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	For consideration

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

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/2020/6-H/1).

1. This report describes WFP's progress in implementing recommendations made by the External Auditor. It covers recommendations outstanding at the Board's 2019 annual session (WFP/EB.A/2019/6-G/1) and recommendations from the 2019 reports of the External Auditor on: i) country portfolio budgets (WFP/EB.A/2019/6-E/1), ii) fraud prevention, detection, and response (WFP/EB.A/2019/6-F/1), and iii) audited annual accounts of WFP for 2019 (WFP/EB.A/2020/6-A/1).

2. Table 1 shows WFP's progress in implementing the External Auditor's outstanding recommendations since the Board's 2019 annual session and table 2 provides an update on each of the outstanding recommendations and the External Auditor's comments on them.

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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.

Focal points:

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TABLE 1: STATUS OF IMPLEMENTATION OF THE EXTERNAL AUDITOR'S RECOMMENDATIONS				
Year report issued	**Report name**	**Outstanding recommendations at the 2019 annual session**	**Closed**	**Outstanding recommendations at the 2020 annual session**
2017	Changes in human resources	7	1	6
	Decentralization	7	5	2
	Subtotal - 2017	**14**	**6**	**8**
2018	2017 audited annual accounts	1	1	0
	Scale-up and scale-down of resources in emergency operations	4	2	2
	Food-related losses	8	3	5
	Subtotal - 2018	**13**	**6**	**7**
2019	2018 audited annual accounts	5	5	0
	Country portfolio budgets	11	9	2
	Fraud prevention, detection and response	11	7	4
	Subtotal - 2019	**27**	**21**	**6**
Total: Previously reported		**54**	**33**	**21**
2020	2019 audited annual accounts			4
	Subtotal – 2020			**4**
Outstanding as at 2020 annual session				**25**

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/2020)
Changes in human resources 2017	**Recommendation 1** 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)	HRM continues to work towards the implementation of this recommendation and finalization of the staffing framework. Discussions at management level on the staffing framework are ongoing, including taking stock of the impact of the organization's strategy on workforce over the next five to ten years.	December 2020	
Changes in human resources 2017	**Recommendation 2** 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	HRM is reviewing consultant remuneration. The changes will be incorporated in the new human resources manual section on consultants (consultant policy).	December 2020	

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Changes in human resources 2017	**Recommendation 3** 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. Further enhancement of staff cost reports will be achieved through an initiative aimed at providing better drill-down capacity for payroll data, such as breakdown by contract type, office/division and job profile. The Quantum system has been introduced in three regional bureaux to effectively link national staff costs with country portfolio budgets, enabling reporting on local staff costs. The project will be rolled out to the last three regional bureaux in 2020, followed by a review and assessment of its impact.	March 2021	
Changes in human resources 2017	**Recommendation 5** The External Auditor recommends the establishment of a framework for workforce and skills management planning closely linked to staffing structure reviews at the local level.	HRM	HRM has established a corporate framework for workforce planning and secured funding for its implementation at the functional level in 2020. HRM selected a vendor to advise and support the implementation and the contract is being finalized. The first two functions that will implement workforce planning are the Corporate Finance and Information Technology divisions, with the rest to follow in 2021–2022. HRM has started to work with	Closed	Agreed

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			both divisions to prepare data gathering and scenario planning. At country level, workforce planning is carried out through organizational alignment processes, for which guidelines are available to all employees.		
Changes in human resources 2017	**Recommendation 6** 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.	HRM	WFP's consultant policy has been redrafted to include a requirement for competitive recruitment (including advertising posts). HRM in headquarters does not have the capacity to support competitive recruitment for consultancies, which would require additional resources. Some headquarters divisions are already implementing competitive processes, but it is not yet compulsory. An internal consultation on the redrafted policy is underway.	December 2020	

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Changes in human resources 2017	**Recommendation 7** 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.	HRM	HRM is updating the consultant policy. Changes will include requirements on the maintenance of recruitment documentation for consultants like those established in policies on recruitment, Future International Talent pools, talent acquisition, etc.	December 2020	
Changes in human resources 2017	**Recommendation 11** 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.	Emergency Operations Division (EME), HRM	The Emergency Coordinator roster was developed but not fully implemented and deployments of staff have continued to be managed either through selection from the emergency roster or nomination by senior management. With the recent creation of a dedicated emergency surge cell, EME is considering the best approach to identifying and deploying senior staff in emergency coordinator roles. This action is complemented by projects led by EME on mentoring, incentives, and the training strategy.	June 2021	

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Decentralization 2017	**Recommendation 1** The External Auditor recommends publishing on the intranet the distribution of powers determined by management, a comprehensive headquarters organization chart, including units within divisions, and a list of the country offices and the countries covered, ensuring that this information is regularly updated.	Office of the Executive Director (OED)	The WFP organizational chart approved by the Executive Board and a list of country offices, regional bureaux, headquarter departments and divisions are published on the WFP intranet. To ensure that information is regularly updated, users have access to their relevant departmental/divisional pages to edit and update information, including a description of office responsibilities, access to related documents and services etc. The Secretariat also issued terms of reference for headquarters and regional bureaux in March 2019 following an extensive consultation involving headquarters, regional bureaux, and country offices.	Closed	Agreed

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Decentralization 2017	**Recommendation 3** The External Auditor recommends defining thresholds (operations funding, country needs) under which a review is launched to evaluate the viability of the office and issue an opinion on whether to maintain, merge or close it. The conclusion should be reported to the Executive Board.	Operations Management Support Unit (OMS) in consultation with Programme and Policy Development Department (PD), Resource Management Department (RM) and Integrated Road Map Implementation Office (IRM)	In 2019, the Secretariat established a country presence review framework with a set of predefined criteria used to monitor the viability of country offices. Country presence reviews also consider ongoing efforts on the second generation of country strategic plans (CSPs), which started in 2020. The country presence review framework includes regular monitoring and review of country office viability coordinated by regional bureaux. For country offices with viability issues, the framework calls for pressure tests, deep dive analysis and an expenditure review to determine if a change in course is warranted. Changes in country office course resulting from the reviews will be presented for endorsement to the leadership group, with the Board informed as appropriate.	Closed	Agreed

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Decentralization 2017	**Recommendation 4** The External Auditor recommends that the Secretariat systematically support the regional and local levels in negotiations to transfer the overhead costs of country offices to the host governments in upper-middle-income countries.	Partnerships and Advocacy Department (PA) in collaboration with RM, regional bureaux, Legal Office (LEG)	Figures collected by the External Auditor in the 2020 Audit Report on the Real Estate Portfolio reflect that host governments contributed USD 21.3 million in 2019 to country office costs, while property management costs were estimated at USD 137.5 million, representing an average coverage rate of 15.6 percent and an increase of 22.7 percent since 2016. Host governments are contributing higher amounts to country offices with small settlements, some of which are in upper-middle-income countries. As stated in the WFP Management Plan (2020–2022), "WFP encourages host governments to make regular contributions to its programmes, including through the recently introduced twinning initiative and the restructured of the Emerging Donor Matching Fund. In 2018, USD 30 million was allocated to this initiative[...]. .... Over the past year, WFP has continued to foster a shift from funding to financing. It works with host government partners to identify how best to facilitate progress towards key national	Closed	Agreed

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			priorities including food systems and human capital formation. National actors such as the ministries of planning and finance, international financial institutions and regional institutions participate in strategic dialogue to this end." Resources made available by host governments are negotiated over time; WFP senior management will continue to support the negotiations.		
Decentralization 2017	**Recommendation 7** 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.	Enterprise Risk Management Division (ERM) in consultation with regional bureaux and concerned departments	ERM launched a new risk and recommendation tracking tool (R2) in 2019 with over 700 users. Discussions with various offices responsible for oversight recommendation management processes (including regional bureaux) are underway. Consultations were held with the Nairobi regional bureau in November 2019 to consider opportunities to refine regional oversight recommendations follow-up processes, including the possibility of integrating them into R2. In 2020, a pilot activity will be developed for management of regional oversight recommendations in R2.	December 2020	

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Decentralization 2017	**Recommendation 10** The External Auditor recommends studying the sustainability of the geographical scope of the regional bureaux, especially those of Dakar and Cairo.	OMS in consultation with Innovation and Knowledge Management Division (INK)	The regional bureaux geographical scope review was completed and recommendations approved by the Executive Director in February 2020. The exercise resulted in an increased resource allocation for the regional bureaux (e.g. Dakar) approved in the WFP Management Plan (2020–2022) and adjustments to the number of country offices reporting to the Cairo regional bureau.	Closed	Agreed
Decentralization 2017	**Recommendation 11** 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.	OED in consultation with concerned departments	In the context of the management plan and the 2021 programme support and administrative (PSA) budget preparation, the organization launched a budget exercise in early 2020 aimed at reviewing roles and responsibilities across the organization, which will also take into consideration the terms of reference for headquarters and the regional bureaux issued in March 2019 and the results of a functional review.	December 2021	

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Decentralization 2017	**Recommendation 15** The External Auditor recommends formalizing to a greater degree the procedure for the recognition, analysis and monitoring of losses at the local level.	OMS, regional bureaux, RM	The Secretariat has strengthened procedures for recognition, analysis and monitoring of local losses, which include: ➢ The presentation of a note disclosure in the Financial Statements introducing a breakdown of write-off losses, ex-gratia payments, food commodity losses, non-food item losses and other asset and cash losses during the reporting period; ➢ Guidance available to all personnel on procedures for loss management and recording, which are described in detail in the relevant sections of the financial resource management manual, supply chain manuals and other administrative issuances; and	Closed	Agreed. The External Auditor will continue to report on the way the Local Property Survey Boards in the field assess the financial responsibilities for losses.

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			➢ Message from the Assistant Executive Director Resource Management Department and Chief Financial Officer to regional bureaux and country offices formalizing procedures for recognizing and reporting losses at local level, including preventive measures and proper functioning of local property survey boards. Analysis and monitoring of losses at country level were further enhanced through the following initiatives: ➢ Creation of an INFOHUB loss report, which provides local staff real-time information on commodity losses through overviews, weekly snapshots, trend overview, highlights and relevant loss details. The report has been extended with a subscription service to allow users to sign up for a daily, weekly or monthly loss report for their choice of country or regional bureau;		

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			➢ Overview of monthly and quarterly supply chain key performance indicators (KPIs) which provide information on supply chain operations, including losses, through a new supply chain reporting mechanism in two regional bureaux (roll-out to the remaining regional bureaux is underway); and ➢ Introduction of a specific question in the annual Executive Director assurance exercise (formerly assurance statement) requesting country offices to advise on any significant adverse incident or events that occurred during the year.		
2017 audited annual accounts 2018	**Recommendation 7** The External Auditor recommends implementing a monthly reconciliation: a) between the cash-based transfer amounts distributed to beneficiaries indicated in WINGS and the amounts reported in COMET;	FIN	a) The following steps have been taken to set up a stable corporate process for reconciliation between WINGS and the country office tool for managing effectively (COMET) of cash-based transfer (CBT) amounts distributed to beneficiaries: ➢ Change in the accounting process to realign the KPI used in the two reporting systems. From January 2018, the values registered in COMET for CBTs to	Closed	Agreed

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			beneficiaries are accounted for through transferred values as described in the updated COMET guidance for reporting CBT monthly data; ➢ Correspondence from the Chief of the Market Access Programme Unit to CBT regional advisors to review and realign the CBT actual transfer value in WINGS and COMET in their respective regions. The action resulted in sensitization of country offices on recording the revised KPI in both systems. ➢ The development of the "CASH board", a centralized CBT data analytics tool that allows visualization and comparison of data between WINGS and COMET daily at the country office and regional bureau levels. Since 2018, the reconciliation exercise has been performed annually for the issuance of the standard project reports/annual country reports. Country office and regional bureau CBT focal points are asked to periodically check the consistency of CBT data entered during the validity of the project period.		

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	b) between the COMET data on goods received by partners and the logistics data in LESS and then justifying all discrepancies found.		b) Closed at EB.A/2019.	Closed (as of EB.A/2019	Agreed (at EB.A/2019)
Scale-up and scale-down of resources in emergency operations 2018	**Recommendation 4** The External Auditor recommends setting up a financial tool for rendering accounts regarding the total actual consolidated cost of L2 and L3 emergency operations.	RM	Partially agreed. The Secretariat appreciates that using standard project reports to provide consolidated L2/L3 financial reporting is sub-optimal, in part because activation and deactivation dates do not align with financial reporting periods or with donor grant availability periods. The new financial architecture under the Integrated Road Map allows the Secretariat to provide consolidated costs across all L2 and L3 emergency operations for specific reporting periods. It should be noted that this financial information continues to include operations underway prior to L2/L3 activation, given that emergency operations build on pre-existing activities in most cases.	Closed	Agreed

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Scale-up and scale-down of resources in emergency operations 2018	**Recommendation 5** The External Auditor recommends carrying out a series of financial analyses to: a) identify and quantify the additional budgetary effort allocated to L2 and L3 operations due to regional and headquarters intervention, and b) put in place unrestricted, more specific funding channels as appropriate.	RM	Partially agreed. a) In line with the response to recommendation 4, the Secretariat can provide consolidated costs across L2 and L3 emergency operations for specific reporting periods and disaggregate by focus area (such as crisis response) and activity within country operations, including those designated as L2/L3 operations. b) Closed (at EB.A/2019)	Closed Closed (as of EB.A/2019)	Agreed
Scale-up and scale-down of resources in emergency operations 2018	**Recommendation 6** 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.	HRM, EME	HRM is developing the Emergency Roster and Deployments (HERD), a centralized monitoring tool for WFP employees who can be deployed in emergencies. It will be operational by December 2020.	December 2020	

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Scale-up and scale-down of resources in emergency operations 2018	**Recommendation 8** 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.).	EME, HRM	EME recently received funds to increase the flexibility of the teams in an emergency, as recommended. EME has a learning path planned for WFP's emergency responders with an induction to emergencies, mentoring programme, advanced simulation exercises and advanced trainings in specific matters such as humanitarian negotiations, pandemics and access matters. The final step is a simulation exercise (SIMEX) used to validate WFP's 'gold standards' for rapid and efficient emergency response. Following SIMEX, participating personnel graduate and are ready to deploy as first responders. See also recommendation 6.	June 2021	

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Food-related losses 2018	**Recommendation 1** The External Auditor recommends improving reporting to the Executive Board by providing an annual report on losses whether they occur before or after delivery, irrespective of any amounts insured or reimbursed.	Supply Chain Operations Division (SCO)	The 2018 audited annual accounts (WFP/EB.A/2019/6-A/1) contained the 2018 global losses report including losses incurred from the point when WFP legally takes possession of the cargo from an in-kind donor or WFP contracted the supplier to the distribution point or handover to beneficiaries.	Closed	Agreed
Food-related losses 2018	**Recommendation 2** The External Auditor recommends continuing to strengthen the order management procedures: 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; 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	SCO	In December 2019, SCO submitted an investment case on improved vendor management based on five interdependent high-priority recommendations: ➢ improve data management; ➢ create a central repository of vendors; ➢ optimize due diligence; ➢ improve vendor performance evaluation; and ➢ improve contract implementation follow-up. Priorities and interdependencies between recommendations were defined so that they can be implemented over a three-year period	December 2021	

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	perform extractions with a view to effective management.		in a way that does not impact regular work in the supply chain. Implementation of the first two high priority recommendations will be carried out by an experienced team with in-depth knowledge of WFP's vendor management business processes and tools. SCO will decide on a technical solution for a central repository of vendors that will ensure global view of vendors and their services after review and analysis of similar solutions in the industry and consultation with relevant stakeholders. In January 2020, the investment case was approved and the first tranche of USD 3.17 million transferred to SCO for project implementation. The implementation team is expected to be established and fully operational within a few months.		

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Food-related losses 2018	**Recommendation 3** The External Auditor recommends developing a system making performance statistics on surveyors and superintendents available at the organization level.	SCO	The final award of the contract for the provision of the information technology (IT) system that will address this recommendation is pending procurement and legal actions. Despite delays in the administrative process, SCO expects roll-out to start in September 2020.	December 2020	
Food-related losses 2018	**Recommendation 4** 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, Budget and Programming Division (CPP-RMB)	Information on self-insurance performance and financial status was included in the WFP Management Plan (2020–2022) presented to the Executive Board in November 2019. Additional information on self-insurance, if deemed necessary, will be provided in the next management plan.	December 2020	

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Food-related losses **2018**	**Recommendation 6** The External Auditor recommends: a) centralized collection of the agreements entered into with the partners; b) making the performance of partnership agreements in the field a priority area of oversight implemented by the regional bureaux.	NGO Partnerships Unit (PGCN)	a) WFP partner agreements are signed at country level based on a standard template. WFP's tracking system records existing agreements by partner, type of activity, country, contract dates and other criteria. WFP is examining the possibility of introducing a digital repository of all partner agreements. b) PGCN is supportive of the regional bureaux reviewing partner performance as part of their oversight of country offices. PGCN is rolling out enhanced guidance on managing non-governmental partners that includes a standard procedure for assessing partners' performance, which will facilitate this process.	December 2020	

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Food-related losses **2018**	**Recommendation 7** The External Auditor recommends: a) extending beneficiary feedback mechanisms to all regional bureaux; b) examining the possibility of strengthening the procedures for detecting illegal uses of distributed food.	Programme – Humanitarian and Development Division (PRO)	a) Following consultations with headquarters divisions, regional bureaux and over 30 countries offices in 2019, the complaints and feedback mechanisms standardization resource package was issued on 31 December 2019. It includes the project implementation framework, global standards, mandatory templates, checklists for monitoring, and practical examples, with clear indication of whom the country office can approach with questions. The package is available to all WFP personnel. In 2019, WFP held four workshops to introduce the requirements to 32 country offices and 6 regional bureaux.	Closed	Agreed

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			By the end of 2019, nearly 70 percent of WFP operations had functional complaints and feedback mechanisms according to the current indicator. This indicator will be refined in 2020 to align with the minimum requirements launched in December 2019. In 2020, the headquarters accountability to affected populations team is working with regional bureaux to roll-out the minimum requirements to regional bureaux and country offices. The Bangkok regional bureau (RBB) complaints and feedback mechanisms standardisation workshop has been postponed to October 2020 due to travel restrictions during the COVID-19 response. b) Illegal uses of distributed food occur mainly due to fraud in beneficiary lists and food management issues at the final distribution point. Corporate monitoring tools and templates have accordingly been adapted/improved to better address and control potential		

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			food-related fraud. Anti-fraud questions were included to facilitate monitoring and control throughout the project cycle and to ensure data triangulation. The monitoring tools cover distribution monitoring, activity implementation monitoring, and post distribution monitoring. Distribution monitoring and activity implementation monitoring tools help ascertain reasons for differences in balances at the end of the distribution by providing a way to aggregate information and get a general picture of reconciliation issues. If issues are identified, next steps include further review by WFP personnel to understand causes. Monitors gather data through direct observation and interviews with WFP and partner personnel and are encouraged to visit local markets around distribution sites to check for signs of food diversion.		

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Food-related losses **2018**	**Recommendation 8** The External Auditor recommends strengthening internal quality control: a) by forwarding all inspection reports to the Food Quality and Safety Unit (OSCQ);	SCO	a) SCO considers that forwarding all inspection reports to the OSCQ would not be optimal as there are more reports than it would be feasible to check. Instead, this recommendation will be implemented through an IT system where all inspection report results will be recorded by surveyors/superintendents, with automated analysis to highlight non-conforming results and/or those that are historically too flat to be reliable. See also response to recommendation 3.	April 2021	

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	b) by establishing an exhaustive information system on quality incidents allowing the OSCQ unit to perform monitoring and management;		b) The SCO Director issued a memorandum on the Food Incident Management (FIM) protocol in February 2019. The protocol includes the use of the rapid incident notification grid form to report incidents. Frequently asked questions were issued in 2019 and country office trainings held in 2020. Developing a comprehensive incident database will require country offices to implement the directive so that required information is available to headquarters. The IT system (see a) above) captures deviations and rejections at the point of delivery and will be used for tracking quality management performance of suppliers and inspection companies. FIM trainings have been conducted in headquarters and 4 regional bureaux. Trainings for the 2 remaining regional bureaux will be completed in September 2020.		

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	c) by continuing the deployment of the quality assurance system in order to reduce the organization's dependence on one-off product inspections.		c) Audits of suppliers have been strengthened and a long-term agreement signed with an international audit company to supplement internal capacity. Quality assurance has been piloted with three suppliers and compliance testing increased from 50 tests in 2018 to more than 700 in 2019. The trend will continue, and some 100 supplier audits are planned for 2020. In December 2019, a memorandum was sent to concerned suppliers about the upgrade of processing and packaging quality standards for the supply chain.		

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Food-related losses **2018**	**Recommendation 9** The External Auditor recommends striving for real-time data recording in LESS in order to set up this system as a true food commodities tracking system.	SCO	SCO is working to persistently improve Logistics Execution Support System (LESS) data reliability through training, performance monitoring, field missions and remote support from headquarters. In 2019, approximately thirty country office missions, trainings and remote support activities were provided by headquarters or regional bureaux. In 2020, six regional trainings have been planned and SCO is working closely with other functions to identify gaps in traceability and come up with a robust system in terms of processes, procedures and IT system improvements to ensure efficiency and effectiveness in food quality, quantity and safety matters. In addition, long-duration missions are planned to strengthen the capacity of regional bureaux to respond to country office needs.	Closed	Closed. In 2018, the External Auditor noted that LESS tracked all movements until transfer to partners in near-real time, but entry was not automatic and required human operation; differences of several days or more were found between the tracked event and its entry into LESS.

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			SCO has also automated report functionalities in INFOHUB that allow WFP employees to receive automated reports by simply signing up and choosing the type of report they wish to receive. Performance is regularly monitored through LESS/INFOHUB reports, which demonstrates WFP's quest for real-time data recording in LESS.		WFP has not developed a totally automatic tracking system as expected by the External Auditor but has enhanced LESS/INFOHUB functionalities to generate automated reports by simply signing up and choosing a type of report. These reports allow the regular monitoring of performance and might improve the data follow-up. Considering that WFP accepts the residual risk, the External Auditor decided to close this recommendation.

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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/2020)**
2018 audited annual accounts 2019	**Recommendation 1** The External Auditor recommends that WFP continue the implementation of the recommendations made for the 2016 and 2017 fiscal years regarding cash-based transfers (CBTs), by continuing to roll out the SCOPE beneficiary tracking system, with the goal of covering, by the end of 2019, 85% of cash-based transfers in value.	FIN	WFP is well underway in digitizing beneficiary identities; it is prioritizing CBT programming by focusing on countries that cover most of the CBT value. The Secretariat prioritizes programmatic quality over quantity, and this may include supporting flexible content-specific approaches outside of SCOPE, should another suitable digital registry solution be available. At the end of 2019, consolidation of planned versus actual figures indicates that CBT beneficiary identities included in a digital registry accounted for approximately 71 percent of cash-based transfers by volume. The critical corporate initiative "Cash and Digital Platform" approved by the Executive Board as part of the WFP Management Plan (2019-2021) linked to this work is underway; by the end of 2020 WFP expects to reach its targets.	Closed	Agreed (Note: The below is reflected in the 2019 Audited Annual Accounts) With regard to cash-based transfers, WFP continued to implement the recommendation on the roll-out of SCOPE. However, WFP places primacy on programmatic quality over quantity and this may include providing support for a flexible content-specific approach separate of SCOPE, should another suitable digital registry solution be

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					available. CBT beneficiary identities included in a digital registry accounted for 71% of cash-based transfers by USD volume at the end of 2019. The SCOPE platform contained 47 million identities, a significant increase from the 33 million at the end of 2018. On the basis of these elements, the External Auditor concludes that the recommendation has been implemented.

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2018 audited annual accounts 2019	**Recommendation 2** In line with the recommendations made in 2016 and 2017, the External Auditor recommends making a special effort to improve security policy in WINGS II, particularly to strengthen the general IT controls and application controls.	FIN	Actions taken to implement recommendations from previous audits have resulted in stronger general IT controls and application controls, and overall improved security policies. WFP implemented policies and procedures to: ➢ Periodically review user access rights and the traceability of the actions performed to activate and deactivate profiles; ➢ Implement mitigating controls for the SAP_ALL and SAP_NEW privileged access granted to certain users; ➢ Implement appropriate prevention and detection controls for users that have a firefighter profile and maintain traceability of the actions they perform in WINGS; and ➢ Limit to a strict minimum the number of user profiles that do not comply with best practice regarding the segregation of duties and implement robust mitigating controls.	Closed	Closed (Note: The below is reflected in the 2019 Audited Annual Accounts) The recommendation is being implemented, but it has been decided to close it, as it will be difficult for WFP to go much further except for the signing and dissemination of the new procedures that have been drafted by TEC.

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			However, some risks cannot be avoided due to the nature of WFP operations. For example: granting system access grace periods to staff in transition due to heavy staff rotation; granting access to personnel of the United Nations system organisation that hosts WINGS II; and allowing a minimal number of staff with conflicting roles based on the best practice segregation of duties matrix due to lack of staff in remote locations. These risks have been accepted by WFP and mitigated via well-documented and strictly followed procedures implemented by the Information Technology Division (TEC).		

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2018 audited annual accounts 2019	**Recommendation 3** The External Auditor recommends that WFP improve its financial communication regarding revenues and expenses, in order to better highlight the drivers of surplus growth.	FIN	WFP reports revenue and expenses in quarterly and annual financial statements. The financial analysis section of the audited annual accounts provides information on the sources and causes of changes in revenue and expenses. As revenue growth continued in 2019, WFP realized a surplus that was 10 percent lower than the surplus in 2018. More than 80 percent of revenue recognized in 2019 arose from grants that have expected implementation dates in 2020 or later. This suggests that most of the surplus pertains to the inherent time lag between revenue and expense recognition, with no significant financial risks related to a potential inability to spend grants.	Closed	Agreed (Note: Based on the 2019 Audited Annual Accounts)
2018 audited annual accounts 2019	**Recommendation 4** The External Auditor recommends that WFP solicit from its actuary more information in order to more effectively assess the methodology and assumptions used for the actuarial estimates.	FIN	In response to the External Auditor's recommendation, FIN further reviewed and implemented several changes starting with the 2019 valuation including: ➢ additional checks on the census data used in actuarial valuations;	Closed	

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			➢ separate discount rates for each of the benefit plans reflecting the underlying cashflows and currency mixes; ➢ refined home leave calculations; and ➢ providing extensive additional information to the External Auditor to enable review of the assumptions used in the valuation of staff liabilities. WFP noted that while none of the above listed changes resulted in a material impact on the overall valuation results, they improved the quality of the audit trail between the organization, its actuary and the External Auditor. Superseded by recommendations 1–4 of the 2019 audited annual accounts.		

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2018 audited annual accounts 2019	**Recommendation 5** The External Auditor recommends that WFP obtain from United Nations Development Programme, which manages part of WFP's salaries, an assurance on the reliability of the payroll system used for this purpose.	FIN	WFP has requested and obtained a certification letter from the United Nations Development Programme (UNDP) providing assurance on its accounting system for the purpose of the financial statement audit. The letter was received in April 2020 after the External Auditor finalized its report. WFP also supported the External Auditor's interim substantive testing of the UNDP payroll and no discrepancies were noted in the reconciliation results obtained from selected country offices.	Closed	Agreed
Country portfolio budgets 2019	**Recommendation 1** 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	IRM Steering Committee and IRM Implementation Office (IRMO)	a) The Secretariat is developing a document that will be shared with Member States to provide an overview of the four elements of the IRM – the WFP Strategic Plan (2017–2021), the Policy on Country Strategic Plans, the Financial Framework Review and the Corporate Results Framework (2017–2021). The document will also indicate where Member States can access the latest information. The document will be finalized following the Executive Board's approval of the	July 2020	

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	governance, and detailed information on country strategic plans and their budgets, which should be available on the various WFP sites and portals.		proposed delegations of authority and other governance arrangements at its first regular session in April 2020. b) The Secretariat gathered feedback from Member States through a series of informal consultations in 2019, and at the Board's 2019 second regular session to determine the appropriate levels of information required for governance and for other purposes. For governance purposes, the Secretariat will implement a streamlined consultation process to gather Member States' strategic guidance on draft CSPs and interim CSPs prior to the Board's formal consideration. The Board will also retain the authority to review and approve non-crisis response-related revisions that increase the current overall budget of the CSP or ICSP by more than 15 percent. In addition, Member States will review and provide comments on crisis-response related revisions that exceed 15 percent of the current overall budget of the	Closed	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/2020)**
			CSP or ICSP or USD 150 million, whichever is lower. For decision-making and oversight purposes, more detailed information will be provided through: email notifications to alert Member States of all budget revisions to CSPs/ICSPs, regardless of the resulting change in value, on the business day they are approved; documents for all approved revisions of CSP or ICSP budgets published on WFP's website; and enhancements to the CSP data portal (see responses to recommendations 7 and 8).		
Country portfolio budgets 2019	**Recommendation 2** The External Auditor recommends that each country strategic plan should recap the method used to define needs, in particular the factors taken into account to realistically estimate WFP's capacity to implement them.	PRO, CPP-RMB, Public Partnerships and Resourcing Division (PPR)	The method to identify and define needs is specified in the revised CSP template, which refers to accurate estimation of needs and the need to consult key stakeholders during preparation of the CSP. WFP functions assist country offices during the CSP formulation process. Various factors are used to estimate country office capacity to address identified needs. WFP considers funding forecasts, available resources and actual and potential operational challenges to define an annual	Closed	Agreed. The External Auditor takes note that the OIG considers its own recommendation on the topic as partially implemented with management accepting the remaining risk.

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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/2020)**
			needs-based plan which, once prioritized and adjusted, results in the annual prioritized plan of work. The needs-based plan is supported by the introduction of an implementation plan and the country operation management plan (COMP) where WFP considers funding forecasts, available resources and actual and potential operational challenges to create an annual prioritized plan of work presented to the Executive Board members. The COMP is derived from the annual planning cycle and consists of a country's programme of work, including budgets for needs-based and resource-based implementation plans. The CSP template also requires country offices to explain how WFP can address identified gaps. Country offices consider the results of the previous CSP, and evaluations, mid-term reviews and lessons learned to explain why WFP is best positioned to respond to the country's needs. Finally, the CSP programming and implementation cycle is linked with		

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			context-specific and realistic funding analysis supported by tools like the Partnership Action Plans (PAPs). Country offices develop PAPs in close collaboration with the PA in headquarters. Since the issuance of the external audit report, the Secretariat updated the PAP guidance, template and key actions and prioritization table.		
Country portfolio budgets 2019	**Recommendation 3** The External Auditor recommends that the cycles of the country strategic plans closest to the end of their duration (beyond the third year) be aligned with the next United Nations development assistance framework (UNDAF) plans.	Regional bureaux, county offices and PRO	Going forward, all country strategic plans are being aligned with the United Nations Sustainable Development Cooperation Framework (UNSDCF, which replaced UNDAF) both in terms of content and cycle and highlight the CSP's contribution to UNSDCF's outcomes. Where appropriate, this exercise also includes budget revisions of existing CSPs to align with the UNSDCF cycle. Interim guidelines for the alignment were disseminated to country offices and regional bureaux and PRO set up a dedicated help desk to support country offices on CSP alignment to UNSDCF. The interim guidelines are being used for the new generation CSPs	Closed	Agreed. Implemented in substance. The guidance issued on 21 June 2019 by the Assistant Executive Director Operations Services states that "Going forward, the start and end dates of CSPs should be aligned with those of the Cooperation Framework – to the extent possible,

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			to be presented to the Executive Board's 2020 second regular session. The interim nature of these guidelines is due to the evolving United Nations reform process, which requires continuous adjustment to policies, guidelines, formats, etc. developed with the United Nations system to formulate and roll out the new UNSDCFs. WFP will continue to ensure that the guidelines are updated as needed.		taking into account the dual humanitarian and development nature of some WFP CSPs. For each CSP that does not match its corresponding Cooperation Framework cycle, we will need to adequately explain the rationale for any divergence, while also ensuring that the CSP is amended in a timely manner to align in substance to the current Cooperation Framework development outcomes. The timing of CSPs was a key concern raised

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					by recent evaluations and audits". Although the EA's recommendation is not exactly addressed (all CSP close to the end should be aligned), this recommendation can be considered as implemented in substance.
Country portfolio budgets 2019	**Recommendation 4** The External Auditor recommends that the implementation of multi-country strategic plans be studied.	PRO, CPP-RMB	Interim multi-country strategic plans for the Pacific and the Caribbean were approved by the Board in 2019 following analysis and consultations with relevant stakeholders. Headquarters provided guidance on how to apply the CSP template to multi-country cases to ensure quality and consistency. In a series of informal consultations with Member States in 2019 and in the "Update on	Closed	Agreed

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			the Integrated Road Map" ([WFP/EB.2/2019/4-D/1](#)) management outlined the multi-country strategic plans concept and the proposed changes to the WFP General Rules to facilitate its implementation. The changes were approved by the Executive Board at its first regular session in April 2020.		
Country portfolio budgets 2019	**Recommendation 5** The External Auditor recommends that: a) country offices rely more on the content of the country strategic plans and associated budgets when making their calls for contributions and b) also recommends that the Secretariat continue to appeal to donors for more flexible and predictable funding with a view to maximizing the long-term operational efficiency of the plans.	CPP-RMB, PPR	WFP continues to engage in dialogue with donors to promote flexible and predictable funding. The promotion of strategic partnership agreements (SPAs) is a successful example; SPAs provide for predictable and flexible funding for a set of jointly agreed, relatively long-term objectives. WFP has SPAs with Australia, Canada, Denmark, Finland, Iceland, Ireland, Luxembourg, New Zealand, Norway, Republic of Korea, the Russian Federation, Spain, Sweden and the United Kingdom of Great Britain and Northern Ireland. WFP continues to train country office management and personnel on how to avoid self-imposed earmarking by relying more on the content of CSPs and associated budgets.	Closed	Agreed

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			Funding proposal guidance emphasizes the importance of engagement with the donor at the CSP level, using the CSP and COMP. If the donor prefers something more tailored, the next option is to prepare a narrative proposal and, subject to the reaction of the donor, a detailed proposal in Excel. Trainings were conducted at regional meetings in 2017–2018 in Panama, Bangkok, Nairobi, Dakar and Cairo. Avoiding self-imposed earmarking is also included in the country director training package and the government partnership officer on-boarding training. An online training on end-to-end grants management (in partnership with the Contribution Accounting and Donor Reporting Branch will be rolled-out by the end of the year.		
Country portfolio budgets **2019**	**Recommendation 6** The External Auditor recommends analysing the reasons for the increase in the principal budgetary and accounting transactions in order to assess the long-term	CPP-RMB	While the increase in workload as a result of principal budgetary and accounting transactions is acknowledged, the Secretariat considers that the introduction of the CSP also had a direct impact in reducing management and transactional workload in	Closed	Agreed The External Auditor will continue through its field audits, to analyse any potential

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	impact of the workload of country portfolio budgets on management and staff.		other areas. CPP-RMB considers the recommendation addressed based on a more holistic analysis considering that: ➤ Management has taken action to reduce budgetary and accounting transactions since the issuance of the audit report. These include a significant reduction in cost structure planning elements; the implementation of Quantum to facilitate the local staff payroll (see response to changes in human resources recommendation 3); and the deactivation and replacement of the complex budget and planning tool. ➤ The introduction of CSPs addressed the issue of multiple fragmented mechanisms that required separate governance and approval processes as well as workload related to monitoring, reporting and preparing supporting documents and budgets and budgetary and accounting transactions. These included transactions related to special operations, multiple corporate and		increase in the administrative workload, in particular on budget preparation and monitoring.

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			country level trust funds, government counterpart contributions, special accounts, bilateral service provision and third-party agreements – all of which were previously separate but are now included under the CSP. ➢ The introduction of a five-year CSP as opposed to multiple shorter-term projects, special operations, trust funds etc. has significantly reduced the number of budget submissions and revisions being presented to the Board under the delegations of authority in the "Update on the Integrated Road Map: Proposed delegations of authority and other governance arrangements" (WFP/EB.1/2020/4-A/1/Rev.2) approved in April 2020. Annex II of the document presents the findings from the review of the application of interim delegations of authority, affirming that "[U]nder the IRM framework, the overall dollar value of programmes and revisions approved has increased while the number of approvals has declined, leading to efficiency gains."		

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			Between 2011 and 2016, an average of 215 budget revisions were conducted per year, while only 46 and 69 were conducted in 2018 and 2019, respectively. It is also important to note that most of the activities embedded in school feeding, nutrition or food assistance for assets projects previously required budget management and reporting without the support of the corporate systems currently in place		
Country portfolio budgets **2019**	**Recommendation 7** The External Auditor recommends improving the usefulness of the "CSP Data Portal" for its users by introducing the following for each country: i) the implementation plan budget; ii) expenditures incurred on an infra-annual basis; iii) the	IRMO and CPP-RMB	The Secretariat improved the usefulness of the CSP data portal and provided updates to Member States during a series of informal consultations and at the Executive Board's 2019 second regular session[1] as follows: ➤ The 2020 original implementation plan for each approved CSP and ICSP was posted in the fourth quarter of 2019;	Closed	Agreed

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[1] Update on the Integrated Road Map (WFP/EB.2/2019/4-D/1).

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	amount of the Programme Support and Administrative budget; iv) percentages of indirect support costs (a priori 6.5 percent) and direct support costs; v) six-month requirements in relation to the needs-based plan and implementation plan, followed by the corresponding resources actually collected.		➢ Cumulative expenditures and open commitments down to the strategic outcome level have been reported every quarter since July 2019. This includes direct support costs at the CSP level and indirect support costs (ISC) at all levels; ➢ Data from the WFP Management Plan, (2020-2022) which includes the 6.5 percent ISC rate, was fully integrated in the CSP data portal, allowing users to filter the management plan data by country office, strategic result, strategic outcome, focus area and transfer modality; ➢ A global and regional view was developed so that users can better visualize management plan data (updated yearly), the needs-based plan (updated daily) and the original implementation plan (updated yearly); ➢ Six-month net funding requirements have been redesigned to include the		

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			six-month needs-based plan and are updated daily;		
			➢ Allocated contributions are updated daily and can be filtered by donor and strategic outcome;		
			➢ Actual beneficiary figures have been included based on the annual country reports.		
			Internal dashboards will continue to be used for internal management and technical purposes.		
			Inclusion of PSA budget data by country in the CSP data portal is not considered necessary based on discussions with Member States and the level of oversight provided through the annual management plan's development and approval process for setting the PSA budget and the ISC rate as well the inclusion of management plan data in the CSP data portal.		

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Country portfolio budgets 2019	**Recommendation 8** The External Auditor recommends rationalizing the coexistence of the different information portals relating to country strategic plans, systematically indicating their source, their rules and dates of updates, and the nature of the costs presented (activities, transfers, implementation, direct support, indirect support).	IRMO and CPP-RMB	The management plan website has been integrated into the CSP data portal and includes aggregate regional and global information for CSPs and ICSPs. To improve the usability of the CSP data portal, CPP-RMB has also implemented actions aimed at ensuring that data are coherent, relevant and useful for decision making and oversight including adding a glossary of CSP-related terminology (including the nature of costs presented) and information boxes providing details on the frequency of data updates. Internal dashboards will continue to be used for internal management and technical purposes. Management will ensure consistency among data sources for both the external and internal use.	Closed	Agreed
Country portfolio budgets 2019	**Recommendation 9** The External Auditor recommends that the annual management plan present country portfolio budgets, consolidated at WFP level, according to the four macro cost categories	CPP-RMB	Since all country offices are now operating within the IRM framework, the Secretariat introduced a consolidated country portfolio budget divided into the four high-level cost categories (transfers, implementation, direct support costs and ISC) in the WFP	Closed	Agreed

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	(transfers, implementation, direct support and indirect support costs) and report on their evolution from one year to the next.		Management Plan (2020–2022). Comparison and trend analysis are now possible.		
Country portfolio budgets 2019	**Recommendation 10** The External Auditor recommends that WFP, building on the possibilities introduced by the new cost structure, report annually on the evolution of the following indicators: overall support rate, consolidated support and implementation rate and overall accompanying rate.	CPP-RMB and Performance Management and Reporting Division (CPP-RMP)	With all country offices now operating within the IRM framework, the Secretariat introduced a consolidated country portfolio budget divided into the four high-level cost categories (transfers, implementation, direct support costs and ISC) in the WFP Management Plan (2020–2022). Also, relevant indicators including transfer, implementation and direct support costs are referred to in the management plan. The 2019 and subsequent annual performance reports include an overview showing the evolution of the overall support rate including consolidated direct support costs and implementation costs.	Closed	Agreed Although this new presentation does not show the amount of "pure transfers", or value transfers, corresponding to the value of food products, cash transfers, capacity building and service delivery (i.e. without transfer costs), contrary to what is suggested in the report, the External Auditor believes that such a

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					presentation adds value. The External Auditor notices that the reporting on cost structure is need-based and not expenditure-based. A further step could be extending the presentation to expenditures divided into the four high-level cost categories.
Country portfolio budgets 2019	**Recommendation 11** 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.	PGCN	Action has been taken to ensure that the management fee rate applied in field-level agreements is 7 percent. The corporate guidance on management of NGO partners specifies the requirement in the budget guidance and template. Implementation of these tools through training activities at regional bureau and country office levels make clear reference to the non-negotiable	December 2020	

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			rate. Management will continue to analyse options for monitoring compliance.		
Fraud prevention, detection and response 2019	**Recommendation 1** The External Auditor recommends including due diligence specific to the fight against fraud in the standard operating procedures (SOPs) currently being revised for the recruitment of staff and consultants.	HRM	HRM revised the human resources disclosure form to include disclosures related to misconduct and performance issues and consent for WFP to enquire about the history of a candidate with their former employers and request information from national authorities. Potential candidates are required to complete the revised disclosure form and are provided a copy of the anti-fraud and anti-corruption (AFAC) policy and code of conduct at the time of contracting. HRM also developed a standard operating procedure for WFP's background checking and clearance process.	Closed	Agreed
Fraud prevention, detection and response 2019	**Recommendation 2** 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	SCO	Partially accepted. The SCO carried out a review of initially proposed actions in response to recommendation 2 related to assessment of the maturity of vendor's anti-fraud systems, including defining strategic suppliers and appropriate due diligence processes to	September 2020	

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	order to assess the maturity of its anti-fraud system.		ensure that their anti-fraud systems remain robust. This was made in consultation with internal stakeholders and several vendors that can be categorized "strategic" based on annual WFP spend. The conclusion was that WFP expects strong resistance from its strategic vendors to the proposal that an outside inspection company oversee and verify the vendors own anti-fraud systems. Being a strategic supplier to WFP does not automatically imply that WFP is a strategic customer for some of its large vendors and they may have no prevailing interest in investing resources in such an exercise. On the other hand, excluding strategic suppliers from WFPs rosters based on their refusal to accept external inspections of their anti-fraud controls would limit the number of potential suppliers and decrease the competitiveness of WFP procurement processes, therefore potentially increasing overall procurement costs. As such, SCO affirms its commitment to focus instead on further strengthening its own procedures and processes through periodic		

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			risk assessments and strict implementation of AFAC policy in all contracts made with strategic vendors. In 2020, SCO will consult the LEG for advice on a potential mandatory signed vendor disclosure on the appropriateness of its anti-fraud system.		
Fraud prevention, detection and response 2019	**Recommendation 3** The External Auditor recommends improving the effectiveness of the annual procedure for reporting conflicts of interest, particularly by ensuring better control of the target group, reducing reporting and processing timeframes, and penalizing excessive delays.	Ethics Office (ETO),HRM	A new Executive Director circular on the Annual Conflicts of Interest and Financial Disclosure Programme (ADP) issued in March 2020 improves the effectiveness of the annual procedure for reporting conflict of interest. The circular defines: ➢ personal conflicts of interest; ➢ duties and obligations of employees to avoid or disclose personal conflicts of interest for the purpose of mitigating or eliminating them; and ➢ requirements of the ADP and the duties and obligations of eligible employees to participate. It also includes new eligibility criteria that ensure better control of the target group. In	Closed	Agreed It should be noted that the External Auditor found in its 2020 performance audit on Air Transport examples of employees that were not complying with the annual conflict of interest disclosure programme as required by the Ethics Office (ETO). It is expected by the Executive Director circular on the

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			addition, the new ADP expanded the conflicts of interest questionnaire to incorporate and consolidate questions and details previously requested and used as part of a financial disclosure statement (which no longer exists). Among other things, the consolidated conflict of interest questionnaire provides a streamlined participant reporting process, and will reduce reporting and processing timeframes, protect the financial privacy and security of the participants, and reduce risks to the participants and WFP. The Executive Director circular includes language on penalties for excessive delays. Cases of excessive delays will continue to be escalated to HRM.		Annual Disclosure Programme (ADP) that eligible employees required to participate to the programme are communicated by Division/regional/ country directors and heads of offices to ETO when the Ethics Office requests the competent responsible offices assistance in the preparation of the list of eligible employees.
Fraud prevention, detection and response 2019	**Recommendation 5** The External Auditor recommends standardizing the treatment of fraud in the risk registers of field offices and headquarters.	ERM	For the 2019 cycle, ERM standardized treatment of fraud risk in risk reviews through revised guidance and a new template. The risk review guidance that includes "Fraud and Corruption" and four	Closed	Agreed

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			subcategories to assist management with risk identification and improve risk analysis. Risk analysis is further standardized using corporate likelihood and impact scales to increase objectivity of assessments. Impact is assessed based on levels of financial loss and reputational impact. Mitigation actions are also standardized as they are aligned with the likelihood scale. At the end of every year, country directors, regional directors and functional heads are requested to provide feedback on management of fraud risks through the redesigned Executive Director Assurance Exercise (formerly Assurance Statement) which now has a dedicated section on fraud risk assessment that considers whether fraud risks are specifically considered and appropriately mitigated during the risk review process. ERM developed a fraud risk assessment guide and circulated it through the global Risk and Compliance Advisor network in November 2019 (see recommendation 7). It was also shared and discussed during the		

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			country director induction training in February 2020.			
			WFP is also developing standard fraud risk indicators. ERM will support regional bureaux quality assurance reviews of country office risk registers, including fraud risk aspects, starting in 2020. ERM is also rolling out a risk management system (R2) which will enable WFP to better analyse and aggregate risks.			
Fraud prevention, detection and response 2019	**Recommendation 6** The External Auditor recommends expanding the network of staff members trained in the anti-fraud policy in the most at-risk field offices (regional bureaux and country offices) and extending it to headquarters divisions.	ERM	Building awareness and capacity to prevent and detect fraud and manage fraud risk is one of the objectives of the AFAC strategy and action plan, 2018–2020. In line with the action plan, ERM: ➢ Conducted AFAC training in Nigeria, South Sudan, Somalia and Afghanistan country offices and facilitated certified fraud examiner training in Johannesburg and Amman. About 40–60 participants participated in each training. In 2020, the Internal Controls and Oversight Branch will facilitate and support further AFAC training.	Closed	Agreed	

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			➢ Raised awareness of practical aspects of fraud risk management during the Nairobi regional bureau country directors' meeting. ➢ Developed awareness materials to sensitize personnel and cooperating partners on fraud risk management and rolled out the materials through a training-of-trainers webinar for the risk and compliance advisors. The materials are available to all personnel. ➢ Delivered AFAC awareness presentations in several meetings including the global cash-based transfer finance team meeting, a cross-functional workshop in the Panama Regional Bureau, and a Finance Officers meeting in the Dakar regional bureau. ➢ Completed the recruitment of AFAC specialists posted in the Cairo and Nairobi regional bureaux who, among other things, provide training to country offices in their respective regions.		

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			➢ Co-facilitated a session on fraud risk management with the Inspector General and Oversight Office (OIG) during the country director induction programme in February 2020.		
Fraud prevention, detection and response 2019	**Recommendation 7** The External Auditor recommends producing guidelines on conducting fraud risk assessments covering the most exposed processes (information technology, cash-based transfers, NGOs, etc.) and countries (Yemen, Turkey, etc.).	ERM	ERM developed a fraud risk assessment guide and circulated it through the global risk and compliance advisors' network in November 2019. The guide is available to all personnel and serves as a tool to help apply established risk and control mechanisms to manage fraud risk. It provides practical guidance on conducting fraud risk assessments, including why, when, and how to conduct a fraud risk assessment. It also has a useful annex of fraud schemes and sample scenarios for each fraud risk category. ERM and the regional AFAC specialists also will support fraud risk assessments for country offices considered higher risk.	Closed	Agreed

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Fraud prevention, detection and response 2019	**Recommendation 8** The External Auditor recommends improving cooperating partners' awareness of their contractual obligation to report all cases of presumptive fraud by developing guidance documents to be used by country offices when training their partners. These documents should, in particular, emphasize the conditions of use of the confidential fraud reporting hotline.	PGCN, ERM	ERM prepared guidance materials for raising cooperating partners' awareness of the contractual obligation to report suspicions of fraud, including the possibility of confidential reporting via the hotline (see the response to recommendation 6) that are available to all personnel. To further integrate fraud risk awareness into partnership management, PGCN plans to use the materials in a module included in training materials on corporate guidance for employees and for use in cooperating partner induction training to build awareness of the AFAC policy and escalation procedures.	Closed	Agreed
Fraud prevention, detection and response 2019	**Recommendation 10** The External Auditor recommends producing a handbook for field managers to determine fraud reporting criteria.	ERM	ERM anticipates clarifying and enhancing procedures for responding to allegations of suspected fraud and corruption in the update of the AFAC policy scheduled for presentation at the Board's 2021 first regular session.	February 2021	

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Fraud prevention, detection and response 2019	**Recommendation 11** 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.	OIG, ERM	ERM has drafted fact finding guidance which is being consulted internally in accordance with its commitment to define the scope of initial reviews of fraud allegations conducted by responsible managers prior to establishment of a prima facie case of fraud. Office of Inspections and Investigations (OIGI) has developed a proxy-investigation program to train non-OIGI field personnel on proper evidence gathering, confidentiality and communication procedures for assisting OIGI in preliminary assessments of fraud and misconduct allegations.	February 2021	
Fraud prevention, detection and response 2019	**Recommendation 12** To improve the internal management of fraud risk, the External Auditor recommends associating each fraud investigation with an estimate of its financial impact based on a methodology established with the Resource Management Department.	OIGI	The 2019 OIG annual report includes estimated amounts for investigations in progress in its disclosure of presumptive fraud. As OIGI sometimes receives management estimates of fraud exposure when reports are made and investigations requested, these amounts were used (adjusted based on evidence collected by OIGI) for the disclosure. In the disclosure, the amount disclosed as "fraud – substantiated" represents evidence-based amounts from	Closed	Closed. The text of the report (§113) went further and suggested to establish an assessment of the WFP exposure to financial risk due to all potential fraud

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			substantiated investigation reports and "fraud – presumptive" represents estimates of fraud losses reported by management, with adjustments as the investigation progressed, for allegations on which an investigation is in progress. The information is provided for information purposes only and is subject to change. OIG deems that the existing process, including the additional disclosure in the 2019 OIG report, is sufficient. The additional work that would be required to develop these types of estimates and the fact that they are fraught with error led WFP to the conclusion that they are not value-adding. If a complaint in intake is evaluated, and the prima facie evidence indicates that a fraudulent act may have occurred, the matter is opened as an investigation or a proxy investigation. Due to WFP's zero tolerance for fraud and corruption, neither the size of the alleged fraud nor the resource capacity of OIG is the determining factor in deciding if a complaint becomes an investigation.		cases even before investigation, based on a methodology to be established. This financial exposure assessment would have been presented annually to the audit committee for information. OIG considers that the additional work that would be required to develop these types of estimates would not be value-adding. The External Auditor agreed to close it subject to the Board information.

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Fraud prevention, detection and response 2019	**Recommendation 13** 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.	OMS/ERM	The Secretariat will address this recommendation through a memorandum to country directors in countries most at risk of fraud and corruption that encourage them to engage on AFAC matters through the United Nations country team and by updating the entrustment letters sent to country directors upon appointment to reinforce AFAC responsibilities.	June 2020	
2019 audited annual accounts 2020	**Recommendation 1** 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.	FIN	In 2019, WFP strengthened the validation process on the census data used in the actuary valuation; no material changes to the valuation results were required. WFP will continue efforts in this regard but given staff turnover, minor variations to the census data due to the processing time lag and retroactive human resource actions may still occur. With regard to updating valuations based on the 31 December census data, WFP reiterates that use of an earlier cut-off date for the census data is common practice and consistent with International Public Sector Accounting Standards (IPSAS) 39 - Employee	December 2020	

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			Benefits. Nevertheless, WFP will assess the cost-benefit of including estimated changes in the headcount for the remaining three-month period in the next valuation of employee benefit liability.		
2019 audited annual accounts 2020	**Recommendation 2** 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.	FIN	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. WFP considers that the current level of assurance provided by its actuary adheres to all required standards and reflects the uncertainty inherent in any long-term assumption based on changing economic and other factors beyond the entity's direct control. It should be noted that WFP performs actuarial valuations annually, and adjusts its assumptions considering new factors as they	December 2020	

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			emerge during the reporting period. WFP, with its actuary, will continue to assess uncertainty levels pertaining to the development of long-term future medical cost assumptions.		
2019 audited annual accounts 2020	**Recommendation 3** The External Auditor recommends that WFP obtain sensitivity analyses for all actuarial assumptions, starting with the assumption relating to the staff turnover rate.	FIN	WFP reiterates that sensitivity analysis of each significant assumption, such as the discount rate, exchange rates and medical inflation is duly assessed in each valuation study and presented in WFP's financial statements. WFP will review with its actuary the feasibility of performing sensitivity analysis for other, less material assumptions, and take appropriate action.	December 2020	
2019 audited annual accounts 2020	**Recommendation 4** The External Auditor recommends that WFP update the EUR/USD mix used to estimate long-term employee benefits based on more recent disbursement data.	FIN	WFP agrees that the currency mix should be periodically updated based on actual medical claim disbursement data. WFP will review with its actuary the possibility of carrying out a study considering the availability of a disbursement data from medical service providers.	December 2020	

Acronyms

AFAC	anti-fraud and anti-corruption
ACR	annual country report
ADP	Annual Conflicts of Interest and Financial Disclosure Programme
APR	annual performance report
CBT	cash-based transfer
COMET	country office tool for managing effectively
CPP-RMB	Budget and Programming Division
DED	Deputy Executive Director
EME	Emergency Operations Division
ERM	Enterprise Risk Management Division
ETO	Ethics Office
FIN	Corporate Finance Division
FIM	Food Incident Management
HRM	Human Resources Division
ICSP	Interim country strategic plans
INK	Innovation and Knowledge Management Division
IPSAS	International Public Sector Accounting Standards
IRM	Integrated Road Map Implementation
IRMO	IRM Implementation Office
ISC	indirect support cost
IT	information technology
KPI	key performance indicator
LEG	Legal Office
LESS	Logistics Execution Support System
OED	Office of the Executive Director
OIG	Inspector General and Oversight Office
OIGI	Office of Inspections and Investigations
OMG	Operations Management Group
OMS	Operations Management Support Unit
OSCQ	Food Safety and Quality Assurance Unit
PA	Partnerships and Advocacy Department
PAP	Partnership Action Plans
PD	Programme and Policy Development Department
PGCN	NGO Partnerships Unit
PRO	Programme – Humanitarian and Development Division
PSA	Programme Support and Administrative
RM	Resource Management Department
SCO	Supply Chain Operations Division
SPA	strategic partnership agreements