

Internal Audit of WFP Operations in the Republic of Mali

Office of the Inspector General
Internal Audit Report AR/14/05



World Food Programme

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Internal Audit of WFP Operations in the Republic of Mali

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) response to the drought emergency affecting the Sahel region and the Mali conflict crisis. Mali was one of the sample countries selected for the audit.
2. WFP's Direct Expenses in Mali in 2012 totalled US\$ 66 million¹, representing two percent of WFP's total Direct Expenses for the year. The audit covered activities from 1 January 2012 to 30 June 2013 and included field visits to various locations in Mali and a review of related corporate processes that impact across WFP.
3. 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.
4. This report includes only the control weaknesses where recommendations have been addressed to the Country Office's management. Recommendations addressed to senior management outside the Country Office have been consolidated in a separate report.

Audit Conclusions

5. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **unsatisfactory**². Conclusions by internal control components are summarized in Table 1:

Table 1: Summary of conclusions by Internal Control Components³

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

¹ WFP/EB.A/2013/4.Rev.1 – Annual Performance Report for 2012 – Annex IX – B.

² See Annex A for definitions of audit terms.

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

Key Results of the Audit

Positive practices and initiatives

6. A number of positive practices and initiatives were noted, including the monitoring of food distributions by third parties in the areas of the North of the country which for security reasons could not be reached by WFP staff directly.

Audit recommendations

7. The audit report contains three high-risk and eight medium-risk recommendations. The high-risk observations arising from the audit were:

8. **Corporate organizational and reporting structure:** The two emergencies in the region increased the Country Office's operations tenfold, but it maintained the structure it had in 2011, before the crises. A staffing review has now started: the number of staff has been increased and positions are being upgraded.

9. **Invoices from implementing partners:** Due to an error in the project budgets, the Country Office was unable to record in the accounting system its liabilities towards its implementing partners and therefore did not pay their invoices in a timely manner.

10. **Weaknesses in Security Management:** The Country Office was not compliant with several mandatory security measures.

Management Response

11. Management accepted all the recommendations. Six of the recommendations have been implemented and work is in progress to implement the remaining five.

12. 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

II. Context and Scope

Republic of Mali

13. Mali is a landlocked country in West Africa, at the heart of the Sahel region, a semi-arid strip which runs across north of the continent, separating the Sahara desert to the north from the Sudanian savannah to the south. The country ranked 43 out of 79 in the 2012 Global Hunger Index (GHI) list⁴ and 182 out of 187 in the 2012 UNDP Human Development Index (HDI) list⁵.

14. In the last quarter of 2011, the entire Sahel region, including Mali, experienced low and delayed rainfall, which led to a reduction in local production and an increase in food insecurity in 2012. This was the third drought emergency in the region in the last ten years, each subsequent drought affecting more and more countries: in 2005 the drought affected only Niger, in 2010 Niger and Chad, and in 2012 Niger, Chad, Mali and five other countries – Mauritania, Burkina Faso, Cameroon, Senegal and the Gambia.

15. The situation was further worsened by the military coup that led to the occupation of the north of the Country (Timbuktu, Gao, Kidal and parts of Mopti regions) which represents about two-thirds of the country. This has led to a large number of internally displaced people within Mali, and a large numbers of refugees in the neighbouring countries, including Mauritania, Niger and Burkina Faso.

16. A UN peacekeeping mission arrived in Mali in July 2013. Nonetheless, most of the north of the country is still regarded as highly insecure.

WFP Operations in Mali

17. The Sahel Drought (2012) and the Mali Emergency (2012 and 2013) which affected Mali were informally declared Level 2 Regional Emergencies at the start of 2012 and were placed under the responsibility of the West Africa Regional Bureau in Dakar.

18. Country offices initially responded to the emergencies through existing or new emergency projects at Country Office level. However, in order to help improve the coordination of the response to the Mali security crisis, in June 2012, WFP decided to implement a regional EMOP covering Mali, Mauritania Niger and Burkina Faso.

19. The Sahel Emergency was informally de-activated in September 2012 but the Mali Conflict emergency was still on-going at the time of the audit.

20. As a result of both emergencies, the size of WFP operations in Mali increased exponentially in the last three years and operations in 2013 were almost ten times as large as those of three years ago: in 2010 and 2011 beneficiaries in Mali had needs of around US\$20 million per annum, of which only about 50% received funding. As a result of the 2012 drought and the military crisis, overall needs for the Country Office increased to US\$90 million in 2012, (of which 90% received funding) and up to US\$170 million in 2013, (all of which has been funded).

⁴ 2012 Global Hunger index (GHI) report jointly published by the International food Policy Research Institute, Concern Worldwide and German Afro Action.

⁵ 2013 Human Development Index (HDI).

21. At the start of the fourth quarter of 2012, the Country Office had only one on-going project: a Country Programme (n.105830) providing development assistance to the local population, which had started in 2008 and had an annual budget just below US\$20 million per annum.

22. In order to respond to the Sahel drought, the Country Office set-up the following projects:

- An Emergency and Preparedness project (n. 200378) which started on 28 November 2011 and lasted for three months, with a budget of US\$ 0.1 million.
- An Emergency Operation (n.200389) which started in February 2012 and lasted until the end of 2012, with a budget of US\$63 million.
- A Special Operation (n. 200402) set-up as a Regional Logistics Augmentation Cluster in Support of the Sahel Drought Crisis, which started in April 2012 and lasted until the end of 2012, with a budget for Mali of US\$ 0.8 million.

23. As time went by, and in order to respond better to the Mali security crisis, the Country Office also implemented the following projects:

- An Emergency Operation (n.200438) which was set-up in June 2012 as a regional project and also covered Niger, Mauritania and Burkina Faso: it started in June 2012 and had a 2012 budget of US\$14 million for Mali. Given the size of the needs in Mali, the Country Office decided to leave the regional project at the end of 2012, and set-up a separate EMOP, which is described below.
- An Emergency Operation (n. 200525) for the Assistance of Crisis-affected Populations in Mali (Internally Displaced People, Host Families and Fragile Communities) which started in January 2013 and was to last for one year, with a budget of US\$ 136 million.
- A Special Operation (n. 200521) for the Provision of Humanitarian Air Services in Mali for 2013, with an initial budget of US\$ 4.5 million.

24. WFP's Direct Expenses in Mali in 2012 totalled US\$ 66 million⁶, representing two percent of WFP's total Direct Expenses for the year.

Objective and Scope of the Audit

25. 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 the Republic of Mali, 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.

26. 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.

27. The audit scope covered WFP's operations in Mali for the period from 1 January 2012 to 30 June 2013, excluding programme operations under the Development Programme as the audit focused on the response to the Sahel and Mali security crisis.

28. Where necessary, transactions and events pertaining to other periods were reviewed. The audit fieldwork, which took place from 19 August to 5 September 2013, included visits to various locations in Mali.

⁶ WFP/EB.A/2013/4.Rev.1 – Annual Performance Report for 2012 – Annex IX – B.

III. Results of the Audit

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

Table 2: Positive practices and initiatives

1. Internal environment

- The Country Office is currently going through a re-organization to ensure alignment between programme needs and staffing levels and profiles.
-

2. Control activities

- Staff evacuations from the North of the country, where four sub-offices had to be closed, were performed safely.
 - Staff worked hard and were committed throughout the Emergency.
 - There was a steady increase in local procurement, in line with WFP's strategy.
-

3. Monitoring

- In September 2012, the Country Office contracted third-party monitors to oversee programme implementation in the areas in the north of the country that for security reasons could not be reached by WFP staff in person.
-

30. 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:

Table 3: Conclusions on risk by internal control component and business process

Internal Control Component/ Business Process	Risk
1. Internal environment	
Corporate organizational and reporting structure	High
2. Risk assessment	
Emergency preparedness and response	Medium
3. Control activities	
Finance and accounting	High
Programme management	Medium
Transport and logistics	Medium
Commodity management	Medium
Procurement	Medium
Human resources	Medium
Property and equipment	Medium
Security	High
4. Monitoring	
Programme monitoring and evaluation	Medium

31. Based on the results of the audit, the Office of Internal audit has come to an overall conclusion of **unsatisfactory**⁷.

Three high-risk recommendations were made, which are detailed in Section IV of this report. Eight medium-risk recommendations were made. Tables 4 and 5 below present the high- and medium-risk recommendations respectively.

Management Response

32. Management has agreed with all recommendations. Six of the recommendations have been implemented⁸ and work is in progress on the remaining five.

⁷ See Annex A for definitions of audit terms.

⁸ Implementation of the recommendations will be verified through the office of Internal Audit's (OIGA) standard system for monitoring of implementation of audit recommendations.

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

Observation	Recommendation	Risk categories ⁹	Underlying cause category	Owner	Due date
Internal Environment					
1 Corporate organizational and reporting structure: Senior management and staffing structure - During 2012 and most of the first half of 2013, the size and staffing structure of the country office was mainly left as it was in 2011, when the size of operations was almost ten times smaller. There was no significant increase in the number of staff, relatively junior staff were in key positions and staff were heavily centralized the main office in Bamako. This was partly because the positions of Country Director, Deputy Country Director and Head of Finance were vacant for over eight months, with responsibility for the office allocated to staff on temporary secondment from other WFP operations.	Ensure that the current staffing of the Country Office is aligned to the forecasted activity plan and that the organizational structure is reviewed to avoid un-necessary centralization in the main office.	Operational Operational Efficiency Programmatic	Resources	Mali Country Office	31 March 2014
Control Activities					
2 Finance and Accounting: Recording of liabilities - Due to errors in budgeting of programme implementation costs, the country offices was unable to record all of the liabilities for services rendered by cooperating partners.	Perform a detailed analysis to determine the causes of the budget error, correct them to ensure prompt recording of all liabilities and establish controls to ensure prompt payment to all cooperating partners and other creditors.	Operational Internal Business Processes Institutional	Human Error	Mali Country Office	Implemented
3 Security: Compliance - the Country Office was not compliant with minimum United Nations security measures in several areas.	Strengthen security management and ensure full and prompt compliance with UN Minimum Security requirements.	Compliance Stewardship Institutional	Resources	Mali Country Office	31 March 2014

⁹ See Annex A for definition of audit terms.

Table 5: Medium-risk recommendations

Observation	Recommendation	Risk categories ¹⁰	Underlying cause category	Owner	Due date
Risk Assessment					
4	Enterprise Risk Management: Accuracy and completeness - The risks associated with the scale-up of activities in 2012 and the challenges faced by the Country Office (e.g. staffing difficulties, high turn-over of senior management, etc.) were not reflected in the 2012 and 2013 risk registers, nor were they clearly highlighted in the 2012 assurance statement. If risks are not accurately recorded they cannot be properly monitored and it becomes more difficult to take mitigating actions and, if appropriate, to escalate residual risks to the Regional Bureau and Headquarters in Rome.	Ensure that the Risk Register and Assurance Statements reflect actual key risks.	Operational Operational Efficiency Programmatic	Resources Mali Country Office	31 March 2014
5	Emergency Preparedness and Response: Accuracy and completeness -The Country Office Emergency Preparedness and Response Plan package (EPRP) was finalized in early 2012 but was not updated to reflect critical developments that impacted the Plan. Some of the minimum mandatory actions that needed to be completed because of the security situation in the country were still outstanding (e.g. EPRP packages for each sub-office, consultant's roster, etc.).	Review and update the current EPRP package and ensure that all mandatory actions are promptly completed.	Operational Internal Business process Stewardship Programmatic	Resources Mali Country Office	30 June 2014

¹⁰ See Annex A for definition of audit terms.

Observation	Recommendation	Risk categories ¹⁰	Underlying cause category	Owner	Due date
Control Activities					
6	Finance and Accounting: Compliance - Weaknesses found included, but were not limited to, the following areas: year-end accruals, the management of bank signatures, closure of old projects, vendor confirmation management, monitoring of grant expiry dates, segregation of duties regarding UNHAS income recording. The process weaknesses increase the risk of inaccurate reporting and of fraud.	Operational Internal processes Institutional	Compliance	Mali Country Office	Implemented
7	Programme Management: Cash and vouchers - The Country Office did not perform reconciliations between theoretical beneficiaries and actual recipients of cash transfers through mobile phones, increasing the risk of potential fraud going undetected.	Operational Internal Business Processes Institutional	Compliance	Mali Country Office	Implemented
8	Transport and Logistics: Selection of suppliers - Weaknesses were found in the tendering process, contracting of transporters, and in the evaluation of their performance. Some of the observations were the result of having to operate in emergency mode.	Operational Internal Business Processes Institutional	Compliance	Mali Country Office	Implemented
9	Commodity Management: Stock counts and reconciliations - Weaknesses found included: the frequency and lack of segregation of duties in stock counts and the lack of regular reconciliations between dispatches as per WFP's stock records and receipt confirmations from cooperating partners.	Compliance Internal Business Processes Institutional	Compliance	Mali Country Office	Implemented

Observation	Recommendation	Risk categories ¹⁰	Underlying cause category	Owner	Due date
10	Procurement: Rosters and evaluation of suppliers - Both the food and the non-food procurement units were found to have common weaknesses, such as lack of formal procurement plans, out-of-date supplier rosters and lack of formal year-end evaluation of supplier performance. Additional errors were found in non-food procurement, including errors in the type of purchase orders used and lack of validation by the local procurement committee of tendering carried out at sub-office level. These process weaknesses increase the risk of fraud in the procurement processes.	Operational Internal Business Processes Institutional	Compliance	Mali Country Office	28 February 2014
Monitoring					
11	Programme monitoring and evaluation: Accuracy and completeness of data - There were un-reconciled differences between distribution data in the M&E systems and data reported in the project's annual standard report, possibly due to late submissions of distribution reports by cooperating partners. There was no system to follow-up properly on recommendations made to cooperating partners on weaknesses observed by WFP staff or third-party monitors during or after distributions.	Operational Internal Business Processes Operational	Compliance	Mali Country Office	Implemented

IV. Detailed Assessment

Internal Environment

High-Risk

Observation 1 Organizational structure not aligned to the challenges faced by the country office as a result of the scale-up.

33. As a result of the 2012 drought and of the political uncertainties affecting Mali in 2012 and 2013, funded operations rose from an average of US\$ 10 million p.a. in 2010 and 2011 to about US\$ 80million in 2012 and US\$170 million in 2013.

34. Except for the addition of an Emergency Coordinator who was sent to the Country Office from March 2012 to the end of July 2012, the structure of the Country Office stayed the same until the end of the first half of 2013. A staffing review was initiated in the first half of 2013.

35. One of the reasons for the delay was the fact that both the Country Director and the Deputy Country Director who were in the country at the start of the emergency were relocated and their positions were only formally re-assigned towards the end of 2012. In the meantime, the Country Office was led by the emergency coordinator, two different interim country directors and two different deputy country directors, all on short secondments from other WFP operations.

36. Examples of misalignment between actual needs and staffing structure included: a P3 staff on a P5 programme post for most of the emergency; the position of Head of M&E was left vacant from January 2012 to April 2012, later filled by a national officer, replaced by a junior consultant in August 2012; the position of Head of HR was kept at P2 level until April 2013 when it was upgraded to P4.

37. Whilst staff did work very hard to ensure food distributions across the country when possible, in some of the areas that could not be reached directly by WFP staff, the Country Office was unable to keep up with some of its basic responsibilities, including compliance with policies and procedures in areas such as procurement, asset management, finance, the implementation of recommendations from the regional bureau, and the reconciliation of distribution data.

38. It was also noted that some of the actions were delayed because the sub offices did not have direct access to the main corporate systems (such as the COMPASS stock system), and because of a very heavy centralization of activities in the Bamako office. This heavy centralization was partly due to the closure of all the sub-offices in the north of the country and also the historical size of operations in the Country Office, which had only required small sub-offices, mainly managed by national staff.

Recommendation 1

Underlying cause of observation:

Lack of senior management continuity, with temporary managers focusing on short-term day-to-day management of the Office. Delays in the creation of senior positions as a result of funding uncertainties. Lack of corporate support to Level 2 Regional Emergencies.

Implication:

Potential inefficiencies in the implementation of WFP's projects. Increased risk of lack of compliance with WFP's rules and regulations and therefore of fraud occurring and remaining undetected.

Policies, procedures and requirements:

Best practice organizational management.

Recommendation: Ensure that the current Country Office staffing is aligned to the forecasted activity plan and that the organizational structure is reviewed to avoid un-necessary centralization in the country office.

Agreed management actions: The preliminary results of the Country's 2013 harvest indicated that the Country Office's programme activities would have to be maintained at the level of 'Emergency' assistance in 2014. Staffing has been significantly increased over the last months even though the Country Office is experiencing difficulties and therefore delays in the recruitment of international professional staff for some key positions.

Target implementation date: 31 March 2014.

Control Activities

High-Risk

Observation 2 Recording and payment of cooperating partner's invoices.

39. Two cooperating partners interviewed by the audit team in the field raised concerns regarding WFP's payment of invoices which were long outstanding.

40. In discussing the causes of the delay with the Country Office, it emerged that whilst some of the delays were due to inefficiencies in the approval process for invoices (which are being addressed) some were caused by the lack of a sufficient budget allocation to cover for the specific cost category.

41. The problem affected most cooperating partners and not only their invoice payments but also the registration of the actual liability in WFP's accounts, because formal purchase orders could not be created due to lack of enough budgeted funds to cover the liabilities.

Recommendation 2

Underlying cause of observation:	Errors in budgeting and possibly in the usage of the budget allocated to cover for "Other Direct Operating Costs", which is the cost category under which costs for Cooperating Partner are recorded. Delays in requests for budget adjustments.
Implication:	Risk that partners may stop supporting WFP unless payments are received promptly, thus affecting the implementation of WFP's operations. There was also a reputational risk because WFP did not comply with its contractual liabilities.
Policies, procedures and requirements:	Compliance with contractual obligations. Best practice budget preparation and monitoring. IPSAS's accrual principle.

Recommendation: Perform a detailed analysis to determine the causes of the budgeting error, correct the errors to ensure prompt recording of all liabilities and establish controls to ensure prompt payment to all Cooperating Partners and other creditors.

Agreed management actions: The Country Office has reviewed the reasons for the shortfall in the budget and a technical budget increase request has been submitted for approval. The Country Office is currently paying its long outstanding liabilities.

Target implementation date: Implemented.

Control Activities

High-Risk

Observation 3 Security : Lack of compliance with minimum UN mandatory security measures.

42. The Country Office was not in compliance with UN minimum security measures in several areas.

43. Some of the weaknesses had been highlighted as far back as early 2012 by a UNDSS assessment and two missions from WFP HQ Field Security Division which took place in September 2012 and February 2013, but their recommendations had not been implemented.

Recommendation 3

Underlying cause of observation:	Difficulties in recruitment of qualified security consultants and no fixed-term security position until mid-2013; lack of prioritization of security compliance by senior management in the Country Office.
Implication:	Staff and assets are exposed to security risks that could be avoided through the implementation of the minimum mandatory security measures.
Policies, procedures and requirements:	UN and WFP security rules and regulations.

Recommendation: Strengthen security management and ensure full and prompt compliance with UN Minimum Security requirements.

Agreed management actions: A Field Security Officer and a Local Security Assistant were appointed in November 2013 and detailed terms of reference will be developed for each of them. The Office is currently in the process of moving to premises which are MOSS compliant.

Target implementation date: 31 March 2014.

Annex A – Audit Definitions

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 frameworks¹¹ 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).

¹¹ 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 field verification 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.¹²

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.

¹² 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

CO	Country Office
COMPAS	WFP’s global commodity tracking application
ED	WFP Executive Director
EMOP	Emergency Operation
M&E	Monitoring & Evaluation
MOSS	UN Minimum Operating Security Standards
SO	Special Operation
UN	United Nations
UNDSS	UN Department of Safety and Security
UNHAS	United Nations Humanitarian Air Services
WFP	World Food Programme