

# **Internal Audit of WFP Operations in Afghanistan**

Office of the Inspector General  
Internal Audit Report AR/13/17



**World Food Programme**

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# Internal Audit of WFP Operations in Afghanistan

## I. Executive Summary

### Introduction





1. As part of its annual work plan for 2013, the Office of Internal Audit conducted an audit of the World Food Programme's (WFP) Operations in Afghanistan. WFP's World Food Programme's (WFP) Direct Expenses in Afghanistan in 2012 totalled US\$206 million<sup>1</sup>, representing five percent of WFP's total Direct Expenses for the year. The audit covered activities from 1 January to 31 December 2012 and included field visits to various locations in Afghanistan and a review of related corporate processes that impact across WFP.

2. The audit was carried out in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors.

### Audit Conclusions

3. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **partially satisfactory**<sup>2</sup>. Conclusions are summarized in Table 1 by internal control components:

**Table 1: Summary of conclusions by Internal Control Components<sup>3</sup>**

Internal Control Component	Conclusion
1. Internal environment	Medium 
2. Risk assessment	High 
3. Control activities	Medium 
4. Monitoring	Medium 

<sup>1</sup> WFP/EB.A/2013/4 – Annual Performance Report for 2012 – Annex IX-B.

<sup>2</sup> See Annex A for definitions of audit terms.

<sup>3</sup> See Annex A for definition of WFP's Internal Control Framework and Components.

## Key Results of the Audit

### Positive practices and initiatives

4. A number of positive practices and initiatives were noted during the audit, among them, the establishment of an investigation mechanism that included a beneficiary hotline to register beneficiaries' concerns and complaints, the implementation of a comprehensive staff training strategy and the assignment of a Compliance Officer to the Country Office.

### Audit recommendations

5. The audit report contains one high-risk and ten medium-risk recommendations. The high-risk observations was as follows:

6. **Ensure donor acceptance of operational risks:** In May 2012, the Executive Board was informed of operational constraints and risks concerning WFP operations in Afghanistan. The risks were related to the increased challenges with regard to access, the risk of diversion of humanitarian assistance and threats to staff safety and security. The audit confirmed the continued existence of these key risks in addition to other risks, including the fact that a large portion of the programme's intended beneficiaries were not reached during the period covered by the audit. A new briefing and acceptance by the Board of the operational risks in Afghanistan should be sought.

### Management response

7. Management has agreed with all the recommendations. Nine recommendations have been implemented and work is in progress on the remaining two<sup>4</sup>.

8. The Office of Internal Audit would like to thank managers and staff for the assistance and cooperation accorded during the audit.

**David Johnson**  
Inspector General



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<sup>4</sup> Implementation of the recommendations will be verified through the office of Internal Audit's (OIGA) standard system for monitoring of implementation of audit recommendations.

## II. Context and Scope

### Afghanistan

9. Afghanistan faces enormous recovery needs after three decades of war, civil unrest and recurring natural disasters. The Afghan Government's difficulty in extending the rule of law to all parts of the country creates an increasing risk of a security shortfall due to the planned withdrawal of the International Security Assistance Force (ISAF). This could pose a significant risk to the future development of the country.

10. Despite recent progress, more than half the population lives below the poverty line. Afghanistan was ranked 175 out of 186 on 2012 Human Development Index (HDI) in the 2013 United Nations Development Programme (UNDP) Human Development Report (HDR). Afghanistan is landlocked and has a rugged landscape that is suffering from environmental damage. After decades of conflict, the country's economy is recovering with considerable support from the international community, particularly in the agricultural and service sectors. The country faces persistent challenges in the areas of food insecurity, malnutrition, unemployment and governance.

### WFP Operations in Afghanistan

11. WFP has been active in Afghanistan since 1964. In recent years, WFP's focus has shifted from emergency assistance to rehabilitation and recovery. WFP's food assistance targets poor and vulnerable families, school children, illiterate people, tuberculosis patients and their families, returning refugees, internally displaced people (IDPs) and disabled people – with an emphasis on vulnerable women and girls. The projects implemented during the period under review were:

- A Protracted Relief and Recovery Operation (PRRO) (200063): Relief and Food Assistance to Tackle Food Security, 1 April 2013 to 31 December 2013, project funding as of October 2013 was US\$ 629 million with 7,061,587 beneficiaries;
- A Special Operation (200360): Provision of Common Humanitarian Air Services [to United Nations (UN) agencies and counterparts], 1 June 2012 to 31 December 2013, project funding as of October 2013 was US\$32 million;
- An Emergency Response (200366): Relief Food Assistance for Drought Affected Populations in Northern Afghanistan, 1 November 2011 to 31 December 2012, funding by the end of the project was US\$ 75,635,289 million with 2,398,666 beneficiaries;
- A Special Operation (200350): WFP Afghanistan Fleet in Support of PRRO, 1 November 2011 to 29 February 2012.

### Objective and scope of the audit

12. The objective of the audit was to evaluate and test the adequacy and effectiveness of the processes associated with internal control components of WFP's operations in Afghanistan, as part of the process of providing an annual and overall assurance statement to the Executive Director on governance, risk management and internal control processes.

13. The audit was carried out in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors. It was completed according to the approved planning memorandum and took into consideration the risk assessment exercise carried out prior to the audit.

14. The scope of the audit covered WFP's operations in Afghanistan, for the period from 1 January to 31 December 2012. Where necessary, transactions and events pertaining to other periods were

reviewed. The audit, which took place from 11 February to 6 March 2013, included field visits to the Country Office in Kabul and the Area Offices in Herat and Faizabad.

### III. Results of the audit

15. In performing our audit, we noted the following positive practices and initiatives:

#### Table 2: Positive practices and initiatives

##### 1. Internal environment

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- The Country Office had a comprehensive remote management plan to ensure continuity of operations in case of critical deterioration of the security situation.
  - A Counter-fraud mechanism, including a beneficiary hotline was established to register beneficiaries' complaints and concerns.
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##### 2. Risk assessment

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- The Emergency Preparedness and Response Package (EPRP) was prepared rigorously and produced a commendable product.
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##### 3. Control activities

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- The Office carried out a comprehensive review of United Nations Humanitarian Air Service (UNHAS). The model could be used as a benchmark for other Offices with humanitarian air operations.
  - There was an innovative approach to the Purchase for Progress (P4P) initiative, effectively linking it to the local production of high-energy biscuits.
  - An effective cost and efficiency review was conducted to realign the office structure with the current level of operations.
  - Donor visibility was maintained through monthly donor coordination meetings, regular hand-over ceremonies, tailored success stories and video messages.
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##### 4. Information and communication

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- The Country Office worked with Government counterparts to obtain an official decree by which WFP food found being sold in the markets could be confiscated and returned to WFP.
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##### 5. Monitoring

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- The Monitoring and Evaluation (M&E) toolkit was translated into the local Dari language to address the inherent language barrier.
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16. Having evaluated and tested the controls in place, the Office of Internal Audit has come to the following conclusions on the residual risk related to the processes – both in the Country Office and at the corporate level (where applicable) – as follows:

**Table 3: Conclusions – categorization of risk by internal control component and business process**

Internal Control Component/ Business Process	Risk (Country Office)	Risk (Corporate)
<b>1. Internal environment</b>		
Corporate organizational and reporting structure	Low	Low
Delegated authority	Low	Low
Strategic planning and performance accountability	Medium	Medium
Assurance statement on internal controls	Low	Low
<b>2. Risk assessment</b>		
Enterprise risk management	Medium	High
Emergency preparedness and response	Low	Low
<b>3. Control activities</b>		
Finance and accounting	Low	Low
Programme management	Medium	Low
Transport and logistics	Medium	Low
Commodity management	Low	Low
Procurement	Medium	Low
Human resources	Medium	Medium
Property and equipment	Low	Low
Security	Medium	Low
Mobilise resources	Low	Low
IS/IT Acquire and implement	Medium	Low
<b>4. Monitoring</b>		
Programme monitoring and evaluation	Medium	Low

17. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **partially satisfactory**<sup>5</sup>.

18. In total, one high-risk recommendation was made, detailed in Section IV of this report, and ten medium-risk recommendations. Table 4 and 5 present the high and medium-risk recommendations respectively.

## Management response

19. Management has agreed with all recommendations and reported that implementation is in progress.

<sup>5</sup> See Annex A for definitions of audit terms.



Table 4: Summary of high-risk recommendations (see Section IV for detailed assessment)

Observation	Recommendation	Risk categories <sup>6</sup>	Underlying cause category	Owner	Due date
<b>Risk Assessment</b>					
1 <b>Enterprise risk management:</b> The risks of operating in the Afghanistan environment - In 2012, WFP Afghanistan experienced a challenging year due to a reduced operational window caused by insecurity, access issues and funding shortfalls. As a result, 49% percent of the identified beneficiaries were not assisted, only 34% of the food was distributed and an alternative monitoring strategy was adopted to ensure an acceptable monitoring coverage. The Country Office communicated these risks to the Executive Board in May 2012. The audit confirms the presence of these and other risks.	Solicit the Executive Director's and Board's acceptance of the risk of not being able to reach a significant proportion of the food insecure population in Afghanistan's special circumstances.	Strategic Operational efficiency Contextual	Best Practice	Operations Management Department	Implemented

<sup>6</sup> See Annex A for definition of audit terms.

Table 5: Medium-risk recommendations

Observation	Recommendation	Risk categories <sup>7</sup>	Underlying cause category	Owner	Due date
<b>Internal environment</b>					
2	<b>Strategic planning and performance accountability:</b> HR policies and practices in support of field operations - Key positions remained vacant for more than a year because suitably qualified international candidates were not available. Further, Country Office staff members due for reassignment were placed on special leave for up to seven months at considerable cost to the organization because placement positions were not identified on a timely basis. Similar observations were raised in previous audits.	Strategic Securing resources Contextual	Resources	Operations Management department	31 January 2015
<b>Control Activities</b>					
3	<b>Programme management:</b> Impact Measurement on Project outcomes - The operational context and the capacity of partners in Afghanistan made it difficult for the Country Office to measure and report on some of the outcome indicators related to its project activities. The Country Office may not be able to demonstrate that it has met its stakeholders' expectations.	Reporting Operational efficiency Contextual	Guidelines	Afghanistan Country Office	Implemented

<sup>7</sup> See Annex A for definition of audit terms.

Observation	Recommendation	Risk categories <sup>7</sup>	Underlying cause category	Owner	Due date
4 <b>Programme management:</b> Opportunities for improvement in programme management – There was no clearly defined criteria for the selection and assessment of Cooperating Partners; Project Approval committees were chaired by programme officers which impacted the segregation of duties environment; Inclusion and exclusion errors were noted in the beneficiary identification process; The Field Level Agreements (FLA) tracking database failed to generate important information on Cooperating Partners and corresponding distribution data; Advance payments made to Cooperating Partners were not consistent with WFP’s Programme Guidance Manual and FLAs.	Develop a beneficiary validation process to cover all programme activities for use by the cooperating partners, Government counterparts and field monitors. The Country Office should track the Field Level Agreements, ensuring that only projects that have not expired are being implemented and the related obligations are recorded in WFP’s ERP system on a timely basis.	Operational Operational efficiency Programmatic	Guidance	Afghanistan Country Office	Implemented
5 <b>Transport and logistics:</b> Management of UNHAS - The User Group Committee for UNHAS in Afghanistan had no formal Terms of Reference and the authority of the group was not defined. Further, there was no formal agreement between WFP and the Government regarding the UNHAS operation. Four agencies transported humanitarian personnel in Afghanistan and duplication of routes and timings occurred between them. The payment system used by UNHAS for service delivery led to late payments from customers and added to funding challenges.	Revisit the UNHAS governance structure and the role of the User Group Committee (Board of Directors) in the country and ensure that it is not in conflict with the existing corporate governance structure. The Country Office should aim for improved coordination between existing air service providers to avoid duplication. Further, the Country Office should improve controls over UNHAS advances and receivables.	Compliance Internal business processes Institutional	Compliance	Afghanistan Country Office	Implemented

Observation	Recommendation	Risk categories <sup>7</sup>	Underlying cause category	Owner	Due date
6 <b>Procurement:</b> Identification and registration of suppliers - The Country Office updated the vendor roster for non-food items but failed to maintain supporting documentation as evidence of the assessment. The review of purchase orders revealed that the majority were issued to vendors not listed on the roster. These weaknesses were observed in both the Country Office and an Area Office.	Undertake a comprehensive review of the suppliers' rosters and institute regular reviews.	Compliance Internal business processes Institutional	Guidance	Afghanistan Country Office	Implemented
7 <b>Procurement:</b> Recording of liabilities - Numerous delays such as late signing of contracts and recording of liabilities were noted in the procurement process cycle and indicated the need for better oversight of the process.	Strengthen controls to ensure timely recording of obligations and timely commitment of available funds.	Reporting Internal business processes Institutional	Guidance	Afghanistan Country Office	Implemented
8 <b>Security:</b> Staff security - The Country Office in Kabul and Faizabad Area Office visited by the audit mission had outstanding UNDSS recommendations regarding improvements to the safety and security of WFP staff and assets. The Area Office was also found to lack some key documentation, such as the latest evacuation plan. Further, additional safety and security assessments were required to ensure compliance with the latest minimum requirements.	Ensure that all locations have up-to-date documentation on MOSS, threat assessments, warden lists, medical evacuation plan etc. The Country Office should complete the remaining 10 security upgrade recommendations for Faizabad.	Compliance Stewardship Institutional	Compliance	Afghanistan Country Office	31 December 2013

Observation	Recommendation	Risk categories <sup>7</sup>	Underlying cause category	Owner	Due date
9	<b>IS/IT Acquire &amp; implement:</b> WINGS authorisations and approvals - As in previous audits of the Afghanistan Country Office, anomalies were found in the access profiles for the corporate ERP system. There was inadequate segregation of duties and a number of staff members' access profiles expired after the end date of their contracts, among other problems. The corporate guidelines did not provide regular monitoring of ERP access information at unit level which could have revealed these weaknesses.	Compliance Internal business processes Institutional	Guidance	Afghanistan Country Office	Implemented
10	<b>IS/IT Acquire &amp; implement:</b> Monitoring and evaluation database - In the absence of a corporate system, the Country Office acquired a database for the monitoring and evaluation of its programme activities. The completion and full deployment of the database were delayed and the acquisition costs were twice the budgeted amount. At the same time, WFP was in the process of developing a corporate database.	Operational Internal business processes Institutional	Guidance	Afghanistan Country Office	Implemented
<b>Monitoring</b>					
11	<b>Programme monitoring and evaluation:</b> Opportunities for improvement in Monitoring and Evaluation - The Country Office prepared monitoring reports and evaluations but their recommendations were not tracked properly and several remained outstanding for a long time. Further, the data collected by the Country Office was not sufficient to report on all performance indicators listed in the project document.	Operational Operational efficiency Programmatic	Guidance	Afghanistan Country Office	Implemented

## IV. Detailed Assessment

### Risk assessment

### High Risk

#### Observation 1 The risks of operating in Afghanistan

20. In April 2012, the Country Office identified three key risks of operating in Afghanistan including:

- The increasing challenge to provide assistance to the food insecure population in insecure areas.
- The risk that humanitarian assistance could be diverted due to the deteriorating security and reduced access;
- The risks to staff safety and security.

21. The Country Office communicated these risks to WFP's Executive management and requested them to share responsibility for them. In May 2012, the secretariat briefed the Executive Board on these risks during an Operational Briefing session.

22. The current audit confirms the Country Office and Executive Management's assessment of key risks and supports the decision to brief the Executive Board explicitly. The risks communicated to the Board in 2012 remain real and present in 2013, and the audit has identified additional related key risks.

23. 2012 was a very challenging year for WFP's operations in Afghanistan, with a reduced operational window because of insecurity and difficulty in access, combined with funding shortfalls. In January 2013, budget revisions to the PRRO drastically reduced the number of beneficiaries and the commodity caseloads because of decreased funding and access due to insecurity, and a deteriorating future outlook. As a result, the Country Office only reached 51 percent of the planned beneficiaries and distributed 34 percent of planned food commodities. The Food-for-Assets project only achieved food distributions of 24.2 percent which was the lowest amongst the Country Office projects. Other recovery activities also failed to meet their planned targets and most of the resources from the PRRO were utilised by the relief activities due to large scale food insecurity. The prevalence of food insecurity and the need for food assistance was also confirmed by the National Risk and Vulnerability Analysis undertaken in 2012.

24. The 2012 National Risk and Vulnerability Analysis noted that 7.64 million beneficiaries were at risk of food insecurity. Further, the country portfolio evaluation in 2012 recommended that the Country Office focus on the depth of its activities rather than the breadth of its operations. In 2012, the Country Office made efforts to reach beneficiaries outside its security-permitted operational window through Government Institutions and Non-Governmental Organisations (NGO). However, only 3.6 million of the planned 7.06 million<sup>8</sup> beneficiaries were reached. This represented a 49 percent deficit against budget. In 2013, the budget reduced the outreach to 2.09 million beneficiaries. This budget reduction, coupled with the results of 2011-2012 NRVA magnified the risk of not reaching a significant number of beneficiaries living in insecure areas. This risk continued to be high and posed a reputational risk for WFP if the food insecurity situation or malnutrition level reached alarming levels in the areas of no or low intervention.

25. The 2011 strategic review and the Country Office's 2012 cost-efficiency study resulted in a decision to decrease the number of international positions, and increase responsibilities assumed

<sup>8</sup> Under the original plan, the PRRO aimed to reach 7.6 million beneficiaries but this was revised under a budget revision in February 2012.

by national staff. This decision mitigated some security and funding concerns but created new risks. Transparency International classified Afghanistan as “highly corrupt” and placed the Country at the top of its corruption perception index.

26. The progressive withdrawal of international military forces in Afghanistan created a security vacuum for WFP operations. A Regional Bureau mission by protection staff in October 2012 concluded that a protection plan was needed to address the security concerns of national staff who perceived themselves as targets as a result of the international force withdrawal.

27. An outsourced monitoring model to address the risk of diversion of humanitarian assistance was among the mitigating actions reported to the Board in 2012. The Country Office was convinced that outsourced monitoring, coupled with other components and tools would be a useful and powerful tool. However, outsourced monitoring gave rise to important risks, including the reliance on the work of third parties.

28. In such a fragile and complex environment, there was a need for continuous transparency through information communication to key stakeholders, and in particular donors. The audit noted that the Country Office had improved the transparency of WFP’s processes through the consistent communication of risks and achievements to stakeholders. For example, Board members were consulted through informal consultation and donors were invited to local donor meetings where the results of the Country Office’s investigations into the sale of WFP commodities in the local market were presented.

### Recommendation 1

**Underlying cause of observation:** The Afghanistan operating environment is complex and fragile, and poses an inherent risk.

**Implication:** This may impact on the achievement of strategic objectives in the country, and may give rise to reputational risk if the inherent difficulty of operating in the country is not successfully communicated and accepted to the relevant stakeholders on a timely basis.

**Policies, procedures and requirements:** Best practices for risk management.

Recommendation: Solicit the Executive Director’s and Board’s acceptance of the risk of not being able to reach a significant proportion of the food insecure population in Afghanistan’s special circumstances.

**Agreed management actions:** WFP Management is active in ensuring that EB members are regularly informed through regular operational briefing.

It is worth to recall that the Afghanistan PRRO 200447, approved by the Executive Board in November, has been planned in consultation with all stakeholders.

The EB recommended that, with respect to its size, components and geographic coverage, the PRRO will be reviewed and adjusted as appropriate.

Starting on January 2014, the new project outlines the possible contextual and institutional risks but also issues relating to insecurity that could affect the operation implementation but also the humanitarian operators. In this regard, the project document identifies and includes risk mitigation actions.

**Target Implementation date:** Implemented.

## Annex A – Definition of Audit Terms

### 1. WFP’s Internal Control Framework (ICF)

A 1. WFP’s Internal Control Framework follows principles from the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) Integrated Internal Control Framework, adapted to meet WFP’s operational environment and structure. The Framework was formally defined in 2011.

A 2. WFP has defined internal control as a process designed to provide reasonable assurance regarding the achievement of objectives relating to (a) effectiveness and efficiency of operations; (b) reliability of reporting; and (c) compliance with WFP rules and regulations. WFP recognizes five interrelated components (ICF components) of internal control, which need to be in place and integrated for it to be effective across the above three areas of internal control objectives. The five ICF components are (i) Internal Environment, (ii) Risk management, (iii) Control Activities, (iv) Information and Communication, and (v) Monitoring.

### 2. Risk categories

A 3. The Office of Internal Audit evaluates WFP’s internal controls, governance and risk management processes, in order to reach an annual and overall assurance on these processes in the following categories:

**Table A.1: Categories of risk – based on COSO frameworks<sup>9</sup> and the Standards of the Institute of Internal Auditors**

1	Strategic:	Achievement of the organization’s strategic objectives.
2	Operational:	Effectiveness and efficiency of operations and programmes including safeguarding of assets.
3	Compliance:	Compliance with laws, regulations, policies, procedures and contracts.
4	Reporting:	Reliability and integrity of financial and operational information.

A 4. In order to facilitate linkages with WFP’s performance and risk management frameworks, the Office of Internal Audit maps assurance to the following two frameworks:

**Table A.2.1: Categories of risk – WFP’s Management Results Dimensions**

1	Securing resources:	Efficiency and effectiveness in acquiring the resources necessary to discharge WFP’s strategy – this includes money, food, non-food items, people and partners.
2	Stewardship:	Management of the resources acquired – this includes minimising resource losses, ensuring the safety and wellbeing of employees, facilities management, and the management of WFP’s brand and reputation.
3	Learning and innovation:	Building a culture of learning and innovation to underpin WFP’s other activities – this includes knowledge management, staff development and research capabilities.
4	Internal business processes:	Efficiency of provision and delivery of the support services necessary for the continuity of WFP’s operations – this includes procurement, accounting, information sharing both internally and externally, IT support and travel management.
5	Operational efficiency:	Efficiency of WFP’s beneficiary-facing programmes and projects delivery – this includes project design (partnership/stakeholder involvement and situation analysis) and project implementation (fund management, monitoring and reporting, transport delivery, distribution, pipeline management).

<sup>9</sup> Committee of Sponsoring Organizations of the Treadway Commission.



**Table A.2.2: Categories of risk – WFP’s Risk Management Framework**

1	Contextual:	External to WFP: political, economic, environmental, state failure, conflict and humanitarian crisis.
2	Programmatic:	Failure to meet programme objectives and/or potential harm caused to others through interventions.
3	Institutional:	Internal to WFP: fiduciary failure, reputational loss and financial loss through corruption.

**3. Causes or sources of audit observations**

A 5. The observations were broken down into categories based on causes or sources:

**Table A.3: Categories of causes or sources**

1	Compliance	Requirement to comply with prescribed WFP regulations, rules and procedures.
2	Guidelines	Need for improvement in written policies, procedures or tools to guide staff in the performance of their functions.
3	Guidance	Need for better supervision and management oversight.
4	Resources	Need for more resources (funds, skills, staff, etc.) to carry out an activity or function.
5	Human error	Mistakes committed by staff entrusted to perform assigned functions.
6	Best practice	Opportunity to improve in order to reach recognised best practice.

#### 4. Risk categorization of audit observations

A 6. The audit observations were categorized by impact or importance (high, medium or low risk) as shown in Table A.4 below. Typically audit observations can be viewed on two levels. (1) Observations that are specific to an office, unit or division and (2) observations that may relate to a broader policy, process or corporate decision and may have broad impact.<sup>10</sup>

**Table A.4: Categorization of observations by impact or importance**

High risk	Issues or areas arising relating to important matters that are material to the system of internal control. The matters observed might be the cause of non-achievement of a corporate objective, or result in exposure to unmitigated risk that could highly impact corporate objectives.
Medium risk	Issues or areas arising related to issues that significantly affect controls but may not require immediate action. The matters observed may cause the non-achievement of a business objective, or result in exposure to unmitigated risk that could have an impact on the objectives of the business unit.
Low risk	Issues or areas arising that would, if corrected, improve internal controls in general. The recommendations made are for best practices as opposed to weaknesses that prevent the meeting of systems and business objectives.

A 7. Low risk recommendations, if any, are communicated by the audit team directly to management, and are not included in this report.

#### 5. Recommendation tracking

A 8. The Office of Internal Audit tracks all medium and high-risk recommendations. Implementation of recommendations will be verified through the Office of Internal Audit's system for the monitoring of the implementation of audit recommendations. The purpose of this monitoring system is to ensure management actions are effectively implemented within the agreed timeframe so as to manage and mitigate the associated risks identified, thereby contributing to the improvement of WFP's operations.

<sup>10</sup> An audit observation of high risk to the audited entity may be of low risk to WFP as a whole, conversely, an observation of critical importance to WFP may have a low impact on a specific entity, but have a high impact globally.

## 6. Rating system

A 9. Internal control components and processes are rated according to the severity of their risk. These ratings are part of the system of evaluating the adequacy of WFP's risk management, control and governance processes. A rating of satisfactory, partially satisfactory and unsatisfactory is reported in each audit. These categories are defined as follows:

**Table A.5: Rating system**

Engagement rating	Definition	Assurance level
Satisfactory	Internal controls, governance and risk management practices are adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.	Reasonable assurance can be provided.
Partially Satisfactory	Internal controls, governance and risk management practices are generally established and functioning, but need improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.	Reasonable assurance is at risk.
Unsatisfactory	Internal controls, governance and risk management practices are either not established or not functioning well. The issues identified were such that the achievement of the overall objectives of the audited entity could be seriously compromised.	Reasonable assurance cannot be provided.

## Annex B – Acronyms

EPRP	Emergency Preparedness and Response Package
ERP	Enterprise Resource Planning System
FLA	Field Level Agreements (between WFP and Cooperating Partners)
HR	Human Resources
M&E	Monitoring and evaluation
MOSS	Minimum Operating Security Standards
NGO	Non-Governmental Organisation
NRVA	National Risk and Vulnerability Analysis
P4P	Purchase for Progress
PRRO	Protracted Relief and Recovery Operation
UN	United Nations
UNHAS	United Nations Humanitarian Air Service
UNV	United Nations Volunteers
WFP	World Food Programme
WINGS	WFP's corporate ERP system