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MANAGEMENT RESPONSE TO THE RECOMMENDATIONS OF THE REPORT OF THE EXTERNAL AUDITOR ON THE STRATEGIC PLANNING AND REPORTING AT A WFP COUNTRY OFFICE — UGANDA

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for consideration

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 points indicated below, preferably well in advance of the Board's meeting.

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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).



MANAGEMENT RESPONSE TO THE RECOMMENDATIONS OF THE REPORT OF THE EXTERNAL AUDITOR ON THE STRATEGIC PLANNING AND REPORTING AT A WFP COUNTRY OFFICE — UGANDA

External Auditor Recommendations	WFP Management Response	Action By	Timeframe
1. Establish an appropriate measure of output for non-food aid.	The Strategic Results Framework (SRF) facilitates identification of inputs – both food and other non-food contributions – at the project level. WFP has two main systems capturing results at the project level: the WFP Information Network and Global System II (WINGS II) – for commodities, cash and beneficiaries – and the DACOTA database – for commodities, cash, beneficiaries, outputs, outcomes and qualitative narrative. The systems record information for 2009 performance reporting and DACOTA produces Standardized Project Reports (SPRs). Additional analysis of trends in performance is presented in the Annual Performance Report (APR).	Performance and Accountability Management Division (RMP), Operations Department (OD)	<ul style="list-style-type: none"> ➤ 31 March 2010 (SPRs for all operational projects) ➤ 8 June 2010 (APR for 2009 presented to the Board)
2. To move away from the use of metric food tonnes as the basis for the allocation of project overhead funding where appropriate.	WFP is reviewing its financial framework, long-term resourcing policy and programme categories to enable it to effectively deliver results related to its strategy and mandate. Several informal consultations with the Board have been held to incorporate members' views and concerns in developing the most appropriate financing framework for WFP.	Resource Management and Accountability Department (RM), OD, Government Donor Relations Division	<ul style="list-style-type: none"> ➤ End of 2011
3. Bring forward the timetable for implementation of country strategies for high-priority large spending countries.	<p>The country strategy planning process is closely aligned with the national planning cycle and response plans of other stakeholders, including the United Nations and World Bank. Those high-priority countries that are not in transition or recovery mode are part of the country strategy roll-out list for 2010 and are being provided appropriate support.</p> <p>For those countries that are emerging as low-middle income and are already in the middle-income category, the country strategy planning process offers a platform to re-position WFP business in those countries.</p> <p>For those countries where a post-conflict response is underway, the country strategy planning process will be based on ongoing WFP work on capacity development.</p>	RMP, OD (including country offices and regional bureaux)	<ul style="list-style-type: none"> ➤ Ongoing (Review of project cycles, national planning processes, poverty reduction strategies and United Nations Development Assistance Frameworks)





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4. To give consideration as to whether the Executive Board's focus should be on the country strategy rather than country programmes to reduce duplication.	<p>Agreed.</p> <p>In the future the Board may wish to approve the country strategy document, rather than individual operational documents. This matter will need to be taken up by the Board.</p>	RM, OD, Board	<p>➤ End of 2010</p> <p>(Impact assessment of country strategy planning process will be conducted mid-2010.)</p>
5. Include improved costing information, to enable a better understanding of the costs attributable to the achievement of Strategic Objectives to enable a measure of cost-effectiveness. Such attribution of costs would have a wider application as identified in our International Public Sector Accounting Standards (IPSAS) Dividend Report in moving WFP towards the achievement of results-based management and to facilitate the work of the Strategic Resource Allocation Committee (SRAC).	<p>WFP's Strategic Objectives are applied in operations based on the assessed needs of food-insecure people and using the most appropriate programme intervention to achieve results. Interpreting correctly and applying the right Strategic Objectives across WFP's humanitarian and development portfolio is supported through the project formulation and review process by the Project Review Committee, and through the support to country strategy planning by the Strategic Review Committee.</p> <p>In addition, technical support is provided at the project formulation stage to ensure that country offices align their projects with the SRF and choose relevant indicators for measuring progress and effectiveness.</p> <p>It is expected that over time, evidence-based results will contribute to improved resource allocation by the SRAC.</p>	OD (including country offices, regional bureaux, RMP)	<p>➤ 31 December 2010</p> <p>(Complete alignment of projects with the SRF)</p>
6. Develop central systematic risk analysis processes, so that country strategies contain key operational risks which might impact upon the achievement of objectives, and articulate the planned mitigation strategies. Furthermore, the process should be used to ensure that local risks are understood centrally.	<p>Risk assessment and analysis in relation to strategic planning are being tested in WFP as part of the embedding of risk management. A template for risk profile and risk registers at country, business unit and corporate levels will be finalized for wider use in WFP.</p> <p>Risk assessment and internal control will also be developed for all WFP business areas through the enterprise risk management (ERM) and internal control frameworks.</p>	RMP, RM	<p>➤ End February 2010</p> <p>(strategic risk profile and risk register)</p> <p>➤ 30 June 2011</p> <p>(ERM and internal control frameworks)</p>

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7. Consider refining the definition of a beneficiary to avoid the potential for double counting and to ensure that it takes account of the benefits arising from the provision of non-food aid projects, such as farming and market support.	<p>WFP will broaden its definition of “beneficiary” to clarify accounting of non-food assistance such as cash and vouchers. WFP will improve its guidance on beneficiary counting in order to avoid double counting.</p> <p>The current beneficiary definition takes into account only those people who receive inputs directly and benefit from outputs. Farmers who receive support through the Purchase for Progress initiative for farming and marketing are included in this definition, while people who gain access to a market because of improved market infrastructure, or people able to use a bridge or road because of improved road access, are not currently counted as WFP beneficiaries.</p>	OD, RMP, Policy, Planning and Strategy Division (PS)	➤ 31 December 2010
8. Establish cost-effective, consistent and reliable methodologies for measuring and validating the number of individuals assisted by projects.	WFP will refine its methods for measuring and validating the number of people assisted by projects.	OD, RMP, PS	➤ 31 December 2010



ACRONYMS USED IN THE DOCUMENT

APR	Annual Performance Report
ERM	enterprise risk management
OD	Operations Department
RM	Resource Management and Accountability Department
RMP	Performance and Accountability Management Division
PS	Policy, Planning and Strategy Division
SPR	Standardized Project Reports
SRAC	Strategic Resource Allocation Committee
SRF	Strategic Results Framework
WINGS II	WFP Information Network and Global System II