GOVERNMENT DONOR RELATIONS

INTERNAL AUDIT REPORT

AR/12/13

Office of Internal Audit, Rome

19 November 2012

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I.   EXECUTIVE SUMMARY

1.   The Office of Internal Audit audited WFP operations in the Government Donor Relations Division (ERD) from 21 May to 3 August 2012, covering the period from January to December 2011.

2.   As at the time of the audit, WFP's resourcing efforts were guided by the following documents presented to the Executive Board over the years:

- A Resource Mobilization Strategy for the World Food Programme – 2000;
- New Partnerships to Meet Rising Needs – Expanding the WFP Donor Base – 2004;
- Funding for Effectiveness – 2005;
- WFP's Private-Sector Partnership and Fundraising Strategy – 2008; and
- Resourcing for a changing environment - 2010.

3.   In 2011, WFP received US$ 3.68 billion in contributions, representing 84 percent of the original Management Plan Programme of Work and 65 percent of the revised Programme of Work, which was in line, on average, with past years since 2008.

4.   No high risk observations arose from this audit. The detailed audit report contains 14 medium risk observations. As a result of these observations, the Office of Internal Audit rated the risks associated with the audited internal control framework components as follows:

Internal control framework component		Risk Rating
1	Internal environment	Medium
2	Risk assessment	Low
3	Control activities	Medium
4	Information and communication	Medium
5	Monitoring	Medium
6	IS/IT Acquire and Implement	Medium

5.   Based on the results of the audit, the Office of Internal Audit has assigned an overall rating for this audit of partially satisfactory, and concludes that internal controls, governance and risk management processes were generally established and functioning, but needed improvement. This rating is based on the observations from the audit summarised below:

Internal control framework component	Positive practices and initiatives	Areas for improvement
Internal environment	Accurately completed assurance statement with comments resulting from an ERD group workshop.	Organisational structure of ERD and Liaison Offices. Roles, responsibilities and delegation of authority for fund-raising activities. Corporate and country-level fund-raising strategies.
Risk assessment	Comprehensive Risk Register.	None noted.
Control activities	Comprehensive guide to the registration of grants in the corporate ERP system (WINGS). Reasonable assurance on controls over finance and accounting, procurement, property and equipment, administration and travel.	Human Resource management and use of consultants. The process for preparation of fund-raising proposals. Timeframes recorded for grants received without specified terminal obligation and disbursement dates. Non-standard clauses in memoranda of understanding. Opportunities for enhanced use of WINGS controls to manage donor constraints. Understanding and addressing reasons for write-downs and unspent balances.
Information and communication	Comprehensive intranet site with information on fund-raising. Positive feed-back received by the Office of Internal Audit from a sample of Country and Liaison Offices contacted on the level and quality of assistance and information received from ERD. Grant agreements and correspondence with donors well documented in WINGS, and continuous improvement in the way donor conditions are captured in WINGS.	Process, ownership and consistency in the preparation of funding-related reports.
Monitoring	The Budget and Programming Division is in the process of designing an executive management information reporting package, which will be a key step in ensuring a systematic flow of key data to senior management.	Revenue variance analysis, segregating contributions related to original Programme of work, and that of new activities and new emergencies. Fund-raising information included in the executive management information. Monetary values and consolidation of the Financial dashboard and the contributions receivable ageing report.
IS/IT Acquire and Implement	Registration of grants and forecasts in WINGS is mainly done by ERD or the Private Partnerships Division staff, which provides a key control over recording.	Guidelines for approval and granting access profiles to WINGS users.

II.   BACKGROUND

6.   WFP's resourcing efforts are currently guided by the following documents which have been presented to the Executive Board over the years:

- A Resource Mobilization Strategy for the World Food Programme – 2000;

- New Partnerships to Meet Rising Needs – Expanding the WFP Donor Base – 2004;

- Funding for Effectiveness – 2005;

- WFP's Private-Sector Partnership and Fundraising Strategy – 2008, and

- Resourcing for a changing environment – 2010.

7.   In 2011, WFP received US$ 3.68 billion in contributions, representing 84 percent of the original Management Plan Programme of Work and 65 percent of the revised Programme of Work, which was in line, on average, with past years since 2008.

8.   In 2011, the Government Donor Relations Division (ERD) had a total of about 85 staff, half of whom were based in Rome, and the rest in various Liaison Offices including Beijing, Berlin, Brussels, Dubai, New York, Paris, Washington and Tokyo.

9.   The ERD team in Rome is organized in 4 different teams: Team 1 specializes in donors from the Organisation for Economic Co-operation and Development and the Development Assistance Committee; Team 2 specializes in emerging donors, host government donors and supporting fundraising at Country Office and Regional Bureau level; Team 3 specializes in fund-raising in the Middle East; and Team 4 supports all the other teams with information, communication and technology and reporting.

10.   The majority of ERD staff is funded by the Programme Support and Administration budget. Total ERD costs for 2011 were around US$ 12 million, of which 80 percent was spent on staff, followed by rent, travel, and office and equipment costs.

11.   ERD also provides technical support and guidance to Country Directors, Regional Directors and local Donor Relations Officers, whose posts are funded by project funds and who report directly to Country Directors and Regional Directors.

Scope of the audit

12.   The Office of Internal Audit audited ERD in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors.

13.   The purpose of the audit was to evaluate and test the adequacy and effectiveness of the risk management, control and governance processes in ERD, as part of the process of providing an annual and overall assurance statement to the Executive Director on WFP's risk management, control and governance processes.

14.   The Office of Internal Audit carried out field work in ERD from 21 May to 3 August 2012.

III.   RESULTS

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

	Internal control framework component	Business process	Positive practices and initiatives
1	Internal environment	Assurance statement on internal controls	Accurately completed assurance statement with comments resulting from an ERD group workshop.
2	Risk assessment	Enterprise risk management	Comprehensive Risk Register.
3	Control activities	Mobilise resources	Comprehensive guide to the registration of grants in the corporate ERP system (WINGS).
4	Information and communication	Internal communication	Comprehensive intranet site with information on fund-raising.
			Positive feed-back received by the audit from a sample of Country and Liaison Offices contacted on the level and quality of assistance and information received from ERD.
		External relations, partnerships and communication	Grant agreements and correspondence with donors well documented in WINGS, and continuous improvement in the way donor conditions are captured in WINGS.
5	Monitoring	Internal monitoring and feedback	The Budget and Programming Division is in the process of designing an executive management information reporting package, which will be a key step in ensuring a systematic flow of key data to senior management.
6	IS/IT Acquire and Implement	IS/IT Acquire and Implement	Registration of grants and forecasts in WINGS is mainly done by ERD or the Private Partnerships Division staff, which provides a key control over recording.

16.   Having evaluated and tested the controls in place, the Office of Internal Audit has rated the internal control framework components audited as follows:

Internal control framework component		Business process	Risk rating
1	Internal environment	Corporate organisational and reporting structure	Medium
		Delegated authority	Medium
		Strategic planning and performance accountability	Medium
		Assurance statement on internal controls	Low
2	Risk assessment	Enterprise risk management	Low
3	Control activities	Finance and accounting	Low
		Human resources	Medium
		Procurement	Low
		Property and equipment	Low
		Administration and travel	Low
		Mobilise resources	Medium
4	Information and communication	Internal communications and feedback	Medium
		External relations, partnerships and communication	Medium
5	Monitoring	Monitoring and evaluation	Medium
6	IS/IT Acquire and Implement	IS/IT Acquire and Implement	Medium

17.   Based on the results of the audit, the Office of Internal Audit has assigned an overall rating for this audit of partially satisfactory, and concludes that internal controls, governance and risk management processes were generally established and functioning, but needed improvement.

18.   The rating is a result of 14 medium risk audit observations covering many components of WFP's internal control framework, which are described further in the report.

IV. SUMMARY OF RECOMMENDATIONS

Title		Recommendation	Risk rating	Owner
Internal environment: Corporate organisational and reporting structure				
1	Organisational structure of ERD and Liaison Offices	Senior management should review the current organisational arrangements for Liaison Offices, clarifying roles and responsibilities, reporting lines, job profiles and delegations of authority. In the context of the on-going WFP reorganisation, senior management should review ERD's structure to ensure no conflict of interest and bring clarity on responsibilities for hybrid donors.	Medium	Office of the Executive Director
Internal environment: Delegated authority				
2	Delegation of authority for fund-raising activities	ERD should be recognised as the main link to government donors. Senior management should clarify the roles and responsibilities of all WFP offices involved in fund-raising, including guidelines regarding prioritisation of WFP activities (projects, support activities and trust funds) for fund-raising, and effective and timely coordination and communication with ERD and the Private Partnerships Division.	Medium	Office of the Executive Director
Internal environment: Strategic planning and performance accountability				
3	Corporate and country-level fund-raising strategies	ERD should update the corporate resource mobilization strategy for senior management consideration and decision making, including analysis of fund-raising by Country Office category, by implementing modality and by project category, and clarifying the role of country resource mobilization strategies. The new strategy should review the extent and nature of performance reporting to the Board.	Medium	ERD

Title		Recommendation	Risk rating	Owner
Control activities: Human resources				
4	Use of consultants	ERD should review its current staffing structure to bring it in line with WFP's best interest and procedures.	Medium	ERD
Control activities: Mobilise resources				
5	Project documents and tailored proposals to donors	The Operations Services Department, in coordination with ERD and the Budget and Programming Division of the Resource Management and Accountability Department, should review the documents used to raise funds to identify WFP-specific process improvements. This could include reviewing the standard WFP budget documents for opportunities to include common donor requirements and formats appropriate to urgency of intervention.	Medium	Operations Services Department
6	Terminal obligation and disbursement dates	ERD should review the implications of the current default terminal obligation date and terminal disbursement date, and monitor their application to ensure that funds do not remain unutilised beyond a reasonable timeframe, bearing in mind the impact on relations with donors and on WFP's operations and expenditure allocation.	Medium	ERD
7	Non-standard Memoranda of Understanding	ERD, together with the Resource Management and Accountability Department, should compile a representative list of non-standard clauses that may be accepted after legal review, and those that cannot be accepted, and agree with the Legal Office on a service level for the time needed for approval of non-standard clauses. These should be communicated to all staff undertaking fund-raising.	Medium	ERD

Title		Recommendation	Risk rating	Owner
8	Opportunities for enhanced use of WINGS	ERD should review with the Information Technology Division the advantages and disadvantages of setting up system controls for relevant donor constraints, assess how detailed information on grants could be available in one single repository, and improve the accuracy of data regarding grant payment terms.	Medium	ERD
9	Write-downs and unspent balances	The Resource Management and Accountability Department should continue to explore, in coordination with ERD and the Operations Services Department, the causes leading to unspent balances and write-down of receivable balances, identify and implement ways to reduce them and set up guidelines for the approval of write-downs.	Medium	Resource Management and Accountability Department
Information and communication: External relations and partnerships				
10	Ownership and consistency of funding-related information	Reports containing funding-related information should be mapped and the process to generate those reports reviewed, to ensure accuracy and consistency of information.	Medium	Office of the Executive Director
Monitoring: Monitoring and evaluation				
11	Variance analysis of funds received	ERD, in coordination with the Resource Management and Accountability Department, should review and analyse variance between forecast and actual revenue to sharpen understanding of funding trends, and to segregate revenue related to the original Programme of Work from that related to new activities, especially emergencies.	Medium	ERD

	Title	Recommendation	Risk rating	Owner
12	Executive management dashboard	The Resource Management and Accountability Department should consider suggestions raised in the audit for inclusion in its proposed executive information package, and explore options to automate preparation of the information.	Medium	Resource Management and Accountability Department
13	Financial dashboard and contributions receivable ageing report	The Resource Management and Accountability Department should review the indicators used in the Financial Dashboard and the process for its production and communication, and consider combining this with the report on aged contributions receivable. Consider including monetary values in the dashboard.	Medium	Resource Management and Accountability Department
IS/IT Acquire and Implement				
14	Approval process for Grant Management module user profiles in WINGS	ERD, together with the Private Partnerships Division, should clarify access to the Grant Management module of WINGS for grant registration and issue clear guidelines for the Information Technology Division to follow when granting Grant Management module access.	Medium	ERD

V. DETAILED OBSERVATIONS AND RECOMMENDATIONS

19.   No high risk observations arose from this audit. This section contains the full list of medium risk observations and subsequent recommendations arising from the audit.   The recommendations have been shared with the different departments and divisions involved in the audit, and their comments are appropriately summarised in the following pages.

20.   Implementation of recommendations will be verified through the Office of Internal Audit's system for monitoring implementation of audit recommendations (see Annex B for details).

Internal Environment

Observation 1.   Corporate organisational and reporting structure: Organisational structure and responsibilities of ERD and Liaison Offices (Guidelines) – Medium risk

21.   Six Liaison Offices report to ERD: Japan, France, Germany, China, Belgium, and US (Washington). ERD informed us that an additional Liaison Office reporting to ERD is planned to be opened in Spain. WFP has 14 Liaison Offices in total, reporting to four different divisions and departments under the organisational structure in place at the time of the audit: the old Communications and Private Partnerships Division, Policy Division, Multilateral and NGO relations Division and ERD.

22.   In reviewing the organisational arrangements for ERD's Liaison Offices, we noted the following challenges which present opportunities for streamlining and rationalisation:

- Some of ERD's Liaison Offices are headed by directors at the grade D2, reporting to the same grade, D2 Director, ERD;

- There are no specific Terms of Reference for Liaison Office Directors;

- Two of the six Liaison Offices reporting to ERD (Belgium and Washington) have the authority to sign Memoranda of Understanding;

- The Office of Internal Audit requested copies of the agreements with the host countries for ERD's Liaison Offices. Only two were available;

- The two available Liaison Office host country agreements are different in form and content.

23.   ERD team 2 and team 3 country lists include both donor and recipient countries, and in such cases, some donor relations officers are responsible both for donor relations and as focal points on

the needs of specific recipient countries. As some emerging donors are expected to increase their contributions, it would be useful to review the current structure and build in checks to ensure no potential conflict of interest.

24.   The classification of a donor as "government" or "private sector" has downstream implications on how and where the donation is accepted. The audit noted some inconsistency in classification of "hybrid" donors, which seems to have arisen for historical reasons. For example, the World Bank is classified as a government donor, while the Adaptation Fund, whose trustee is the World Bank, and whose board members are governments, is classified as private sector.

25.   **Underlying cause of the observation:** The evolution of WFP's donor base, current organizational structure and the need for a coordinated and integrated strategy for opening and managing Liaison Offices.

26.   **Implication:** This gives rise to the risk of inefficient use of WFP resources through potential duplication of roles and responsibilities and risk of misalignment of activities with WFP resourcing strategy, and potential accountability issues due to inconsistencies in oversight of Liaison Offices. Donor Relations Officers may be unable to properly follow activities and needs of each country for which they are the focal point and to put these needs into perspective. Responsibility for relations with hybrid donors may not be assigned to the ideal WFP staff or unit with the right skill-set, bringing possible loss of synergies and inconsistencies in reporting and management of the donation.

27.   **Policies, procedures and requirements:** WFP strategic alignment and efficient and effective use of resources. Accurate recording and reporting of funding sources.

Recommendation 1.   Senior management should review the current organisational arrangements for Liaison Offices, clarifying roles and responsibilities, reporting lines, job profiles and delegations of authority. In the context of the on-going WFP reorganisation, senior management should review ERD's structure to ensure no conflict of interest and bring clarity on responsibilities for hybrid donors.

Office of the Executive Director response: Agree. As part of organizational realignment and strengthening, the Assistant Executive Director for Partnerships and Governance Services will oversee government partnerships, private-sector partnerships, inter-agency partnerships and the Executive Board Secretariat in addition to Liaison Offices in support of a more coherent, coordinated and integrated strategy. To ensure effective use of the current Liaison Offices, a comprehensive review of WFP's "non-operational" footprint will determine the optimum

configuration, size and staffing required for Liaison Office and partnership functions. Both the Government Partnerships Division Director and the Private Sector Partnerships Division Director will take into account the various donor categories when preparing a business plan.

Target implementation date: 1 February 2013 for new structure, 30 June 2013 for review.

Observation 2. Delegated authority: Delegation of authority for fund-raising activities (Guidance and Compliance) – Medium risk

28.   Executive Director's Circular OED98/003 delegated the Executive Director's authority to accept contributions made by donors to the Director, Resources and External Relations Division (RE). While organizational structure and titles have subsequently changed, the Director, ERD and the Director, Communications and Private Partnerships were exercising the delegated authority at the time of the audit. Through Directive RE2002/001 this authority is further delegated to "WFP Regional and Country Directors" under certain conditions.

29.   Currently, contributions made by donors to WFP are accepted by the Directors, ERD and Communications and Private Partnerships (through the donor liaison officers in Headquarters and the liaison officers); two of the Liaison Offices (Brussels and Washington); and Country and Regional Directors. Furthermore, an increasing number of WFP units or groups target donors for specific funds, albeit without explicit delegation of authority, in particular for extra-budgetary activities (e.g. Gender, Climate Change).

30.   There is no systematic procedure for WFP units to inform ERD on all discussions and conclusions held with donors at the different locations. However, an automated email system linked to the corporate ERP system (WINGS) ensures that relevant WFP staff are informed ex-post of grants registered for specific regions, projects, etc.

31.   **Underlying cause of the observation:** The existing system and guidance is not in alignment with current fund-raising practice.

32.   **Implication:** Inefficiencies in approaching donors, with the risk of two or more WFP teams competing for the same funds, or raising funds that are no longer needed.

33.   **Policies, procedures and requirements:** Executive Director's circular OED98/003, WFP rules on delegation of authority. Effective and efficient use of resources.

Recommendation 2.   ERD should be recognised as the main link to government donors. Senior management should clarify the roles and responsibilities of all WFP offices involved in fund-

raising, including guidelines regarding prioritisation of WFP activities (projects, support activities and trust funds) for fund-raising, and effective and timely coordination and communication with ERD and the Private Partnerships Division.

Office of the Executive Director response: Agree. Working under the new Assistant Executive Director for Partnerships and Governance Services, the Directors of the Government Partnerships Division and the Private Sector Partnerships Division will be tasked with producing comprehensive and coordinated fundraising and reporting guidelines. These will cover the different categories of donor with a view to systematizing communications on grants and contributions across the organization.

Target implementation date: 30 June 2013.

Observation 3.   Strategic planning and performance accountability: Corporate and country-level fund-raising strategies (Guidelines) – Medium risk

34.   **Corporate strategy:** Several Board documents have been issued in relation to Resource Mobilization from 2000 to 2010. In 2011, WFP received US$ 3.6 billion, representing 84 percent of the original Management Plan Programme of Work and 65 percent of the revised Programme of Work. The percentage of funds raised varies between countries, project categories and implementing modalities. The fund-raising strategy for middle income countries is different from that of the least developed countries or those that have been through an emergency, as middle income countries attract less attention from traditional donors.

35.   The Board documents do not include, and ERD has not developed, formal detailed and systematic analysis of funding strengths, weaknesses, opportunities and threats (SWOT analysis) by group of Country Offices, project types and implementing modalities.

36.   ERD encourages Country Offices to develop resource mobilization strategies and has issued guidelines for them to follow. These strategies should include information on both potential government donors and private sector donors locally and internationally. As at the date of the audit, only four Country Offices and two Regional Bureaux had prepared country-specific fund-raising strategies. The four Country Office strategies ranged widely in content and only one included a communication plan consistent with the fundraising strategy.

37.   Information on the resource mobilization strategy is also a requirement of the Country Strategy documents, which more and more countries are preparing. However, the intended level of

detail in these documents is much lower, though ERD noted that in some cases it is supported by a more thorough resourcing analysis and comprehensive resource mobilization strategy for that Country Strategy.

38. **Translation of strategic objectives into performance reporting:** The Board document "Resourcing for a changing environment", noted by the Board in 2010, aimed to guide and strengthen the alignment and focus of corporate resourcing activities. We compared this document with: i) ERD's key performance indicators in the 2010 and 2011 Annual Performance Reports presented to the Board; ii) ERD's Workplans and Management Results Framework for 2011 and 2012; and iii) the Corporate 2012 Management Results Framework. ERD's workplans and Management Results Framework are internally consistent and aligned with the 2010 Resourcing Strategy.

39. The 2011 Annual Performance Report includes key performance indicators on the global increase of contributions from the main donors, and the number of multi-year agreements signed. Additional areas for consideration in performance reporting against the strategic objectives would include funds raised at Country Office and Regional Bureau, thematic and pooled funds and new funding channel sources.

40. **Underlying cause of the observation:** The level of detail in WFP's corporate fund-raising strategy. Country resource mobilization strategies are not consistently performed. Current process for selecting key performance indicators for Annual Performance Reporting needs to be strengthened.

41. **Implication:** The existing fund-raising strategies for the different countries may not optimize on the fund-raising activity for the whole organization. Country Offices and Regional Bureaux may not have identified all the potential donors at local level and may not have a consistent communication strategy. The Executive Board may not have timely and regular information on achievement of the strategic objectives set for ERD.

42. **Policies, procedures and requirements:** Accurate and comprehensive fund-raising strategy; effective, coordinated and consistent fund-raising efforts across WFP; alignment between WFP strategic objectives and its Performance Management System. Resourcing for a changing environment (document WFP/EB.1/2010/5-B/Rev.1).

Recommendation 3. ERD should update the corporate resource mobilization strategy for senior management consideration and decision making, including analysis of fund-raising by Country Office category, by implementing modality and by project category, and clarifying the role of

country resource mobilization strategies. The new strategy should review the extent and nature of performance reporting to the Board.

ERD response: ERD agrees with this observation. Plans are underway to prepare a corporate resource mobilization strategy, to support explicitly the new WFP Strategic Plan, expected to be approved by the Executive Board in June 2013. Therefore, the resource mobilization strategy may be ready for the Executive Board of November 2013.

Target implementation date: 30 November 2013.

Control Activities

Observation 4.   **Human resources: Use of consultants (Compliance) – Medium risk**

43.   At the time of the audit, four of ERD's eleven Donor Relation Officers positions in headquarters at grades P2 and P3 were filled by short-term international consultants as opposed to staff on fixed-term contracts. The use of short-term consultants has been highlighted by the External Auditors as a general WFP-wide issue. In this case, it is particularly sensitive, as these are staff who represent WFP in front of donor governments.

44.   **Underlying cause of the observation:** Lack of availability of suitably qualified longer term staff.

45.   **Implication:** Staff may have profiles not in line with fixed-term professional requirements and there is a risk of entrusting key negotiations with donor governments to individuals whose short or long term personal objectives may not be aligned with those of WFP.

46.   **Policies, procedures and requirements:** Compliance with rules and regulations regarding the use of short term contracts.

Recommendation 4.   ERD should review its current staffing structure to bring it in line with WFP's best interest and procedures.

ERD response: The audit's observation is valid. Each of the cases is justified for different reasons, mainly lack of availability of suitably qualified longer term staff. ERD is embarking on an effort to regularize, as much as possible, each case.

Target implementation date: 30 June 2013.

Observation 5.   Mobilise resources: Project documents and tailored proposals to donors (Guidance) – Medium risk

47.   The Country and Liaison Offices contributing to this audit highlighted the extensive work required to prepare detailed proposal documents tailored to specific donors or required by the donors themselves, in addition to the corporate detailed project budget documents which are reviewed by the Country Offices, Regional Bureaux, Project Review Committee and the Executive Board.

48.   The process of preparing tailored proposals has not been tightly monitored for cost and benefits. The "Funding Proposal Required" WINGS field could be a useful source of information on the extent of the matter. This field has three options: simplified, comprehensive, none. Existing data suggests that 10% of grants (in value and in number) require a comprehensive funding proposal, however, the accuracy and consistency of this data is not monitored.

49.   Issues impacting on the process include language, in particular in countries where English is not prevalent, and the Country Office, local government and potential donors are more comfortable with documents in other languages.

50.   The Operations Services Department indicated that WFP is not alone in the humanitarian community in facing this challenge, which is so extensive that some humanitarian organizations have set up units to draft the proposals, and training on how to prepare funding proposals for specific donors is available in the marketplace.

51.   **Underlying cause of the observation:** Multiple and differentiated donor requirements, and current corporate templates.

52.   **Implication:** Significant amount of time spent on preparing funding proposals, in an environment of scarce resources.

53.   **Policies, procedures and requirements:** Efficient and effective use of WFP resources.

Recommendation 5.   The Operations Services Department, in coordination with ERD and the Budget and Programming Division of the Resource Management and Accountability Department, should review the documents used to raise funds to identify WFP-specific process improvements. This could include reviewing the standard WFP budget documents for opportunities to include common donor requirements and formats appropriate to urgency of intervention.

Operations Services Department response: The Operations Services Department is committed to seeking new opportunities to include donor requirements into its set of documents, and will review the relevant documents to identify possible improvements, in coordination with other interested offices, as part of the business process review to be launched in early 2013 within the framework for action.

Target implementation date: 30 June 2013.

Observation 6.   Mobilise resources: Terminal Obligation and Disbursement Dates (Guidance) – Medium risk

54.   The Terminal Obligation Date of a grant is the date by which a purchase order can be raised, and the Terminal Disbursement Date is the last day by which disbursements from the grant can be made.   These dates are input in the Grants Management module of WINGS, and result in prioritization and blocking of expenditure postings. If the information is not input in WINGS, the system defaults to the year 9999. In 2011, this happened for around 10% of grants received.

55.   In line with good humanitarian practices in donor financing, donors do not always specify the terminal obligation date in their agreements and the standard Memorandum of Understanding template does not require this information to be agreed upfront. In the absence of donor-specified dates, donor relations officers have occasionally input dates on a common sense basis. This could create unnecessary limitations on the usage of funds, but it helps ensure that the funds are spent within a reasonable time-frame.

56.   In April 2012, ERD issued a memo to all donor relations officers asking them not to input any dates for grants where the memorandum of understanding did not include a specific terminal obligation date and terminal disbursement date and for the information on all open grants to be aligned to this guideline. Following this memo, the relevant dates for such grants would default to the year 9999.

57.   **Underlying cause of the observation:** Guidelines to the donor relations officers were not in place.

58.   **Implication:** Usage of funds in projects may be delayed, and donations may remain un-utilized for longer than is reasonable because the system does not prioritize the usage of grants with 9999 expiry year.

59.   **Policies, procedures and requirements:** Effective and efficient use of donor resources.

Recommendation 6.   ERD should review the implications of the current default terminal obligation and disbursement dates, and monitor their application to ensure that funds do not remain unutilised beyond a reasonable timeframe, bearing in mind the impact on relations with donors and on WFP's operations and expenditure allocation.

ERD response: Agreed. ERD is systematically following up with the Country Offices to ensure funds are utilised within the terminal obligation dates. ERD will produce a report on the effects of the change to default dates.

Target implementation date: 30 April 2013.

Observation 7.   Mobilise resources: Non-standard memoranda of understanding (Guidelines) – Medium risk

60.   All agreements signed with donors need to be approved by the Legal Office. A standard pre-approved template is available on the intranet, and staff are encouraged to use this format, highlighting any changes to standard clauses for specific Legal Office approval.

61.   Certain non-standard clauses may be accepted by the Organisation after due review, while others cannot in any circumstances be accepted, because of legal issues or technical limitations. Staff awareness and understanding of such possibilities and limitations could be improved through additional guidelines or frequently asked questions. The conditions associated with grants as registered in WINGS have not been formally analysed.

62.   Whilst both the Legal Office and ERD encourage anyone undertaking fund-raising to contact the Legal Office as soon as possible, there were no clear service terms giving an indication of the time required for the Legal Office's review.

63.   **Underlying cause of the observation:** Increasing number of new donors and increased local fund-raising.

64.   **Implication:** This gives rise to the risk of inefficient use of WFP legal resources and signing clauses that cannot be complied with, either through lack of knowledge or because offices are unable to wait long enough to have formal legal approval.

65.   **Policies, procedures and requirements:** WFP rules and regulations and donor conditions.

Recommendation 7.   ERD, together with the Resource Management and Accountability Department, should compile a representative list of non-standard clauses that may be accepted after legal review and those that cannot be accepted, and agree with the Legal Office on a service

level for the time needed for approval of non-standard clauses. These should be communicated to all staff undertaking fund-raising.

ERD response: ERD agrees with this observation, and is pleased to confirm that it has initiated the review with the Legal Office.

Target implementation date: 31 December 2012.

Observation 8.   Mobilise resources: Opportunities for enhanced use of WINGS (Guidance) – Medium risk

66.   The audit noted opportunities to explore enhanced use of WINGS for internal control over compliance with donor conditions, improved reporting and information availability, and better control over payment terms.

67.   **Donor conditions:** WFP has customized its ERP in such a way as to record information on most donor conditions in the system, either at the donor master data level or at grant level. The Terminal Obligation and Disbursement dates block obligation and disbursements in the system. The other recorded information on donor conditions does not lead to hard system controls, compliance is achieved through staff reading the information and complying with the conditions.

68.   While system controls would not be relevant or desirable for all conditions (e.g. bag marking), there are possibilities for enhanced controls through automatic system blocks for constraints such as allowance for twinning and for use in the Immediate Response Account.

69.   **Grant information in the grants management module of WINGS:** Grant information is recorded in the grants management module of WINGS, and flows to the other modules of WINGS once the funds have been programmed by the Budget and Programming division of the Resource Management and Accountability Department. Information does not flow back to the grants management module, which limits information availability. For example, an information download from the grants management module will not provide details on the status of the expenditures related to the donation or, if it is a multilateral donation, the project to which the funds were allocated.

70.   Moreover, if a grant is not fully utilized and is reprogrammed, the unspent part appears as a new line in the grants management module, with no relation to the old grant from which it was reprogrammed.

71.   **Payment terms:** WFP's General Rule XIII.10 and 11 specify the time limits for provision of cash-only pledges at pledging conferences, and for other cash-only contributions. Terms include 60 days after the beginning of the country's fiscal year, and not later than 60 days after the announcement, with provision for countries to announce other payment terms.

72.   Payment terms are recorded in WINGS using a drop-down menu with options ranging from "immediately" to "within 60 months", and for payments split in two or three tranches. In our review of a sample of transactions, we noted that donors rarely indicate payment terms. Use of the relevant WINGS field is not mandatory.

73.   The standard payment term of 60 days as per the General Rules has not been set up as a menu option. The system does not capture payment terms which include a requirement for WFP to produce reports.

74.   ERD analysed payment terms and identified the following areas for improvement: need to highlight the applicable General Rule for cash contributions without terms; creation of the payment term of 60 days; need to refine guidance on the management of multiyear contributions, and need to refine the guidance on payment terms for grants Pending Allocation.

75.   **Underlying cause of the observation:** Wish to maintain flexibility, current WINGS set-up, donors do not always specify payment terms.

76.   **Implication:** This gives rise to the risk of using grants not in compliance with donor preferences and conditions. Donor relations officers cannot easily access information on utilization of funds received from donors. Incorrect recording of payment terms may lead to errors in the ageing of receivables, with potential negative implications in WFP's cash flow management.

77.   **Policies, procedures and requirements:** Accuracy and completeness of data. Compliance with donor conditions. Timely and accurate reporting.

Recommendation 8.   ERD should review, together with the Information Technology Division, the advantages and disadvantages of setting up system controls for relevant donor constraints, assess how detailed information on grants could be available in one single repository, and improve the accuracy of data regarding grant payment terms.

ERD response: ERD agrees with this observation, and has already initiated action with the Information Technology Division.

Target implementation date: 31 December 2012.

Observation 9.   Mobilise resources: Write-downs and unspent balances (Guidance) – medium risk

78.   The audit reviewed write-offs, write-downs and expired grants, for opportunities to increase availability of resources.

79.   **Write-offs:** As per section 8.13.1 of the Financial Resources Management Manual: *"a write-off arises if a contributions receivable was recognized, but is unlikely to be received, and associated expenditures have already been incurred"*. Write-offs require a transfer from the General Fund, and the Executive Director approves all write-offs in excess of US$5,000, all smaller write-offs must be approved by the Director of Finance and Treasury. In 2010 and 2011, there were no write-offs of contributions receivable.

80.   **Write-downs:** The Financial Resources Management Manual describes write-downs as: *"a write-down (also referred to as reduction in contribution revenue) is the reduction of contributions receivable and revenue where the residual outstanding contributions receivable amount is no longer needed by the project/(s) to which the contribution was directed or otherwise is unlikely to be collected whilst associated expenditures have not been incurred"*. Write-downs reduce project revenue and affect project available budget. In 2011, reductions in contributions receivable totaled US$ 103.8 million (Audited Annual Accounts, 2011, paragraph 52), up from US$ 39 million in 2010.

81.   While ERD records the receivables in WINGS, any subsequent write downs are processed by the Finance and Treasury Division of the Resource Management and Accountability Department after consultation with ERD. The Finance and Treasury Division informed us that this is in accordance with an internal divisional decision memorandum. Clarity on the delegation of authority for such write-downs would be beneficial.

82.   **Expired grants:** The Budget and Programming Division of the Resource Management and Accountability Department's monthly "Global Project Balance Analysis" lists grants with unallocated or unspent balances, highlighting those that have a terminal obligation date less than three months away. This report has proven to be very useful in focusing attention on the issue of unspent balances. However, at the time of the audit, a comprehensive analysis of the reasons behind these balances had not yet been performed.

83.   The list of possible reasons leading to unspent balances is long and involves several departments (e.g. Partnerships and Governance Services, Resource Management and

Accountability, and Operations Services departments). The list of reasons includes but is not limited to the following:

- contributions accepted close to the end of the project;

- contributions with short terminal obligation and disbursement dates;

- contributions that are not needed because the project budget for specific cost categories has not been revised down to reflect future estimated requirements;

- delays in resource transfers to other projects; and

- delays in project approval, leading to accepting donations on old projects about to close.

84.   Related observations have been raised in other internal audits including issues on the monthly data on resource availability and usage, management oversight on usage of allocated resources, adjustments to allocations of associated costs to single grants and the matter of terminal obligation and disbursement dates raised in this audit. Implementation of the related recommendations to those observations would go a long way towards addressing some of the causes of the unspent balances.

85.   **Underlying cause of the observation:** The reasons for the existence of sizeable unspent balances and write-downs have not been comprehensively analysed in order to put in place mitigating actions where appropriate. Management is not able to address the causes of the unspent balances if reasons are not properly understood.

86.   **Implication:** This gives rise to the opportunity cost of reducing receivables, instead of spending the funds towards WFP's strategic objectives.

87.   **Policies, procedures and requirements:** Effective and efficient use of resources, best practice financial management.

Recommendation 9.   The Resource Management and Accountability Department should continue to explore, in coordination with ERD and the Operations Services Department, the causes leading to unspent balances and write-down of receivable balances, identify and implement ways to reduce them and set up guidelines for the approval of write-downs.

Resource Management and Accountability Department response: The Resource Management and Accountability Department agrees with this recommendation and will work in coordination with ERD, the Operations Services Department and the Chief Operating Officer.

Target implementation date: 30 June 2013.

Information and Communication

Observation 10.   **External relations and partnerships: Ownership and consistency of funding-related information (Guidance) – Medium risk**

88.   Information on funding by donors can be downloaded directly from the grant module in WINGS (e.g. Situation Reports and the UN Office for the Coordination of Humanitarian Affairs Financial Tracking System reports). Information on funding compared to project needs is obtained by aggregating data from the various modules of WINGS into a database called the "Factory".

89.   At the time of the audit, data on funding was downloaded or aggregated by different departments, using different definitions, reference periods and different systems, and not always ensuring proper review of the source data and of the output data. For example, Situation Reports includes contributions and forecast data handled by ERD, and operational data (carry over, multilateral, etc.) managed by the Programming units.

90.   Data on funding compared to project needs (in the "Factory") is obtained from WINGS grant management module data downloaded by ERD and the Programme of Work sent to the Programme Division of the Operations Services Department by the Country Offices, with data handling and adjustment performed by the web team in the Communications Division. The audit found numerous errors when testing the data for accuracy. Whilst all "Factory" users contacted in the audit appreciate the system in principle, and the fact that it is very easy to use, it emerged that the data is used mainly by staff in Headquarters and Liaison Offices, and far less by Country Office and Regional Bureaux staff, as the field staff have in the past spotted mistakes in the numbers and have lost faith in the "Factory" data.

91.   The Programme Division inputs data in the UN Office for the Coordination of Humanitarian Affairs Financial Tracking System. This data relates to grants received, but excludes multilateral donations, as that information is not included in the grants management module of WINGS, which is the Programme Division's main source of data.

92.   **Underlying cause of the observation:** Reporting approached on an ad-hoc basis and not in a holistic manner. Lack of resources.

93.   **Implication:** Inaccurate or inconsistent data gives rise to the risk of wrong management decisions and wrong funding requests to donors.

94.   **Policies, procedures and requirements:** Accuracy of reporting.

Recommendation 10. Reports containing funding-related information should be mapped and the process to generate those reports reviewed, to ensure accuracy and consistency of information.

Office of the Executive Director response: Agree. ERD together with the Programme, Information Technology, and Communications Divisions, and other relevant offices, are currently mapping and automating funding- and requirement-related reporting to ensure accuracy and consistency.

Target implementation date: 31 December 2012.

Monitoring

Observation 11. Monitoring and evaluation: Variance analysis of funds received (Guidance) – Medium risk

95. While the Management Plan updates presented to the Executive Board include variance analysis of the Programme of Work with an explanation of the major variances, no systematic variance analysis of revenue has been performed to compare the contributions received in relation to the original Programme of Work with the initial forecast, and to segregate such income from contributions received in relation to new emergencies.

96. The current revenue forecast is based on a high level estimate produced by ERD and the Private Partnerships Division, which has proven to be relatively accurate, and stable, regardless of the number of emergencies, over the years.

97. **Underlying cause of the observation:** In-depth variance analysis of revenue has not been prioritised.

98. **Implication:** It is not easy to understand how much of the funds raised are for existing projects and how much of the funds have been assigned to new projects, especially emergencies. The current focus on overall funding decreases visibility on the resourcing situation of old and non-emergency projects. This also makes the donor relations officer performance assessment more difficult.

99. **Policies, procedures and requirements:** Best practice management reporting and variance analysis.

Recommendation 11. ERD, in coordination with the Resource Management and Accountability Department, should review and analyse variance between forecast and actual revenue to sharpen

understanding of funding trends, and to segregate revenue related to the original Programme of Work from that related to new activities, especially emergencies.

ERD response: ERD agrees with the recommendation. It will be useful to have such revenue variance analyses on an annual basis and this will be done at year end. Such analysis will inform strategy and plans of action in the new resource mobilisation strategy.

Target implementation date: 30 June 2013.

Observation 12.   Monitoring and evaluation: Executive management dashboard (Guidance) – Medium risk

100.   The Resource Management and Accountability Department is in the process of designing an executive management information reporting package, which will be a key step in ensuring a systematic flow of key data to senior management and could act as the catalyst for further improvements in the management reporting system of WFP.

101.   The audit reviewed the sections of the proposed executive management information report relating to the fund-raising process and, while noting that the report is currently in draft, brings the following suggestions to enhance the quality of the information proposed to be provided to executive management:

- Information on donors with long outstanding contributions would be useful for senior management when meeting officials from those donor countries. Based on the 2011 Financial Statements, some outstanding receivables date back to 2009 and before;

- It would be useful to split reporting on confirmed contributions between those that can be used in the current calendar year and those that will only be usable in the following years;

- Senior management may be interested to see separate information for private sector and government donor donations;

- Information on funding needs by project category compared to actual funding would provide some indication on whether funds are coming in for needs that had been forecasted in the management plan or for new needs (e.g. new emergencies);

- The proposed information on grants expiring within 3 months could be supplemented with information on the grants which have already expired and an indication of any actions taken.

102.   The information contained in the proposed executive information package is compiled manually by the Resource Management and Accountability Department based on reports received from different units. Preparation will be time-consuming to produce, with the risk of inconsistent data and errors.

103.   **Underlying cause of the observation:** Set-up of existing systems and design of reports.

104.   **Implication:** The development of such a useful executive management information tool is an opportunity to ensure that key risks are reflected at the right level of detail for senior management decision making, and that the data is accurate and efficiently collected.

105.   **Policies, procedures and requirements:** Best practice management reporting.

Recommendation 12. The Resource Management and Accountability Department should consider suggestions raised in the audit for inclusion in its proposed executive information package, and explore options to automate preparation of the information.

Resource Management and Accountability Department response: Agreed. The Resource Management and Accountability Department will consider the suggestions during preparation of the proposal for Executive Management review, and will review the feasibility of automating preparation of Dashboard information.

Target implementation date: 31 March 2013.

Observation 13.   Monitoring and evaluation: Financial dashboard and contributions receivable ageing report (Guidance) – Medium risk

106.   Every month, the Chief Operating Officer and the Chief Financial Officer provide to the Regional Directors, copying all Headquarters Senior Managers, an excel file called "Financial Dashboard" which includes aged information on payables, receivables, bank reconciliation items, Purchase Requisitions, Purchase Orders and Goods Received Notes. The focus is on the number of items above certain ages and the dashboard does not provide information on value of such items. In a separate document, each month, the Finance and Treasury Division of the Resource Management and Accountability Department provides ERD with a report of aged contributions receivable. Both reports are circulated on average 20 days after the end of the month.

107.   It may be worth considering combining this information, and providing not just the number of transactions but also the value of items in each category. Moreover, as the information in both cases is taken directly from WINGS, it may be possible to design a live dashboard with drill-down

functionalities (i.e. information by vendor/by donor), instead of excel spreadsheets issued periodically.   Information on contribution receivables could distinguish between donations generated by Country Offices, Regional Bureaux, and ERD in order to provide information to the staff accountable for the receivables.

108.   **Underlying cause of the observation:** Current design of the financial dashboard.

109.   **Implication:** Data may not be available in a timely and consistent manner. For the information on the current financial dashboard: the key performance indicators used may not capture WFP's risk exposure, as there is no indication on the value of the items.

110.   **Policies, procedures and requirements:** Best practice management reporting.

Recommendation 13. The Resource Management and Accountability Department should review the indicators used in the Financial Dashboard and the process for its production and circulation, and consider combining this with the report on aged contributions receivable. Consider including monetary values in the dashboard.

Resource Management and Accountability Department response: The Resource Management and Accountability Department agrees to analyse how the existing internal control reports can be improved. The Finance and Treasury Division will review the content and distribution process of the Donor Aging Report to ensure more timely and accurate information on long outstanding contribution receivables is made available to accountable managers. The Business Innovation and Support Office will consider the recommendations in the next enhanced version of the Financial Dashboard planned for 2013.

Target implementation date: 30 September 2013.

IS/IT Acquire and Implement

Observation 14.   Approval process for Grant Management module user profiles in WINGS (Guidelines) – Medium risk

111.   A key control over recording of grants is the fact that registration of grants and forecasts in the Grant Management module of WINGS is mainly done by ERD or Private Partnerships Division staff. In ERD, information is input by General Service staff and approved by the Donor Relations Officers; in the Private Partnerships Division, the registration and grant approval process is done by Private Partnerships Division finance staff.

112.   However, at the time of the audit, some of the staff in the liaison offices and Regional Bureaux could register contributions in the Grant Management module, and there was no formal process to ensure that ERD approves all new users of the Grant Management module.

113.   **Underlying cause of the observation:** Lack of specific procedures for user access management in the Grant Management module.

114.   **Implication:** Unauthorized users could record grants without complying with corporate standards and without ERD becoming aware of it. Potential delays in the registration of actual or forecast grants due to limited access to the Grant Management module.

115.   **Policies, procedures and requirements:** Consistency in internal controls over accuracy and completeness of grant data and delegations of authority regarding fund-raising.

Recommendation 14. ERD, together with the Private Partnerships Division, should clarify access to the Grant Management module of WINGS for grant registration and issue clear guidelines for the Information Technology Division to follow when granting Grant Management module access.

ERD response: ERD has recently shared and published relevant guidelines for this process.

With respect to government donor grants, all Donor Relations Officers in ERD are required to have the access for Grant Management module in WINGS for the purposes of grants registration. Otherwise, the only non-ERD access to Grant Management module for grant registration is currently in the Panama Regional Bureau, and ERD is currently in contact with the Bureau to regularize this situation, so that all government donor grants for this Bureau are streamlined back into ERD.

Target implementation date: 31 December 2012.

ANNEX A – AUDIT PROCESS AND SCOPE

Purpose and objectives

The objective of the audit was to evaluate the internal controls, governance and risk management processes in ERD, in order to reach an annual and overall assurance on WFP's internal controls, risk management and governance processes in the following categories:

- Strategic – alignment of goals with WFP mission;

- Operational – effectiveness and efficiency of operations;

- Compliance – adherence to applicable laws and regulations; and

- Reporting – reliability of reporting.

Scope

Our audit scope covered the period from 1 January to 31 December 2011 but, where necessary, transactions and events pertaining to other periods were also reviewed.

Based on information gathered during the planning phase of the audit, including our consultations with the management and staff, review of prior audits and assessment of risks, the following areas were examined during the audit:

- Internal environment:
    - Corporate organization and reporting structure
    - Delegated authority
    - Strategic planning and performance accountability
    - Assurance statement on internal controls
- Risk assessment
- Control activities
    - Finance and accounting
    - Human resources
    - Procurement
    - Property and equipment
    - Administration and travel
    - Mobilise resources
- Information and communication
    - Internal communications and feedback
    - External relations and partnerships
- Monitoring
- IS/IT Acquire and Implement

The extent of our testing in each of these areas was based on our assessment of corresponding risks associated with the objectives of the sub-processes, in order to obtain reasonable, but not absolute assurance on the internal controls, governance and risk management in place.

To gain the assurance required, we performed an audit in ERD, reviewed and examined information, records and documentation considered relevant to the audit.

Audit methodology

The audit was undertaken using the risk-based auditing methodology. This entailed defining the business objectives of ERD identified in the scope, the risks or factors that could threaten the achievements of the objectives, controls required to manage or mitigate the risks identified, and verifying if controls in place actually reduce the risks to an acceptable level.

This was achieved by performing the following:

- Understanding the detailed processes involved to deliver the objectives of ERD. This included conducting walk-through tests of key business processes.

- Identifying the risks threatening those objectives through review of risks identified in the pre-audit questionnaire, bilateral discussions with management and staff of the different divisions and review of documentation.

- Testing the controls which mitigate these risks.

- Concluding whether the controls were actually operating to reduce the risks to acceptable levels.

Results of the audit were discussed in a debriefing meeting in HQ in the presence of the Deputy Director ERD on 3 August 2012.

The observations were categorised into the following causes or sources:

Compliance	Failure to comply with prescribed WFP regulations, rules and procedures.
Guidelines	Absence of written procedures to guide staff in the performance of their functions.
Guidance	Inadequate or lack of supervision by supervisors.
Human error	Mistakes committed by staff entrusted to perform assigned functions.
Resources	Lack of or inadequate resources (funds, skills, staff etc.) to carry out an activity or function.
Best practice	Failure to follow recognised best practice.

The audit observations were categorized by impact or importance as follows:

High risk	Issues or areas arising referring to important matters that are material to the system of internal control.
	The matters observed might cause a corporate objective not to be achieved, or leave unmitigated risk which would have a high impact on the corporate objectives.
Medium risk	Issues or areas arising referring to issues that have an important effect on the controls but may not require immediate action.
	The matters observed may cause a business objective not to be achieved, or leave unmitigated risk which would have an impact on the business unit objectives.
Low risk	Issues or areas arising that would, if corrected, improve internal controls in general.
	The recommendations made are of best practices as opposed to weaknesses that prevent systems and business objectives being met.

Written responses received from the different Departments have been evaluated and appropriately summarized in this report.

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 that recommendations are implemented within a reasonable time-frame to manage and mitigate the associated risks identified, thereby adding value to the work undertaken and accomplished by WFP offices.

Rating system

Functions or processes are rated according to their risk severity, as identified and reported in the audit. 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, and these categories are defined as follows:

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.
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.
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.

The cover of audit reports are colour coded to reflect the risk category assigned.

Red is used for unsatisfactory reports, yellow covers for partially satisfactory reports, and green covers for satisfactory reports.

ANNEX B – INFORMING THE OFFICE OF INTERNAL AUDIT ON THE IMPLEMENTATION OF THE RECOMMENDATIONS.

All medium and high risk recommendations are tracked by the Office of Internal Audit through an internet-based and password-protected system, which can be accessed through the following link: http://auditrecommendations.wfp.org.

Information regarding this project is archived under the code HQ-ERD-12-001 and can be tracked and updated using the login names and the password that will be sent out by the Office of Internal Audit once all the issues are in the system.