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برنامج الأغذية العالمي

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For consideration

Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

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## Report on the implementation of the External Auditor's recommendations

### Draft decision\*

The Board takes note of the report on the implementation of the External Auditor's recommendations (WFP/EB.A/2021/6-H/1/Rev.1).

- i) This report describes WFP's progress in implementing recommendations made by the External Auditor. It covers recommendations outstanding at the Board's 2020 annual session (WFP/EB.A/2020/6-H/1) and recommendations from the 2020 reports of the External Auditor on WFP's real estate portfolio (WFP/EB.A/2020/6-F/1); air transport services (WFP/EB.A/2020/6-G/1); and audited annual accounts of WFP for 2020 (WFP/EB.A/2021/6-A/1).
- ii) Table 1 shows WFP's progress in implementing the External Auditor's outstanding recommendations since the 2020 annual session of the Board. Table 2 provides an update on each of the outstanding recommendations and the External Auditor's comments on closed recommendations.

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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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<b>TABLE 1: STATUS OF IMPLEMENTATION OF THE EXTERNAL AUDITOR'S RECOMMENDATIONS</b>				
<b>Year report issued</b>	<b>Report name</b>	<b>Outstanding recommendations at the 2020 annual session</b>	<b>Closed</b>	<b>Outstanding recommendations at the 2021 annual session</b>
<b>2017</b>	Changes in human resources	6	2	4
	Decentralization	2	2	0
	<b>Subtotal - 2017</b>	<b>8</b>	<b>4</b>	<b>4</b>
<b>2018</b>	Scale-up and scale-down of resources in emergency operations	2	2	0
	Food-related losses	5	1	4
	<b>Subtotal - 2018</b>	<b>7</b>	<b>3</b>	<b>4</b>
<b>2019</b>	Country portfolio budgets	2	1	1
	Fraud prevention, detection and response	4	3	1
	<b>Subtotal - 2019</b>	<b>6</b>	<b>4</b>	<b>2</b>
<b>2020</b>	2019 audited annual accounts	4	4	0
	WFP's real estate portfolio	15	10	5
	Air transport services	16	6	10
	<b>Subtotal - 2020</b>	<b>35</b>	<b>20</b>	<b>15</b>
<b>Total: Previously reported</b>		<b>56</b>	<b>31</b>	<b>25</b>
<b>2021</b>	2020 audited annual accounts			7
	<b>Subtotal - 2021</b>			<b>7</b>
<b>Outstanding as at 2021 annual session</b>				<b>32</b>

TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS

Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2021)
<b>Changes in human resources 2017</b>	<b>Recommendation 1</b> The External Auditor recommends, in accordance with the recommendations of the United Nations Joint Inspection Unit, clarifying the criteria for recruiting each category of employee with a view to aligning practice with stated principles.	Human Resources Division (HRM)	The staffing framework that provides the criteria for recruitment of the various categories of employees is being finalized in consultation with the Legal Office and senior management.	August 2021	
<b>Changes in human resources 2017</b>	<b>Recommendation 2</b> The External Auditor recommends that remuneration for newly recruited consultants be thoroughly reviewed to better align it with market practices, while maintaining it slightly above market rates to attract the best candidates when needed.	HRM	The consultant remuneration review is undergoing a further round of consultation and clearance with the Legal Office and senior management. The results will be incorporated in the revised Human Resources Manual section on consultants.	October 2021	
<b>Changes in human resources 2017</b>	<b>Recommendation 3</b> The External Auditor recommends that, at regular intervals – for example quarterly – a synthesis of the main components of all WFP-financed payroll be made.	Corporate Finance Division (FIN)	The Secretariat prepares quarterly staff cost reports for employees on the corporate payroll and can report on local staff costs at desired intervals with the Quantum system, which has been rolled out in all regions to link national staff costs with country portfolio budgets.  As reflected in the <a href="#">2018</a> , <a href="#">2019</a> and <a href="#">2020</a> updates to the Executive Board, WFP's approach to addressing this recommendation has focused on rolling out the Quantum system to all regions. With the successful rollout, WFP now has consistent data for analysis and accounts reconciliation, including for reporting on local staff costs for all special	Implemented	Agreed. WFP is now able to report on local staff costs at desired intervals with the Quantum system for all SC/SSAs and fixed-term staff. WFP considers that this achievement, combined with the existing capacity to

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			<p>service agreement (SSA) and service contract (SC) holders and fixed-term contract staff in the field, amounting to around 15,000 employees. These include the following staff categories: general service field, national officer, SC general service, SC professional, SSA general service and SSA professional. Quantum also makes WFP payroll accounting compliant with International Public Sector Accounting Standards (IPSAS) and reduces fraud risk by requiring that staff identities are 100 percent consistent across various systems, in addition to providing other benefits.</p> <p>In 2021, FIN will continue to streamline and automate reporting, including of staff costs, to facilitate more detailed reporting capability beyond the main payroll components.</p>		<p>prepare quarterly staff costs reports for employees on the corporate payroll, allows the organization to provide comprehensive costing reports for all employees at desired intervals. WFP believes that existing capabilities satisfactorily meet current reporting needs.</p> <p>Noting these achievements and although WFP sees no point in systematically issuing as suggested a periodic and global synthesis of all WFP-financed payroll, the External Auditor agreed to close this recommendation.</p>

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<p><b>Changes in human resources 2017</b></p>	<p><b>Recommendation 6</b> The External Auditor recommends the establishment of a procedure for recruiting consultants that includes an open call for applicants and a competitive selection process; exceptions would be made in an emergency but would require authorization.</p>	HRM	The requirement for a competitive selection process for regular consultants has been included in the revised consultant policy and in the staffing framework. The internal consultation for both these documents is nearing completion.	October 2021	
<p><b>Changes in human resources 2017</b></p>	<p><b>Recommendation 7</b> The External Auditor recommends that it be ensured that recruitment records contain all necessary documents to allow for the monitoring of compliance with procedures and the quality of procedures.</p>	HRM	The requirements for the maintenance of recruitment documentation for consultants will be reflected in the revised consultant policy, which is expected to be finalized in October 2021.	October 2021	
<p><b>Changes in human resources 2017</b></p>	<p><b>Recommendation 11</b> The External Auditor recommends that the leadership roster be finalized swiftly in order to diversify the categories of staff deployed to the field and thereby ensure the effectiveness of emergency response operations.</p>	Emergency Operations Division (EME)	The emergency coordinator roster, which supports the diversification of categories of staff deployed to the field, is finalized. The roster will be further expanded through a simulation exercise.	Implemented	Agreed

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<p><b>Decentralization 2017</b></p>	<p><b>Recommendation 7</b> The External Auditor recommends specifying the technical conditions governing regional bureaux oversight missions, including the format of reports, the monitoring of recommendations and the expected verifications.</p>	<p>Enterprise Risk Management Division (ERM) in consultation with regional bureaux and concerned departments</p>	<p>In April 2021, ERM launched the 2021 Management Oversight Project to build the maturity of regional bureaux oversight and related processes including oversight missions. A steering group has been appointed to provide strategic direction and sponsorship of corporate efforts. The steering group, chaired by the Chief Risk Officer and composed of representatives from the Office of the Chief of Staff, ERM and regional bureaux, meets once per month. It is supported by a project working group chaired by the Chief, Risk Management Branch, that manages the implementation and monitors the progress of the initiative, and meets regularly to review oversight tools from five initial functions to be covered in 2021: cash-based transfers (CBT); monitoring; beneficiary management; non-governmental organizations and cooperating partners management; and administration (including engineering). The main outputs include:</p> <p>Output 1: functional standards and tools to enable an effective first line;</p> <p>Output 2: self-assessment and first line management review as a foundation for continuous improvement;</p> <p>Output 3: value-adding management oversight to support the continuous improvement cycle; and</p> <p>Output 4: information tools for effective monitoring of oversight results</p> <p>ERM will share outcomes regularly with the External Auditor to help feed into the External Auditor's management oversight performance audit taking place from July 2021 to January 2022.</p>	<p>Implemented</p>	<p>Agreed.</p> <p>The External Auditor takes note of the Management Oversight Project.</p> <p>The new audit starting in July 2021 on management oversight will provide an opportunity to measure progress.</p>

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<p><b>Decentralization 2017</b></p>	<p><b>Recommendation 11</b> The External Auditor recommends making any further scaling down of the resources of headquarters and concomitant transfers of responsibilities and authority to the field subject to a full assessment of the persistence of systemic risks, particularly regarding cash-based transfers and procurement.</p>	<p>Office of the Executive Director in consultation with concerned departments</p>	<p>As a decentralized organization, WFP seeks to achieve an optimal balance between central, regional and local levels. While a number of responsibilities are delegated as close to the point of operation as possible, retaining a robust command capability at the central level remains a core priority for the organization. Accordingly, WFP's decentralization model is informed by the assessment of systemic risks, including fraud risks, with emphasis on the CBT and procurement functions.</p> <p>In the case of the CBT function, the continuous assessment of risks informs the roles that the three lines play, with a focus on the effective mitigation of the risks faced by the first line. In line with this approach, WFP released the CBT assurance framework to enhance country-level capacity to mitigate operational risks and implement appropriate controls to ensure that the right beneficiaries receive the right entitlements. The digitization of CBT has also improved oversight and facilitated scale-up. A review carried out with Accenture to help plan the trajectory of headquarters support to a growing CBT portfolio reaffirmed the importance of retaining core responsibilities centrally, including standard setting, technical guidance and other areas that are highly specialized and do not need full-time presence in the field (such as financial sector due diligence, data science for data assurance and corporate technology systems development). For these areas, country offices can access intelligent business services in headquarters when needed, making the most of economies of scale and reducing associated risks. For less specialized areas that remain decentralized, such as beneficiary registration and verification, the assurance framework and related guidance for country offices contribute to mitigating CBT-related risks.</p>	<p>Implemented</p>	<p>Agreed</p>

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			<p>In the case of the procurement function, WFP has put in place measures to mitigate the risks identified in proactive integrity reviews, such as the creation of regional food technologist positions to mitigate food safety and quality risks and the development of an oversight and compliance checklist to support regional bureau oversight of the procurement function. The implementation of proactive integrity reviews actions has informed and supported additional decentralization efforts along with enhanced oversight from regional bureaux. In 2018 the Executive Director circular on delegation of authority for procurement and contracting in supply chain functions was issued to support the agility of WFP operations while ensuring that adequate controls are in place to mitigate procurement-related risks. In 2020, a review of the delegation of authority was carried out across supply chain functions with the aim of streamlining processes for context-specific adjustments in levels of procurement authorities.</p> <p>In addition, as a result of the functional review commissioned in 2019, the Secretariat developed baseline terms of reference for 16 key functions, outlining roles and responsibilities for headquarters and regional bureaux and with recommendations that addressed gaps and overlaps. WFP also launched the <a href="#">bottom up strategic budgeting exercise</a> to revisit funding source management and determine how to align it with operational priorities in regional bureaux, country offices and headquarters. Ultimately, better allocation of funding to activities will enable WFP to improve its accountability and performance.</p>		



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<p><b>Scale-up and scale-down of resources in emergency operations 2018</b></p>	<p><b>Recommendation 6</b> The External Auditor recommends establishing a broadened and centralized monitoring tool for WFP employees who can be deployed in emergencies and formalizing its employment doctrine.</p>	EME	<p>The SURGE platform enables EME to centrally monitor WFP employees who can be deployed in emergencies. It contains the emergency response roster (added in October 2019), emergency consultants roster (added in March 2021), stand-by partner information and a tool for tracking the progress of deployments. The platform was adapted to manage the unique circumstances of the COVID-19 response and will continue to be refined in future iterations.</p>	Implemented	Agreed
<p><b>Scale-up and scale-down of resources in emergency operations 2018</b></p>	<p><b>Recommendation 8</b> The External Auditor recommends rapidly translating into operational terms the discussions begun in 2017 on the support functions and the innovative plans to be put in place to increase the flexibility of the teams in an emergency situation (incentives, mentoring, long-term training strategy for staff with high potential for emergencies, etc.).</p>	EME	<p>WFP set up the Global Surge Coordination Unit (GSCU) in 2019 to increase flexibility in emergencies. By bringing together emergency training, surge capacity and emergency roster teams, GSCU is able to coordinate surge deployments across the organization, ensuring that emergency staffing requirements are filled in a sufficient, timely and effective manner.</p> <p>A five-year global surge capacity strategy was developed, including an emergency responder learning pathway to ensure that staff are fully prepared and equipped for emergencies. At present, the learning path is funded. As a result, the emergency training catalogue, emergency learning portal and essential skills for emergency responders channel are available online, including training on emergency response induction, health in emergencies, humanitarian negotiation and operational information management. WFP also launched an emergency training video channel containing COVID-19 emergency response online training and an "Emergency Learning Bites" initiative as part of the Emergency Training Academy.</p> <p>In 2021, GSCU will inaugurate self-paced online emergencies foundation training and the Young Emergency Talent Initiative, which will allow junior staff to be trained on the job in country offices. While implementation of some</p>	Implemented	Agreed

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			elements of the emergency responder learning path (live simulations) was affected by COVID-19, WFP will continue rollout in 2021 and 2022, including face-to-face training where feasible.		
<b>Food-related losses 2018</b>	<p><b>Recommendation 2</b></p> <p>The External Auditor recommends continuing to strengthen the order management procedures:</p> <p>a) by implementing a tool to manage international, regional, and local vendors as soon as possible, to allow WFP to have a global view of vendors and their services;</p> <p>b) by upgrading the WINGS software or developing an alternative solution to have a global view of the performance of its contracts and be able to perform extractions with a view to effective management.</p>	Supply Chain Operations Division (SCO)	<p>In January 2020, the SCO investment case on improved vendor management was approved and the first tranche of USD 3.17 million transferred to SCO for project implementation. The investment case is based on five interdependent high-priority recommendations:</p> <ul style="list-style-type: none"> <li>➤ improve data management;</li> <li>➤ create a central repository of vendors;</li> <li>➤ optimize due diligence;</li> <li>➤ improve vendor performance evaluation; and</li> <li>➤ improve contract implementation follow-up.</li> </ul> <p>Due to COVID-19 restrictions and emergency response, the vendor management investment case project was deprioritized and will be discussed and re-evaluated.</p>	December 2022	

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<b>Food-related losses 2018</b>	<b>Recommendation 3</b> The External Auditor recommends developing a system making performance statistics on surveyors and superintendents available at the organization level.	SCO	<ol style="list-style-type: none"> <li>1. WFP's Food Safety and Quality Unit (SCOQ) has created a platform in the DOTS data hub linking the WFP Information Network and Global System (WINGS) information on contracted inspection services, including cost of inspections in each country office.</li> <li>2. An automated solution is required to capture statistics and trend data on the performance of surveyors. A needs assessment revealed that the best solution for laboratory test results and trends across the organization is an information technology tool linked to the Logistics Execution Support System (LESS). The identified solution has been tested and is being implemented at headquarters.  SCO has transformed this workstream into a project due to its complexity and has allocated a dedicated budget within a special account created for SCOQ, one fixed-term focal point and one project manager.</li> </ol>	December 2021	
<b>Food-related losses 2018</b>	<b>Recommendation 4</b> The External Auditor recommends expanding the information submitted annually to the Executive Board by adding the financial statements of the special self-insurance account; and a report on the appropriateness of the level of insurance reserve.	SCO	SCO provided the agreed additional information related to the special self-insurance account in the <a href="#">WFP Management Plan (2021–2023)</a> approved by the Executive Board at its 2020 second regular session.	Implemented	Agreed

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<b>Food-related losses 2018</b>	<p><b>Recommendation 6</b></p> <p>The External Auditor recommends:</p> <p>a) centralized collection of the agreements entered into with the partners;</p> <p>b) making the performance of partnership agreements in the field a priority area of oversight implemented by the regional bureaux.</p>	NGO Partnerships Unit (NGO)	<p>a) Field-level agreement (FLA) data (e.g. agreement type, contractual value, and food distribution amount and value) are recorded in different systems (e.g. WINGS, COMET (WFP's country office tool for managing effectively) and LESS) and captured in the DOTS integrated data layer, providing a clear and broader picture of FLAs. NGO and the Technology Division (TEC) are considering the introduction of a digital FLA repository as part of the digitalization of NGO partnership processes.</p> <p>b) NGO has strengthened guidance and training for regional bureaux to reinforce their oversight capacity and support country-level management of partnership risks. As part of this work, NGO developed a spot-check tool and guidance for monitoring cooperating partners and worked with ERM to design a library of NGO key risk indicators. Using the DOTS integrated data layer, regional bureaux can now identify high-risk partnership areas within their operational coverage to manage related risks. Finally, NGO is developing terms of reference and a checklist to streamline regional bureau oversight of cooperating partner management by country offices.</p>	December 2021	
<b>Food-related losses 2018</b>	<p><b>Recommendation 8</b></p> <p>The External Auditor recommends strengthening internal quality control:</p> <p>a) by forwarding all inspection reports to the Food Quality and Safety Unit (OSCQ);</p> <p>b) by establishing an exhaustive information</p>	SCO	<p>a) As noted in the <a href="#">2020 report on the implementation of the External Auditor's recommendations</a>, SCO considers that forwarding all inspection reports to SCOQ would not be optimal as there are more reports than it would be feasible to check. Instead, this recommendation is being implemented through a system that is being developed (see recommendation 3). The system will record all inspection report results by surveyors or superintendents, with automated analysis to highlight non-conforming results and those that are historically</p>	<p>a) December 2021</p> <p>b) and c) Implemented</p>	<p>a) is being implemented through an information technology system that is currently being rolled out.</p> <p>b) and c) Agreed.</p>

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	<p>system on quality incidents allowing the OSCQ unit to perform monitoring and management;</p> <p>c) by continuing the deployment of the quality assurance system in order to reduce the organization's dependence on one-off product inspections.</p>		<p>too flat to be reliable. The system will be rolled out by the end of 2021.</p> <p>b) SCO issued a memorandum on WFP's food incident management protocol in January 2019. The protocol introduced the use of the Rapid Incident Notification Grid to report incidents through a digital form linked to the DOTS platform. The protocol also mandated food incident management committees in country offices, regional bureaux and headquarters. To support protocol implementation, SCO issued frequently asked questions and conducted training for all regions. SCO leads the comprehensive review of incidents up to their closure, including identifying improvement priorities and lessons learned.</p> <p>c) Audits of suppliers have been strengthened and a long-term agreement was signed in 2019 with an international audit company to supplement internal capacity. In 2020, 127 audits were conducted worldwide. Compliance testing was significantly enhanced and revamped to support supplier and inspection quality oversight. To continue the deployment of the quality assurance approach, the recently established food safety and quality assurance management committee held its inaugural meeting in December 2020. In addition, food procurement contracts were revised to reaffirm liability by manufacturers or suppliers in cases where products fail food safety and quality requirements, including after WFP receives them. Building on the challenges identified and lessons learned from the first pilot carried out in 2020, management will refine the corporate quality assurance approach.</p>		

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<b>Country portfolio budgets 2019</b>	<b>Recommendation 1</b> The External Auditor recommends that the Secretariat: a) produce a summary document for the attention of the Board, providing an overview of the Integrated Road Map, and b) approaches Member States in order to better define how to respond to their needs, distinguishing between strategic information necessary for governance, and detailed information on country strategic plans and their budgets, which should be available on the various WFP sites and portals.	Integrated Road Map (IRM) Steering Committee and IRM Implementation Office	The Secretariat shared with the Board Member States at its 2020 annual session a summary document that provided <a href="#">an overview</a> of the four elements of the IRM: the WFP strategic plan for 2017–2021, the policy on country strategic plans (CSPs), the financial framework review and the corporate results framework for 2017–2021. The document will continue to be updated as required.	Implemented	Agreed
<b>Country portfolio budgets 2019</b>	<b>Recommendation 11</b> The External Auditor recommends monitoring the total amount of the management fee paid annually to cooperating partners and the range of rates applied by field-level agreements.	NGO	Country office users are required to use a password-protected FLA template that automatically calculates the 7 percent management fee for all partnerships. The non-negotiable rate is specified in the NGO budget guidance. Furthermore, integration with DOTS will allow extraction of key NGO-related data from different information systems, enabling the NGO Partnerships Unit to analyse FLA expenditures over different timeframes and areas. The digitization of NGO partnership processes, which is in the discovery phase, will further enhance monitoring and evaluation of FLA performance to address potential issues associated with NGO budgets.	December 2021	

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<b>Fraud prevention, detection and response 2019</b>	<b>Recommendation 2</b> The External Auditor recommends setting a threshold or criteria beyond which WFP will carry out due diligence prior to adding a strategic supplier to the roster in order to assess the maturity of its anti-fraud system.	SCO	Once the revised anti-fraud and anti-corruption (AFAC) policy is approved, SCO will revise the tender/contract templates and AFAC requirements in collaboration with the Legal Office. A template will be added to the vendor registration pack, which vendors will sign to confirm that they have an AFAC policy in place.	September 2021	
<b>Fraud prevention, detection and response 2019</b>	<b>Recommendation 10</b> The External Auditor recommends producing a handbook for field managers to determine fraud reporting criteria.	ERM	The Secretariat has revised the <a href="#">anti-fraud and anti-corruption policy</a> , which will be presented for approval at the 2021 annual session of the Executive Board, and designed a two-part supplemental guide for WFP employees and directors. Part I of the supplemental guide, which is addressed to WFP employees, provides guidance on reporting any reasonably suspected case of fraud and corruption including reporting criteria and procedures. Part II of the supplemental guide, which is addressed to WFP directors, provides guidance on escalating and reporting material reasonably suspected cases of fraud and corruption. The handbook on fraud and corruption prevention, issued in 2020, describes warning signs (red-flag indicators) of what may be considered a reasonably suspected case of fraud or corruption.	Implemented	Agreed

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<b>Fraud prevention, detection and response 2019</b>	<b>Recommendation 11</b> The External Auditor recommends delegating the processing of simple fraud allegations involving an amount below a certain threshold to the responsible managers while maintaining the obligation to inform the Office of Inspections and Investigations.	Office of the Inspector General, ERM	<p>WFP notes that the responsibility for assessing and investigating allegations of wrongdoing remains fully within the remit of the Office of Inspections and Investigations (OIGI), as established in the Charter of the Inspector General and in line with the jurisprudence of the International Labour Organization Appeals Tribunal and guidance from the Joint Inspection Unit in its <a href="#">review of the state of the investigation function and progress made in the United Nations system organizations in strengthening the investigation function</a> (recommendation 3).</p> <p>Based on the above, OIGI has developed a proxy investigation approach to facilitate routine investigations. The approach enables the engagement of non-OIGI personnel to assist with the investigative process under OIGI supervision, guidance and instructions, and includes training on proper evidence gathering, confidentiality and communication procedures.</p> <p>In addition, the Secretariat revised the <a href="#">anti-fraud and anti-corruption policy</a>, which will be presented for approval at the 2021 annual session of the Executive Board: it has also designed supplemental guidance for WFP personnel on responding to fraud incidents.</p>	Implemented	Even if this is not exactly what was recommended by the External Auditor, this recommendation can be considered implemented.
<b>Fraud prevention, detection and response 2019</b>	<b>Recommendation 13</b> The External Auditor recommends setting, for the country directors in the countries most exposed to the risk of fraud and corruption, the goal of adopting common positions and strategies at the United Nations country team level.	Operations Management Support Office, ERM	The Secretariat issued a memorandum to country directors in countries most at risk of fraud and corruption, encouraging them to engage on AFAC matters through the United Nations country team. The Secretariat also updated the entrustment letters sent to country directors upon appointment to reinforce their awareness of their AFAC responsibilities.	Implemented	Agreed



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<p><b>2019 audited annual accounts 2020</b></p>	<p><b>Recommendation 1</b> The External Auditor recommends that WFP improve the validation of the 30 September payroll data used by the actuary and update the calculation based on the 31 December payroll data.</p>	FIN	<p>The census data quality assurance process was strengthened in 2020 and any identified difference between the data used by the actuary and that used by WFP was analysed and amended as applicable during the preparation of the valuation results. No material changes to valuation results have been reported.</p> <p>As explained in the <a href="#">2020 report on the implementation of the External Auditor's recommendations</a>, the use of 30 September 2020 data is considered appropriate in line with IPSAS 39 – Employee Benefits. It allows WFP to obtain complete valuation results in time for its financial statement submission deadline. To address the recommendation, WFP submitted headcount changes that had taken place during the fourth quarter (Q4) of 2020 to the actuary for the estimation of the potential impact on liability. Focusing conservatively on new hires only, the actuary assessed the impact at USD 1.2 million (0.1 percent of total liability). As the assessment explicitly excluded other headcount movements such as separations during the period, the estimated impact can be considered an overstatement. WFP considers the level of impact immaterial for its inclusion in accounting valuation results or disclosure in the financial statements.</p> <p>The assessment of the headcount change in Q4 2020 and the headcount reconciliation with the payroll data as of 31 December 2020 have been added to valuation report.</p>	Closed	<p>Agreed.</p> <p>In view of these developments, and considering that the approximation adopted by WFP is not contrary to IPSAS 39, this recommendation is closed.</p>

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2021)
<p><b>2019 audited annual accounts 2020</b></p>	<p><b>Recommendation 2</b> The External Auditor recommends that WFP obtain greater assurance from its actuary on the level of uncertainty associated with the assumptions used for future medical costs.</p>	FIN	<p>WFP and its actuary develop assumptions about long-term future medical costs in accordance with actuarial professional practice standards and in line with IPSAS 39 – Employee Benefits. Future medical cost assumptions are determined based on WFP's recent experience, the actuary's latest global medical trend rates survey and United Nations task force harmonization guidance.</p> <p>Further details were added to the 2020 valuation report regarding the future medical cost assumptions to facilitate better understanding of the rationale. WFP considers that the current assumptions for future medical costs have a reasonable basis and reflect the uncertainty inherent in any long-term assumptions based on changing economic and other factors beyond an entity's direct control. Sensitivity testing for assumptions about future medical costs has always been undertaken as part of the valuation and disclosed in the financial statements.</p> <p>As a standard practice, WFP performs actuarial valuations annually and adjusts its assumptions considering any new factors that arise during the reporting period.</p>	Closed	<p>Agreed.</p> <p>The External Auditor considers that this recommendation has been partially implemented. In section 4.4 of its report on the 2020 financial statements, the External Auditor makes further recommendations which clarify his expectations and highlight areas for further work next year. This recommendation on 2019 is therefore closed.</p>

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2021)
<p><b>2019 audited annual accounts 2020</b></p>	<p><b>Recommendation 3</b> The External Auditor recommends that WFP obtain sensitivity analyses for all actuarial assumptions, starting with the assumption relating to the staff turnover rate.</p>	FIN	<p>The Secretariat reiterates that sensitivity analysis of each significant assumption, such as the discount rate, exchange rates and medical inflation, is assessed in each valuation study and presented in the financial statements in line with IPSAS 39 requirements.</p> <p>To implement the External Auditor's recommendation, WFP's actuary performed additional sensitivity analysis for the 2020 valuation, focusing on the remaining major assumptions such as general inflation, cost-sharing and uptake of coverage in after-service medical insurance plans, withdrawal and retirement rates, and future salary increases. The sensitivity results were shared with the External Auditor during the audit of the 2020 financial statements.</p>	Closed	<p>Agreed.</p> <p>The External Auditor considers that this recommendation has been partially implemented. In section 4.4 of its report on the 2020 financial statements, the External Auditor makes further recommendations which clarify his expectations and highlight areas for further work next year. This recommendation on 2019 is therefore closed.</p>
<p><b>2019 audited annual accounts 2020</b></p>	<p><b>Recommendation 4</b> The External Auditor recommends that WFP update the EUR/USD mix used to estimate long-term employee benefits based on more recent disbursement data.</p>	FIN	<p>The currency mix has been updated by scheme and applied in discount rate, general inflation rate and medical cost increase rate calculations. Details are provided in the valuation report. The assumptions are disclosed in note 2.12 of the financial statements.</p>	Implemented	<p>Agreed</p>

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2021)
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 1</b> The External Auditor recommends that the real estate database management tools be strengthened through the updating of the ARCHIBUS Lease Management Manual, the preparation of a detailed glossary and the creation of a shared workspace.	Management Services Division (MSD)	MSD updated the ARCHIBUS real estate data management guidance and prepared a detailed glossary, frequently asked questions in English and French and training material. MSD shared the tools with global focal points and other relevant personnel via email and through WFP communities.	Implemented	Agreed
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 2</b> The External Auditor recommends that the accuracy of all the data in the real estate database be reviewed and that internal controls be strengthened in that regard.	MSD, country offices, regional bureaux, field offices	MSD reviewed the accuracy of ARCHIBUS data by enhancing local and regional level capacities and reconciling data from different sources, specifically: <ol style="list-style-type: none"><li>1. Conducting remote refresher training on ARCHIBUS to increase staff knowledge and skills in managing the database; the training was attended by more than 200 ARCHIBUS focal points and administration and finance personnel from four regional bureaux and two country offices. Remote refresher training for other regional bureaux and country offices will continue in 2021.</li><li>2. Rolling out the online course "Using ARCHIBUS - Real Estate Portfolio Management" in WeLearn. ARCHIBUS focal points are required to complete this course in order to gain access to the system.</li><li>3. Providing one-to-one support upon request from country offices while the quarterly monitoring of ARCHIBUS was temporarily de-activated during the COVID19 pandemic. MSD is committed to resuming and prioritizing the exercise once feasible.</li></ol>	Implemented	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2021)
			<p>4. Reconciling and aligning data between the Global Equipment Management System and ARCHIBUS on the locations of buildings.</p> <p>5. Comparing all lease records with previous year records. Those that reported differences of USD 200,000 or more were checked by the leases team and satisfactory explanations were provided to Corporate Finance Division – General Accounts Branch (FING) for financial reporting purposes. FING cleared a full set of financial data on premises.</p> <p>Internal controls have been strengthened to ensure data accuracy in the ARCHIBUS system. Examples of these efforts include:</p> <ol style="list-style-type: none"> <li>1. An enhanced management services oversight checklist with a dedicated area on facilities/leases/ARCHIBUS. The checklist helps regional bureaux to conduct oversight of field offices.</li> <li>2. An annual note for the record for each financial closure period documenting the procedures undertaken to prepare information on leases, for the purpose of IPSAS compliance.</li> <li>3. Implementation of a standardized verification procedure wherein once lease information is received from the field, MSD conducts standard checks to verify the logic and accuracy of the data including providing values for blank fields; ensuring that payment details cover the full lease period; checking that sub-lease records are created with their own lease and income records; and ensuring that subsidies do not exceed the rent amount. Also, MSD compares current information on leases with previous records and reviews and documents reasons for material variances. MSD addresses any inconsistencies with the office concerned and ensures that notes are</li> </ol>		

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			<p>made directly in the ARCHIBUS system for future reference.</p> <p>Finally, it was confirmed that the letter of representation signed by country directors was the formal assertion of data accuracy in ARCHIBUS (instead of a separate certification tool).</p>		
<b>WFP's real estate portfolio 2020</b>	<p><b>Recommendation 3</b></p> <p>The External Auditor recommends the preparation of a strategy to adapt the capacity of the headquarters premises according to several costed scenarios of staff growth.</p>	MSD	<p>A post-COVID-19 "New Working Model" strategy was presented to the leadership group in January 2021. WFP formed a governance structure, including a working group responsible for implementing the new working model once approved.</p> <p>The model takes into account lessons learned from the COVID-19 response and involves the implementation of remote working and flexible working arrangements.</p> <p>The model contemplates three "new normal" scenarios ("lite", "flex" and "plus") that vary according to the number of positions selected for full on-site or remote working, or a combination of the two.</p>	December 2021	
<b>WFP's real estate portfolio 2020</b>	<p><b>Recommendation 4</b></p> <p>The External Auditor recommends that, under the supervision of the Management Services Division, the country offices undertake long-term analyses of the respective advantages and disadvantages of the various rental, purchase or construction options for their premises.</p>	MSD, country offices, regional bureaux, field offices	<p>The facilities management chapter of the Management Services Manual describes the steps that country offices consider to determine the most appropriate solution for their premises (e.g., donation, lease, construction, purchase or use of common premises) for every project. Concerned offices are required to consider at least three viable premises options and to prepare a business case known as a Facilities Assessment Package (FAP) for endorsement by the concerned director/head of office and review and guidance from MSD. The FAP will highlight the pros and cons for each option and include a descriptive report accompanied by a cost-benefit analysis and security, space, accessibility, due diligence and environmental assessments.</p>	Implemented	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2021)
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 5</b> The External Auditor recommends that strategic decisions regarding real estate (leases, relocations, renovations, purchases, constructions) with possible long-term impact, even below the delegation of authority threshold, be systematically communicated to the regional bureaux and submitted for formal validation by headquarters.	MSD, country offices, regional bureaux, field offices	The facilities management chapter of the Management Services Manual provides country offices with enhanced guidelines on conducting long-term analysis when making decisions about establishing, managing and closing premises. In addition, any strategic decision regarding real estate (i.e. leases, relocations, renovations, purchases and construction) with possible long-term impact, including those below the delegation of authority threshold, must be systematically communicated to the relevant regional bureau and submitted to MSD at headquarters for consultation and advice.	Implemented	Agreed
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 6</b> The External Auditor recommends that an annual review of the overall change in facilities management costs be conducted in order to strengthen oversight of this activity.	MSD, Corporate Finance Division –General Accounts Branch (FING)	In process of finalizing with action owners and the External Auditor.		
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 7</b> The External Auditor recommends that the revised and supplemented version of the administrative services manual, which includes a module on facilities management, be adopted as soon as possible.	MSD	In process of finalizing with action owners and the External Auditor.		

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<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 8</b> The External Auditor recommends: a) including an environmental component from the start of each real estate project; b) speeding up the implementation of environmental management systems in the country offices; and c) implementing the analysis and classification of environmental risks recommended in the environmental policy, particularly for renovation and construction.	MSD, country offices, regional bureaux, field offices	a) The facilities management chapter of the Management Services Manual prescribes a life-cycle approach to facilities management with consideration of environmental sustainability principles from the outset including by screening new real estate projects for environmental risk at the design/construction phase and managing facilities-related environmental impacts throughout operation and maintenance. b) In process of finalizing with action owners and the External Auditor. c) The environmental risk screening tool is complete and is one component of the WFP Environmental and Social Sustainability Framework (annex I, module 3). An Executive Director's circular promulgating the framework will be issued by late June 2021.	a) Implemented b) In progress c) Implemented	a) and c) Agreed
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 9</b> The External Auditor recommends that evaluations of in-kind contributions be updated without delay to reflect their market value (International Public Sector Accounting Standard 23 on contributions in kind).	MSD	MSD has commissioned a re-evaluation of all in-kind contributions valued at a flat rate for the period June–November 2020 and updated the value of the contributions based on current market value.	Implemented	Agreed. We will verify that the market value is consistently reflected in the financial statements for the year 2021.



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<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 10</b> The External Auditor recommends, given the shortage of space available at headquarters, that available space at the Food and Agriculture Organization of the United Nations be monitored.	MSD	As outlined in recommendation 3, WFP is embarking on the implementation of a new working model that combines on-site and remote working approaches, effectively addressing the concern related to shortage of space. The option of acquiring additional office space will therefore no longer be pursued.	Closed	Closed
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 11</b> The External Auditor recommends compliance with fire safety standards through efforts to further reduce the number of workstations in the main building.	MSD	WFP has removed excess workstations in headquarters and is now compliant with fire safety standards.	Implemented	Agreed
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 12</b> The External Auditor recommends that another satisfaction survey of users of the floor 3G flexible workspace be conducted in 2020, as well as an evaluation of their productivity.	MSD, HRM, TEC, Private Partnerships and Fundraising Division, Communications, Advocacy and Marketing Division	MSD conducted a client satisfaction and productivity survey in December 2020 as a follow-up to the 2019 satisfaction survey to assess the efficiency and effectiveness of the 3G pilot flexible workplace project.	Implemented	Agreed

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<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 13</b> The External Auditor recommends the establishment of a remote working target that takes into account the organizational constraints on each service to contribute to reducing the over-occupancy of the main headquarters building.	MSD, HRM, TEC, Staff Wellness Division	The implementation of this recommendation is linked with actions outlined under recommendation 3 of the real estate portfolio review above.	December 2021	
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 14</b> The External Auditor recommends that the Executive Board be kept informed of the progress of the draft agreement between the Italian Government, the International Fund for Agricultural Development and WFP with a view to the commencement of studies of the feasibility of a new headquarters location.	MSD	The discussions initially held with the Government of Italy regarding the Forlanini project were put on hold as the priorities of the parties changed during the pandemic. In addition, <a href="#">official information from the Lazio regional authorities (in Italian)</a> , owner of the Forlanini building, indicates that it will be renovated to host another entity. WFP expresses its appreciation to the Government of Italy for its continuous support as host government and remains committed to exploring potential solutions with other Rome-based agencies in the future.	Closed	Closed

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<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 15</b> The External Auditor recommends that headquarters remind the country offices that priority is to be given to sharing office space with other organizations (co-location) and assert the principle that any exceptions must be duly justified by the office concerned and approved by headquarters, in accordance with the three agreed criteria: security, operational context and financial viability.	MSD	Guidance on the implementation of common premises has been completed and disseminated to regional and country directors and field administration and finance officers. WFP notes that common premises will be the norm, where appropriate, and that exceptions must be duly justified through a business case by the country office and approved by headquarters based on three criteria: security; operational context; and financial viability.	Implemented	Implemented
<b>Air transport services 2020</b>	<b>Recommendation 1</b> The External Auditor recommends that an aviation operations policy document be prepared for presentation by the Executive Director and approval by the Executive Board.	Aviation Service (SCOA)	SCOA held an induction meeting with the Programme – Humanitarian and Development Division to align the aviation policy design process with corporate requirements and estimated timelines. The aviation policy is being drafted.	December 2021	
<b>Air transport services 2020</b>	<b>Recommendation 2</b> The External Auditor recommends that the practice of the annual presentation of air transport activities to the Executive Board be maintained while	SCOA	The Aviation Service reviewed the content of the annual <a href="#">Update on the United Nations Humanitarian Air Service (UNHAS)</a> to the Executive Board to include information on key performance indicators related to effectiveness, cost-efficiency, environmental efficiency, and user satisfaction. The document also provides an overview of UNHAS funding and outlook for 2021 and operational highlights, including COVID-19-related operations, and an update on the ECHO	Implemented	Agreed

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	including more data on the cost, performance, environmental impact and operations funding modalities in the WFP Aviation annual report.		flight, Humanitarian Booking Hub, and airport rehabilitation projects. As recommended by the External Auditor, the Aviation Service will continue to deliver the annual presentation of air transport activities to the Executive Board.		
<b>Air transport services 2020</b>	<b>Recommendation 3</b> The External Auditor recommends that WFP management: a) update and revise the financial and budgetary framework for aviation activities to ensure a comprehensive and transparent presentation of the financial flows arising from such activities; and b) reconsider the rationale for a special account for aviation services in light of the desired degree of autonomy in determining the operating resources for such services.	SCOA	SCOA and FING have agreed on a road map for the review of the budget and financial frameworks for aviation activities, which will ensure an exhaustive and transparent presentation of the financial flows between country portfolio budgets and the aviation special account (ASA). Approval levels at WFP have been agreed upon, and SCOA is in the process of updating the Executive Director's circular on the establishment of ASA (ED2003/008); the directive on management, funding and accounting for ASA and WFP air operations (ADF 2005/003-ODT 2005/001); and the guidance note on how to incorporate activities related to Sustainable Development Goal 17 into CSPs.	December 2021	
<b>Air transport services 2020</b>	<b>Recommendation 4</b> The External Auditor recommends that the optimal cumulative carryover be determined for each UNHAS operation.	SCOA	SCOA is drafting guidance on how to define and manage cumulative carryover balances for UNHAS operations. Approval levels at WFP have been agreed with FING.	December 2021	

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<b>Air transport services 2020</b>	<b>Recommendation 5</b> The External Auditor recommends that the target cumulative surplus defined in 2020 for the ASA be reassessed to take into account the income generated by ad hoc flights and that the use of the funds exceeding this target be determined annually by the Executive Board.	SCOA	The ongoing review described under recommendation 3 will incorporate guidance on managing the ASA cumulative surplus. Approval levels at WFP have been agreed with FING.	December 2021	
<b>Air transport services 2020</b>	<b>Recommendation 6</b> The External Auditor recommends that the modalities for funding OSCA administrative and staff costs be re-examined, with consideration being given to reducing the MCR fee and instead allocating a larger share of the PSA budget to OSCA.	SCOA	Internal consultations on the SCOA financing model are ongoing. The outcome of the consultations will drive decision making including on the elements raised by the External Auditor on the programme support and administrative (PSA) budget and management cost recovery (MCR) rates.	December 2021	
<b>Air transport services 2020</b>	<b>Recommendation 7</b> The External Auditor recommends continuing the process of integrating the various fraud risks linked to air services into the operation risk registers and the OSCA risk register.	SCOA	Partially accepted. The risk register guidance issued in 2019 requires all aviation field operations to establish risk registers that reflect not only operational safety and aviation security risks but also strategic, financial and fiduciary risks. Recognizing the iterative nature of fraud risk management, SCOA continues to roll out the guidance and will complete a fraud risk assessment exercise in 2021 in collaboration with ERM.	December 2021	

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<b>Air transport services 2020</b>	<b>Recommendation 8</b> The External Auditor recommends including in the Air Transport Manual a chapter with provisions for headquarters and country offices to help them make a more formalized selection of cargo transport by air, land, river or sea.	SCOA	The Supply Chain Operations Division's Field Support Unit, in coordination with SCOA, issued transport modality selection guidance and incorporated it into the transport and logistics services manual. The guidance outlines the decision making criteria (transport type characteristics, operational needs and operational context) for selecting the most appropriate transport mode, considering speed, flexibility, reliability and cost in various operational environments.	Implemented	Agreed
<b>Air transport services 2020</b>	<b>Recommendation 9</b> The External Auditor recommends developing a fundraising strategy for UNHAS operations that foresees multi-year planning of donors' funding commitments for each operation, including private donors, and at the same time is consistent with the overall strategy of country offices with regard to WFP donors.	SCOA	The draft fundraising strategy is being reviewed by the Public Partnerships and Resourcing Division and will be validated and approved by the end of 2021.	December 2021	
<b>Air transport services 2020</b>	<b>Recommendation 10</b> The External Auditor recommends defining guidelines for cost recovery by users and studying possibilities for diversifying the rates that UNHAS charges for the transportation of its	SCOA	The Air Transport Manual describes the three funding models for air transport services: full cost recovery, partial cost recovery and fully donor funded. For full cost recovery and partial cost recovery models, the Secretariat has issued aviation field operations cost recovery guidance – a framework for the design, implementation and review of cost recovery models for aviation field operations based on cost recovery fares and funding, and humanitarian, performance and no-show factors.	Implemented	Agreed. The External Auditor takes note that the Aviation Field Operations Cost Recovery Guidance has been designed to ensure coherent implementation of cost

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	passengers, for example by distinguishing between international and local NGOs.		The roll out of the guidance is outlined in an Aviation Service memorandum distributed to all chief air transport officers, which emphasizes the role of steering committees in the implementation of the cost recovery system and reinforcing coordination, approval and reporting procedures. The Aviation Service will periodically monitor steering committee decisions related to the annual review and endorsement of fares.		<p>recovery across all aviation field operations. He also notes that the following procedures can bring greater transparency as long as headquarter Aviation Service will carry out periodic monitoring of the Steering Committee decisions:</p> <ol style="list-style-type: none"> <li>1. The aviation field operations are required to establish periodic review of the fares based on the prevailing humanitarian and operational context in the country and present these fares to WFP country office, Chief Aviation Service and respective Steering Committee on an annual basis for endorsement.</li> <li>2. The Steering Committee decision shall be properly documented and shared with headquarters Aviation Service.</li> </ol>

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<b>Air transport services</b> <b>2020</b>	<b>Recommendation 11</b> The External Auditor recommends that OSCA employ instruments designed to better control prices, such as: a) including a financial audit clause in contracts; b) sharing pricing information with other agencies; and c) undertaking a specific study of market prices for specialized aircraft charter services.	SCOA	Partially accepted. SCOA notes that instruments to monitor prices comply with WFP procurement manual provisions. However, SCOA is conducting a comprehensive review of the following elements for improvement: <ul style="list-style-type: none"> <li>➤ amendment of article 14 of the Aircraft Charter Agreement to include a right to audit clause;</li> <li>➤ cooperation with the United Nations Department of Operational Support to enhance the sharing of technical and financial operator information and possible collaboration on bid analysis;</li> <li>➤ incorporation of multiple industry sources, including the Economics and Air Transport Monitor produced by the International Air Transport Association, to facilitate a market price study of aircraft charter and airfreight services and to benchmark financial offers;</li> <li>➤ review of the electronic flight management application (Takeflight) platform in order to develop additional tools for the price analysis of aircraft costs; and</li> <li>➤ use of the Platts platform (the latest oil, energy and metals news, market data and analysis provided by S&amp;P Global Platts) to check that fuel suppliers' price levels reflect market rates.</li> </ul>	December 2021	



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<b>Air transport services 2020</b>	<b>Recommendation 12</b> The External Auditor recommends establishing a standard operating procedure for the preparation of an air operations exit strategy and ensuring that the officials responsible for air operations and headquarters perform a periodic review of the objective conditions for maintaining operations.	SCOA	SCOA has issued guidance on the aviation field operations exit strategy review. The scope of the guidance was defined by the relevant provisions of the air transport manual and terms of reference of the governing bodies described therein.  The objective of the guidance is to determine whether humanitarian and development partners in a country with UNHAS aviation field operations have access to reliable aviation services that meet recognized international aviation standards with regard to: <ul style="list-style-type: none"> <li>• safety and security;</li> <li>• capacity, effectiveness and efficiency;</li> <li>• economic considerations; and</li> <li>• environmental standards.</li> </ul>	Implemented	Agreed
<b>Air transport services 2020</b>	<b>Recommendation 13</b> The External Auditor recommends encouraging the conclusion of bilateral protocols between WFP and the Department of Peace Operations/Department of Field Support, in accordance with the framework agreement of 2013 and based on a template, in order to improve the efficiency and safety of the air operations carried out by WFP.	SCOA	SCOA has designed the master template of the technical service agreement between WFP and United Nations missions in accordance with the provisions of the 2013 framework agreement between WFP and the United Nations Department of Field Support.  The SCOA memorandum outlining the implementation of the master template was distributed to the chief air transport officers in March 2021.	Implemented	Agreed

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<p><b>Air transport services</b> <b>2020</b></p>	<p><b>Recommendation 14</b> The External Auditor recommends calculating the total greenhouse gas emissions produced by aviation activities, distinguishing the portion attributable to WFP operations, and including them in WFP Aviation's annual reports.</p>	SCOA	<p>WFP has been reporting emissions from aviation services since 2008. WFP has reinforced its environmental and sustainability approach through the 2017 <a href="#">Environmental Policy</a> and associated tools (e.g., standards, risk screening and the environmental management system). WFP's greenhouse gas inventory process meets the criteria of the United Nations system-wide Climate Neutral initiative guidance and is aligned with other United Nations agencies' reporting through this mechanism.</p> <p>WFP's 2019 total greenhouse gas emissions reported on the Sustainable United Nations "Greening the Blue" platform include emissions from WFP passengers using the UNHAS services and have been offset through the United Nations Framework Convention on Climate Change, in line with the United Nations offsetting guidance. The report excludes emissions from other WFP aviation services (e.g. Scope 3 emissions from UNHAS cargo, chartered cargo, helicopters and airdrops) following the United Nations guidance on reporting according to the "common United Nations boundary". These Scope 3 emissions are reported optionally through Sustainable United Nations, and also internally according to advice from independent external greenhouse gas accounting validators, and in alignment with the requirements of the Greenhouse Gas Protocol (Corporate Standard).</p> <p>Notwithstanding the above, WFP Aviation Service has reinforced its environmental and sustainability approach recognizing the growing importance of common aviation services to the humanitarian community. SCOA has formed a dedicated environment team within its Food Safety and Quality Unit. In coordination with WFP Environmental Unit, SCOA is also developing the aviation environmental and sustainability programme, guided by a set of key performance indicators (KPIs), which will inform</p>	Implemented	<p>The External Auditor takes note that SCOA implemented a new module in the online Aviation Service performance management tool to monitor the CO2 emissions of the UNHAS fleet and other services such as WFP airdrops and long-term and ad hoc cargo flights. The environmental KPIs include total CO2 emissions by year, total CO2 emissions produced by UNHAS and other WFP air transport services, and CO2 emissions by agency/non-governmental organization/user.</p> <p>This recommendation is considered implemented considering that WFP undertakes to present the above data to the Board annually.</p>

TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS

Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2021)
			<p>environmental sustainability actions and help calculate and minimize WFP's carbon footprint from aviation services.</p> <p>In 2020, SCOA implemented a new module in the online Aviation Service performance management tool to monitor the CO2 emissions of the UNHAS fleet and other services such as WFP airdrops and long-term and ad hoc cargo flights. The environmental KPIs include total CO2 emissions by year, total CO2 emissions produced by UNHAS and other WFP air transport services, and CO2 emissions by agency/non-governmental organization/user.</p> <p>A series of environmental KPIs have also been introduced to better outline future policies and benchmark activities against the market, similar operations and alternative transport modalities using indicators such as emissions per passenger kilometre and emissions per seat-kilometres for different aircraft types.</p> <p>The KPIs and information on the environmental impact of aviation activities (including the portion attributable to WFP operations) are disclosed to the Executive Board in the <a href="#">Update on the United Nations Humanitarian Air Service</a> and will be incorporated in the WFP aviation annual report for 2021.</p>		
<b>Air transport services 2020</b>	<b>Recommendation 15</b> The External Auditor recommends adding an environmental clause to air charter, ground handling and refuelling contracts related to air operations.	SCOA	SCOA has reviewed aviation industry standard practices in collaboration with <a href="#">Flight Safety Foundation</a> members. Draft environmental clauses for air charter, ground handling and refuelling contracts related to air operations have been submitted to the Legal Office for review and approval.	December 2021	

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<b>Air transport services 2020</b>	<b>Recommendation 16</b> The External Auditor recommends that further consideration be given to the introduction in the Takeflight flight management system of a system for verifying authorizations of organizations that use UNHAS and individual lists of authorized persons provided by those organizations.	SCOA	Partially accepted. SCOA promotes the Humanitarian Booking Hub as a comprehensive online booking platform for UNHAS flights. Reinforcement of the hub to account for improved mechanisms of user organization and passenger eligibility endorsement is being considered.	December 2021	
<b>2020 audited annual accounts 2021</b>	<b>Recommendation 1</b> The External Auditor recommends that WFP reconsider its decision to no longer present an implementation plan in the Board-approved management plan, or alternatively revise the Financial Regulations.	Corporate Planning and Performance Division	Agreed. The implementation plan was introduced for the first time in the <a href="#">WFP Management Plan (2014–2016)</a> to provide a prioritized view of WFP's work considering projected funding forecasts. In the context of the IRM, WFP started to present a more detailed view of CSP implementation plans through a data portal launched in 2018 that gives Member States full visibility and oversight of CSP financial and performance information. In December 2020, the CSP data portal was further enhanced to include updates to implementation plans during the reporting year, thereby ensuring that the status of the prioritized projected funding of each operation was available to the governing body. Given the extensive reporting on implementation plans through the CSP data portal, the earlier estimations of the implementation plans are no longer presented in the management plan. The Secretariat will review the current approach in consultation with the membership in view of the External Auditor recommendation.	November 2022	

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<b>2020 audited annual accounts 2021</b>	<b>Recommendation 2</b> The External Auditor recommends that WFP establish a written procedure for the regular updating of the financial resources management manual.	FIN	Agreed. The revised financial resource management manual will be finalized by the third quarter of 2021 and released through an Executive Director's circular calling for its periodic review and update. The revised financial rules will be submitted to the Executive Board for information at its 2021 second regular session.	December 2021	
<b>2020 audited annual accounts 2021</b>	<b>Recommendation 3</b> The External Auditor recommends that WFP automate the synchronization of the basic data in the WINGS SAP/HCM personnel master file with the data in the WINGS/Active Directory (AD) file.	TEC/HRM	Agreed. WINGS has been providing personnel data to AD since 2019. AD and WINGS are already synchronized for the update of index numbers in AD, and the update of user ID in WINGS. HRM and TEC will design and implement a technical solution to accommodate this complex process considering various scenarios and available data.	February 2022	
<b>2020 audited annual accounts 2021</b>	<b>Recommendation 4</b> The External Auditor recommends that WFP document the relationship with external users of WINGS II and put security controls in place to reduce the risks associated with their access to the system.	TEC	The Secretariat acknowledges the existence of approximately 1,000 external users of WINGS II that are not employed directly by WFP. However, the majority of them (75 percent) have view-only access and cannot perform any actions or post transactions.  All long-term agreements with external vendors are regulated by the United Nations terms and conditions for services, including clauses on confidentiality, indemnification, insurance and uncapped liability. Long-term agreements also give WFP the right to apply and enforce the relevant reasonable sanctions in accordance with WFP internal regulations, rules, procedures, practices, policies and guidelines, making the internal WINGS security procedures and policies relevant also to external users.  With respect to access of third parties to LESS,	December 2021	

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			<p>United Nations terms and conditions for services are extended by additional mandatory contract clauses.</p> <p>Although the risks associated with improper conduct derived from external users are extremely low, WFP agrees to implement the following measures:</p> <p>a) tighter internal control for new user creation to ensure that only the strictly required users are given access; and</p> <p>b) a clean-up exercise to remove existing external users that do not strictly require access to WINGS in the conduct of their service to WFP.</p>		
<p><b>2020 audited annual accounts 2021</b></p>	<p><b>Recommendation 5</b></p> <p>The External Auditor recommends that WFP consider strengthening the audit trail by including in the actuary's next contract, provisions for providing additional information on the data and methods used in actuarial valuation.</p>	FIN	<p>WFP will review and consider possibilities for adding such provision to the next contract with the actuary. Regardless of contract terms, the provision of detailed technical information on the calculations performed by actuaries would require a careful and balanced assessment of the workload and associated costs required to provide such additional information against the objectives it aims to achieve.</p>	December 2021	
<p><b>2020 audited annual accounts 2021</b></p>	<p><b>Recommendation 6</b></p> <p>The External Auditor recommends that WFP determine the lapse rate for the national field staff medical insurance plan based on national staff member experience.</p>	FIN	<p>Lapse rates reflect number of staff expected to lapse insurance coverage each year after retirement. In 2020, WFP's assumption for lapse rate for the Medical Insurance Coverage Scheme is based on experience of the Rome-based agencies from 2016 to 2018 for the basic medical insurance plan for international professional and general service staff at headquarters. This was primarily due to the limitations of available data and was the best estimate WFP could make in 2020. WFP took over the medical insurance and retirees administration function from the Food and Agriculture Organization of the United Nations in January</p>	December 2021	

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			2020; the organization will plan to study the actual data trends as soon as sufficient data become available.		
<b>2020 audited annual accounts 2021</b>	<b>Recommendation 7</b> The External Auditor recommends that WFP set the after-service medical insurance plan cost sharing rate for international staff based on historical participation rates rather than on the average of ex-ante estimates.	FIN	WFP will review the suitability of using the participation rates observed in the past, instead of the average ex-ante estimates used currently.  WFP notes that under the current after-service medical plan rules, participants' contributions are capped based on their pension benefits or final average remuneration. The valuation assumes that medical costs will increase faster than pensions or remuneration. Therefore, without an adjustment to the plan rules, more and more participants would contribute based on the cap and the portion of medical costs covered by participant contributions would decrease over time. WFP has made assumptions about the participation rate taking this into account, but also considering that it has control over the cost-sharing percentage and could adjust it in the future, even if such adjustments are currently not foreseen.	December 2021	

## Acronyms

AD	Active Directory
AFAC	anti-fraud and anti-corruption
ASA	aviation special account
CBT	cash-based transfer
CSP	country strategic plan
EME	Emergency Operations Division
ERM	Enterprise Risk Management Division
FAP	Facilities Assessment Package
FIN	Corporate Finance Division
FING	General Accounts Branch
FLA	field level agreement
GSCU	Global Surge Coordination Unit
HRM	Human Resources Division
IPSAS	International Public Sector Accounting Standards
IRM	Integrated Road Map
LESS	Logistics Execution Support System
MCR	management cost recovery
MSD	Management Service Division
NGO	NGO Partnerships Unit
OIGI	Office of Inspections and Investigations
PSA	programme support and administrative (budget)
SAP	System Applications and Products in Data Processing
SC	service contract
SCO	Supply Chain Operations Division
SCOA	Aviation Service
SCOQ	Food Safety and Quality Unit
SSA	special service agreement
TEC	Technology Division
UNHAS	United Nations Humanitarian Air Service
WINGS	WFP Information Network and Global System