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UPDATE ON THE IMPLEMENTATION OF THE EXTERNAL AUDITOR RECOMMENDATIONS ON WFP'S OPERATIONS IN SOMALIA

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NOTE TO THE EXECUTIVE BOARD

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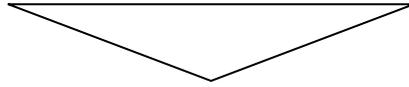
The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

Chief of Staff and Director, EDD*: Ms L. Landis tel.: 066513-2002

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

* Office of the Executive Director

DRAFT DECISION*



The Board takes note of “Update on the Implementation of the External Auditor Recommendations on WFP’s Operations in Somalia” (WFP/EB.A/2011/6-I).

* 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.

INTRODUCTION

1. The objective of this document is to present the progress to date by WFP in implementing the recommendations made by the External Auditor in its report on WFP operations in Somalia presented to the Board at the First Regular Session of 2011 (WFP/EB.1/2011/5-B/1).
2. At the time of the drafting of this document 17 of the 26 recommendations had already been fully implemented. A description of the actions carried out by management is provided below.
3. An estimated timeframe for implementing the other recommendations is provided, together with a description of completed actions and planned actions required for finalization.

STATUS OF THE IMPLEMENTATION OF THE EXTERNAL AUDITOR RECOMMENDATIONS ON WFP OPERATIONS IN SOMALIA

As at 20 May 2011

External Auditor recommendations	WFP management response	Action by	Timeframe	Status
I. Strategic Issues				
<p>1. A staff member in each office must be nominated as an ethics advocate to be a flag-bearer on ethical issues and to act as a first point of contact to resolve ethical dilemmas.</p>	<p>Partially agreed.</p> <p>The Secretariat endorses the thrust of this recommendation that it should further promote ethical issues and their resolution.</p> <p>WFP was among the first to establish and deploy a robust ethics office. The United Nations, in line with other public institutions, retains the ethics point of decision in Headquarters. Therefore there may be practical and procedural issues that weigh against appointing country-level staff members to be the first point of contact on ethical dilemmas.</p> <p>However, the Director of Operations will work closely with the Ethics Office to find an appropriate means of addressing this issue in ways that do not detract from the effectiveness of the current arrangements or create confusion in reporting channels.</p> <p>The Secretariat will continue to encourage its managers to set high ethical standards for staff to follow, as evidenced by a corporate goal this year to advance staff education on ethical standards and process.</p>	<p>Director of Operations/ Ethics Office</p>	<p>November 2011</p>	<p>After further review by the Deputy Executive Director of Operations, Regional Directors and the Ethics Office, it was decided to provide further training in ethical issues to each country director and office directors in Headquarters. An initial training of directors was held in Rome on 5 May 2011.</p> <p>The training of country directors is being planned for the Global Meeting in November 2011.</p> <p>The Ethics Office has reminded staff members that it is available at any time for them to raise concerns and request advice or guidance.</p>



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<p>2. The regional bureaux have an important role to play in the organization as they are closer to the country offices and are better placed to quickly respond to their needs. The regional bureaux should be provided necessary resources to enable them to discharge their work more effectively.</p>	<p>Agreed.</p> <p>The Secretariat agrees that regional bureaux play an essential role. The decentralized organizational structure also aims to maximize effectiveness through appropriate allocation of resources, about which decisions are made as part of the established budgetary process.</p> <p>In 2011 the Director of Operations will work with the Regional Directors to further define the interaction between regional bureaux and Headquarters, clarifying responsibilities for overseeing country office implementation as well as leveraging centralized expertise where it is most efficient and cost-effective.</p>	<p>Director of Operations</p>	<p>November 2011</p>	<p>The regional bureaux/Headquarters task force has concluded its work and briefed senior managers and the Executive Director. The final report will come out in mid-June. With regard to the clarifications of roles and responsibilities, it was highlighted that regional bureaux will take the lead on management oversight of the country offices in their regions. This includes: assurance of compliance with rules, regulations and policies; oversight of project-level resource management; financial health and controls monitoring; and risk and performance management. Somalia will be part of the newly created East and Central Africa Regional Bureau.</p> <p>The resourcing for the regional bureaux to carry out this important role will be considered in the upcoming Management Plan.</p>



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<p>3. Internationally there is a growing recognition of the importance of self-monitoring vis-à-vis external monitoring. Our view is that WFP Somalia country office could present an ideal setting for a pilot on self-assessment mechanism. Consistent with the Oversight Office (OS) inspection check-list, a self-assessment check-list of key controls must be developed for country offices on the basis of which they must assess themselves in the year-end in a report to the country director. We are of the opinion that this would encourage them to assume ownership of controls thus enhancing accountability.</p>	<p>Agreed.</p> <p>(i) The Compliance Officer will work with the Resource Management and Accountability Department (RM) to develop and pilot a self-assessment check-list of key controls for an annual self-monitoring exercise.</p> <p>(ii) At a corporate level, as recognized by the External Auditor, WFP has an initiative led by the Resource Management and Accountability Department to strengthen managerial control and accountability (SMCA). The SMCA team will therefore monitor the results of the Somalia pilot and will develop and implement wider guidance on self-assessments of internal control.</p>	<p>(i) Somalia country office, in consultation with RM</p> <p>(ii) SMCA team</p>	<p>(i) Completed</p> <p>(ii) June 2011</p>	<p>The Somalia country office has agreed to pilot the self-assessment monitoring mechanism.</p> <p>(i) With the assistance of a consultant, the compliance officer and RM have further refined the country office self-assessment checklist and included it in a manager's guide for internal control.</p> <p>(ii) The checklist has been piloted in Pakistan and is being planned for Afghanistan, Haiti and the Sudan. The guide is expected to be published by June 2011.</p>
<p>4. (a) Risk appetite must be quantified separately for high-risk operations (like areas of Somalia with restricted access) and normal operations (like areas of Somalia where WFP staff have access).</p>	<p>Agreed.</p> <p>(i) The Secretariat will enhance communication with its governance, oversight and key stakeholders on high-risk operations and the corresponding risk appetite.</p>	<p>(i) WFP Secretariat</p>	<p>(i) Completed</p>	<p>(i) Operational briefings. As part of enhancing its communication efforts, WFP has initiated informal quarterly operational briefings with the Board; the first was held in February 2011 and the second in May, with the third and fourth quarter sessions already planned.</p>



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	(ii) Moreover, the Secretariat will continue to engage and involve other actors to agree on common approaches for identifying and setting risk appetite and risk tolerance. Following up on the risk conference in Copenhagen, ¹ WFP is planning three seminars with key stakeholders in Nairobi to examine the risks faced and the potential solutions in the Somalia context.	(ii) Somalia country office/WFP Secretariat	(ii) First quarter 2011	(ii) Risk seminar in Rome. WFP has planned a risk seminar for risk managers of Inter-Agency Standing Committee (IASC) organizations to be held in Rome on 26 May 2011, with a view to discussing and agreeing on common approaches to setting risk appetite and risk tolerance levels in highly fragile and insecure contexts. Nairobi seminars. Former Ambassador Rashed is working with WFP and the Overseas Development Institute to prepare the seminars, scheduled to take place in Nairobi on 2 June, 20 June and 27 June. The Board membership will be fully briefed on the outcome of the Nairobi workshops, along with the policy and guidance issues that will be pursued with the Board through the formal process.
4. (b) In addition to the inherent risk register, a residual risk register must also be prepared so as to draw an assurance that the residual risk is within the risk appetite.	Agreed. The suggested approach is already being addressed by further work to assess the impact of control activity and thereby determine residual risk. (i) The corporate risk register is currently being updated by incorporating feedback from Headquarters divisions, regional bureaux and country offices. This is needed to ensure that the register reflects the latest position on risks and that the mitigating controls are in place so that residual risks can be determined.	Performance and Accountability Management Division (RMP)	(i) Completed	(i) The updated corporate risk register was circulated in WFP for inputs and feedback and presented to the Executive Management Council (EMC) for approval on 8 April 2011. Modifications of the importance of certain risks were reviewed on 13 May 2011. The corporate risk register will be regularly updated. RMP will continue to provide support to Headquarters divisions, regional bureaux and country offices to implement the risk management framework, using both missions and long-distance communication. Risk registers will be analysed to identify significant reputational risks for escalation to the EMC for decision-making.

¹ The conference “Risk and Results Management in Development Cooperation: Towards a Common Approach” was held in Copenhagen on 25 and 26 November 2010. It brought together experts and policymakers from a wide range of Member States and international development and humanitarian organizations to explore issues relating to risks inherent in humanitarian, development and stabilization interventions.





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	(ii) Risk registers for all high-risk operations are also being further refined to ensure that they reflect the latest position on controls and have been analysed to produce residual risk assessments.		(ii) November 2011	(ii) Risk registers are being developed for all high-risk operations. RMP has received risk registers from 14 out of 23 high risk countries. ² RMP is reviewing them and now focuses on residual risks and controls for those risks.
5. We are of the view that reputational risks could have a more pervasive organisational impact as compared to operational risks, whose impact would generally be localized. Hence, Resource Management and Accountability Department (RM) should be assigned the responsibility for collection and analysis of warning signals for significant reputational risks and for escalation of such signals to appropriate levels. The RM should work closely and share its work with the OS and the Audit Committee.	<p>Agreed.</p> <p>Reputational risk will be implemented as part of the new risk management framework and systematically shared with WFP's oversight bodies.</p> <p>The Secretariat had already included reputation risk in the corporate risk register. The Secretariat will continue to review and update WFP's corporate risk profile, which visually communicates primary risks affecting delivery of its strategy and mandate, and presents the potential impact on WFP and likelihood of risks. A comprehensive corporate risk register is a companion to this profile that highlights processes at risk and allows the Secretariat to identify appropriate mitigation actions and assign responsibility for managing and mitigating risks. The risk management framework has a built-in risk escalation system that will trigger actions by senior managers and the Executive Management Committee. RM is entrusted with the responsibility to implement and fully embed risk management in 2011–2012 that would enable WFP to identify, record and enable follow-up of mitigation actions and maintain the risks below the enterprise risk</p>	RMP	Completed	<p>RM has been assigned the responsibility for collecting and analysing warning signals for significant reputational risks. They have developed a comprehensive system for communicating and escalating these risks from the field, to regional structures, to the EMC. RM reports regularly to the Audit Committee and works closely with OS to make sure these risks are shared.</p> <p>By June 2012 the new risk management framework will be fully implemented globally.</p>

² Risk registers have been completed for Afghanistan, Democratic Republic of the Congo, Egypt, Ethiopia, Haiti, Kenya, Liberia, Occupied Palestinian Territory, Pakistan, Philippines, Somalia, Sri Lanka, Yemen and Zimbabwe.

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	<p>appetite (tolerance). RM will also be able to review logged risks, scan mitigation action progress and identify warning signals related to risks that will significantly affect our reputation and follow the defined escalation process.</p> <p>RM will continue to communicate progress made in implementing risk management in WFP operations with the Board and the Audit Committee.</p> <p>(See comments also in the response to recommendation 4(b) for specific deliverables in the first half of 2011).</p>			
<p>6. The management should develop and implement a strategy to respond swiftly, decisively and transparently to major external allegations.</p>	<p>Agreed.</p> <p>(i) External allegations represent risks to WFP and are to be handled as part of the new risk-management arrangements outlined in response to recommendation 5. This will ensure that the responsibility for dealing with major allegations is clearly assigned.</p> <p>(ii) In addition the Secretariat will prepare administrative guidance on the handling of specific cases.</p>	<p>(i) See Rec. 5 above</p> <p>(ii) Director of Operations</p>	<p>(i) See Rec. 5 above</p> <p>(ii) September 2011</p>	<p>As discussed in response to recommendations 4 and 5, management now has in place mechanisms to respond and communicate allegations and risk-related issues to senior managers through the EMC and to the Board through quarterly operational briefings. As the risk management process matures, accompanying and supplementary administrative guidance will be produced, if needed, for the handling of specific cases.</p>



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<p>7. WFP should validate the identification of beneficiaries on a test-check basis, before the stage of distribution monitoring, at least in areas where WFP staff have access.</p>	<p>Agreed. The Secretariat recognizes and endorses the sentiments expressed in this recommendation. However, WFP's operational model is to work through a network of cooperating partners in the actual delivery of food to beneficiaries, including the identification of beneficiaries.</p> <p>As part of this approach and as recognized by the External Auditor, food aid monitors selectively monitor the cooperating partners' screening of beneficiaries to ensure that criteria are being adhered to. Indeed, access permitting, the level of monitoring should be increased in areas where inconsistencies have been reported.</p> <p>The Secretariat recognizes that in certain parts of Somalia because of lack of access and other security concerns unique to the region there have been difficulties in fulfilling the food aid monitoring role effectively. Nevertheless the Secretariat considers that the operational model based on cooperating partners remains fundamentally sound.</p> <p>In this context, WFP has an important role in selecting, training and monitoring the work of cooperating partners. Where WFP staff has access, this work should be done diligently to ensure strong validation of the cooperating partners' work on the identification and registration of beneficiaries. WFP must keep good records of identified needs, and of monitoring and evaluation. When there are repeated or unaddressed concerns with cooperating partners, the field-level agreement may need to be terminated. (See comments also in the response to recommendation 20).</p>	<p>Somalia country office</p>	<p>Ongoing</p>	<p>The Somalia country office has a system to validate and test-check the identification of beneficiaries built into its revised standard operating procedures (SOPs).</p> <p>As directed by the new SOP, actual beneficiary identification and targeting is based on standard selection criteria for Somalia that has been tailored to individual livelihood zones. The cooperating partner (CP) and community agree on at least five selection criteria from the standard list for each of the final delivery points (FDPs). The criteria is shared with the local relief committee and local authorities and posted publicly in the community. For general food distributions, the list is reviewed by the CPs before the initiation of distributions to allow identification of missing beneficiaries or removal of those who do not qualify. The beneficiary list contains ration card numbers in serial order. WFP monitors verify that the systems are in place in the field.</p> <p>For programmes such as targeted supplementary feeding, WFP conducts test-checks during monthly nutrition screenings for adherence to selection criteria.</p>



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8. The country office should reassess the risks involved in undertaking the food distribution operations at Afgoye in consultation with other stakeholders.	Agreed. The Chief Operating Officer, in consultation with the Somalia country office and external stakeholders, has reviewed the risks involved in this operation and has, as of the writing of this report, suspended WFP supplementary feeding and institutional feeding programmes in Afgoye. Further risk assessments will continue to be done to determine when, and if, work in Afgoye can resume.	Chief Operating Officer/ Somalia country director	Completed	Based on risk assessments, operations in Afgoye remain on hold.
9. (a) The capacity assessment of cooperating partners should be supported by adequate documentation for greater objectivity.	Agreed. The country office considers it already maintains a significant level of documentation on the capacity assessments of cooperating partners. It has also developed a capacity assessment check-list to ensure that the documentation of the process of selecting cooperating partners is appropriate and its standards of documentation are uniformly applied across Somalia. The country office will continue to use the check-list to document the process of selecting cooperating partners.	Somalia country office	Completed	The Somalia country office has a capacity assessment check-list to ensure that selection of CPs and documentation of their work is standardized throughout Somalia.



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<p>9. (b) Due diligence must be exercised before selecting cooperating partners and once selected, the country office must strive to nurture long-term relationships at least in areas where activities remain the same from one season to the other.</p>	<p>Agreed.</p> <p>The Secretariat considers that due diligence is already being exercised in the selection of cooperating partners in Somalia.</p> <p>The Secretariat also recognizes and endorses the considerable benefits of nurturing long-term relationships with cooperating partners, and will continue to do this wherever possible – noting, however, that clan affiliations of Somali non-governmental organizations (NGOs) may limit their area of operations.</p> <p>There is clear corporate guidance in the NGO Partnership Framework on how to build long-term relationships with cooperating partners. There is also a manual on “How to work with WFP” available for cooperating partners.</p> <p>Where possible the Somalia country office works with cooperating partners for extended periods, but for the reasons noted above, this is not always feasible.</p> <p>The Somalia country office also invests significant time and effort in training of cooperating partners.</p>	<p>Somalia country office</p>	<p>Completed</p>	<p>The Somalia country office continues to build partnerships with CPs, nurturing long-term relationships where possible. Training on WFP control mechanisms were held for CPs working in Central Somalia and Puntland in September 2010, January 2011 and March 2011.</p> <p>Regular programme implementation training is also conducted. Capacity development of CPs is an ongoing process included in the regular activities of the country office. In recent months, training has been conducted on the general food distribution (GFD) SOPs, the therapeutic supplementary feeding programme, mother-and-child health and nutrition, school feeding and food for work, food for assets and food for training.</p>



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<p>10. Further allocation/delivery should not be made to transporters/cooperating partners who do not submit their waybills/reports within three months from the date of arrival of food.</p>	<p>Partially agreed.</p> <p>The Secretariat fully agrees with this recommendation in so far as it relates to transporters.</p> <p>As the External Auditor recognizes, transport contracts already provide an explicit requirement to return waybills to the respective WFP office within 10 days from the completed delivery of the food.</p> <p>Action will be taken against any transporter that fails to deliver waybills within three months of the date of arrival of food.</p> <p>In the case of cooperating partners, the Secretariat agrees that it is important for country offices to insist on timely submission of distribution reports. However, a decision on whether to take action against a cooperating partner if reports are not provided within three months of the delivery date needs to reflect the specific circumstances involved – such as when food was pre-positioned before intended distribution, or whether distribution was halted because of escalating violence. Such circumstances could mean that it would not be appropriate to penalize cooperating partners for late submissions.</p> <p>Where food is planned to be delivered and distributed on the same day the requirement is for the cooperating partner to return the distribution report within a maximum of 45 days after distribution. WFP guidance specifies that action should be taken to follow up on all outstanding distribution reports.</p>	<p>Somalia country office</p>	<p>Completed</p>	<p>The country office has incorporated this issue into the updated SOPs.</p> <p>As part of the evaluation of transporters, the logistics unit will ensure appropriate action is taken against those transporters who fail to deliver documentation as required by their contracts.</p> <p>The SOP for the food release notes and land transport instructions (FRN/LTI) also highlights the requirement that CPs submit reports within 3 months. Further dispatches will be discontinued if reports are not received within the deadline.</p> <p>The following directives, letters or SOPs are also in place:</p> <ul style="list-style-type: none"> ➤ a memo to all WFP CPs in Oct 2009 on the sale and/or exchange of food aid; ➤ a letter sent to all CPs informing them that they would be held financially accountable for any discovered misuse of WFP food; ➤ an April 2010 SOP on the response to diversions and/or misuse of food aid; and ➤ a June 2010 SOP on the response to sale and/or exchange of food aid, including financial responsibility of CPs.



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External Auditor recommendations	WFP management response	Action by	Timeframe	Status
	A decision on whether to take action against a cooperating partner if reports are not provided within three months of delivery cannot be done as a blanket decision, but must take into account the specific circumstances involved.			
11. The country office should work closely and transparently with external stakeholders.	<p>Agreed.</p> <p>The Somalia country office is making every effort to work closely and transparently with external stakeholders. This effort was recognized in the External Auditor's report, which expressed appreciation for the cooperative approach of the current country office team.</p> <p>The specific further actions taken by the country director to work more closely with external stakeholders include:</p> <ul style="list-style-type: none"> ➤ interaction with the United Nations Inter-Agency Risk Management Group and its newly appointed coordinator; ➤ one-on-one briefing sessions with individual donors; and ➤ donor group round-table briefings. 	Somalia country office	Completed	<p>WFP attends inter-agency meetings including those of the IASC, the humanitarian country team and the heads of operational agencies at the senior management level.</p> <p>At an operational level, WFP leads the food assistance and logistics clusters and participates in other clusters as a member (e.g. nutrition).</p> <p>WFP helps plan, implement and analyse the seasonal Food Security and Nutrition Analysis Unit assessments and regularly leads or participates in other assessments. WFP participates in the United Nations Somali Assistance Strategy, Somalia Integrated Strategic Framework and the Consolidated Appeals Process.</p> <p>Meetings with individual donors are held monthly. A donor round table was held in March 2011.</p> <p>These activities are part of the country office's regular daily operation.</p>



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<p>12. As the country office is planning heavy investments in monitoring activities, possible results of monitoring and the likely follow-up action for each result should be identified in advance. We are of the view that this exercise will guide the country office to take adequate follow-up action on the findings of monitoring and enable it to derive optimum benefits out of it.</p>	<p>Agreed.</p> <p>The country office has already created standard operating procedures determining how the results of monitoring should be actioned.</p> <p>In addition, as noted in paragraph 29 of the report, the country office will put in place a system to regularly monitor food sold in markets and cross-border movements of food.</p>	<p>Somalia country office</p>	<p>Completed</p>	<p>Taking into account possible actions required by its monitoring, the country office has made significant modifications with a view to building preventive controls into its programmes, making monitoring easier and less costly. For example, WFP CPs are now required to scoop the exact rations for each beneficiary, helping ensure that fewer unopened bags are distributed. The SOP on the response on sale and/or exchange of food aid is an example of specific follow-up action (financial responsibility of CPs for WFP food) to be taken for a specific monitoring result (identified misuse); see recommendation 10.</p>
<p>13. WFP should put in place systems to collect information and measure existing indicators of outcome and impact. Such findings should be included in the annual Standardized Project Reports.</p>	<p>Agreed.</p> <p>WFP already has a Strategic Results Framework that contains outcome indicators; these are reflected in the project logframe for each approved project.</p> <p>WFP is required to report against the specific output and outcome indicators included in the project logframes contained in the approved project document.</p> <p>The External Auditor's report notes that the project reports for 2009 focus heavily on outputs and that minimal information is available on outcomes.</p> <p>The Somalia country office seeks to measure the outcome-level indicators in the approved emergency operation's logframe. However, these efforts are at times constrained by the limited availability of reliable data from authorities and partners.</p>	<p>Somalia country office</p>	<p>Completed</p>	<p>The emergency operation (EMOP) and logical framework follow the WFP Strategic Plan and Strategic Results Framework.</p> <p>All outcomes of the EMOP were reported on in both the 2009 and 2010 Somalia Standardized Project Reports (SPRs). The 2010 SPR shows significant outcomes were achieved as a result of WFP's interventions; for example, the 2010 nutrition situation showed an improvement compared to 2009. Reports from CPs showed a reduced death rate, and improved recovery rate of children benefitting from supplementary feeding programmes.</p> <p>Field reports in 2010 indicated that the emergency school feeding programme improved attendance, reduced drop-out rates and increased parent and community involvement in education.</p>



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	In situations with emergency needs and considerable operational constraints, as in Somalia, the Secretariat agrees with the country office's prioritization of output indicators, which demonstrate that planned food distribution processes are being followed in terms of the number of people reached and the amount of food distributed, as compared to outcome indicators, which demonstrate that food is having its intended impact.			
14. (a) The country office should realign its control strategy in favour of preventive controls relating to selection and maintenance of relationship with cooperating partners; preparation of allocation and distribution plans; and identification and registration of beneficiaries.	<p>Agreed.</p> <p>The Secretariat agrees that the country office should further strengthen preventive controls.</p> <p>For those related to selection and maintenance of cooperating partners, this is being done through capacity assessments of cooperating partners and better documentation of the process for selecting partners using a check-list that is now in full implementation (see response to recommendation 9).</p> <p>Allocation plans and distributions have a number of control mechanisms; allocation plans are developed through a consultative process. However the country office will ensure better documentation of changes to both the allocation and distribution plans, as recommended by the External Auditor.</p> <p>The Somalia country office has invested significant time in strengthening its standard operating procedures related to a number of operational aspects, including the identification and registration of beneficiaries.</p>	Somalia country office	Completed	The country office is focused on preventive controls in all of these areas. See Recommendations 9, 18, 19, 20, for updates of the preventive control strategy that has been put in place to address these areas of concern.



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<p>14. (b) The country office should conduct a gap analysis to identify the root cause of the problem before changing procedures and practices. Procedures should be changed only if the existing controls are identified as weak. Greater emphasis should be given on training, frequent reiteration of instructions and disciplinary action to enforce implementation of controls.</p>	<p>Agreed.</p> <p>The Secretariat recognizes the importance of not changing controls that are theoretically sound, simply because they are not being fully or properly implemented.</p> <p>Action will be taken as described in the response to Recommendation 3.</p>	See Rec. 3	Completed	The Somalia country office has done a careful analysis of procedures and practices and has increased training for staff and CPs. Corrective actions taken against partners and transporters are clearly documented.
<p>14. (c) WFP should periodically work out the aggregate cost of all additional controls put in place or planned to be put in place to operate in high-risk areas where their staff have limited access. Such details should also be shared transparently with the donors so that a considered decision could be taken on whether or not to operate in such high-risk areas.</p>	<p>Agreed.</p> <p>As the External Auditor recognizes, this should be done periodically.</p> <p>Based on continuous risk assessment, the country office may propose additional costs of controls involved when they submit the budget revisions and/or new projects/operations for approval to the Executive Board protracted relief and recovery operations (PRROs) or Executive Director and Director General, FAO (EMOPs). The EMOP and PRRO project and budget revision formats provide adequate guidance to the country office for presenting the justification and nature of budget increases and for pointing out the hazards and risks involved in operating in highly insecure environments.</p>	Somalia country office	Completed	The Somalia country office is assessing the cost of additional controls and plans to present them in its next EMOP in the third quarter of 2011.



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External Auditor recommendations	WFP management response	Action by	Timeframe	Status
II. Operational Issues				
15. (a) Headquarters must prepare a standardized check-list for each functional area, based on OS's inspection check-list, and all future oversight missions of the Regional Bureaux must be undertaken according to the approved check-list.	Agreed. WFP will develop and/or update standardized check-lists for each function for use on regional bureaux oversight missions and as guidance for country offices.	Director of Operations	i) Update mid-November ii) Mid-June	(i) In the context of the final regional bureaux/Headquarters task force report being released in June, checklists are being updated for each functional area and will be used by regional bureaux oversight missions and by country offices. (ii) The Operations Department will remind regional bureaux and country directors to use these checklists for oversight missions.
15. (b) All mission reports of the Regional Bureaux should be in writing so that the documentation of work undertaken by the mission and their findings are available for future reference.	Agreed. The Secretariat shall ensure that written mission reports are submitted, recommendations acted upon and reports filed for future reference.	Director of Operations	Completed	The need for written reports has been communicated to all regional bureaux with further clarification that they and the country offices are accountable for follow-up on compliance issues.



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<p>16. The Terms of Reference of the Compliance Officer must be carefully reviewed once the systems and procedures are streamlined. Our opinion is that continued hand-holding by the Compliance Officer should not cause the dilution of accountability of the country director and other managers from assuming responsibility for controls.</p>	<p>Agreed.</p> <p>The External Auditor recognizes that the appointment of a Compliance Officer is a good initiative in the short term.</p> <p>The decision to designate a Compliance Officer was taken by the Executive Director in view of WFP's commitment to its donors as well as the complexity of WFP Somalia operations.</p> <p>Past practice has indeed been to review the continued need for a Compliance Officer as circumstances change: in the Sudan and Afghanistan, Compliance Officer posts have been established and redeployed as needed.</p> <p>Implementation of this recommendation will begin when conditions on the ground permit.</p>	<p>Somalia country office</p>	<p>Completed</p>	<p>Following the April 2011 visit of the Executive Director to Somalia, it was determined that the Compliance Officer was serving an important role and should remain. The Compliance Officer enables the functional managers to achieve their objectives and provides useful advice and guidance on controls. The next review will take place in September 2011, when the Compliance Officer will have completed one year.</p>



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<p>17. Submission of evaluation forms of WFP staff must be monitored more closely at the Headquarters and the country office. Timely reminders must be sent for submission and the forms checked for completeness, with a follow-up to resubmit, if the forms are incomplete. Warnings and disciplinary action must be used as a last resort against persistent defaulters. The management assured us that it is currently working on a project to enhance evaluation forms (PACE) which will ensure completeness of entries and facilitate quality checks.</p>	<p>Agreed.</p> <p>The Secretariat will add additional controls to the on-line Performance and Competency Enhancement (PACE) form to ensure completeness of the relevant sections. However, the Secretariat notes that timely reminders on the deadlines in the annual performance appraisal cycle are already provided to managers and staff. Furthermore, managers receive compliance rates by organizational unit, along with information on the actual PACE status of individual staff members.</p> <p>From now on, managers at P5 level and above will also have included as one of their own PACE outcomes the completion of the PACE process for the staff members under their supervision. Lack of diligence in completing the PACE process does not constitute misconduct under WFP Rules, but may be addressed as a performance issue.</p>	<p>Human Resources Division</p>	<p>Completed</p>	<p>The Secretariat continues to reinforce the importance of completing the PACE process. In 2011, the Human Resources Division (HR) issued a new set of policies on promotion and reassignment of international professional staff which provides for the use of PACE results in career-related decisions. The PACE is also a key tool used in contract extensions and annual within-grade salary increases.</p>
<p>18. To ensure greater transparency, complete documentation trail to justify the numbers in the final Allocation Plan should be ensured.</p>	<p>Agreed.</p> <p>The Somalia country office will make every effort to have a clear paper trail to substantiate changes to the allocation and distribution plan at all times.</p>	<p>Somalia country office</p>	<p>Completed</p>	<p>Procedures in the Somalia country office have been modified to facilitate a complete documentation trail. Once the allocation plan is finalized and approved, no modifications are made to the spreadsheet. A full documentation trail including notes for the record of every meeting and memos on any changes are compiled so that changes at any stage of the process are transparent. Any modifications must be cleared and endorsed by the country director.</p>



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19. The country office should exercise greater rigour in ensuring a paper trail to adequately reflect that the necessary ground changes to the distributions are well documented.	See response to Recommendation 18.	See Rec. 18	Completed	Improvements have been made to ensure complete documentation of all changes to distribution plans and of the actual distributions. Country office staff have been trained in the enhanced procedures.
20. The provisions of the new Standard Operating Procedure relating to issue of ration cards, display of beneficiary entitlements and obtaining acknowledgement of beneficiaries, should be implemented immediately. WFP should explore use of technology (like use of biometric ration cards) on pilot basis in stable regions.	<p>Agreed.</p> <p>Implementation of the new standard operating procedure is underway. A follow-up training with cooperating partners is planned for January 2011 after the first cycle of implementation to share lessons learned.</p> <p>Regarding the use of Biometric ration cards, these have been used on a pilot basis by WFP and the office of the United Nations High Commissioner for Refugees (UNHCR) in refugee camps. After addressing key beneficiary protection concerns with UNHCR, WFP received UNHCR's approval for their use. A review of the lessons learned from these experiences will determine whether this kind of technology can also be piloted in Somalia.</p>	Somalia country office/ Programme Division	Completed	<p>Under the new SOPs, the following control mechanisms are in place:</p> <ul style="list-style-type: none"> ➤ A complete ration is displayed at each distribution site. ➤ Ration cards are used for all distribution programmes. ➤ Monthly child screenings are held and registration books kept for each supplementary feeding centre. ➤ Beneficiaries are required to sign against distribution lists upon receipt of their rations. ➤ Beneficiary hotline cards are distributed and radio announcements made so that beneficiaries can report immediately if they do not receive a complete ration. ➤ The programme has shifted from GFD to more targeted distributions. <p>A series of CP and WFP field staff trainings have taken place on these SOPs and there have been field verification missions by both area office and country office staff.</p>



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21. (a) There should be strict adherence to the timeframe for completion of evaluation of cooperating partners supported with regular supervisory check.	Agreed. The country office will further develop standard operating procedures for the cooperating partner evaluation process.	Somalia country office	Completed	The country office is developing a SOP to better guide the area offices in issues related to CP evaluations. In the meantime, it is expected that CP evaluations be conducted regularly. The current practice is that if a project lasts less than one year, then an evaluation must be done at least once during the project life. If a project lasts more than one year then an evaluation is required every six months. New field-level agreements (FLAs) or extensions of existing FLAs are not processed if the evaluations are not up to date. This check is performed by the country office.
21. (b) To enhance transparency, the evaluation criteria to be used should be shared with the cooperating partners upfront at the time of finalising the Field Level Agreements.	Agreed. The country office will comply with the recommendation.	Somalia country office	Completed	The CP assessment format is annexed to all FLAs. Assessment criteria include indicators related to distributions, reporting, fund management, logistics management, staffing, coordination, monitoring and proposal preparation.
22. The Implementing and Logistics Unit of the country office together should further analyse and reconcile the reasons for the difference in the pending reports from cooperating partners.	Agreed. Efforts in this regard are already underway (see response to recommendation 25).	See Rec. 25	Completed	A monthly reconciliation meeting is now held involving the logistics and programme units to resolve the differences in reports from transporters and CPs. Waybill entries in the Commodity Movement Processing and Analysis System (COMPAS) are compared with CP distribution data from dispatch reports. Monthly reviews of outstanding CP reports are conducted and results are communicated to staff for follow up with CPs.



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				CP reports are due by the 10th of the month following scheduled distributions. For some activities distributions take place over the course of the month, meaning there can be a longer lag time for CPs than for transporters, who submit waybills immediately after dispatches.
23. (a) Till a new system is developed that addresses the weaknesses in the Commodity Movement Processing and Analysis System (COMPAS) system, standardised report generating tools should be developed so as to prevent staff from accessing data through the back end.	<p>Not agreed.</p> <p>A corporate project started under WFP Information Network and Global System II (WINGS II), is underway to build a completely new logistics application – the Logistics Executions System (LES) – which includes commodity tracking capabilities fully compatible with the corporate platform. The new application is being further developed during 2011 and will be tested later this year. The new system should be progressively implemented from 2012. WFP already uses recognized software to generate reports accessing COMPAS data. Moreover, reporting access to this data is already controlled by limiting staff's access rights. In the circumstances the Secretariat sees no benefit in further investment in reporting tools at this point in time.</p>	Logistics Division	December 2011	<p>Testing of the new software to replace COMPAS is on track for this year. The design phase of the new system is nearly completed. Pilot countries have been identified and preparation work is underway.</p> <p>The Logistics Division continues to work with the Information Technology Division (ODI) to improve COMPAS access controls and preserve data security and integrity until the new system is ready. Two features to be implemented in the near future are:</p> <ul style="list-style-type: none"> ➤ database authentication, which enables access to the COMPAS database only through the WFP internal network with authorized access credentials – this requires that every COMPAS user have an operating system account; and ➤ control of access to the application to ensure that information is updated using only the COMPAS application. <p>The two features will allow data access to authorized users only via appropriate channels.</p>



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23. (b) Final distribution point-wise detail of food distributed should be captured in COMPAS for all dispatches to cooperating partners so as to facilitate reconciliation between allocation plan and the actual distribution at the final distribution point.	<p>Agreed.</p> <p>The final delivery point level information is now available. The COMPAS cooperating partner module includes five reporting levels for food distributions -- country, sector, sub-sector, location and site -- so offices can specify where distributions took place.</p>	<p>Logistics Division</p> <p>IT Division</p>	Completed	See initial Secretariat response.
24. We recommend that the date of receipt of invoice from transporters and cooperating partners, being the more important control information, should be captured in WINGS II.	<p>Agreed. The Secretariat agrees that the process of receipt and subsequent payment of invoices is very important, both in terms of financial controls and efficient processes, and therefore has instituted the centralization of invoices in Finance with the implementation of WINGS II. The Guidance on the centralization of invoices was promulgated through a Chief Financial Officer Directive (RMFT2010/001). The directive reinforces and addresses the key observation of the External Auditor that improvements in invoice handling processes were both feasible and required. As noted in the External Auditor's report, there has been a significant reduction in the number of invoices outstanding for more than three months, from 268 in February 2010 to 13 in September 2010. The Secretariat considers that the centralization of invoices has been a significant factor in this improvement.</p> <p>The Secretariat will nevertheless explore the potential for capturing the invoice date and the date of receipt of the invoice in WINGS II.</p>	Finance and IT Divisions	September 2011	In progress. The Treasury and Payments Branch, the Financial System and Processes Support Branch and ODI are working together to determine the most appropriate solution from business and technical perspectives for including the date of invoice receipt in WINGS II.



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<p>25. The staff should be trained on the risks associated with end-user computing and on ways to enhance quality of the data. A coordination unit should be set up to take charge of all reconciliation work and to act as a custodian of past data to eliminate chances of discrepancy in data.</p>	<p>Agreed.</p> <p>Significant levels of coordination take place between programme and logistics, although the country office agrees that a more formal process should be put in place and that a review be conducted of existing end-user data management tools to determine overlap.</p> <p>This may not require that a separate unit needs to be formed for this purpose. The focus should rather be on heightened coordination between existing units.</p>	<p>Somalia country director</p>	<p>Completed</p>	<p>A Pipeline Committee has been established in the country office, which is responsible for managing the data and reporting from the beginning to the end of the process. The committee is chaired by the deputy country director (Operations) and includes the head of programme, the head of logistics, the pipeline officer and others as needed. The Pipeline Committee meets every two months and ad hoc meetings are also arranged as required (e.g. when new contributions are received).</p> <p>Regular programme/logistics meetings and various reconciliation processes help to reduce discrepancies. A single source for reporting has been established through the Reports Officer.</p> <p>A monthly monitoring and evaluation (M&E) report tracks reconciliation and highlights areas requiring closer attention.</p>



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<p>26. (a) Several key parameters monitored during distribution monitoring should also be covered during post-distribution monitoring for validation of information and to provide greater assurance. Reasons for significant variations between the two findings should be analysed immediately.</p>	<p>Agreed.</p> <p>The Secretariat agrees that significant variations between distribution monitoring and post-distribution monitoring should be followed up. The Somalia office already does so; it has set up a database for tracking issues that require verification in the following month's monitoring missions, and will seek to improve its documentation.</p> <p>However, we note that post-distribution monitoring (PDM) focuses primarily on beneficiary entitlements and on participation and satisfaction of beneficiaries with the services received as part of the programme. Since WFP cooperating partners handle most of the food distribution, the objective of the PDM is to ensure that the right beneficiaries have been targeted and registered in the food assistance programme.</p>	<p>Somalia country office</p>	<p>Completed</p>	<p>Monthly area office reports and monthly M&E reports highlight issues and actions taken or to be taken. The country office maintains an M&E issues tracking matrix to follow up on monitoring findings.</p> <p>The country office uses monitoring results to develop each month's monitoring plan and/or send missions. Any significant variations between distribution monitoring and PDM are analysed at that time.</p>
<p>26. (b) In areas where WFP staff have access, normal monitoring should be increased. Alternate monitoring should be an exception in these areas.</p>	<p>Agreed.</p> <p>The country office agrees that alternative monitoring should be focused on areas where WFP staff do not have access.</p>	<p>Somalia country office</p>	<p>Completed</p>	<p>Normal monitoring has been increased throughout Somalia. Alternative monitoring is used when regular monitoring is not feasible owing to insecurity.</p> <p>With the addition of third-party monitoring, monitoring coverage has increased from 36 percent in 2010 to 55 percent in January 2011.</p> <p>Monitoring findings are followed up based on an M&E issues tracking matrix.</p>



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26. (c) A separate report should be prepared containing details of food distributed or such details incorporated in monthly reports of subsequent months.	<p>Agreed.</p> <p>Actual distribution data is dependent on cooperating partner distribution reports (CPDRs), which are often submitted late.</p> <p>The Secretariat agrees that continued efforts are needed to ensure more timely submission of CPDRs by cooperating partners. It is working at the corporate level to institute electronic means of CPDR completion and submission.</p> <p>The Secretariat also agrees that actual distribution data, while not available in time for the report of the current month, should be included in the report of the subsequent month.</p>	Somalia country offices	Completed	Such reports are prepared weekly. Summary information is communicated in situation reports and Office for the Coordination of Humanitarian Affairs updates.



ACRONYMS USED IN THE DOCUMENT

COMPAS	Commodity Movement Processing and Analysis System
CP	cooperating partner
CPDRs	cooperating partner distribution reports
EMC	Executive Management Council
EMOP	emergency operation
FDP	final delivery point
FLA	field-level agreement
GFD	general food distribution
HR	Human Resources Division
IASC	Inter-Agency Standing Committee
LES	Logistics Executions System
M&E	monitoring and evaluation
ODI	Information Technology and Management Division
OS	Oversight Office
PACE	Performance and Competency Enhancement
PDM	post-distribution monitoring
PRRO	protracted relief and recovery operation
RM	Resource Management and Accountability Department
RMP	Performance and Accountability Management Division
SMCA	strengthen managerial control and accountability
SOP	standard operating procedure
SPR	Standardized Project Report
UNHCR	United Nations High Commissioner for Refugees
WINGS II	WFP Information Network and Global System II