Resource, Financial and Budgetary Matters

Report of the External Auditor on critical corporate initiatives and WFP management response to the External Auditor’s recommendations
External audit on critical corporate initiatives

Main Findings

1. The selection process of the CCIs is not appropriate for assessing their relevance.
   - CCIs have not been defined with sufficient precision as to the operational application.
   - All strategic investments financed by the Programme Support and Administrative Budget should be visible to the Board.

2. The governance process lacks transparency and standardization.
   - The process involves same people proposing and selecting the CCIs before approval.
   - CCIs are approved in very general terms, with no detailed presentation of the expected deliverables and impacts.

3. The tools for assessing CCIs’ performance are neither systematic nor fully consistent.
   - The outcomes of approved CCIs should be described in the Annual Performance Reports.
   - The lack of clear and measurable performance criteria is needed to align the results to set targets.

4. The financial framework in which CCIs are implemented required clarification.
   - CCIs are referred to as “investments”, which they are not from a financial perspective.
   - CCIs need to be seen more as an expenditure for organizational change, not just as supplements to regular resources.

5. The centralized way in which CCIs are conceived is not favorable to the field.
   - A greater involvement of the field in the governance process might be appropriate as they are the main beneficiaries, and some projects require local adaptations.
External audit on critical corporate initiatives

WFP welcomes the recommendations summarized and will build on several key improvements:

1. The **Bottom Up Strategic Budgeting Exercise (BUSBE):**
   - Budget governance review commenced in January 2021
   - Align funding sources to activities by HQ and regional bureaux via a holistic baseline budget presentation
   - Align use of funding with management and operational priorities

2. The **Strategic Resource Allocation Committee (SRAC) prioritization process introduced in Q4, 2020 with Regional Director engagement and scoring**

3. Defining **WFP’s corporate priorities**, including expected results, budget and expenditure, which needs further definition to strengthen operational application

4. Improvement of management reporting in 2020 Annual Performance Report, but results reporting needs strengthening