Report of the External Auditor on support services

Draft decision*

The Board takes note of the report of the External Auditor on support services (WFP/EB.A/2023/6-F/1) and management's response (WFP/EB.A/2023/6-F/1/Add.1) and encourages further action on the External Auditor's recommendations, taking into account the considerations raised by the Board during its discussion.

* 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.

External Audit of the World Food Programme

AUDIT REPORT

SUPPORT SERVICES

Financial year 2022

Contents

Executive Summary

In 2022, the External Auditor conducted two performance audits which focused on economy, efficiency and effectiveness in line with the International Standards of Supreme Audit Institutions on support services and fuel management. The External Auditor issued a separate report on the latter.

Support services play a key role in WFP organizational and operational activities. For this audit, support services include general services such as information and technology management and procurement. They also cover human resources management, which is crucial to WFP's work. The objective of this audit was to assess whether WFP's support services ensure effectiveness, economy and efficiency of WFP operations.

The External Auditor conducted audit visits to headquarters from 11 to 20 October 2022 and from 7 to 17 February 2023 and between August 2022 and January 2023 to the following regional bureaux and country offices:

• The Regional Bureau for the Middle East, Northern Africa and Eastern Europe and the Country Offices Egypt, Jordan and Lebanon; and

• The Regional Bureau for Southern Africa and the Country Offices Malawi, Mozambique, United Republic of Tanzania and Zimbabwe.[1]

Observations made at and recommendations issued to country offices and regional bureaux are included in this report as deemed necessary.

Key findings

Our main findings were that:

(a) The supplier registration process – apart from the final registration in the WFP Information Network and Global Systems (WINGS) – is decentralized and within the responsibility of each office. WFP does not differentiate between different levels of registration. The procurement manual only defines some criteria that a supplier has to fulfil to participate successfully in a tender. As a consequence, each office has to decide on the registration requirements. In the end one office may request more or less assurance from a supplier than another office;

(b) Long-term agreements for the provision of goods and services are not systematically recorded and tracked in a central database or repository. Procurement and client units have to track agreements manually. Headquarters published a list of its long-term agreements for the provision of goods and services on WFP intranet to inform client units, country offices and

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[1] The External Auditor audited the Country Office Zimbabwe remotely.

regional bureaux. The External Auditor noted that the list was neither complete nor up to date;

(c)   Headquarters and offices outside headquarters moved from hard-copy personnel files to e-files. However, no comprehensive guidance for electronic record-keeping was in place. As a consequence, offices outside headquarters developed and implemented their own solutions. This has led to various e-file structures among the offices. Also, the External Auditor noted weaknesses in the maintenance of e-files;

(d)   As of February 2023, headquarters identified 235 locally developed or locally purchased software solutions ("shadow IT"). While headquarters had collected basic data on the office-specific information technology (IT) solutions, the data was not sufficient to assess whether the solutions were needed or redundant due to corporate IT solutions. Also, it was not clear whether the overview was complete.

Key recommendations

The External Auditor issues several recommendations based on the audit. They are included in the main body of this report. The key recommendations are that WFP:

(a)   Define mandatory criteria for the registration of goods and services suppliers and consider differentiating between different levels of registration;

(b)   Review how to record, track and monitor long-term agreements for the provision of goods and services systematically;

(c)   Establish a corporate guidance or instruction on electronic record-keeping for personnel files, including a consistent e-file structure;

(d)   Review the current IT landscape to identify overlapping capabilities/solutions and to avoid duplications.

A. Acknowledgements

1. The External Auditor expresses sincere thanks to all the WFP staff for their cooperation and availability, especially to the divisions responsible for support services as well as to the regional bureaux and country offices visited by the auditors.

B. Mandate, scope, and methodology

2. By its decision 2021/EB.2/4 on 16 November 2021, the Executive Board of WFP appointed the Präsident des Bundesrechnungshofes of Germany as the WFP External Auditor to perform the audit of the accounts of WFP for a six-year term from 1 July 2022 to 30 June 2028 in accordance with WFP Financial Regulation 14.1.

3. The External Auditor's mandate is set out in Article XIV of the WFP Financial Regulations and their Annex. Pursuant to the Financial Regulations, the External Auditor expresses an opinion on the financial statements and may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of WFP.

4. With the 2022 financial audit the External Auditor assessed whether the WFP financial statements present fairly the financial position of WFP as at 31 December 2022 in compliance with International Public Sector Accounting Standards and whether the financial statements have been prepared in accordance with the relevant accounting guidelines and policies applied on a basis consistent with that of the preceding financial period.

5. In 2022, the External Auditor conducted two performance audits which focused on economy, efficiency and effectiveness in line with the International Standards of Supreme Audit Institutions on support services and fuel management. The External Auditor issued a separate report on the latter.

6. Support services play a key role in WFP's organizational and operational activities. For this audit, support services included general services such as information and technology management and procurement. They also cover human resources management, which is crucial to WFP's work. The objective of this audit was to assess whether WFP's support services ensure effectiveness, economy and efficiency of WFP operations.

7. The External Auditor carried out the audit of the support services in accordance with the International Standards of Supreme Audit Institutions on performance and compliance audits, the WFP Financial Regulations and their Annex. The audit did not cover all support services of headquarters and regional bureaux to the country offices

and therefore this report does not constitute an overall assurance statement on this topic.

8.   The External Auditor conducted audit visits to headquarters from 11 to 20 October 2022, from 7 to 17 February 2023 and between August 2022 and January 2023 to the following regional bureaux and country offices:
  • The Regional Bureau for Middle East, Northern Africa and Eastern Europe and the Country Offices Egypt, Jordan and Lebanon; and
  • The Regional Bureau for Southern Africa and the Country Offices Malawi, Mozambique, United Republic of Tanzania and Zimbabwe.[2]

Observations made at and recommendations issued to country offices and regional bureaux visited are included in this report as deemed necessary.

9.   The External Auditor issued audit observation memoranda on the findings, the conclusions, and the recommendations. The Deputy Executive Director, Management Department, and Chief Financial Officer, the acting Deputy Executive Director, Supply Chain and Emergencies Department, the acting Deputy Executive Director, Workplace Culture Department, confirmed the validity of the facts presented and commented on the recommendations. This report takes full account of their comments and responses.

C. Findings and recommendations

1. Procurement services

a. Supplier registration

10.   WFP evaluates potential goods and services suppliers based on their documentation submitted in response to a solicitation. Suppliers must meet the following requirements (non-exhaustive):
  • They must be a legal entity and have legal capacity;
  • They shall have sufficient financial capacity to meet their contractual obligations;
  • The products offered must be of interest to WFP and the supplier must have the necessary professional and technical competence;
  • The supplier must not be on the consolidated United Nations Security Council Sanctions list and has not performed fraudulent, unethical or illicit acts, as per the WFP anti-fraud and anti-corruption policy; and

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[2]   The External Auditor audited the Country Office Zimbabwe remotely.

- The supplier must have a minimum of three years' experience as an established business.[3]

11.   Furthermore, goods and services suppliers must be registered in the WFP e-tendering system (In-Tend) in order to be invited to tenders. Registration on the United Nations Global Marketplace – the official procurement portal of the United Nations System – is recommended. Suppliers may be considered ineligible in case of conflict of interest and non-performance.[4]

12.   In order to register suppliers in WINGS, the focal points at the country offices, regional bureaux or headquarters submit a request form with information about the supplier and banking instructions. The request is to be supported by the certificate of corporation and a bank confirmation or similar document. Names of the owners, the parent company, subsidiaries/affiliates etc. are not required. The central vendor master data team of headquarters' Corporate Finance Division checks the formalities and registers the supplier in WINGS for the requesting office. If another office wants to contract the supplier, such a request has to be reviewed by its local committee, approved and then processed in WINGS.

13.   The External Auditors notes that the supplier registration process – apart from the final registration in WINGS – is decentralized and within the responsibility of each individual office. As a consequence, the supplier is only registered for the office that initiated the registration. Also, WFP does not differentiate between different levels of registration. That means that the supplier data in WINGS does not indicate whether the supplier was registered for a micro-purchase order (MPO) or for a high-volume contract. The procurement manual only defines some criteria that a supplier has to fulfil to participate successfully in a tender, such as a minimum of three years' experience. Other criteria, e.g., financial capacity, are listed but not defined. Each office has to decide on how to interpret this requirement. In the end, one office may request a higher or a lower level of assurance from a supplier than another office.

14.   The External Auditor holds that supplier registration should follow uniform standards. Also, the registration should be with WFP and not with a single office. For this purpose, WFP should define clear criteria to ensure a harmonized approach and the application of the same quality standards. It would be helpful if WFP differentiated between different levels of registration, based on the level of awards. For example, WFP could assess whether the requirement of three years' professional experience is required for suppliers interested in awards below a certain threshold. Also, WFP could define requirements for suppliers interested in higher volume contracts, e.g., presentation of audited financial statements and information about names of the owners, parent company, subsidiaries/affiliates etc. It would be beneficial if WINGS

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[3]   WFP, Goods and services procurement manual, section 3.
[4]   WFP, Goods and services procurement manual, section 3.

also recorded the information about the parent company/affiliates and owners – at least for high-volume suppliers.

15.   The External Auditor recommends that WFP define mandatory criteria for the registration of goods and services suppliers and consider differentiating between different levels of registration.

16.   WFP agreed with the recommendation. It stated that it had already designed an approach for segmenting the suppliers, resulting in the following three categorization of suppliers: strategic, important, and transactional suppliers. In addition, it had agreed on a procedure with a varying depth of vetting and due diligence processes according to the supplier segmentation.

b. Supplier roster

17.   WFP executes competitive procurement actions through solicitations of offers from invited suppliers. One source for selecting suppliers to be invited is the supplier roster. The goods and services procurement manual provides the following details about supplier rosters:
- A supplier roster is a list of suppliers which satisfy certain minimum requirements and are registered in WFP's e-tendering system In-Tend.
- Suppliers registered in the United Nations Global Marketplace are not pre-approved by WFP and therefore, prior to being added to a roster, procurement must screen the supplier.[5]

18.   For locally established supplier rosters, the manual stipulates further:
- The responsibility for the roster rests with the director of the office outside headquarters.
- The Local Purchase and Contracts Committee should periodically review the roster.
- Locally established supplier rosters should be reviewed and, where necessary, updated through additional market research activities every 12 months unless market conditions dictate the need to update them more frequently. If a supplier does not respond to three consecutive solicitation invitations within a 12-month period, the supplier may be removed from the roster.[6]

19.   Suppliers registered themselves on In-Tend. WFP was neither involved in the process nor did it have to approve the registration. For the evaluation as part of the solicitation process the manual defined additional requirements that suppliers had to fulfil.[7]

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[5]   WFP, Goods and services procurement manual, section 3.
[6]   WFP, Goods and services procurement manual, section 3.
[7]   Para. 10 of this report.

20.   Headquarters maintained its rosters in In-Tend. The rosters only included the name and the email-address of suppliers. The External Auditor found that the offices visited during the audit used spreadsheets to manage their supplier rosters. The interpretation of a supplier roster differed. One supplier roster included only suppliers that were registered in WINGS. Most supplier rosters included also suppliers which had not completed the registration process in WINGS yet. Also, the requirements to be included in the roster and the information recorded differed. For example, country offices recorded information about category, supplier number, legal documents, the local committee meeting and registration in In-Tend. Such information was not always complete and up to date. None of the rosters included information on the registration date in In-Tend or on the last participation in a tender.

21.   The offices explained that they had to develop the spreadsheet to document the roster themselves as no corporate guidance was available. They noted further that suppliers were hesitant to provide comprehensive information before being invited for a tender.

22.   The External Auditor notes that the procurement manual does not provide clear guidance and instructions on supplier rosters. In particular, it does not define the "minimum requirements" that a supplier has to meet in order to be included in the roster. As a result, each office has to decide which minimum requirements it requests from suppliers. As WFP executes competitive procurement actions through solicitations of offers from invited suppliers, the selection of suppliers to be invited and thus the supplier roster is of utmost importance. Also, additional information besides contact details is needed. In particular, the registration date on In-Tend and information about participation in tenders would be helpful to assess whether suppliers are still interested in doing business with WFP.

23.   **The External Auditor recommends that WFP define the minimum requirements that a supplier has to fulfil to be included in the supplier roster; and provide respective guidance to the offices outside headquarters**.

24.   WFP acknowledged the existing gaps in supplier management. WFP stated that it initiated a supplier management review project in 2021 which was still ongoing. One of the deliverables was a guide detailing the procedure for establishing and maintaining supplier rosters, as well as the updated minimum requirements for including suppliers on the roster.

c. Long-term agreements

25.   WFP establishes long-term agreements for use across the organization to minimize the number of time-consuming and repetitive solicitation exercises and to achieve economies of scale. Long-term agreements for the provision of goods and services are not systematically recorded and tracked in a central database or

repository. While the purchase orders are raised in WINGS, they are not linked with the agreement. Thereby, WINGS does not provide the information about the expenditure incurred under each agreement. Procurement and client units have to track this information manually.

26.   Headquarters published a list of its long-term agreements for the provision of goods and services on the WFP intranet to help client units, country offices and regional bureaux to search for existing agreements. It also uploaded the related contract documents. The list showed 400 global long-term agreements as of 25 August 2022. The External Auditor noted that the list was incomplete as it did not include all global long-term agreements. Further, the information was not up to date. While the list indicated that agreements had expired, the contract period had been extended. Also, the entries in the column "description" did not follow any format and were not standardized. On 18 October 2022, an updated list was uploaded which then included 420 long-term agreements. As of 1 February 2023, the list showed again expired long-term agreements (49 in number). Client units, country offices and regional bureaux had to check whether the long-term agreements were actually expired or whether they had been extended.

27.   The External Auditor holds that the current list of long-term agreements cannot fully support client units and offices outside headquarters in identifying global agreements. The list is incomplete and includes outdated information. The manual maintenance is cumbersome and error-prone. Even if the list were regularly updated, some of the information would be outdated after a short period of time. Also, it does not include information about regional long-term agreements. Incomplete and incorrect information about long-term agreements could hamper the realization of the benefits of these contracts.

28.   It would be beneficial if long-term agreements were recorded in IT systems to allow tracking and monitoring of the agreements. Alternatively, long-term agreements could be recorded in a central contract repository. In the end, stakeholders should have the possibility to review either "live" or up-to-date data. Also, such information would allow WFP to analyse long-term agreements systematically.

29.   The External Auditor recommends that WFP review how to record, track and monitor long-term agreements for the provision of goods and services systematically to ensure complete and up-to-date information.

30.   WFP agreed with the recommendation. WFP stated that it planned to implement an outline agreement feature in WINGS. This would ensure that all long-term agreements and related call-offs were adequately recorded and tracked in WINGS, to allow for monitoring their validity and related expenditures. This was, however, a temporary fix. As a result of an ongoing business process review of the procurement function, an end-to-end (from procure to pay) digital solution would be sought on the market.

d. Micro-purchase orders

31.   MPOs are issued for the purchase of goods and services valued below USD 5,000 (offices outside headquarters) and USD 20,000 (headquarters). These low-value purchases are processed by units other than the procurement function. The MPO process shall be undertaken in compliance with public procurement principles as stated in Financial Rule 112.26, specifically best value for money, competition, fairness and transparency, and in the best interests of WFP.[8]

32.   All directors at headquarters and outside headquarters shall nominate one or more staff members as "MPO focal points", responsible for raising MPOs. The MPO focal points must sign an MPO focal point conflict of interest form, complete the WINGS e-guide training module on MPOs and the "Basics of procurement and contracting" training on WeLearn. For each MPO, at least three price quotations must be obtained by telephone, e-mail, internet or other appropriate means. Such price quotations shall be recorded in the file and attached to the purchase order in WINGS. Three quotations are not required when MPOs were placed under existing long-term agreements. All offices had to prepare an MPO assurance statement on a quarterly basis. The signed report shall be forwarded to the regional procurement focal point in the respective regional bureau for review and oversight.[9]

33.   In 2022, headquarters issued 3,062 MPOs to 685 suppliers. Some of the MPOs were issued as per long-term agreements. As long-term agreements for goods and services were not recorded in WINGS, no systematic analysis of the ratio between call-offs from long-term agreements and stand-alone MPOs was possible. The External Auditor reviewed a sample of MPOs. None of the MPOs indicated that the MPO was a call-off from a long-term agreement. For two MPOs, neither quotations nor a note for the record were uploaded in WINGS. For seven MPOs, only one quotation was uploaded whereas a note for the record was only provided for four of these MPOs.

34.   At the offices visited during the audit cycle, the External Auditor found:
- The offices had raised a high number of MPOs compared to other purchase orders.
- Quotations and notes to the record were not uploaded to WINGS.
- While the offices often requested quotations from three or more suppliers, they received only one or two quotations that met the requirements.
- The notes for the record provided only general information as to why only one quotation was obtained.
- Quarterly MPO assurance statements had not been prepared.
- MPO focal points were not nominated officially and had not completed the required training.

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[8]   Circular OED2022/005, February 2022.
[9]   Circular OED2022/005, February 2022.

35.   The External Auditor is of the view that it is not sufficient to merely request quotations from three suppliers. Only when a sufficient number of quotations is obtained that meet the requirements of WFP, the quotations can be compared and evaluated in line with the procurement principles. Also, WFP should define the exceptional cases in which it is sufficient to obtain only one quotation. It would be helpful if the justifications for waivers from competitive bidding were followed.

36.   Requesting units need to comply with the rules for MPOs and attach the relevant documentation in WINGS. Also, it could be beneficial to consolidate requirements and initiate a purchase order or a long-term agreement. For this purpose, it is crucial that MPOs be regularly reviewed and assessed.

37.   The External Auditor recommends that WFP stipulate that, as a general rule, at least three quotations that meet WFP's requirements must be obtained; and define in which cases it is justified to request only one quotation before awarding an MPO.

38.   The External Auditor recommends that WFP strengthen its review and oversight regarding MPOs of headquarters' divisions and offices outside headquarters to ensure compliance, to offer advice and to identify options for consolidated procurement.

39.   WFP agreed with the recommendations. WFP stated that it would establish an MPO standard checklist; increase the frequency of review from a quarterly to a monthly basis; and provide feedback and guidance to client units when non-compliance issues are identified. Also, it would review options of establishing long-term agreements for goods and services purchased frequently via MPOs.

e. Organization of procurement

40.   Procurement is a decentralized function in WFP. The Executive Director delegated the Procurement authority in particular to senior managers in headquarters, regional bureaux and country offices.

41.   At headquarters, the Procurement Branch is part of the Supply Chain Operations Division and reports to the Deputy Director of Supply Chain Operations. It comprises three units: The Goods and Services Procurement Unit; the Food Procurement Unit; and the Strategic and Operation Support Unit.

42.   In addition to that, other branches at headquarters are tasked with procurement activities. The Aviation Branch is responsible for contracting air assets and air freight services. For that purpose, the Chief Aviation Transport Services has

been delegated procurement authority of USD 1 million.[10] At the same time, the Aviation Branch collects the demands of country offices and acts as the requesting unit. The Aviation Branch reports to the Director of Supply Chain Operations.

43. The Shipping Branch is responsible for the procurement of shipments. For that purpose, the Head of the Shipping Unit has been delegated procurement authority of USD 500,000 for charter bookings and USD 250,000 for liner bookings.[11] As per the shipping manual, the authority delegated to the Head of the Shipping Unit is exercised by the Chief of Ocean Transport. The Shipping Branch reports to the Deputy Director of Supply Chain Operations.

44. At the time of the audit, WFP was reviewing its procurement business processes. It strived to inter alia set up the right operating model, balancing between centralized and decentralized procurement, and to establish the suitable organizational structure at headquarters.

45. Segregation of duties is a core principle of internal control and must be preserved in all procurement actions. This requires the segregation of functions of the requesting unit, of procurement and of finance. Procurement staff is responsible for ensuring that the procurement principles as stipulated in the Financial Regulations and Rules are adhered to. Procurement should thus be exercised by employees with proper training, knowledge and experience. The procurement principles, as stipulated in the Financial Regulations and Rules, apply to all procurement activities uniformly. However, the responsibility for procurement at headquarters is split into three different branches. While all branches are part of the Supply Chain Operations Division, two branches report to the Deputy Director, and one branch to the Director of Supply Chain Operations.

46. The External Auditor holds that it would be beneficial if all procurement activities at headquarters were centralized in one branch. This would ensure that the expertise and experience needed for compliant procurement is concentrated in one branch, while the respective requesting unit retains the technical expertise. Separating the procurement function from the requesting function would also segregate duties. Finally, different procurement units may lead to a duplication of functions which should be avoided, such as for analysing of data or supplier management. At least, WFP should harmonize the reporting lines of the different procurement functions.

47. **The External Auditor recommends that WFP consider to centralize the procurement functions at headquarters in one branch.**

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[10] Circular OED2018/006, January 2018.
[11] Circular OED2018/006, January 2018.

48.   WFP agreed with the recommendation. WFP stated that it would extend the scope of the ongoing business process review to include other services within the Supply Chain Division with the objective of streamlining processes and procedures.

2. Human resources

a.   Personnel files

49.   Headquarters and offices outside headquarters record human resources data in personnel status files. The personnel file is the confidential record about a staff member or an affiliate and the registry for all papers regarding the staff member's or affiliate's service with WFP.

50.   The 2006 Records Retention Policy[12] (policy) applies to all records kept in WFP. Its objective is to ensure that all records needed for business purposes are adequately protected and maintained. According to annex A of the policy, basic documents of personnel records need to be kept in hard copies. Annex B outlines the WFP corporate file plan, which is a detailed list on how to classify the various records, based upon the WFP global classification system.

51.   In 2017, the Human Resources Division drafted a revised file-coding system for human resources e-files, using a spreadsheet. The file-coding system differed from the one implemented by the Records Retention Policy. The revised file-coding applied to human resources e-file-keeping in headquarters only; the Human Resources Division did not share the spreadsheet with regional bureaux or country offices.

52.   In 2018, headquarters began to digitize physical files and to implement SharePoint-based electronic file-keeping of human resources records (e-registry). The Human Resources Division elaborated training material on how to manage documents in the e-registry.[13]

53.   The External Auditor found during the field visits to the country offices and regional bureaux that these had also moved from hard-copied personnel files to e-files and stopped updating existing physical files. This change was motivated by the COVID-19-related increase of remote work.

54.   The External Auditor noted that none of the offices outside headquarters used a file-coding system. However, most offices had individually developed a basic structure for their e-files. Also, one office had filed all documents in alphabetical order, without any sub-structure. The External Auditor also found that the offices did not use

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[12]   Directive on 'Records Retention Policy in WFP 2006'.
[13]   E-Reg SharePoint Manual.

a naming convention. While some offices named documents in order to indicate which data was recorded, others named documents generically, without any reference to their subject or content. Furthermore, the offices had kept the physical files and were not sure how to deal with them.

55.   While headquarters and offices outside headquarters have moved from hard-copy files to e-files, no comprehensive guidance for electronic record-keeping is in place. That is why offices outside headquarters developed and implemented solutions on their own. This has led to various e-file structures among the offices. The External Auditor is of the view that a corporate guidance or instruction on electronic record-keeping could improve human resources record-keeping. The guidance should consider that offices outside headquarters may have different requirements from headquarters. As staff rotates between offices, a common structure could facilitate human resources management. Also, WFP might benefit from a naming convention that aligns file-keeping all over WFP. Further, WFP needs to decide what to do with the remaining hard-copied files at headquarters and in the offices outside headquarters.

56.   The External Auditor recommends that WFP establish a corporate guidance or instruction on electronic record-keeping for personnel files, including a consistent e-file structure and a naming convention for documents.

57.   WFP agreed with the recommendation. WFP stated that it had incorporated this requirement into the Human Resources Division's workplan.

b.   Affiliate workforce

58.   In 2021, WFP put into effect a new Staffing Framework[14] and amended the human resources manual. The Staffing Framework provides an overview of all employee categories and contract modalities. Staff members perform functions of a continuous and ongoing nature, whereas the services of affiliates are limited to temporary, timebound services or needs for outside expertise. In particular, affiliates shall not be engaged as an alternative to the hiring of a staff member. Affiliate contractual modalities encompass consultants, service contracts and special services agreements.[15] Inter alia, the Staffing Framework limits the duration of affiliates' contracts to four years for consultants and service contractors and to two years for special services agreement holders.

59.   The Staffing Framework also establishes a new kind of regular staff member's contract in the international professional category, the Limited Fixed-Term. This type of appointment shall usually last from one to four years, shall be used for timebound

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[14]   Circular OED2021/017, September 2021.
[15]   As well as Casual Labour, Internship, National United Nations Volunteers (UNV) and WFP Volunteers.

projects or activities, or functions required for a limited period when the specific expertise is not readily available in WFP.

60.   Heads of offices are requested to review their staffing needs and contractual modalities in line with the criteria of the Staffing Framework. They shall regularize positions by creating fixed-term posts when ongoing, long-term staffing needs are identified or when the specific function requires that a regular staff member perform it. For this purpose, the Staffing Framework initially foresaw a transition period for the regularization of posts until 31 December 2024. As of December 2022, this transition period was extended to 31 December 2025. That means that for affiliates that had been employed before the issuance of the Staffing Framework, the maximum duration will be effective only after the transition period has expired.

61.   WFP stated that it wanted to reduce the number of affiliates. It intended to achieve a ratio of affiliates below 46 percent. In the previous years, WFP had already started to reduce the ratio:

Table 1: Employees and affiliates

	Employees	Staff	Affiliates	Ratio affiliates
31.12.2020	20 125	8 013	12 112	60.2
31.12.2021	21 259	9 569	11 960	56.3
31.12.2022	23 266	11 731	11 535	49.6

Source: External Auditor, data provided by WFP.

62.   As of February 2023, 132 staff all over the organization had been appointed on a Limited Fixed-Term Appointment basis. Forty were employed at headquarters, 19 in South Sudan, 11 in Ethiopia, eight in Yemen, seven in the Syrian Arab Republic, six in Haiti and five in Ukraine and Afghanistan each. The other 31 staff on a Limited Fixed-Term Appointment were employed by other country offices.

63.   The External Auditor noted at the visited country offices and regional bureaux that the ratio of affiliates differed significantly. In some country offices, affiliate employees accounted for less than 40 percent, while other country offices had a ratio of more than 80 percent of the respective country office's total workforce. The External Auditor further noted:
  • Affiliates were employed for a long period of time, in some cases more than five years.
  • Affiliates were employed on the same position but on alternating appointments, as service contractor and on special service agreement.
  • Key functions (e.g., human resources managers, heads of units) were employed under affiliate contracts for several years.
In general, the employment of affiliates at the same position was not specific to any type of contract. In fact, offices employed affiliates at all levels, i.e., international professional, national professional and general service category.

64.   The External Auditor acknowledges that headquarters and offices outside headquarters have to deal with workload peaks to implement the WFP mandate. Regarding emergency responses in particular, they need a sufficiently large workforce of people that are adequately skilled and available on short notice. However, the External Auditor notes that the employment of affiliates was not limited to such specific situations. Also, while some situations may require an affiliate, the affiliate must not be employed for an undue time-span. Affiliates should only be employed for temporary, timebound services or needs for outside expertise. They do not have the same status as staff members and receive less benefits, i.e. after-service health insurance or retirement payments/pension, consultants are not entitled to leave.

65.   The External Auditor appreciates that WFP has established clear limitations for the duration of affiliate contracts and criteria for the employment by means of the new WFP Staffing Framework. The newly introduced Limited Fixed-Term contract offers WFP greater flexibility. The External Auditor notes that country offices affected by severe and profound crises have already started to use Limited Fixed-Term appointments.

66.   While the overall ratio of affiliates versus staff members is close to the envisaged 46 percent, some country offices still face severe issues in reducing the ratio. Therefore, we encourage WFP to continue its efforts and in particular support the country offices with high ratios of affiliates.

67.   WFP stated that it would expect ratios to fluctuate given the changing operational contexts. However, such ratios were regularly captured and reported in the Staffing Framework dashboard for managers to be aware of and to take needed action.

68.   The External Auditor recommends that WFP continue to regularize posts in line with staffing needs and the stipulations of the Staffing Framework.

69.   WFP agreed with the recommendation. It stated that it would continue to work with offices towards achieving the organizational targets in line with the stipulated transition period.

3. Information and communication technology

a.   Disaster recovery planning

70.   Disaster recovery procedures as a part of the overall business continuity management represent the capability of the IT organization to continue delivery of essential and time-critical IT services at acceptable predefined levels during and/or following a disruptive incident. Effective disaster recovery is important to ensure the continuity of operations at all organizational levels as WFP often operates in volatile

environments and can be exposed to disruptions due to natural and human-made disasters.

71.   The guideline on how to prepare and establish a disaster recovery plan was not updated since June 2017. It did not reflect the current mode of WFP IT operations. The disaster recovery template was last modified in 2011.

72.   During the field visits to the country offices and the regional bureaux, the External Auditor noted that the local disaster recovery plans varied in quality, content and disaster orientation. The External Auditor found that the country offices had failed to describe potential disasters and recovery/restoration procedures as well as measures against a loss of internet connectivity. Furthermore, they had not named emergency teams and had not tested the processes laid out in the Disaster Recovery Plans.

73.   Headquarters established its "IT Disaster Recovery Plan WFP HQ – Rome" in September 2016. The External Auditor noted that the plan did not reflect the current situation of the IT technology of WFP (e.g., cloud services).

74.   Headquarters Technology Division had started to work on an updated disaster and recovery plan. It had prepared six new documents regarding its disaster and recovery procedures which were not approved yet. The Technology Division stated that it was in the process of reviewing the documents for approval.

75.   With the new documents, the Technology Division divided the business continuity management, and disaster and recovery procedures into three elements:
- The business continuity plans with the purpose of defining the overall approach in case of a business continuity disruption or an incident affecting the Technology Division;
- The disaster recovery master plan with the purpose of supporting recovery and continuity of business-critical applications, systems and networks. It should be used in conjunction with individual underlying disaster recovery plans;
- Detailed disaster recovery plans that describe technical recovery procedures for specific applications, systems and networks. So far, the Technology Division had drafted Disaster Recovery Plans for the following four business-critical applications:
    - Identity Management, authentication, and collaboration systems;
    - Network;
    - SAP hosting for WFP – WINGS; and
    - WFP's digital beneficiary information and transfer management platform (SCOPE).
  The Technology Division stated that the remaining two disaster recovery plans (Portal and GLASS) were postponed due to the replacement or transfer of the applications to a new platform.

76.   The draft business continuity plan stipulated that the "greater value lies in staff knowledge of its content in advance of the disruption". The External Auditor noted that the necessary implementation procedures had not been drafted yet. All draft plans stipulated that they had to be reviewed and updated at least once a year and that the results of test exercises would be considered. The External Auditor noted that due to the missing approval, no tests had been scheduled yet.

77.   The Technology Division stated that the implementation procedures would be drafted in the context of updating the WFP corporate business continuity plan. A disaster recovery test plan and a disaster recovery test schedule were planned to be ready by the fourth quarter of 2023. The Technology Division stated that after the approval of the business continuity plan and disaster recovery plans, it planned to draft a new guideline and a form template for disaster recovery planning to enable country offices and regional bureaux to reuse it and customize it to their specific needs. The detailed disaster recovery plans would serve as examples for other applications, systems and networks at the local level.

78.   The External Auditor holds that disaster recovery plans should be sufficient and standardized throughout WFP and, moreover, precisely formulated so that in case of emergency, everybody understands clearly what to do and knows which equipment and preparations are in place and available. Outdated and incomplete plans cannot satisfy this purpose.

79.   The External Auditor appreciates that the Technology Division has started to prepare new disaster recovery procedures. The External Auditor holds that the decision to split the disaster recovery procedures into different documents requires that the respective staff must be aware of at least the business continuity plan, the disaster recovery master plan and the respective detailed disaster recovery plan. To ensure knowledge of the complete procedure, the Technology Division should include clear references and linkages between the different documents.

80.   Furthermore, frequent and systematic stress tests must be planned, established and conducted. Periodic tests of the disaster recovery plans will show their efficiency and appropriateness. To get an overview of potential weaknesses and to enable a review and improvement of the documents, stress tests should be carried out as early as possible. Therefore, the Technology Division should accelerate the implementation of the disaster recovery test plan and the disaster recovery test schedule.

81.   The External Auditor considers it important that offices outside headquarters receive appropriate guidance on how to establish disaster recovery plans. Therefore, the External Auditor welcomes that headquarters plans to create a new guideline and a form template for disaster recovery planning that the country offices can use and adapt.

82.   The External Auditor recommends that WFP accelerate the approval of the documents for the disaster recovery procedures, include clear references and linkages between the different documents, and establish and implement the disaster recovery test plan and the disaster recovery test schedule.

83.   The External Auditor recommends that WFP create a new guideline and a template for disaster recovery planning of the country offices and regional bureaux as soon as possible.

84.   WFP agreed with the recommendations.

b. Software development outside of existing corporate IT solutions

85.   WFP takes a decentralized approach to strengthen country offices in implementing the organization's mandate. However, headquarters had only limited overview regarding the software solutions used in the field. It deemed this particularly unacceptable considering the increasing digitization and the relating relevance of cybersecurity. Therefore, headquarters published the directive on "Field Software Development Network" in December 2020. The purpose of this directive was to ensure a more integrated approach between the country offices and headquarters to devise IT solutions; and to determine when country offices are allowed to develop software outside of existing corporate IT solutions to meet specific needs.

86.   As a first step, headquarters tried to get an overview of "home-grown" IT solutions in the field ("shadow IT"). As of February 2023, headquarters identified 235 solutions purchased or developed in the field. A list with all IT solutions regardless of their status included 1,172 data records. A review of the list revealed inter alia that the one-time costs for development were entered in only 102 cases. The External Auditor enquired about details for a sample of country office-specific IT solutions. Headquarters had collected basic data but did not have any specifics and directed the questions to the regional bureaux.

87.   According to the directive on "Field Software Development Network", regional bureaux and country offices must raise new demands for individual IT solutions with headquarters. The headquarters' Technology Division would assess the demand, i.e., whether it could be met with existing WFP solutions, whether software should be bought on the market (if available) or whether the software needed was to be developed in-house. Ultimately, the country office as business owner would decide if and how it would implement headquarters' suggestions.

88.   The Technology Division received 46 demands for IT solutions by regional bureaux and country offices in 2021 and 40 demands in 2022. As of 4 January 2023, the demands had the following status:

Table 2: Demands for IT solutions

Stage		2021	2022
Open requests (demand definition stage)		3	24
Demands were endorsed		38	11
	Existing solutions	(11)	(2)
	Procurement	(11)	(2)
	Internal development	(16)	(7)
Government involvement		-	1
Rejected requests		5	4
Total		46	40

Source: External Auditor, data provided by WFP.

89.   The Technology Division stated that the country offices and regional bureaux did not necessarily report back after the demands were endorsed. That is why it did not know the number of new software solutions, since their development was the responsibility of the country offices.

90.   The External Auditor noted that WFP has not met the aim of the directive on the "Field Software Development Network" yet. While headquarters has collected basic data on the IT solutions of offices outside headquarters, the information is not sufficient to assess whether the demand can also be satisfied using existing corporate IT solutions and whether the office-specific solution is redundant. Also, headquarters conceded that the overview may still not be complete. Even on new IT solutions, headquarters does not have complete information. The External Auditor is of the view that it is essential that regional bureaux and country offices provide the data of all their IT solutions to headquarters.

91.   Getting an overview of all IT solutions is only the first step. The External Auditor holds that, as a second step, headquarters should review the current IT solutions, regarding their necessity and potential replacement or merging, in order to decommission not needed or redundant IT solutions. Reducing the number of IT solutions would also decrease local workload in building and maintaining hardware and infrastructure.

92.   The External Auditor holds that the authority of the Technology Division should be strengthened. As the Technology Division assesses every new demand for an IT solution, it has the overview of IT solutions that best fit WFP needs. Development or purchase of a new IT solution as requested by offices outside headquarters should require the Technology Division's approval. Only then can WFP ensure a highly integrated IT landscape.

93.   The External Auditor recommends that WFP review the current IT landscape to identify overlapping capabilities/solutions and to avoid duplications.

94.   The External Auditor recommends that WFP strengthen the authority of the Technology Division regarding the implementation of new IT solutions.

95.   WFP agreed with the recommendations.

c. IT manual and policies

96.   IT norms, guidelines, policies and procedures are required to:
* Create a standard for all IT systems and equipment,
* Define engineering or technical criteria, methods, processes, and practices, and
* Ensure that all IT areas and investments are working to achieve the shared mission and goal of the organization as a whole.

97.   The IT manual aims at informing managers, IT staff and end-users about current IT policies and standards within WFP. The External Auditor noted that 15 of 21 chapters of the IT manual had a date older than five years. Several chapters included outdated information, for example:
* Chapter 4.7 "IT Disaster Recovery Planning (DRP)", last updated on 6 June 2017, did not reflect the current mode of IT operations; and
* Chapter 5.1 "End User Architecture", last updated on 24 April 2017, consisted of links only, however these did not work and the documents were not accessible.
* The chapter 4.2 "IT Learning" introduced the "new approach" to learning defined in 2015, more than seven years ago.

98.   In October 2022, the Technology Division provided a list of IT policies and guidance that included: six Circulars, 21 Directives, 34 Information Notes and 19 Memoranda in addition to other documents managed outside of the Division but relevant to its operations. The External Auditor noted that more than two-thirds of the documents were older than five years.

99.   The Technology Division stated that given that the IT Manual was significantly out of date, the Division would remove it from the corporate intranet and establish a compendium of policies on WFPgo. As an interim measure, the Technology Division was consulting with internal stakeholders about how to improve the accessibility and usage of the body of IT policies across WFP.

100.   The External Auditor appreciates that the Technology Division plans to remove the outdated IT manual and establish a compendium of IT policies. In the fast-moving area of IT business, old policies contain the risk of missing current developments and working with outdated standards. The fact that most IT policies and guidelines are older than five years may already indicate that the documents are not up to date and do not reflect the current operating model of WFP. Nevertheless, staff is required to comply with the policies. Further, some guidance clearly contains outdated information. Such policies and guidance cannot support staff in their work.

101.   WFP should take this opportunity to review the IT policies regarding their necessity, up-to-date nature and overlaps. It should evaluate whether policies need to be updated, can be consolidated, or even abolished.

102.   The External Auditor recommends that the Technology Division review the IT policies to ensure that the documents are up to date and needed; and enable easy access to the information.

103.   WFP agreed with the recommendation.

End of report

Acronyms

IT   information technology

MPO   micro-purchase order

SCOPE   WFP's digital beneficiary information and transfer management platform

UNV   United Nations Volunteer

WINGS   WFP Information Network and Global Systems