



# External Audit

Chief Financial Officer's seminar

2024 External Audit Report

8 May 2025





## Outline

- Audit results - overview
- Open recommendations
- Audit results - details
  - Finance
  - Cooperating partners
  - Human resources
  - Global Assurance Project
  - Cash-based transfers
  - Information technology



## 2024 Audit results - overview

- Unmodified audit opinion
  - “In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WFP as at 31 December 2024 and its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).”
- 69 percent of External Audit recommendations from previous years not yet implemented
- 49 new recommendations in 6 audit focus areas
  - Finance, human resources management, cooperating partner management, Global Assurance Project, cash-based transfers, information technology



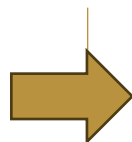
## Assessment categories of open recommendations

- Implemented
  - WFP has addressed the recommendation and provided evidence
- Under implementation
  - WFP has taken steps to address the recommendation, provided evidence
- Not implemented
  - WFP has not taken any steps to address the recommendation and not provided any evidence; the External Auditor will continue to follow up
- Overtaken by events
  - Due to changed circumstances the recommendation has lost its substance; the External Auditor will not follow up anymore

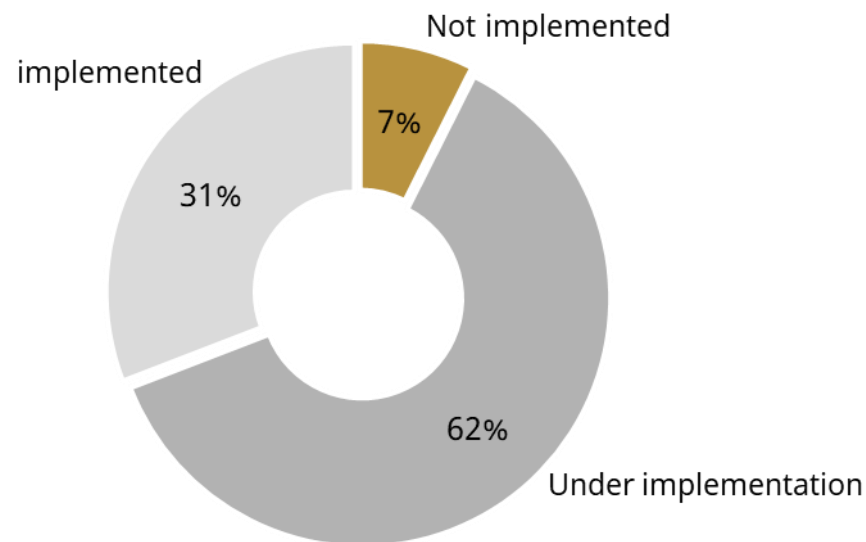


## Open recommendations

- External audit recommendations
  - 69 percent not yet implemented
  - Delayed and postponed implementation
- Internal audit recommendations
  - Increased by almost 150 percent since 2023
  - 420 recommendations not yet implemented
- Regional bureaux oversight missions
  - 2,083 open recommendations
- Internal control system to be strengthened



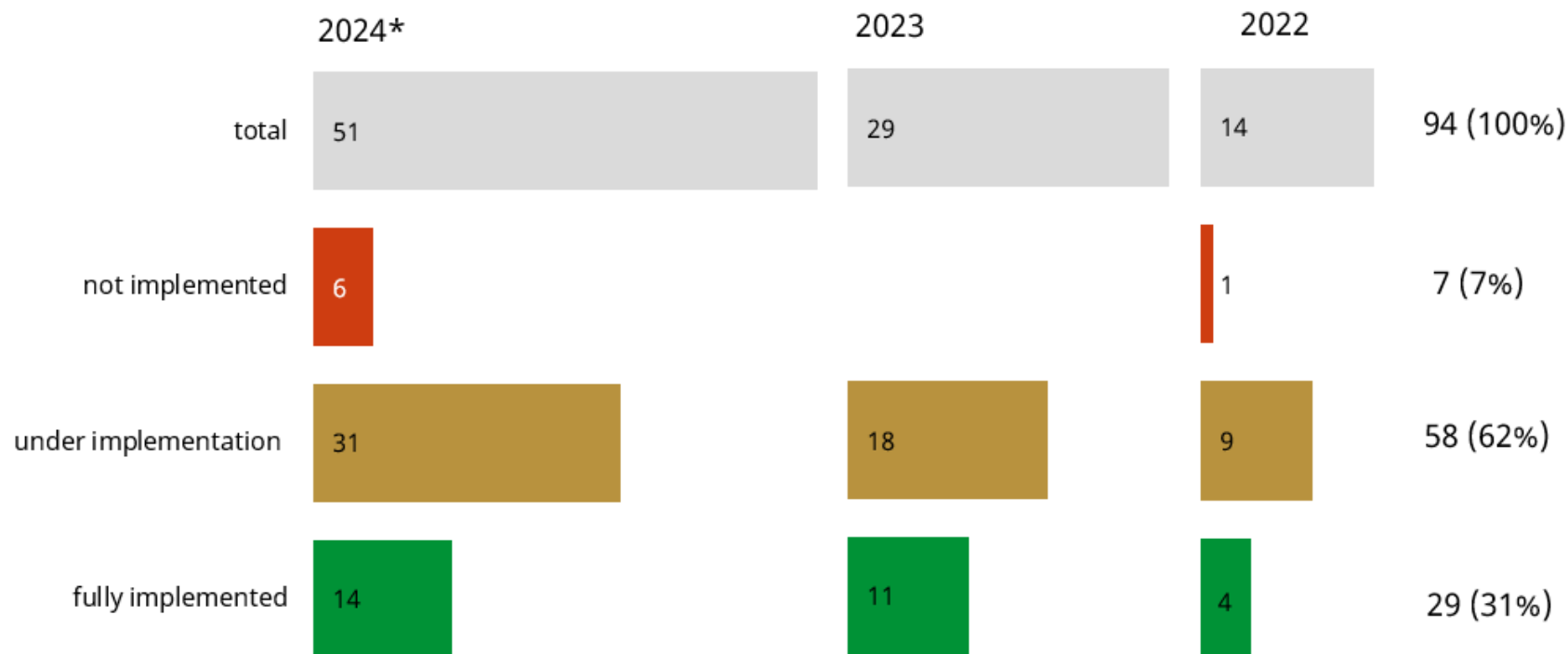
### 94 open recommendations



Status as at 7 April 2025



## Statistic of External Audit open recommendations by year



\* By year in which the audit reports were presented at the annual session, i.e. 2024 refers to the 2023 audit report presented at the annual session in June 2024.



## Example of postponed implementation

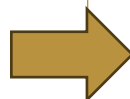


- Recommendation from the 2022 performance audit report on the management of cooperating partners - to clarify central governance arrangements also for governmental partners



## Audit results - Finance

- Informative value of the financial statements
  - Staff cost disclosure not transparent
  - No explanation of major variances



- Disclose the main components of staff cost and the main drivers of staff cost variances, and provide the External Auditor with the plausibility analysis of staff cost variances

### Current disclosure:

#### Note 4.5: Staff and affiliated workforce costs

	2024	2023
	<i>USD million</i>	
Staff costs	1 244.2	1 178.4
Affiliated workforce costs	414.4	431.6

#### Main staff cost categories in 2024 compared with 2023

	2023	2024	increase/(decrease)	
	USD thousand	USD thousand	USD thousand	percent
<b>International staff*</b>	<b>615,739</b>	<b>657,157</b>	<b>41,418</b>	<b>6.7</b>
Salary	335,033	358,744	23,711	7.1
Pension	84,993	93,701	8,708	10.2
Post employment, after service health insurance and other long-term benefits	49,801	46,978	-2,823	-5.7
Staff allowances and entitlements	145,902	149,619	3,717	2.5
Termination	10	8,115	8,105	81,050.0
<b>National staff</b>	<b>389,721</b>	<b>435,812</b>	<b>46,091</b>	<b>11.8</b>
Salary	241,028	256,708	15,680	6.5
Pension/LT benefits	46,812	50,553	3,741	8.0
Post employment, after service health insurance and other long-term benefits	42,182	54,016	11,834	28.1
Staff allowances and entitlements	59,342	60,196	854	1.4
Termination	357	14,339	13,982	3,916.5
<b>Travel and other costs</b>	<b>172,910</b>	<b>151,218</b>	<b>-21,692</b>	<b>-12.5</b>
<b>Total</b>	<b>1,178,370</b>	<b>1,244,187</b>	<b>65,817</b>	<b>5.6</b>





## Audit results - Finance

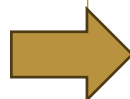
- Example of potential notes' disclosure for staff costs
- Extract from figure 4.2 in para. 48 of the audit report:

	2023	2024	increase/(decrease)	
	USD thousand	USD thousand	USD thousand	percent
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## Audit results - Finance

- Informative value of the financial statements
  - Food commodities and cash distributed by partners not transparently disclosed

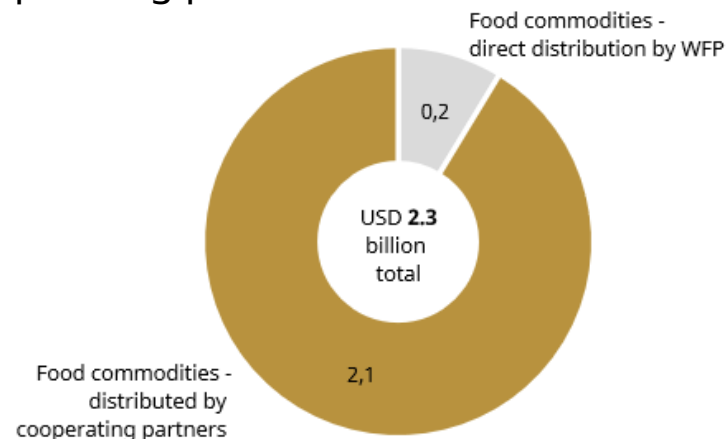


- Disclose information on food commodities and cash-based transfers distributed by cooperating partners
- Enhance the disclosures by providing more information on the activities carried out by cooperating partners

Current disclosure:

### Note 4.2: Commodities distributed

	2024	2023
	USD million	
Food commodities	2 341.2	3 233.7
Non-food items	31.7	30.8
<b>Total commodities distributed</b>	<b>2 372.9</b>	<b>3 264.5</b>

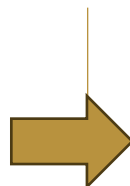




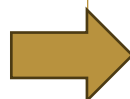
## Audit results - Finance

- Employee benefits

- Lack of holistic approach for end-to-end process management of HR and payroll processes
- New human resources management system (Workday) procured; payroll processes excluded
- Three separate payroll systems
- Ex-gratia termination indemnities



- Perform a comprehensive cost-benefit-analysis on how to establish an information technology-based payroll process



- Stop paying termination indemnities which are not provided for in the FAO Staff Regulations and Rules on an ex-gratia basis



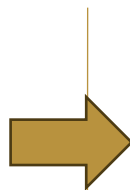
## Audit results - Cooperating partners

- Government partners

- WFP did not implement the 2022 recommendation to clarify central governance arrangements
- No templates for agreements or the budget with governmental partners

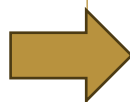
- Accounting

- WFP cannot extract partner expenses from WINGS separately by agreement and by partner



- Set up clear responsibilities at headquarters for the collaboration with government entities

- Amend its current guidance for the collaboration with government entities by including strategic, procedural and oversight guidance, risk assessment, reporting and monitoring requirements, budget and agreement templates, and management fees



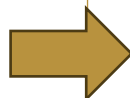
- Establish the option in WINGS to extract data for its cooperating partners separately for each partner, partner agreement, including budget and actual amounts.



## Audit results - Cooperating partners

- Selection process

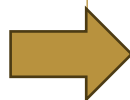
- Country offices did not operationalize selection criteria or used only the criterion "other"
- Country offices used different criteria for the evaluation than it had published



- Ensure that country offices operationalize criteria to select cooperating partners and adhere to the criteria

- Oversight

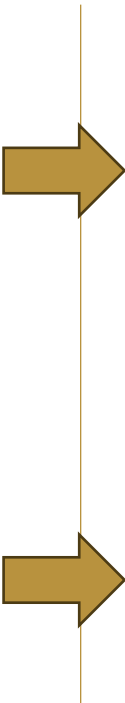
- Data recorded in the United Nations Partner Portal inaccurate and outdated



- Use the United Nations Partner Portal for oversight to detect inconsistencies or non-compliance with the policy framework

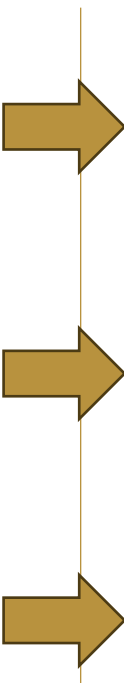


## Audit results - Human resources management

- Financial implications
    - WFP paid USD 11.6 million to 144 staff members on special leave with full pay
    - Payments included duty station related entitlements
    - WFP exceeded its self-established maximum of 12 months
  - Unassigned staff at director level
    - 16 percent of unassigned staff members at D1 or D2 level, mostly without any tasks
- 
- Analyse how to enhance the reassignment process and to reduce the costs
  - Task unassigned D1 or D2 staff members at least with temporary duty assignments

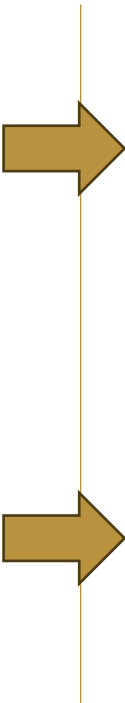


## Audit results - Global Assurance Project

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"><li>• Reason for project<ul style="list-style-type: none"><li>• Country offices identified own non-compliance as risks</li><li>• High number of open recommendations</li></ul></li></ul> |  | <ul style="list-style-type: none"><li>• Ensure that country offices comply with the normative framework and implement recommendations</li></ul>                  |
| <ul style="list-style-type: none"><li>• Monitoring<ul style="list-style-type: none"><li>• Benchmarks and criteria offer room for improvement</li><li>• Global assurance standards not fully reflected</li></ul></li></ul>  |  | <ul style="list-style-type: none"><li>• Define key performance indicators and the way in which compliance by country offices is monitored and verified</li></ul> |
| <ul style="list-style-type: none"><li>• Digital integration<ul style="list-style-type: none"><li>• Continued requests for enhancements</li><li>• Country office specific solutions</li></ul></li></ul>                     |  | <ul style="list-style-type: none"><li>• Review and define its business process requirements in order to achieve digital integration</li></ul>                    |



## Audit results - Cash-based transfers

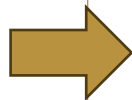
- Post-distribution monitoring
    - Country offices did not follow up on indicators or used indicators not relevant
    - Country offices reported differently on the results of post-distribution monitoring
  - Determination of transfer value
    - 8 out of 14 country offices had not sufficiently documented how they determined the transfer value
- 
- The diagram consists of a vertical line with two gold arrows pointing to the right. The top arrow is positioned between the 'Post-distribution monitoring' section and the 'Clarify the corporate rules...' section. The bottom arrow is positioned between the 'Determination of transfer value' section and the 'Enhance the documentation...' section.
- Clarify the corporate rules for mandatory monitoring indicators in County Strategic Plan log frames and ensure more consistent reporting of country offices on relevant indicators
  - Enhance the documentation on the different steps towards the determination of the transfer value





## Audit results - Information technology

- Workday implementation
  - Workday went live on 1 July 2024
  - WFP planned 74 interfaces
  - As of February 2025, 40 interfaces (54.1 percent) operational



- Analyse if and how WFP can simplify the Workday interfaces



Thank you.