

Internal Audit of WFP Operations in Yemen

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World Food Programme

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I. Executive Summary

Introduction

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of WFP operations in Yemen. WFP's direct expenses in the Yemen Country Office (CO) in 2013 amounted to USD 133 million, representing 3 percent of WFP's total direct expenses for the year, compared to USD 113 million in 2012 and USD 60 million in 2011. The audit focused on activities from 1 January 2013 to 30 June 2014. It looked at events prior and subsequent to this period as required. The audit comprised a desk review of selected process areas from WFP headquarters (HQ) in Rome during September and field work between 12 and 27 October 2014. It included field visits to various locations in Yemen, including the CO, one sub-office and selected project sites.

2. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit Conclusions

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

Table 1: Summary of conclusions by Internal Control Components

Internal Control Component		Conclusion	
1.	Internal environment	Medium	
2.	Risk management	Low	
3.	Control activities	High	
4.	Information and communication	Low	
5.	Monitoring	Medium	

Key Results of the Audit

Positive practices and initiatives

4. The audit noted some positive practices and initiatives. The CO's donor relations strategy was successfully implemented and delivered a high level of funding for operations. A compliance function was introduced in April 2014.

Audit observations

5. The audit report contains one high-risk and nine medium-risk observations. The high-risk observation is:

Programme Management: Identification, selection and registration of beneficiaries - While the CO undertook a thorough needs assessment in the form of regular Comprehensive Food Security Surveys to identify areas and types of intervention as well as the number of beneficiaries, actual distributions were based on a Government-created list of beneficiaries. This list was not based on food security criteria and had not been updated since 2008. The methodology used and the assumed criteria on which the beneficiary data was based were not aligned with the present size of operations, nor did it take into consideration their planned scale up and the increased complexity for the coming years.

Actions agreed

6. Management, in discussion with the Office of Internal Audit, has agreed to take measures to address the reported observations. One of the agreed actions has been implemented and work is in progress to implement the other nine.

7. 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

Yemen

8. Yemen is a lower middle-income, food deficient and least-developed country, ranked as the seventh most food-insecure in the world. According to the 2014 Humanitarian Response Plan for Yemen (HRPY), despite positive political developments, the country continued to face a large scale humanitarian crisis, with more than 14.7 million people, equivalent to half the population, in need of some form of humanitarian assistance. An estimated 10.5 million people – over 42 percent of the total population – were unable to meet their basic food needs. Of these, 4.5 million people were severely food insecure and six million were moderately food insecure. Child malnutrition rates were among the highest in the world with close to half of Yemen’s children under five years (two million children) stunted and one million acutely malnourished.

9. The HRPY indicated that socio-economic and environmental causes of food insecurity were likely to persist in both the medium and long-term. Disruption to livelihoods due to local conflict, global variability in fuel and cereal prices, the reduction in remittances, the proposed lifting of fuel subsidies and inflation may cause shocks to household incomes and put continuing downward pressure on the purchasing power of the poorest households.

10. Yemen is home to approximately 236,000 refugees, the most vulnerable of whom were accommodated in a refugee camp in Kharaz managed by the United Nations High Commissioner for Refugees (UNHCR), while others chose to settle in Yemen’s urban centres.

WFP Operations in Yemen

11. WFP has been present in Yemen since 1967. In addition to the main office in Sana’a, WFP has five sub-offices in other locations within the country. In 2010, the CO had 104 staff of which nine were international; as at 30 June 2014, the CO employed 218 staff, including 28 international staff members. One hundred and twenty-six staff members were located in the CO and the remaining 92 were based in the five sub-offices.

12. During the audit period, WFP’s assistance in Yemen aimed to alleviate food insecurity in one of the most food-insecure populations in the world. In response to the various shocks that affected the most vulnerable sectors of the population and in line with the needs assessments undertaken by the CO, WFP operations in Yemen grew steadily during the recent years, both in the number of beneficiaries and in tonnage. In 2010, operations reached 2 million beneficiaries with 60,000 metric tonnes of food. Under the new Protracted Relief and Recovery Operation (PRRO) 200636 implemented with effect June 2014, WFP aimed to reach six million people throughout the country with 367,000 metric tons of food and approximately USD 70 million in cash and vouchers up to the end of 2016.

13. During the audit period, the CO managed and implemented the following projects:

- Emergency Operation (EMOP) 200451 for the period January to December 2013 with a budget of USD 242 million. The EMOP built upon the previous PRRO 200038 “Emergency food security and nutrition support for the vulnerable population” that ran from January 2011 to December 2012) and EMOP 200306 “Emergency food and nutritional support to conflict-affected populations in Yemen”. The objectives of this operation were to stabilise or reduce acute malnutrition of children under five, and pregnant and lactating women in targeted populations, improve food consumption for severely food insecure households and Internally Displaced Persons (IDPs), and reduce negative coping strategies.

- PRRO 200636 for the period July 2014 to June 2016. This project aims to maintain acceptable food security among IDPs and returnees, ensure effective treatment of acute malnutrition, and maintain the food security of vulnerable households affected by natural disasters or conflict. It also aims to improve food security, self-reliance and income generating opportunities among most food insecure populations, help to reduce acute and chronic malnutrition, increase access to education, and enhance national capacities to address food and nutrition insecurity.
- PRRO 200305: Relief food assistance to Refugees in Yemen. The project budget amounted to USD 9.7 million and was implemented from January 2013 to December 2014, mainly through general food distributions in the Kharaz refugee camp.
- Development Project (DEV) 200432: Food assistance to promote girls education. This project of USD 8.9 million assisted 294,000 beneficiaries across Yemen during the period July 2013 to June 2015.
- Special Operation (SO) 200130 for Air Passenger Service and Logistics Cluster Coordination in support of the humanitarian response in Sa'ada with a budget on USD 7 million and implemented from June 2010 to December 2014.

14. The CO also piloted new types of activities such as conditional transfers (food or cash for assets, work or education) that required enhanced technical capacity from the government and partners.

Objective and Scope of the Audit

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

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

17. The scope of the audit covered WFP's operations in Yemen from 1 January 2013 to 30 June 2014. Where necessary, transactions and events pertaining to other periods were reviewed. The audit field work comprised a desk review of selected process areas from WFP HQ in Rome between 8 and 26 September 2014 and tests undertaken in the CO in Sana'a, one sub-office and selected project sites between 12 and 27 October 2014.

III. Results of the Audit

18. In performing the audit, the following positive practices and initiatives were noted:

Table 2: Positive practices and initiatives

1. Internal Environment

- In line with the increase in its operations, and need for continuous oversight, the CO created a compliance function in April 2014.

2. Control Activities

- The CO's donor relations strategy was successfully implemented and delivered a high level of funding for operations.

19. 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 business processes:

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

Internal Control Component/Business Process	Risk
1. Internal Environment	
Corporate organisational and reporting structure	Low
Delegated authority	Medium
Strategic planning and performance accountability	Low
Assurance statement	Low
2. Risk Management	
Enterprise risk management	Low
Emergency preparedness and response	Low
3. Control Activities	
Finance and accounting	Low
Programme management	High
Transport and logistics	Low
Commodity management	Medium
Procurement	Medium
Human resources	Low
Property and equipment	Low
Administration and travel	Low
Security	Low
Resource Mobilisation	Low
Information and Communications Technology	Low
4. Information and communication	
Internal Communication	Low
External Communications	Low
5. Monitoring	
In-country Monitoring	Medium
Corporate Monitoring	Low

20. Based on the results of the audit, the Office of Internal Audit has come to an overall conclusion of **partially satisfactory**¹.

21. The audit report makes one high-risk observation which is explained in detail in Section IV. Nine medium-risk observations arose from the audit. Tables 4 and 5 present the high and medium risk observations, respectively.

Actions agreed

22. Management, in discussion with the Office of Internal Audit, has agreed to take measures to address the reported observations. One of the agreed actions has been implemented and work is in progress to implement the other nine².

¹ See Annex A for definitions of audit terms.

² Implementation will be verified through the Office of Internal Audit's standard system for monitoring agreed actions.

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

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Control Activities					
<p>1 Programme Management: Identification, selection and registration of beneficiaries – Food distributions were based on a Government-created list of beneficiaries - the Social Welfare Fund (SWF) list - that was not based on food security criteria and had not been updated since 2008.</p> <p>SWF data may have provided an acceptable reference tool when the number of beneficiaries was smaller but this was no longer the case. The methodology used and the assumed criteria on which the beneficiary data was based were not aligned with the present size of operations, nor took into consideration their planned scale up and the increased complexity for the coming years.</p>	<p>The Country Office, in collaboration with the Regional Bureau and HQ, will review its current methodology and assumptions for the use of SWF lists of beneficiaries to assess the risks and implement the necessary mitigating measures.</p>	<p>Strategic Programmes Contextual</p>	<p>Guidelines</p>	<p>Yemen Country Office</p>	<p>30 June 2015</p>

Table 5: Medium-risk observations

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Control Activities					
2 Programme Management: Selection of Cooperating Partners (CPs) – The audit noted a concentration of activities in a small number of CPs and concluded that the procedure to identify available capacity across the country should be improved. This would enhance the CO’s ability to implement new activities and to achieve the Capacity Development and Augmentation objectives of its projects.	The Country Office will review its current procedures for the identification of available capacity in the country and implement measures that will attract project proposals from new partners.	Operational Programmes Programmatic	Guidelines	Yemen Country Office	31 March 2015
3 Programme Management: Performance of CPs – During project site and distribution visits, the audit noted overcrowded distribution sites, delayed distributions, sales of food, unclear instructions on the management of food balances (food rations of beneficiaries who did not show up at distribution), and poor storage conditions at some CP warehouses. CO staff only performed limited spot checks on stocks held by CPs. The audit noted delays and errors in CP distribution reports, delays in entering distribution data in WFP’s commodity tracking application (COMPAS), and the absence of a regular reconciliation of deliveries made to CPs to actual distribution. There was no documented, structured procedure for performance assessment.	The Country Office will: (a) Update and provide more detailed and country specific guidelines for food distributions and programme implementation, particularly for new activities, which will be shared with CPs; and (b) Update its capacity development guidelines and activities to ensure that CPs are properly trained to implement the activities as intended in the project documents.	Operational Programmes Programmatic	Guidelines	Yemen Country Office	31 March 2015
4 Programme Management: No country level Memorandum of Understanding (MOU) signed with UNHCR - The CO operates a refugee operation separate from its main PRRO to address food insecurity in refugee camps. These activities and related accountabilities were not formalised in a tripartite agreement as required by the umbrella agreement with UNHCR of July 2002.	The Country Office will sign a tripartite agreement with UNHCR to cover its activities under the refugee operation.	Compliance Partnerships Contextual and Programmatic	Compliance	Yemen Country Office	31 December 2014

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
<p>5 Programme Management: Cash and Vouchers (C&V) activity – The selection of a micro finance institution (MFI) had not been made in line with standard procedures and with guidance from HQ. There was no separate bank account at the MFI, and WFP funds were commingled with those of the service provider. There was no evidence that a risk assessment had been performed on the MFI. The procedure was questioned by WFP’s Procurement Office who requested that the call for offers be re-issued. This was done under HQ guidance and a new MFI was identified in 2014, but in the meantime, the CO continued to work under a waiver with the original MFI. The audit team did not find evidence of regular reconciliation of planned cash distributions to cash transferred to the MFI, the amounts transferred to the MFI to the amounts actually distributed and finally to the bank balance.</p>	<p>The Country Office will develop updated guidelines for the implementation of C&V activities. The guidelines will include procedures on identification and selection of MFIs, planning of distributions, carrying out distributions, monitoring and regular reconciliations.</p>	<p>Operational Processes and Systems Programmatic</p>	<p>Guidelines</p>	<p>Yemen Country Office</p>	<p>31 March 2015</p>
<p>6 Commodity Management: Improved planning of distributions of food in plain bags – In some sensitive governorates, the CO did not use bags that had donor or WFP markings. The use of plain bags represented 20 percent of the food assistance provided and had been agreed with the donor. While WFP kept track of commodities up to delivery to the CP, there was no tracking from the CP to the beneficiary. The audit team was given to understand that food in plain bags was meant for immediate distribution but during a visit to a CP warehouse, audit found 666 tonnes of food in plain bags that had been delivered to the CP two months earlier.</p>	<p>The Country Office, in consultation with HQ procurement, will develop and implement updated guidelines and instructions for CO staff and CPs on the management and monitoring of food in plain bags.</p>	<p>Operational Processes & systems Contextual</p>	<p>Guidelines</p>	<p>Yemen Country Office</p>	<p>31 March 2015</p>

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
<p>7 Commodity Management: Damaged a ready-to-use supplementary food - During warehouse visits the audit noted that a number of cans of a ready-to-use supplementary food were open. The CO had noted a similar situation in another warehouse and had banned a vendor for improper packaging. This appeared to be a trend due to factory defect; however the CO was discussing whether a 100 percent inspection would be necessary to convince the supplier on actions to be taken and to ascertain the quality of the commodity.</p>	<p>The Country Office will liaise with the HQ food quality team to obtain guidance on the management of the stocks in hand and to develop updated guidance on the handling of these commodities by warehouse staff, CP's and beneficiaries.</p>	<p>Operational Processes and Systems Programmatic</p>	<p>Guidance and Guidelines</p>	<p>Yemen Country Office</p>	<p>31 December 2014</p>
<p>8 Procurement: Delegations of authority not complied with – Several transactions were approved by the Deputy Country Director above his/her delegated authority of USD 100,000 for competitive tendering.</p> <p>The audit noted waived purchase orders that had been recorded in WFP's core Enterprise Resource Planning system (WINGS II) as competitive procurement. A Note For Record was subsequently signed by the Country Director to correct the error.</p>	<p>The Country Office will implement better segregation of duties and supervisory controls to ensure compliance with the delegation of authority for procurement.</p>	<p>Compliance Accountability and funding Institutional</p>	<p>Compliance</p>	<p>Yemen Country Office</p>	<p>31 December 2014</p>
<p>9 Procurement: Supply sourcing and registration of vendors - Local food procurement amounted to USD 41 million. Ninety-nine percent of the purchasing was made from two vendors through competitive tender. There were no structured procedures to survey the market and identify other potential suppliers. Planning for procurement of non-food items had not yet been fully implemented and required review in the light of shift of programme activities.</p> <p>Other shortcomings noted included the absence of documented criteria to assess potential suppliers, lack of registration forms and files for a sample of reviewed vendors, and requisition announcements that were only issued in English, thereby reducing the possibility of offers from local companies.</p>	<p>The Country Office will finalise and implement updated Standard Operating Procedures in line with the requirements and guidance of Sections 2.12 and 11.4 of WFP's non-food and food procurement manuals respectively.</p>	<p>Operational Process and Systems Institutional</p>	<p>Guidelines</p>	<p>Yemen Country Office</p>	<p>Implemented</p>

Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
10 Monitoring: Monitoring and evaluation – Monitoring tools and methodologies were not sufficiently aligned with the logical framework of new projects. A Monitoring & Evaluation (M&E) strategy was in draft form. Although Post-Distribution Monitoring was planned and executed twice yearly, other monitoring activities were not systematically planned and appeared to be performed on an ad-hoc basis. Security hampered the CO’s ability to perform monitoring at the required scale and it had resorted to using casual labourers, with a significant recruitment burden and other related risks. The possibility of implementing third-party monitoring had been thought of, but had not been given concrete consideration.	The Country Office will take steps to: (a) Finalise the draft M&E strategy and implement it to ensure that updated tools and systems are available to collect and analyse the required information; and, (b) Finalise its analysis on whether or not to make use of third-party monitoring and document the decision accordingly.	Operational Programmes Programmatic	Guidelines	Yemen Country Office	31 January 2015

IV. Detailed assessment

Control Activities**High Risk****Observation 1 Programme Management: Identification, selection and registration of beneficiaries**

23. The CO based the design and implementation of its programme activities on two main studies, the Comprehensive Food Security Survey (CFSS), which is carried out once every two years, and the Food Security Monitoring Survey (FSMS).

24. There were 4.9 million targeted beneficiaries under EMOP 200451. CFSS was the key source for beneficiary identification for the Safety Nets activities, which accounted for 3.8 million (78 percent) of the beneficiaries.

25. However, the identification of actual households to be issued ration cards and provided with food assistance was not based on the CFSS or the FSMS. For this purpose, the CO used beneficiary lists from the Social Welfare Fund (SWF), a Government safety net programme whereby cash is distributed to the poorest households.

26. The audit noted the following weaknesses in using SWF lists as a basis for registration of beneficiaries:

- (a) The SWF lists provide a rank for poverty and are not based on food security criteria.
- (b) The lists were last updated by the Government in 2008. As such, these lists are not likely to reflect the deterioration of key social security indicators during the last years.
- (c) The World Bank undertook a project to assist the Government of Yemen to improve the effectiveness of the SWF in 2010. The project highlighted two significant errors in the 2008 data, namely that 27 percent of the beneficiaries had been initially classified in the poorest categories, but actually belonged to the wealthiest, and 50 percent of new applicants belonged to the poorest categories, but had not yet been entered in the system, and therefore were not receiving assistance.
- (d) A 2014 implementation status report on the aforementioned project indicated that after the 2008 survey, the Government had not accepted new applications to the SWF. This resulted in a further risk of exclusion. The report highlighted several other weaknesses that could affect the accuracy of the SWF lists, for example, the absence of a grievance system and a lack of a case rectification process.

27. The CO Post Distribution Monitoring (PDM) reports of July and December 2013 suggested that food insecurity was slightly higher among non-beneficiary populations than it was among beneficiaries, while the proportion of severely food insecure persons appeared to have increased. In 9 out of 13 Governorates, the percentage of non-beneficiary households with poor and borderline food consumption in the December 2013 PDM had increased compared to the CFSS results.

Underlying cause of observation:	Guidelines: Lack of a reference list that is based on food security criteria and reflected the current number of beneficiaries.
Implication:	WFP assistance may not reach the intended beneficiaries.
Policies, procedures and requirements:	Programme Guidance Manual - Beneficiary registration.
Proposed Agreed action:	The CO, in collaboration with the regional bureau and HQ, will review its current methodology and assumptions for the use of the SWF lists of beneficiaries to assess the risks and implement the necessary mitigating measures.
Proposed Due Date:	30 June 2015

Annex A – Definition of Audit Terms

1. WFP's Internal Control Framework (ICF)

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

A 2. WFP has defined internal control as a process designed to provide reasonable assurance regarding the achievement of objectives relating to (a) effectiveness and efficiency of operations; (b) reliability of reporting; and (c) compliance with WFP rules and regulations. WFP recognises 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 frameworks³ and the Standards of the Institute of Internal Auditors

1	Strategic:	Achievement of the organisation'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	People:	Effective staff learning and skill development – Engaged workforce supported by capable leaders promoting a culture of commitment, communication & accountability – Appropriately planned workforce – Effective talent acquisition and management.
2	Partnerships:	Strategic and operational partnerships fostered – Partnership objectives achieved – UN system coherence and effectiveness improved – Effective governance of WFP is facilitated.
3	Processes & Systems:	High quality programme design and timely approval – Cost efficient supply chain enable timely delivery of food assistance – Streamlined and effective business processes and systems – Conducive platforms for learning, sharing and innovation.
4	Programmes:	Appropriate and evidence based programme responses – Alignment with Government priorities and strengthened national capacities – Lessons learned and innovations mainstreamed – Effective communication of programme results and advocacy.
5	Accountability & Funding:	Predictable, timely and flexible resources obtained – Strategic transparent and efficient allocation of resources – Accountability frameworks utilised – Effective management of resources demonstrated.

³ 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 categorisation of audit observations

A 6. The audit observations were categorised 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.⁴

Table A.4: Categorisation 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 observations identified are for best practices as opposed to weaknesses that prevent the meeting of systems and business objectives.

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

5. Monitoring the implementation of agreed actions

A 8. The Office of Internal Audit tracks all medium and high-risk observations. Implementation of agreed actions will be verified through the Office of Internal Audit’s system for the monitoring of the implementation of agreed actions. 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.

⁴ 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

CFSS	Comprehensive Food Security Survey
CO	Country Office
COMPAS	WFP's Commodity Movement, Processing and Analysis System
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CP	Cooperating Partner
C&V	Cash and Vouchers
DEV	Development Project
EMOP	Emergency Operation
FSMS	Food Security Monitoring Survey
HQ	WFP's Headquarters
HRPY	Humanitarian Response Plan for Yemen
IDP	Internally Displaced Person
MFI	Micro Finance Institution
MOU	Memorandum of Understanding
PDM	Post Distribution Monitoring
PRRO	Protracted Relief and Recovery Operation
SO	Special Operation
SWF	Yemen Government Social Welfare Fund
UNHCR	United Nations High Commissioner for Refugees
WFP	World Food Programme
WINGS II	World Food Programme Information Network and Global System