that are not publicly disclosed has been established by policies approved by the Executive Board.

Statement of independence

6. OIG hereby confirms to the Executive Board its organizational independence. There was no management interference in work planning or reporting, and no resourcing constraints or other issues affected the independence of oversight activities and the assurance opinion.

Activities in 2020

7. The services provided by OIG in 2020 and prior years are summarized below. The audit universe used to develop the annual assurance plan covers all WFP systems, processes, operations and activities; however, the assurance opinion is limited to the work performed by OIG during 2020.

TABLE 1: OIG ACTIVITIES, 2018–2020*					
Year	Internal audits		Proactive integrity reviews	Investigations		Inspections**
	Audit reports issued	Advisory services***	Completed reports	Registered cases	Completed cases	Issued reports
2017	18	5	4	55	40	0
2018	20	2	5	100	53	3
2019	22	3	1	174	80	0
2020	13	16	2	300	92	1

* While all internal audit work was completed in 2020, reports on assignments started towards the end of the year may be issued in 2021.

** Inspection reports are listed in the year in which they were completed and considered for the annual assurance opinion, rather than the year in which they were issued. One inspection report completed in 2019 was issued in 2020 and was not considered for the 2020 annual assurance opinion.

*** Details in annex I, section B.

Resources

8. The budget allocated to OIG increased by USD 2 million, from USD 11.3 million in 2019 to 13.3 million in 2020, to supplement investigative resources for addressing a continuing increase in allegations of misconduct and wrongdoing received by OIGI. A budget reduction of USD 0.7 million was applied mid-year, mainly from OIGA's travel budget. Total budget savings for 2020 amount to USD 0.9 million (actual expenditure minus initial allocation). As standard staff costs are automatically deducted from OIG's budget, whether positions are vacant or not, savings from vacant positions awaiting recruitment are not included in the USD 0.9 million and are not returned to OIG's budget for further use.

TABLE 2: OIG BUDGET *(USD thousand)*		
	2019*	**2020**
Initial budget allocation	11 333	13 304
Actual expenditures	10 391	12 425

* Includes an additional allocation of USD 300,000 for Yemen investigations, of which USD 297,971 was spent.

9. The number of budgeted staff positions increased from 52 in 2019 to 55 in 2020. As the OIGI caseload grew, supplemental funding was approved for four additional investigators. At year-end, all professional positions were filled in OIGI and two remained vacant in OIGA. Three support positions were vacant or filled temporarily awaiting formal recruitment.

10. As of the end of 2020, OIG's professional team is gender-balanced (with 50 percent women and 50 percent men) and diverse (comprising 26 different nationalities). All professional staff in position have relevant certifications such as Certified Internal Auditor, Certified Public Accountant or Chartered Accountant, and other specific certifications (Certified Fraud Examiner, Certified Information Systems Auditor, Certification in Cybersecurity Audit, Certification in Control Self-Assessment, and Certification in Risk Management Assurance). The typical profile of an OIGA auditor includes prior experience at an international auditing firm, often with additional experience with a United Nations agency or humanitarian

organization. The typical profile of an OIGI investigator includes a law enforcement, investigatory or legal background, and some investigators also have accounting or auditing certifications and experience.

TABLE 3: NUMBER OF BUDGETED OIG STAFF MEMBERS		
	2019	**2020**
Professional	40	47
General service	6	8
Initial budget	**46**	**55**
Additional investigators	6	4
Final budget	**52**	**59**

Overview of activities of the Office of Internal Audit

Internal audit and advisory services

11. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. OIGA helps WFP accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes. As part of OIG's process for providing assurance to the Executive Director and stakeholders, OIGA examines and evaluates the adequacy and effectiveness of WFP's governance, risk management and control processes overall and the performance of WFP units in delivering on their assigned responsibilities. This assurance work is provided through the performance of internal audits, proactive integrity reviews (PIRs) and consultation in the form of advisory services.

12. PIRs are structured examinations performed to identify and test preventive and detective anti-fraud controls designed to limit exposure to fraud risk. Building on OIGA's analytical capacity, PIRs provide management with assurance on the effectiveness of fraud prevention and detection controls, complementing OIGI's investigative work by addressing the root causes of fraud and corruption. In 2020, OIGA complemented OIGI's investigation work further by providing fraud lessons learned through a review of controls in parallel to an ongoing investigation.

13. For its assurance activities, OIGA conducts its work in accordance with IIA International Standards for the Professional Practice of Internal Auditing, and with OIGA internal audit policies, standards and guidelines. An external assessment conducted in 2016 confirmed that OIGA's internal audit activities "generally conform" to all IIA professional standards. In accordance with internal audit standards, OIGA conducts internal quality assessments on an annual basis.

Results of the risk-based assurance plan

14. OIGA's assurance plan is designed to focus on the most significant risks applying to WFP's risk universe. The annual risk-based assurance plan was approved by the Executive Director after consultation with senior management and the Executive Board and review by the Audit Committee. Changes to the work plan in the course of 2020 were also approved by the Executive Director.

15. As required by IIA standards, a documented risk assessment of WFP's risk universe determines the priorities of internal audit activity, consistent with the organization's goals. This risk assessment is linked to WFP's key processes and critical risks, assessing the probability and impact of any identified risks for auditable entities and processes and selecting those to be audited in the coming year. OIGA's audit universe for 2020 identified and rated 189 organizational entities (of which 122 were classified as geographical entities and 67 as global headquarters entities and processes). OIGA ranked all WFP auditable entities by assessing identified risks according to their impact on WFP operations and the probability of each risk occurring. The risk factors used in the risk assessment were amended following consultation with regional bureaux and were ranked on a three-point scale – high, medium or low. OIGA obtained input and feedback from major stakeholders (regional directors, divisional directors, the Enterprise Risk Management Division and members of the leadership group) on strategic risks and key organizational developments and made adjustments accordingly.

16. In addition to ensuring compliance with IIA standards, this approach reflects OIGA's internal audit strategy, which emphasizes the need for dynamic risk assessment in the planning and conduct of assurance activities. OIGA's annual risk assessment also includes specific consideration of fraud risks, which drives the identification of topics for PIRs.

Scope of assurance work in 2020

17. The 2020 work plan originally provided balanced coverage of field entities and headquarters processes. Travel restrictions and remote working requirements in response to the COVID-19 pandemic limited OIGA's ability to cover field locations from March 2020. Of 15 country offices included in the original plan, OIGA had to cancel the audits of 11 field operations (a number of which have been rescheduled for 2021). WFP operations in Myanmar and the Democratic Republic of the Congo were audited in the first quarter of 2020. The follow-up on the 2019 internal audit of operations in Liberia and a review of the Regional Bureau for Latin America and the Caribbean completed OIGA's field coverage in 2020. The assurance opinion is therefore based on limited field coverage.

18. In view of the changes to WFP's activities and working arrangements, the work plan was revised to expand coverage via remote methods (which in some cases limited the scope of audit work) and provide real-time assurance on activities and processes that were being developed in response to the COVID-19 corporate emergency response. OIGA provided real-time assurance on areas identified in consultation with management (trust fund governance, food safety and quality, budget revision processes and asset management in emergencies) and then following a risk assessment of the COVID-19 emergency response efforts for the aviation service, medical equipment procurement and the emergency service marketplace, and a trust fund expenditure review.

19. OIGA maintained its coverage of a number of core corporate activities (contributions management, asset management, the non-medical insurance function, business continuity management and the United Nations Humanitarian Response Depot). OIGA continued to review how corporate systems and technology in general are embedded in and support WFP's processes, with audits of the Logistics Execution Support System (LESS, a SAP logistics module) and WFP's beneficiary information and transfer management platform (SCOPE). PIRs focused on school feeding activities and cash-based transfers (CBTs).

20.   Altogether 31 assignments were completed in 2020. Of these, 13 were audit engagements – four field operation audits (one as a follow-up review), five thematic and process audits (one as a follow-up review), three information technology audits, and one related to the COVID-19 response. Further assurance was obtained from three advisory assignments on beneficiary data mapping, monthly financial closure, and cybersecurity. Other advisory work included providing the Somalia country office with advice on its mobile money operations and a fraud lessons learned exercise, and providing consolidated insights on WFP's second line of defence. Two PIRs complemented OIGA's coverage: on school feeding (carried forward from the 2019 assurance plan), and CBTs (limited to an assessment of control design owing to travel restrictions). Oversight work on the COVID-19 response resulted in ten real-time assurance notes – requiring shorter and more focused assurance work than OIG's audit or advisory assignments do – which were consolidated into one report that was publicly disclosed. Several investigation reports provided insights into areas of exposure to fraud and/or corrupt practices. Annex I provides further details of OIG's work considered in the 2020 assurance opinion.

21.   Altogether, operations within the scope of the assurance work plan represent 28 percent of WFP's expenditure in 2020 (assurance coverage was 37 percent in 2019). This is a conservative estimate of the expenditure covered when the financial materiality of the audited entities in dollar value can be relevant (see paragraph 26 for exceptions). The PIR on CBTs, and consideration of the audit of SCOPE, covers some of the USD 2.1 billion expensed through CBTs (with assurance coverage estimated to be 25 percent of total CBT expenses in 2020). Similarly, the audit of LESS, which supports the management of commodities, was estimated to provide assurance with regard to 25 percent of the USD 2.4 billion in food commodities distributed in 2020. The audit of government contributions provides some additional coverage of the USD 7 billion of WFP's revenue, which is not reflected in the 28 percent coverage reported on expenditure only.

22.   In formulating the annual assurance opinion, OIG also considered, as appropriate, other sources of relevant information including work conducted by the External Auditor and the United Nations Joint Inspection Unit in 2020, and the status of implementation of internal audit agreed actions as of 31 December 2020.

23.   OIG relies on management to advise on significant known failures of internal control systems, fraudulent activities and known weaknesses that would allow fraudulent activities or significant losses to occur, or that would substantially impede the efficient and effective use of resources. Management advises OIG of known significant failures at the time an audit is initiated.

Summary of 2020 audit engagement ratings

24.   OIGA employs a four-tier system for its audit ratings, which has been in place since November 2017. The rating system is harmonized with the ratings used by other United Nations agencies.

**Figure 1: Distribution of oversight reports by rating, 2017–2020**
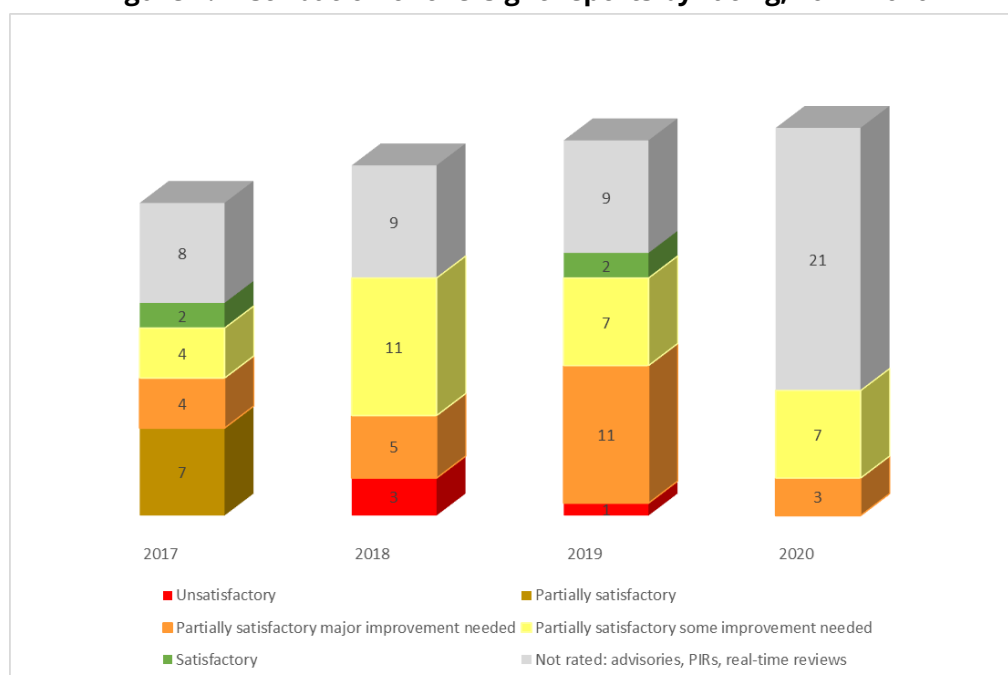
Note: The four-tier rating system was introduced in November 2017. Of 15 partially satisfactory reports in 2017, eight applied the four-tier rating (four with some improvement required and four with major improvement required).

25. From the 13 internal audit reports issued in 2020, or completed and issued in early 2021, a general improvement was noted: seven of ten rated audit reports achieved a rating of partially satisfactory with some improvement needed (seven out of 21 in 2019), and no audit resulted in an unsatisfactory rating. This was a notable positive trend compared with 2019 (albeit based on a smaller number of rated reports), when 12 of 21 audit reports were rated partially satisfactory with major improvement needed, or unsatisfactory. OIGA performed follow-up reviews of two unsatisfactory audit reports issued in 2019 and the implementation of agreed actions for mitigating the risks identified. Significant progress in the implementation of agreed actions was noted. Non-rated engagements include the real-time assurance reviews of the COVID-19 response.

Figure 2: Distribution of audit report ratings, 2020

Rating	Partially satisfactory – some improvement needed	Partially satisfactory – major improvement needed	Not rated
	1. AR/20/13 Social media 2. AR/20/14 Non-medical insurance function 3. AR/20/16 Contributions management 4. AR/21/02 LESS functionalities and application controls 5. AR/21/03 Business continuity management 6. AR/21/04 Regional Bureau for Latin America and the Caribbean 7. AR/21/05 United Nations Humanitarian Response Depot	8. AR/20/11 Myanmar 9. AR/20/12 Democratic Republic of the Congo 10. AR/21/08 SCOPE	11. AR/20/10 Follow-up on Liberia 12. AR/20/15 Follow-up on asset management 13. AR/21/01 Consolidated report on findings from COVID-19 real-time assurance reviews

Figure 3: Materiality of audited entities (*in USD*) and ratings, 2020
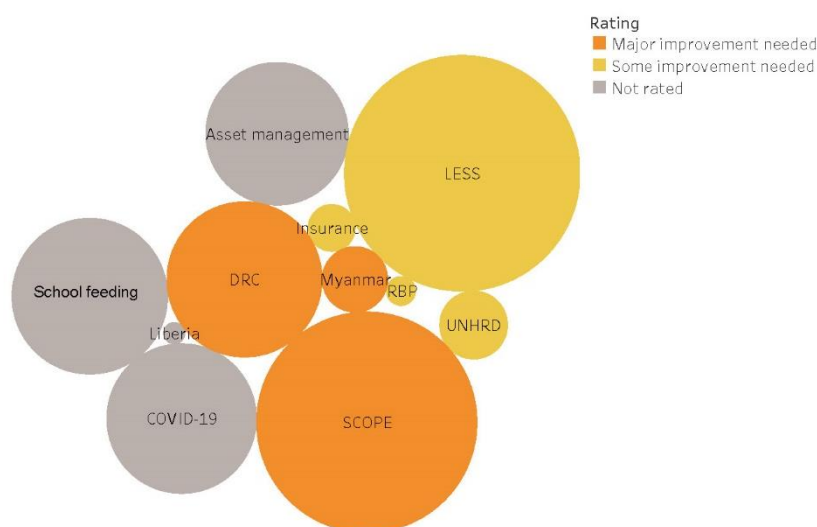
Abbreviations: DRC = Democratic Republic of the Congo; RBP = Regional Bureau for Latin America and the Caribbean; UNHRD = United Nations Humanitarian Response Depot

26.   The following engagements are not represented in figure 3 as an assessment of their dollar-value is not relevant or representative:

➢   contributions management audit (some improvement needed): total contributions from government partners exceeded USD 7 billion in 2020;

➢   business continuity management audit (some improvement needed); and

➢   social media audit (some improvement needed).

Major issues identified in 2020

27.   This section presents an overview of major issues emerging from the assurance assignments completed in 2020.

28.   In general, core competencies are strong, and WFP delivers effectively on its objectives and mandate. No unsatisfactory internal audit ratings were issued in 2020. The majority of audit reports concluded that there was need for some improvement, with issues unlikely to significantly affect the achievement of WFP's objectives. The organization's adaptation to the COVID-19 pandemic and its resilience have proved effective.

29.   WFP management did not disclose any material weaknesses in WFP's governance, risk management or control processes to OIGA in 2020. The management assurance project, a special purpose self-assessment of minimum controls managed by the Enterprise Risk Management Division covered 89 key controls across 8 functional areas in 34 of WFP's largest operations. Although these were self-reported assessments and their accuracy was not independently tested through internal audits, management has not identified material weaknesses in these exercises. Given the travel restrictions resulting from COVID-19 lockdown measures, OIG considered this as a positive factor when forming its assurance opinion in 2020.

WFP's response to COVID-19

30.   The COVID-19 real-time assurance reviews highlighted WFP's quick and timely responses in a number of areas. However, success came through significant efforts in several areas where WFP's processes and systems were not fully fit for purpose for a worldwide

emergency response involving simultaneous actions in many geographical and thematic areas. Ad hoc adaptations or manual processing were required, especially for budgeting, asset planning and acquisitions, cost accounting and financial reporting.[1] Business continuity and remote working arrangements were achieved despite the structure envisaged in the business continuity circulars not being in place. There were weaknesses in the assessment and testing of critical processes and systems. Business continuity was maintained partly thanks to the acquisition of cloud computing solutions prior to the pandemic and to the gradual onset of the pandemic and geographical spread of the virus, which reached the regions where WFP provides humanitarian assistance after reaching other regions. A degree of flexibility in implementing controls in the field also allowed for quick response and facilitated the achievement of objectives.

31.   The global pandemic and travel restrictions nonetheless highlighted the need for revised minimum standards and expected controls in emergency settings, taking into consideration risk appetite and confidence levels. Following the shift to remote working, the organizational mechanisms for reviewing and monitoring material control waivers and amendments to minimum control standards required improvement – the management assurance project at the end of 2020 was initiated to compensate for that lack of visibility. WFP's second line of defence is provided primarily by its regional bureaux through oversight missions to field operations. In 2020, OIGA issued a consolidated insight report reminding management of issues identified in past audits that may require a more coordinated approach to ensuring that second-line activities are strengthened and add value. In past audits, OIGA has found wide variation in the effectiveness of regional oversight activities, which range from missions that appear to duplicate the work of the third line of defence (internal audits) to robust and useful missions that add value in improving field operations. For most of 2020, however, regional oversight missions were restricted, which resulted in heavy reliance on first line controls without additional oversight.

32.   As seen in the COVID-19 response, and in the audit of the United Nations Humanitarian Response Depot, there is a need to refresh the business model for global service provision following implementation of the Integrated Road Map framework.

Beneficiary management

33.   While recognizing management's efforts in this area, OIGA's work in 2020 continued to highlight problems with WFP's process for managing beneficiaries. With regard to data protection and privacy, OIGA's advisory work on beneficiary mapping concluded that a lack of standardization and consistency in beneficiary data collection and processing resulted in a complicated system that was difficult to navigate, and that WFP's existing privacy impact assessment tool should become mandatory. The PIR on school feeding noted weak management of beneficiary enrolment and attendance data stemming from the limited control of WFP in these processes and subsequent inaccuracies in reporting by school authorities and a lack of follow-up verification.

34.   Beneficiary management is also an area of significant risk exposure for investigators. An analysis conducted for the PIR on CBTs showed a concentration of fraud schemes related to data collection and processing in respect of beneficiary listings provided by third parties, such as cooperating partners and governments. In this respect, there is a need to strengthen support for relevant national personal data management systems and to improve the interface between WFP and national systems. Also, the management of cooperating partners continues to be an area of concern, given their key role in beneficiary management.

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[1] OIGA carried out follow-up reviews of these items at the end of 2020 and noted clear progress in most of the areas reviewed through real-time reviews (AR/21/01).

35.   Many fraud prevention and detection opportunities rely on digitization of the beneficiary management process. The audit of SCOPE recognized the benefits of the platform for the automation of exception-based reporting[2] and its importance as a critical corporate initiative that ensures effective, efficient and secure management of digital assistance for beneficiaries. However, the audit also noted inconsistent corporate-wide adoption of SCOPE and of digital assistance more generally. In the absence of a designated and empowered business leader to guide the use of technology for beneficiary management, the Technology Division assumed operational roles beyond technical solutions in order to sustain momentum and respond to country offices' operational requirements. OIGA also noted a failure to define and arbitrate key directions and options for digital assistance for beneficiaries in a timely manner at the corporate, senior management level. This latter point led to delayed, inconsistent and incomplete implementation of the corporate platform defined for full roll-out in 2017. At the end of 2020, SCOPE was partially or fully implemented in 66 countries, with 25 million identities actively managed in the application.

Digital agenda, systems integration and automation

36.   OIGA's scope of work showed positive trends in how technology supports the achievement of organizational objectives. Cybersecurity capabilities improved between 2017 and 2020 thanks to sustained focus and significant efforts and investments in people, processes and technology. With its successful roll-out, LESS provides a useful benchmark for SCOPE project management, bringing a consistent and disciplined approach to commodity management. However, the situation is complicated by system gaps being addressed individually through country offices using "shadow" information technology and manual reprocessing, as well as delays in rolling out the Last Mile application owing to funding constraints and competing priorities.

37.   The COVID-19 emergency shed light on pre-existing issues related to systems and data fragmentation. The budget revision process suffered from a lack of integration among the various programming tools, and delays in the integration of information systems continued to pose a risk to asset management and tracking. While work is ongoing on bridging the gap between the programming tool (COMET), the beneficiary management and transfer platform (SCOPE) and WFP's enterprise resource planning system (WINGS-LESS), organizational needs in this area remain significant.

Loss reporting

38.   The audit of WFP's non-medical insurance function reviewed loss reporting and notification processes. WFP did not have an integrated risk system that monitored all operational risks, including reporting on losses and incidents. This resulted in the need to work with multiple systems and stakeholders in WFP in order to gather data, creating possible gaps, time lags and data quality issues.

39.   Reported losses of CBTs were immaterial compared with the total volume of transactions. This was owing to a very narrow definition of loss and a lengthy investigation process for confirming potential losses (along with a general lack of awareness in country offices and other WFP divisions of the existence and scope of insurance coverage). In respect of food losses, the audit identified weaknesses in the timeliness of the reporting of events, data quality issues and inconsistent dates or quantities of losses (noting that there is no defined loss certification workflow in LESS).

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[2] Data management systems for exception-based reporting are designed to analyse all incoming data and flag any anomalies that may flag potential irregularities such as non-compliance or fraud.

Corporate areas of continuing concern

40.   A significant challenge reported in the 2019 annual report was WFP's unclear direction and prioritization of efforts. OIGA has continued to highlight that processes and layers of tools for planning, resourcing, monitoring and reporting are limited in effectively assessing and reviewing progress. This leads to unclear accountability and ownership; delays in achieving some WFP priorities; a risk of duplication due to a "siloed" approach; and inconsistent monitoring and control results from a generally weak project framework (of key performance indicators and milestones) in the areas audited.

41.   More generally, and as observed in many engagements in 2020, frameworks should be established as minimum standards with identification of circumstances in which the standards cannot be met and recognition that a "one size fits all" approach to control management may not always suit the needs of individual countries.

42.   In 2019, OIGA reported on the over-customization, at the country level, of core tasks with systems and processes being freely adapted to what were perceived as unique circumstances, leading to the risk of controls being perceived as "optional" rather than required. WFP's decentralized model remains an area of concern in 2020 as some corporate projects and key controls were inconsistently implemented across the organization. The SCOPE system for beneficiary and transfer management is heavily customized in some large country offices, increasing business process risks and limiting the ability of the second line of defence to perform effective and efficient oversight. Assurance work on beneficiary data mapping and social media management offered additional examples of largely decentralized processes without adequate governance frameworks and definition of minimum standards.

43.   OIGA continued to raise concerns regarding the lack of agility of human resource processes, appropriate workforce planning and selection in the two country offices audited, and in its work on the reassignment process. Staffing of key operations and capacity is key to ensuring the quality and integrity of WFP's operations.

Gender

44.   OIGA introduced systematic assessment and reporting on the gender maturity of WFP operations through country office audits in 2019 and continued in 2020. Results differed among operations, but in general awareness is growing and there were noticeable efforts to mainstream gender in operations. Influenced by a challenging socio-cultural context, representation of women remained low in several audited operations despite targeted recruitment initiatives aimed at reaching and attracting a wider female audience. Participation and inclusion of women in the execution of programme activities were visible, but greater awareness of the barriers was needed in order to allow the planning and implementation of targeted programme interventions. In addition, gender was not always a priority in emergencies owing to resource constraints and a focus on operational delivery. The capture of gender- and age-disaggregated data from registration and targeting exercises remains an area where efforts are needed, as highlighted in the internal audit of SCOPE.

Implementation status of agreed actions

45.   From July 2019, the Executive Director increased WFP's focus on, scrutiny of and accountability for follow-up on agreed actions. This resulted in the closure of a sizeable number of actions in a short timeframe, and further interaction with OIGA to identify alternative mitigating measures if the initial agreed actions were proving difficult or taking longer to implement than expected. Management's continued attention to these matters has had a positive effect: the implementation and closure of actions has progressively improved since mid-2019.

46. The shift in OIGA's work plan to a more advisory approach resulted in an overall decrease in the number of audit agreed actions issued in 2020, down by 44 percent compared with 2019 (from 206 to 116).

Figure 4: Agreed actions issued and closed per quarter, 2016–2020

47. These two factors combined result in a very positive outlook for the number of outstanding actions at the end of 2020, which is at its lowest level since 2013.

Figure 5: Numbers of outstanding agreed actions, 2016–2020
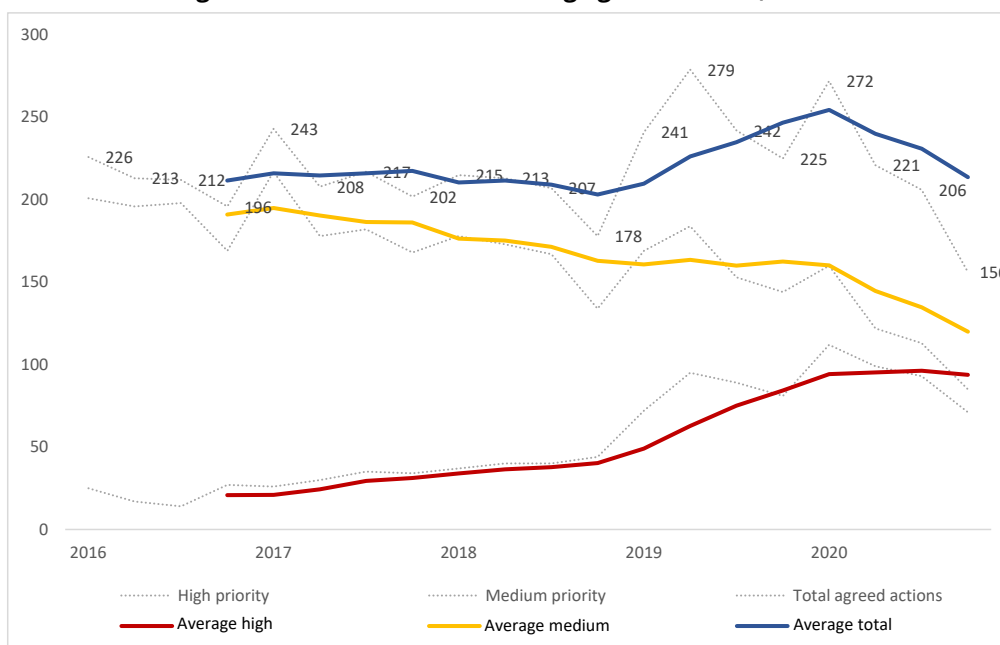
48. Overdue actions were an average of 244 days beyond their estimated implementation timeframe, an increase from an average of 190 in 2019. Owing to the COVID-19 pandemic, in June 2020 management revised the target implementation dates of several actions. Following this exercise, overdue actions are now an average of 24 days beyond their revised implementation dates.

TABLE 4: STATUS OF IMPLEMENTATION OF AGREED ACTIONS, 2019 AND 2020						
	High risk 2019	High risk 2020	Medium risk 2019	Medium risk 2020	Total 2019	Total 2020
Open at beginning of year	**44**	**81**	**134**	**144**	**178**	**225**
Issued in the period January–December	85	56	118	68	203	124
Total	**129**	**137**	**252**	**212**	**381**	**349**
Closed in the period January–December*	50	66	123	127	173	193
Outstanding at year-end	**79**	**71**	**129**	**85**	**208**	**156**
Overdue (beyond initial agreed implementation date)	38	34	76	46	114	80
Overdue (beyond revised implementation date)	n/a	6	n/a	13	n/a	19

* Adjustments were made in January 2020 to reflect actions marked as implemented by 31 December 2019 that OIGA confirmed as closed in the following month. This ensured that efforts related to closing actions were reported on in the year to which they related. In 2021 the practice of manually adjusting post-year-end was discontinued to ensure that all data reported could be reconciled with data available in the system used for the follow-up of agreed actions. Twenty actions marked by management as implemented at year-end were reviewed by OIGA in January 2021 and subsequently closed. Those 20 actions were not removed from the counts above. For comparison purposes, should OIGA have continued to post year-end adjustments outstanding actions at year end would total 136 (they are 156 with the change of methodology).

49.   OIGA will continue to work in partnership with management and WFP units on the follow-up to agreed actions in order to ensure appropriate and timely mitigation of the issues identified.

Overview of activities of the Office of Inspections and Investigations

Investigation services

50.   OIGI conducts investigations into allegations of misconduct, including alleged fraud and corruption against WFP and its programmes. Investigations also involve reported violations of policies, procedures and other administrative issuances. OIGI investigations cover all types of misconduct and wrongdoing involving WFP employees and partners referred to OIGI, including alleged breaches of the anti-fraud and anti-corruption policy, sexual exploitation and abuse, sexual harassment, harassment, abuse of authority and discrimination, and whistleblower retaliation.

51.   OIGI also conducts investigations of external parties, including vendors and cooperating partners, subject to allegations of fraud and corruption. OIGI may also investigate allegations of sexual exploitation and abuse of WFP beneficiaries made against cooperating partner staff.

52.   OIGI supports WFP's commitment to promoting a working environment that is ethical, safe and free of abuse while maintaining a zero-tolerance policy for fraud, corruption, retaliation, sexual exploitation and abuse, sexual harassment and other forms of abusive conduct. Applying a zero-tolerance approach in these areas includes a commitment by OIGI to evaluating allegations of violations of WFP policies and investigating allegations when warranted and a commitment by management to ensuring that appropriate action will be taken when investigations substantiate wrongdoing. OIGI investigation reports on substantiated allegations for 2020 are listed in table II.A in annex II.

53. All complaints received are reviewed and assessed by OIGI's intake team (there were 616 in 2020). Since 2020 a dedicated intake team reviews the complaints received to ensure those not under the purview of OIGI are redirected to the relevant departments or partners, or that guidance and advice is provided regarding the range of options available to employees with the goal of resolving matters as early and effectively as possible, and that other resolution mechanisms that may seem more effective are agreed upon with the complainant. The intake team also reviews allegations and collects further evidence to decide on the opening of an investigation and the priority that is attached to each specific case, as well as protective measures when applicable. Once an investigation is opened it is assigned to an investigator. The outcome of an investigation is either an investigation report when the allegations are substantiated or a closure memorandum when the allegations are unfounded or could not be substantiated consistent with the required burden of proof, which for WFP is "beyond reasonable doubt".

54. Of the 616 complaints of misconduct and wrongdoing received through the various reporting mechanisms available in 2020, at year-end 141 resulted in the opening of an investigation, of which 36 were completed within the year, 137 complaints were closed and 65 referred to other agencies, departments or partners, 190 remained in intake and 83 in suspense, pending completion of investigations by external investigative bodies to which they had been referred.

55. By the end of 2020, 201 of the 368 complaints carried forward from 2019 or earlier had been finalized, including 56 completed investigations and 145 complaints closed or referred; 103 investigations were ongoing, 42 complaints were in suspense and 22 were still at the intake stage.

A growing caseload

56. Although OIGI still saw a significant number of complaints of misconduct and wrongdoing reported in 2020, an increase from 584 complaints in 2019, the growth was not as rapid compared with 2018. It is however too early to conclude whether the number of complaints has reached a plateau. OIGI manages about 200 active investigations at any given time, of which half are fraud or corruption cases.

TABLE 5: COMPARATIVE INVESTIGATIVE ACTIVITY, 2018–2020				
	2017	**2018**	**2019**	**2020**
Outstanding investigations carried over from the prior year	**10**	**25**	**47**	**94**
Complaints from the prior year, carried over to the current year	5	9	82	274
Number of complaints received by OIG in the current year	186	368	584	616
Total complaints managed during the year	**201**	**402**	**713**	**984**
Complaints referred to other agencies, departments and partners	(22)	(68)	(61)	(100)
Closed complaints after preliminary assessment and not leading to formal investigations, including duplicates	(105)	(152)	(204)	(247)
Complaints remaining in intake at the end of the year	(9)	(82)	(274)	(337)*
Total investigation caseload	**65**	**100**	**174**	**300**
Number of professional investigator positions	10	15	17	21
Caseload per investigator	6.5	6.7	10.2	14

TABLE 5: COMPARATIVE INVESTIGATIVE ACTIVITY, 2018–2020				
	2017	**2018**	**2019**	**2020**
Distribution of investigation caseload				
Investigations related to prior year complaints	15	34	54	159
Investigations related to current year complaints	50	66	120	141
Investigations completed in the current year	**40**	**53**	**80**	**92**
Investigations in process at the end of the year	(25)	(47)	(94)	(208)

* Complaints in intake include those that have been subject to assessment and referred to external investigative bodies. OIGI monitors these investigations and reports on their completion. In addition, OIGI places complaints in suspense while additional evidence is collected during the assessment process. In 2020, 125 of the 337 cases in intake were suspended.

**Figure 6: Complaints managed, by category type, 2019 and 2020**
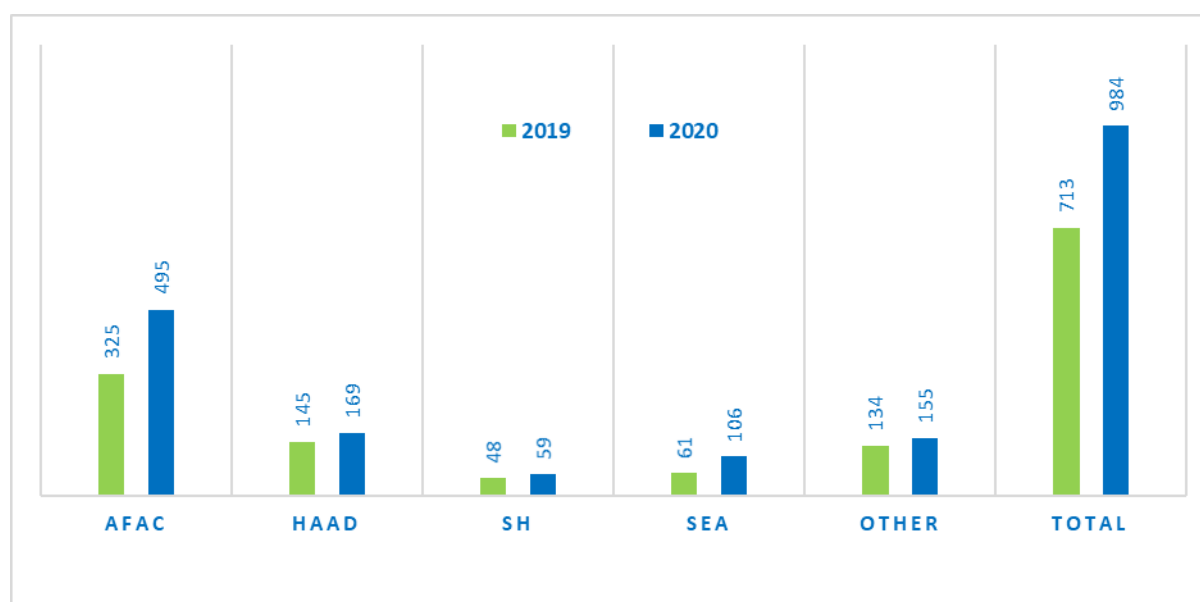
AFAC = anti-fraud and anti-corruption; HAAD = harassment, abuse of authority and discrimination;
SEA = sexual exploitation and abuse; SH = sexual harassment.

57. Figure 7 refers to various states of the investigative process:

  ➢ *Closed* or *referred complaints* are matters closed during the assessment process or referred to an appropriate functional unit for management or resolution.

  ➢ In *suspense* and in *intake* refer to matters undergoing assessment.

  ➢ *Investigations in process* indicates that an allegation has been assessed and determined to warrant investigation and that an investigation is ongoing. It should be noted that allegations for which investigations are in process will not necessarily be substantiated.

  ➢ *Investigations completed* indicates that an investigation has been finalized in all respects.

Figure 7: Complaints managed, by stage in investigation process, 2019 and 2020
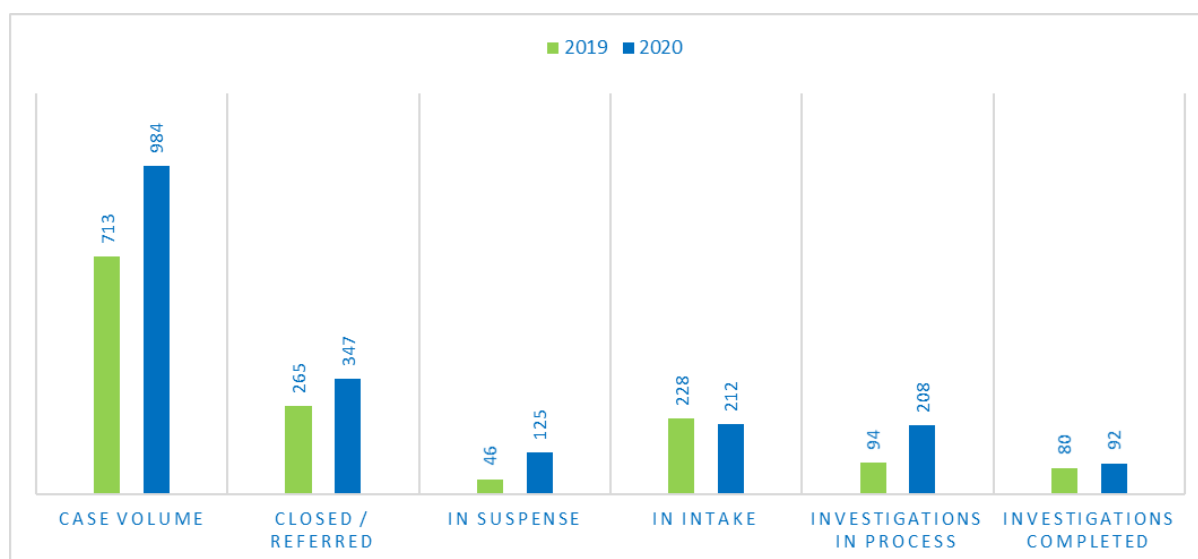
Increase of investigations officers

58.   Increasing reported complaints over the years has resulted in an increase in the caseload per investigator, affecting the timeframe for OIGI's conduct and completion of investigations. WFP management has approved a notable increase in investigation resources that brings the caseload per investigator to a more manageable level, although still high after rising from 6.5 cases in 2017, when the increase in complaints started, to 14 in 2020. OIGI's regional office in Nairobi was fully staffed and established in 2020 and is fully operational. Short-term consultants provide flexibility to address increased caseloads, which OIGI continues to monitor closely. In the event that the OIGI caseload grows, WFP will need to consider allocating additional resources, extending timeframes or changing processes so as to channel some complaints to other services.

Stronger intake and prioritization process

59.   Another approach to addressing the growing reporting and investigation caseload is to strengthen the intake process, i.e., the preliminary assessment of allegations that results in a decision regarding whether or not to open an investigation or refer the matter to other competent entities. The process also includes a prioritization of cases through an assessment of their severity and materiality. Allegations of sexual violence, sexual harassment and significant fraud (in excess of USD 100,000) are assessed as critical and assigned priority for investigation. An intake unit of five consultants has been established (three of these positions will be converted to staff positions in 2021) with a target of completing preliminary assessments within a maximum of three months and more effectively documenting the decision for case selection and prioritization. In 2020, OIGI's intake unit managed 890 complaints, of which 553 were closed, referred or assessed and deemed to warrant investigation; 212 complaints remained under assessment, with 125 in suspense at the end of the year. In 2019, OIGI managed a total of 666 complaints.

Proxy investigations

60.   With a heavy caseload, the prioritization of cases results in a substantial number of lower-priority cases, which affects OIGI's timeframe for completion. OIGI has established a proxy investigation process that utilizes field personnel under OIGI supervision to support relatively low-priority investigations.

Closer working relationships with the oversight functions of cooperating partners

61. OIG has been working to increase coordination with cooperating partners' oversight functions since 2017 when OIGA introduced due diligence processes for non-governmental organizations. OIGI has developed these working relationships and, where cooperating partners' oversight functions have proved to be reliable, effective and capable, has sought to rely on their capacity to investigate allegations of misconduct and wrongdoing under WFP funded projects. This collaborative effort has proved effective, leading to the completion of 32 investigations (all pertaining to cooperating partner employees), of which 21 substantiated the alleged misconduct or wrongdoing and resulted in disciplinary action on the part of the cooperating partner. OIGI intends to continue developing its working relationships with cooperating partners' oversight functions.

The impact of COVID-19

62. OIGI adapted to the impact of COVID-19 in 2020, in line with all other WFP operations. OIGI's routine use of fieldwork and remote working to conduct investigations meant that it had experience of remote working and adapted quickly and efficiently to conducting investigations remotely. However, it was notable that remote investigations, with their reliance on the transportation of evidence from the field, remote interviews and similar factors, meant that investigation timeframes were extended.

63. In 2020, OIGI concluded a procurement process it had commenced in 2019 to obtain the services of investigation support partners such as external specialist investigation groups. This has enabled OIGI to conduct field investigations in areas where travel was prevented by COVID-19 or the security situation, and to gather evidence that was otherwise unobtainable.

64. The COVID-19 pandemic also prompted OIGI to work more closely with other United Nations investigation services. OIGI has assisted United Nations investigation services in conducting their investigations and has called on them to assist with its own investigations where COVID-19 or other factors prevented access to the field. This enhanced liaison and inter-agency cooperation enabled OIGI to successfully complete complex and critical investigations in a timely and efficient manner.

Fraud investigations

65. In 2020 OIGI completed 45 investigations of allegations of fraud or conflicts of interest involving fraud, of which it substantiated 26, including nine involving WFP employees.

Figure 8: Breakdown of fraud cases, 2020
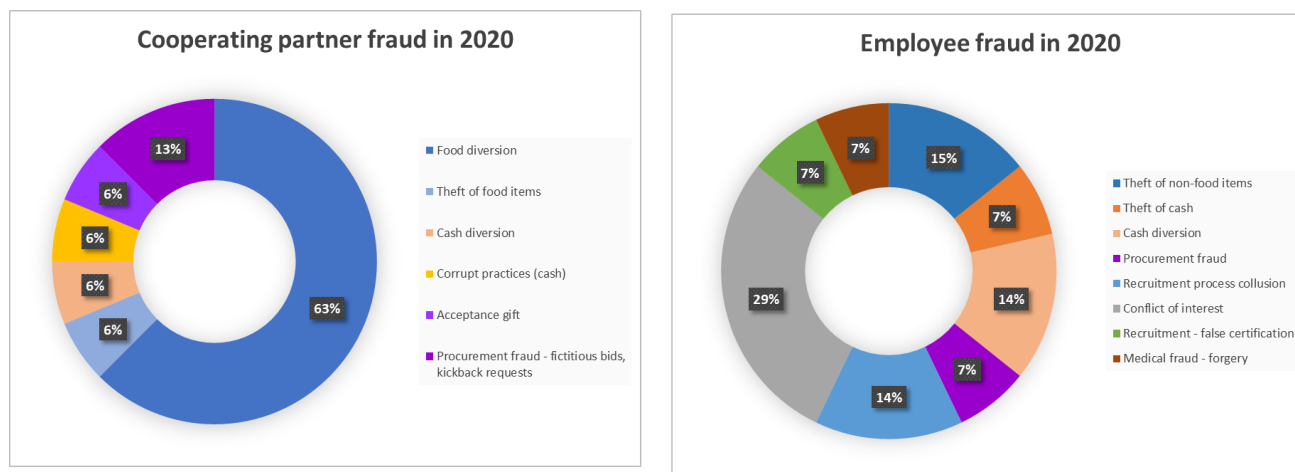
66. If WFP personnel are found to have violated WFP policies, including the anti-fraud and anti-corruption policy, the related investigation reports are provided to the Human Resources Division for consideration and referral to management with a recommendation of disciplinary action if warranted. When allegations of fraud implicate the employees of WFP vendors or cooperating partners, the cases are referred to the investigative units of those entities and are monitored by OIGI until their investigation is complete. Under certain conditions, OIGI may complete an investigation if an external party does not have the capacity to perform the necessary work.

67. If a WFP vendor or cooperating partner is alleged to have committed fraud against WFP, OIGI conducts the investigation, with substantiated reports referred to the WFP vendor sanctions committee for consideration and decision.

68. Losses are considered substantiated when they are supported by evidence gathered during an investigation. Substantiated losses reflect completed investigations and therefore may not reflect WFP's total losses attributable to fraud. WFP recovered USD 100,906 of a total of USD 133,491 substantiated losses in 2020.

69. Presumptive losses are estimated losses reported in an allegation or discovered through investigative work as it progresses, but for which an investigation has not yet been completed. The details of presumptive losses provided in table 6 are for information purposes and may change.

TABLE 6: PRESUMPTIVE AND SUBSTANTIATED CASES OF FRAUD, 2020				
	Fraud – substantiated		Fraud – presumptive (estimated)	
Fraud and corruption cases by type	USD	%	USD	%
Fraudulent activities – WFP personnel	10 241	8	5 696 141	99
Fraudulent activities – vendors	0	0	0	0
Fraudulent activities – cooperating partners/NGOs	0	0	33 465	1
Food/CBTs theft or diversion – WFP personnel	20 834	16	0	0
Food/CBTs theft or diversion – vendors	0	0	0	0
Food/CBTs theft or diversion – cooperating partners/NGOs	102 415	76	0	0
Total	133 491	100	5 729 606	100

Harassment, sexual harassment, abuse of authority and discrimination

70. In 2020, OIGI completed 13 sexual harassment investigations involving WFP employees. Eight of these investigations were substantiated. At the end of the year, OIGI had 14 sexual harassment investigations in progress. There are both verbal and physical forms of sexual harassment and none of the sexual harassment investigations substantiated and reported in 2020 involved physical sexual harassment that constituted sexual violence.

71. Nine investigations of abusive conduct were completed in 2020, in one of which the allegations against one WFP staff member were substantiated. OIGI had 29 ongoing investigations of abusive conduct at the end of 2020.

Protection from sexual exploitation and abuse

72.   All WFP employees must report allegations of sexual exploitation and abuse to OIGI. OIGI completed 17 investigations of such allegations in 2020, of which four were substantiated, all against cooperating partner employees. At the end of 2020, 16 sexual exploitation and abuse allegations remained under assessment, 19 were in suspense and 36 were closed or referred.

73.   All United Nations agencies, funds and programmes are required to provide anonymized reporting on allegations of sexual exploitation and abuse to the Secretary-General of the United Nations when there is sufficient information to identify a possible act of sexual exploitation and abuse. These allegations are reported publicly at https://www.un.org/preventing-sexual-exploitation-and-abuse/content/data-allegations-un-system-wide. Not all the allegations of sexual exploitation and abuse received by OIGI in 2020 met the requirements for reporting to the Secretary-General.

Inspections

74.   Inspections are inquiries that can be undertaken in areas of perceived risk, outside the scope of the annual assurance work plan or in the absence of a specific allegation. The purpose of an inspection is to discover facts that, if proved, indicate wrongdoing or misconduct that may warrant investigation.

75.   OIGI completed one inspection in 2019, focused on the risks associated with food distribution and local food procurement in Yemen. The inspection report was issued in 2020.

ANNEX I

A: AUDIT REPORTS AND RATINGS*		
Audit engagement	**Report reference**	**Rating**
1	Follow-up audit of the implementation of agreed actions from the 2019 internal audit of WFP operations in Liberia	AR/20/10	Not rated
2	Internal audit of WFP operations in Myanmar	AR/20/11	Partially satisfactory – major improvement needed
3	Internal audit of WFP operations in the Democratic Republic of the Congo	AR/20/12	Partially satisfactory – major improvement needed
4	Internal audit of social media in WFP	AR/20/13	Partially satisfactory – some improvement needed
5	Internal audit of WFP non-medical insurance function	AR/20/14	Partially satisfactory – some improvement needed
6	Follow-up audit of the implementation of agreed actions from the 2018 internal audit of asset management in WFP	AR/20/15	Not rated
7	Internal audit of WFP's contributions management	AR/20/16	Partially satisfactory – some improvement needed
8	Consolidated report of findings from COVID-19 real-time assurance reviews	AR/21/01	Not rated
9	Internal audit of LESS functionalities and application controls	AR/21/02	Partially satisfactory – some improvement needed
10	Internal audit of business continuity management	AR/21/03	Partially satisfactory – some improvement needed
11	Internal audit of the WFP Regional Bureau for Latin America and the Caribbean	AR/21/04	Partially satisfactory – some improvement needed
12	Internal audit of the United Nations Humanitarian Response Depot	AR/21/05	Partially satisfactory – some improvement needed
13	Internal audit of SCOPE	AR/21/06	Partially satisfactory – major improvement needed

* While all work was completed in 2020, report on assignments started in late 2020 may be issued in 2021. Internal audit reports and their respective issue dates can be found at https://www.wfp.org/audit-inspection-reports.

B: ADVISORY ASSURANCE AREAS		
Report title	**Report reference**	**Actual/expected issue date**
1 Advisory report on beneficiary data mapping	AA/20/03	July 2020
2 Advisory report on monthly financial closure and reporting	AA/20/04	July 2020
3 Advisory report on cybersecurity in WFP	AA/21/01	January 2021
Other ad hoc advisory work referenced in the opinion		
4 Advisory work on arrangements for transfers through mobile money in the Somalia country office	n/a	July 2020
5 Limited scope review of the Somalia country office's delivery process internal controls	n/a	January 2021
6 Consolidated insights on WFP's second line of defence	n/a	June 2020
7 to 16 10 real-time assurance notes on COVID-19	n/a	June to November 2020

C: PROACTIVE INTEGRITY REVIEW REPORTS		
Report title	**Report reference**	**Actual/expected issue date**
1 Proactive integrity review of school feeding programmes in WFP	PIR/20/01	May 2020
2 Cash-based transfers fraud scheme and gap analysis	PIR/20/02	July 2020

ANNEX II

A: INVESTIGATION REPORTS – SUBSTANTIATED ALLEGATIONS		
Report reference	Report title	Issued
Regional Bureau for Asia and the Pacific		
1 I 63/19-A	Fraudulent practice – staff – (proxy investigation)	May 2020
2 I 63/19-B	Fraudulent practice and conflict of interest – staff	May 2020
3 I 174/20	Corrupt practices – substantiated by cooperating partner – cooperating partner staff	November 2020
4 I 180/20	Sexual harassment – substantiated by cooperating partner – cooperating partner staff	November 2020
Regional Bureau for the Middle East and Northern Africa		
5 I 23/19	Sexual harassment – staff	January 2020
6 I 56/19	Harassment and sexual harassment – staff	April 2020
7 I 114/19	Harassment and sexual harassment – staff	April 2020
8 I 27/19	Misrepresentation and false certification – staff	May 2020
9 I 62/19	Harassment – staff	October 2020
Regional Bureau for Western Africa		
10 I 55/18	Sexual harassment – staff	January 2020
11 I 71/18	Sexual harassment – staff	January 2020
12 I 64/18	Embezzlement of WFP funds – staff	December 2020
Regional Bureau for Southern Africa		
13 I 56/20	Sexual exploitation and abuse – substantiated by cooperating partner – cooperating partner staff	March 2020
14 I 111/19	Harassment and sexual harassment – staff	June 2020
15 I 193/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	November 2020
16 I 58/18	Allegations of conflict of interest, misuse of WFP resources, abuse of authority, failure to seek approval for an outside activity – staff	December 2020

A: INVESTIGATION REPORTS – SUBSTANTIATED ALLEGATIONS		
Report reference	**Report title**	**Issued**
17	I 203/20	Fraudulent practice – substantiated by cooperating partner – cooperating partner staff	December 2020
18	I 117/19	Conflict of interest – staff	December 2020
Regional Bureau for Eastern Africa		
19	I 41/19	Sexual harassment – staff	February 2020
20	I 57/19-A	Theft of non-food items – staff	March 2020
21	I 57/19-B	Theft of non-food items – staff	March 2020
22	I 89/20	Sexual exploitation and abuse – substantiated by cooperating partner – cooperating partner staff	May 2020
23	I 97/20	Fraud – substantiated by cooperating partner – cooperating partner staff	June 2020
24	I 117/20	Theft of food items – substantiated by cooperating partner – cooperating partner staff	July 2020
25	I 49/19	Fraudulent practice – staff	August 2020
26	I 111/20	Theft of cash – staff (proxy investigation)	October 2020
27	I 75/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	October 2020
28	I 80/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	October 2020
29	I 172/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	November 2020
30	I 173/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	November 2020
31	I 176/20	Corrupt practices – substantiated by cooperating partner – cooperating partner staff	November 2020
32	I 179/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	November 2020
33	I 198/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	December 2020
34	I 199/20	Sexual exploitation and abuse – substantiated by cooperating partner – cooperating partner staff	December 2020

A: INVESTIGATION REPORTS – SUBSTANTIATED ALLEGATIONS		
Report reference	**Report title**	**Issued**
35	I 201/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	December 2020
36	I 202/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	December 2020
37	I 01/20	Recruitment process collusion – staff	December 2020
38	I 21/19	Recruitment process collusion and conflict of interest – staff	December 2020
39	I 204/20	Food diversion – substantiated by cooperating partner – cooperating partner staff	December 2020
40	2020-190	Fraudulent practices – substantiated by cooperating partner – cooperating partner staff	December 2020
Regional Bureau for Latin America and the Caribbean		
41	I 64/19	Fraudulent practice – staff	January 2020
42	I 112/20	Sexual exploitation and abuse – substantiated by cooperating partner – cooperating partner staff	July 2020
43	I 97/19	Fraudulent practice – staff (proxy investigation)	July 2020

B: OTHER OIGI COMMUNICATIONS		
Report reference	**Communication title**	**Issued**
1	I 26/19	Management implication letter (Regional Bureau for Southern Africa)	June 2020
2	I 29/20	Whistleblower retaliation – WFP staff unsubstantiated – notification to Ethics Office (Regional Bureau for the Middle East and Northern Africa)	September 2020
3	I 62/19	Management briefing note to country office (Regional Bureau for the Middle East and Northern Africa)	November 2020
4	I 52/18 and I 10/20	Management briefing note (headquarters)	December 2020

Acronyms

CBT   cash-based transfer

LESS   Logistics Execution Support System

OIG   Office of the Inspector General

OIGA   Office of Internal Audit

OIGI   Office of Inspections and Investigations

PIR   proactive integrity review