Internal Audit of WFP Operations in Ethiopia

Office of the Inspector General
Internal Audit Report AR/15/06

WFP

World Food Programme

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Contents

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I. Executive Summary

Introduction

1.   As part of its annual work plan, the Office of Internal Audit (OIGA) conducted an audit of WFP's operations in Ethiopia, focusing on the period of 1 January to 31 December 2014. In 2014, direct expenditure for the Ethiopia Country Office (CO) totalled USD 278 million, representing 5.8% of the Programme's total expenditure for the year. The audit team conducted the in-country field work from 19 January to 6 February 2015, which included various locations in Ethiopia and a review of related corporate processes that impact across WFP.

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, according to 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	Medium	🟨
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, such as a strong working relationship with the government at the federal and regional levels; alignment of the programme with the national strategy of the Government of Ethiopia; significant achievement in Purchase for Progress (P4P) activities; development of a Food Safety and Quality Management Strategy and establishment of a dedicated unit; and improvement in IT network infrastructure.

Audit observations

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

Programme Management: Unconfirmed commodity handed over to Cooperating Partners (CPs) - From the 2014 dispatches of food commodities to partners for distribution, a total of 10,460 metric tonnes (mt) neither showed a corresponding receipt confirmation according to WFP's commodity tracking records, nor were these commodities reported in the distribution reports from the CPs.

Actions agreed

6.   In discussions with the Office of Internal Audit, management has agreed to address the reported observations, and work is currently in progress to achieve that.

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

Ethiopia

8.   Ethiopia is a federal state with a total population of about 90 million people, growing at a rate of 2.6 percent per annum. Although Ethiopia is one of the fastest growing economies in Africa, 29 percent of the country's population still lives below the national poverty line. Ethiopia ranked 173 out of 187 countries in the United Nations Development Programme's (UNDP) 2014 Human Development Report. The 2014 Global Hunger Index of the International Food Policy Research Institute ranked Ethiopia 70 out of 76 countries.

9.   Ethiopia has been hosting refugees from neighbouring countries for the past three decades. Civil conflict and drought-induced famine remain the principal factors that drive refugees into Ethiopia. According to the United Nations High Commissioner for Refugees (UNHCR), as of 31 October, 2014, a total of 643,000 refugees were residing in Ethiopia, of which 38 percent were from Somalia, 39.6 percent from South Sudan, 16 percent from Eritrea, 5.5 percent from Sudan and the remaining from other neighbouring countries.

WFP Operations in Ethiopia

10. WFP has been present in Ethiopia since 1968. At the time of this audit in 2015, the WFP office in Ethiopia consisted of the CO in Addis Ababa, ten sub-offices (SOs) and one area office (AO). During the period under review, WFP Ethiopia aimed to support six million people through relief food assistance, safety nets for drought-affected people, food support for refugees, health and nutrition interventions, school meals, food-for-assets and purchase for progress activities.

11. The CO's portfolio of operations in 2014 included the following operations:

- *Country Programme Ethiopia (CP 200253).* This programme consisted of five components: Disaster Risk Management, a resilience programme in food-insecure communities, school feeding, support to HIV and AIDS affected people, and support to smallholder farmers through P4P.
- *Responding to Humanitarian Crises and Enhancing Resilience to Food Insecurity (PRRO 200290).* This operation addressed severe transitory food insecurity through relief and safety nets activities and targeted supplementary feeding programmes.
- *Food Assistance for Somali, Eritrean and Sudanese Refugees (PRRO 200365).* This operation supported refugees living in camps and sites in Ethiopia through general food distributions, supplementary feeding and school feeding, the latter through extended partnerships with non-governmental organizations.
- *Provision of Humanitarian Air Services in Ethiopia (SO 200364).* The United Nations Humanitarian Air Services (UNHAS) fleet in the country was composed of two Cessna Caravans (C-208) and one Dash-8 aircraft, and transported approximately 700 passengers in 2014. In addition, UNHAS Ethiopia ran cross-border operations to South Sudan, delivering more than 30,000 mt of food in 2014.
- *Construction and Management of the WFP Humanitarian Logistics Hub (SO 200358).* This operation facilitated the transportation of humanitarian food supplies from Djibouti port to countries in the region to avoid unusual delays in discharge of vessels that result in recurring demurrages.
- *Construction of Geeldoh Bridge (SO 200752).* This construction operation facilitates humanitarian and trade access to Nogob/Fik Zone in the Somali region of Ethiopia.

Objective and Scope of the Audit

12. The objective of the audit was to evaluate and test the adequacy and effectiveness of the processes associated with the internal control components of WFP's operations in Ethiopia. These audits provide an annual and overall assurance statement to the Executive Director on governance, risk-management and internal control processes.

13. The audit was carried out in conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. It was completed according to an approved engagement plan, factoring in the risk assessment exercise carried out prior to the audit.

14. The audit covered WFP's operations in Ethiopia from 1 January to 31 December 2014. Where necessary, transactions and events pertaining to other periods were reviewed. The audit field work took place between 19 January and 6 February 2015 in Addis Ababa and other locations in Ethiopia.

III. Results of the Audit

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

Table 2: Positive practices and initiatives

1. Internal Environment

- Strong working relationship with the government at the federal and regional levels.
- Alignment of the programme with the national strategies and priorities of the Government of Ethiopia.

2. Risk Management

- Development and setup of an innovative early warning and early action tool, Livelihoods, Early Assessment and Protection (LEAP) system in collaboration with the Government of Ethiopia and other partners.

3. Control Activities

- Development of a dedicated Food Safety and Quality Management Strategy unit.
- Successful implementation of the P4P pilot programme and sourcing significant commodities with effective partnership with the government and farmer cooperatives.
- Improvement in the network infrastructure of the CO and proactive identification of network solutions for the planned roll-out of the Logistics Execution Support System (LESS).
- Clear and demonstrable investments in capacity development of government counterparts through the Food Management Improvement Project (FMIP) and planned handover of a fleet of trucks to the Government of Ethiopia.

16. Having evaluated and tested the controls in place, the Office of Internal Audit has come to the following conclusions on the residual risk related to the processes:

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

Internal Control Component/ Business Process	Risk
1. Internal environment	
Strategic planning and performance	Low
Organisational structure and delegated authority	Medium
Internal Oversight	Low
Ethics	Low
2. Risk management	
Enterprise risk management	Low
Emergency preparedness and response	Low
3. Control activities	
Finance and accounting	Medium
Programme management	High
Transport and logistics	Medium
Procurement	Medium
Human resources	Medium
Travel and administration	Medium
Partnership and coordination	Low
Security	Low
Gender	Low
Property and equipment	Medium
Information and Communications Technology (ICT)	Low
Resource mobilisation	Medium
4. Information and communication	
External and internal communication	Low
5. Monitoring	
Programme monitoring and evaluation	Medium

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

18. The audit report makes one high risk observation, as well as nine medium-risk observations. Tables 4 and 5 below present the high and medium risk observations respectively.

Action agreed

19. In discussions with the Office of Internal Audit, management has agreed to address the reported observations, and work is currently in progress to achieve that.[2]

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[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 the actions that have been agreed-upon.

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

	Observation	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Control Activities						
1	**Programme Management:** Unconfirmed commodity handed over to CPs **-** From the 2014 dispatches of food commodities to partners for distribution, a total of 10,460 mt neither showed a corresponding receipt confirmation as per WFP's commodity tracking records, nor were these commodities included in the distribution reports from the CPs. Some of the locations where these commodities were dispatched to had a fluid security situation, and hence, were at times inaccessible.	The CO will follow-up with the CPs (government and Non-Governmental Organizations) to trace the unconfirmed commodities and will take appropriate corrective administrative measure to control such differences in the future.	Operational Processes and systems Institutional	Resources	Ethiopia Country Office	31 December 2015

Table 5: Medium-risk observations

Observations	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Internal Environment					
2 **Organisational structure and delegated authority:** Organisational structure and delegation of responsibilities for the AO - The Jijiga AO responsibilities for support and oversight of the SOs were unclear. At the time of the audit, some of the delegated authorities for the AO were not in place, such as increased procurement authority. The AO's support and oversight functions over the SO were not fully in place and needed further clarity. There was also a need for better defining the scope and nature of activities delegated to the AO The concept of an AO in the organisational structure is becoming widespread across various large and complex WFP operations (e.g. Afghanistan, Sudan, DRC etc.), however, there are no existing corporate guiding principles regarding setup and delegation of authority and responsibilities to the area offices in operations.	The CO will develop a clear delegation of authority and responsibilities matrix in line with its vision for Jijiga AO, bringing clarity on: a. The functions which are to be decentralized to the AO or SO level and the functions which remain centralised at the CO; b. Roles and responsibilities of AO and SO for the management of decentralised functions; and c. Roles and responsibilities of the AO towards the SOs regarding support and oversight, and towards the CO regarding reporting and coordination and vice versa.	Strategic People Institutional	Guidance	Ethiopia Country Office	31 December 2015
	The Operations Management Support Unit (OMS) in consultation with COs, which have AOs in their structure, will seek opportunities to identify standard principles that could be used as a baseline for the setup and delegations to the AOs.	Strategic People Institutional	Guidelines	Operations Management Support Unit (OMS)	31 March 2016

Observations	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Control Activities					
3 **Finance and Accounting:** Weaknesses in adjustment postings and payment-run authorisations – The WFP's corporate ERP system (WINGS) authorisations for senior finance assistants carried some critical conflicts of segregation of duties in functions undertaken by the senior finance assistants. These segregation of duties conflicts existed in global profiles setup for these positions and impacted WFP's operations globally. These included authorisations for conflicting roles and possibility to post transactions without supervisory review and adequate oversight.	a. RMF in coordination with RMXS, RMBB and regional finance officers will amend the profiles of finance assistants to ensure segregation of duties in the functions of adjustment posting and payment runs.	Operational Accountability and funding Institutional	Resources	Finance and Treasury Division (RMF)	31 May 2015
	b. RMF, in coordination with RMXS, will analyze at the global level the potential risk exposure on transactions processed without proper segregation of functions over the period of existence of such conflict in the WINGS profiles for senior finance assistants. The relevant corrective actions deemed necessary will be taken.	Operational Accountability and funding Institutional	Resources	Finance and Treasury Division (RMF)	31 December 2015
4 **Procurement**: Delays in recording goods and services procurement obligations **-** The Ethiopia CO faced delays in recording obligations due to improper planning for procuring various services and unforeseen needs in some cases. During 2014, the CO recorded an obligation of USD 33 million after the receipt of invoices, of which USD 22 million related to an unanticipated need for supplies for South Sudan emergency operations. Delays were due to late approval to raise commitment using South Sudan Country Office funds.	The CO will perform a regular review of any delayed obligation recording and will improve controls and processes to ensure timely recording of obligations.	Compliance Accountability and funding Institutional	Compliance	Ethiopia Country Office	31 December 2015

	Observations	Agreed action	Risk categories	Underlying cause category	Owner	Due date
5	**Travel and Administration:** Weaknesses in the travel management procedures – The CO's travel management system was inconsistently used across various offices in the country and carried control weaknesses that included: the possibility of duplication of entry of travel authorisations, duplication of user accounts, and a lack of reports to support the CO's oversight over the function. In addition, the audit noted some instances of non-compliance with the travel rules regarding payment of Daily Subsistence Allowance (DSA).	The CO will: a. Ensure that procedures and electronic tracking sheets are established to follow-up on mission advances and open travel authorisations. b. Ensure that all SOs are using the Travel and Integrated Procurement/Store (TIPS) system and application control weaknesses are addressed. c. Ensure that controls are in place to guarantee compliance with established travel guidelines and to avoid duplication of payments and reimbursement of accommodation and related costs. d. Ensure that TRIP documents in the WFP Information Network and Global System are in line with the travel authorisations.	Operational Processes and systems Institutional	Guidance	Ethiopia Country Office	31 December 2015

Observations	Agreed action	Risk categories	Underlying cause category	Owner	Due date
6 **Transport and logistics:** Handover plans for FMIP and a fleet of trucks to the government - The audit noted some shortcomings in the CO's handover plans for FMIP and the fleet of trucks to the government counterparts. This included lack of assessment of FMIP for its capacity to meet WFP information needs regarding controls and verification mechanisms for data quality. Further, the impact assessment of the FMIP roll-out on Food Aid Tracking System (FATS) upgrade or Logistics Execution Support System (LESS) introduction could not be finalised at the time of the audit due to insufficient data in the system as of yet. Measurable indicators were not defined to assess the regional government's capacity to manage the fleet of trucks and workshop facility donated by WFP at a level where food assistance operations as expected by WFP in the region would not be compromised.	The CO will include the following elements in the handover agreements with the government counterparts: a. Performance measurement indicators that clarify WFP's expected results in order to trigger the handover and to subsequently rely on the work of the government; b. Access, ownership and/or verification rights regarding data and services. c. The CO will also ensure internal consultations before finalising the handover to avoid placing WFP deliverables at risk.	Strategic Partnerships Programmatic	Guidance	Ethiopia Country Office	31 December 2015

Observations	Agreed action	Risk categories	Underlying cause category	Owner	Due date
7 **Human Resources:** Staff recruitment, turnover and handovers notes – The Ethiopia CO faced challenges in filling vacant positions in a timely manner which resulted in excessive work load on staff, including a requirement of a number of them to serve as substitutes on temporary duty. This also posed challenges for knowledge retention and passing on operational information to incumbents as the practice of hand-over notes was not consistent. The CO was working on a local staff transfer project, which was anticipated to address many of these issues.	The CO will: a. Develop a standardised format outlining the minimum requirements of a proper handover and enforce the practice of preparing handover notes. b. Include a requirement for technical handover in the clearance form. c. Review the temporary duty (TDY) incoming and outgoing process to have a similar mechanism that assures effective handover is done in the check-out form. d. Develop induction briefs to assist incoming and staff on temporary duty.	Operational People Contextual	Guidance	Ethiopia Country Office	31 December 2015

Observations	Agreed action	Risk categories	Underlying cause category	Owner	Due date
8 **Property and equipment:** Right of use for land – The Ethiopia CO was allocated two pieces of land in Jijiga and Gambella by the regional governments. The Jijiga local Government later declared the piece of land allocated to WFP, and all attached rewards and benefits, to be communal land. WFP faced a number of security incidents due to this and such incidents remain a possibility in the future. These pieces of land and right of use of these were not registered in WFP's Corporate database of assets (GEMS) nor in WINGS.	The CO will: a. Undertake legal consultation to establish the necessary legal documents in negotiation with the government and municipalities to define terms and conditions of the lease of the two pieces of land and WFP's right of use of the land. b. Review other SOs to identify if there are other similar situations, and work on the solutions for similar matters. c. Register any asset resulting from the acquisition/leasehold improvements of the land in GEMS.	Operational People Contextual	Guidance	Ethiopia Country Office	31 December 2015
9 **Resource mobilisation:** Fundraising strategy – A comprehensive fundraising strategy for the Ethiopia CO, as foreseen in the 2012-15 Country Strategy, remains to be formulated with support and guidance from PG.	The CO, in consultation with PG, will prepare a comprehensive fundraising strategy incorporating scenarios for cash programming and local procurement options.	Strategic Partnerships Contextual	Guidance	Ethiopia Country Office	31 December 2015

Observations	Agreed action	Risk categories	Underlying cause category	Owner	Due date
Monitoring					
10 **Programme Monitoring & Evaluation:** Setup and implementation of the monitoring process -The CO's M&E data collection, sharing and analysis systems at the time of audit were not aligned or consistently used in the field offices. The CO later confirmed that all the programme monitoring checklists were revised in March 2015 and equipment for electronically monitoring checklists and reports has been procured. At the time of the audit, the system support was no longer available for the CO's M&E database which was no longer in use. The CO noted that a new database has been identified and the CO is making preparation for implementation. The achievement of planned targets was not being systematically reviewed. Some monitoring data was collected by the government counterparts and a number of monitoring and assessment missions. However, such data was not systematically captured and integrated in the M&E system of WFP Ethiopia. In 2014, the CO paid USD 10.2 million to various government agencies for handling food commodities and food distribution costs, which were recorded as post distribution monitoring expenses. The MoUs signed with the same agencies did not include post distribution monitoring as a deliverable or as an activity.	The CO will: a. Expedite roll-out of the new M&E systems and ensure that particular needs of the AO and SOs are adequately addressed and staff are properly trained and equipped with the necessary skills to operationalise the new system. b. Improve the monitoring planning process at the AO and SO levels and institute regular reviews of coverage and achievement of monitoring targets. c. Review the amounts paid to the government counterparts for post distribution monitoring, alignment with the MoUs and actual delivery of activity; then based on the conclusion of the analysis, and on relevance of the activities to the programme delivery, either amend the MoUs or undertake a budget revision to re-programme these funds into other appropriate budget lines.	Strategic Accountability and Funding Institutional	Resources	Ethiopia Country Office	31 December 2015

Detailed Assessment

Control Activities	High Risk

Observation 1   Programme Management - Unconfirmed commodity handed over to CPs

20. In 2014, the Ethiopia CO dispatched 246,230 mt of food commodities to various government agencies and NGOs for distribution to beneficiaries. The government agencies and the NGOs confirmed receipts of 232,986 mt of food commodities in their distribution reports submitted to WFP for 2014. The returning waybills showed receipt confirmation from the consignees for 196,616 mt only.

21. The audit used these three sources of data to triangulate receipt of the dispatched commodities for each CP (the government and NGOs). After taking into account the receipt confirmation offered either by the returning waybills or by the receipts reported in the distribution report from the cooperating partners (CPs), the audit noted that receipt for dispatches of 10,460 mt of commodities could not be confirmed through any of the above mentioned sources. This represents 4 percent of total commodities dispatched by the CO during 2014.

Underlying cause of observation:	Delays in the receipt of distribution reports and receipt confirmation on waybill from remote and insecure areas.
Implication:	Lack of receipt confirmation of commodities by the CPs may lead to inaccurate records and loss of commodities.
Policies, procedures and requirements:	WFP's Programme Guidance Manual, transport and logistics manual, and best practices in commodity recording, tracking and reporting.
Agreed action:	The Country Office will follow-up with the CPs (Government and NGOs) to trace the unconfirmed commodities and will take appropriate corrective administrative measures to control such differences in the future.
Due Date:	31 December 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 frameworks[3] 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 and 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 and 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 and funding:	Predictable, timely and flexible resources obtained – Strategic transparent and efficient allocation of resources – Accountability frameworks utilised – Effective management of resources demonstrated.

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[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 crises.
2	Programmatic:	Failure to meet programme objectives and/or potential harm caused to others though 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 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]

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[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.

Table A.4: Categorisation of observations by impact or importance

High risk	Issues or areas arising that relate to important matters, which 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 that relate 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.

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

AO	Area Office
CO	Country Office
COSO	Committee of Sponsoring Organisations of the Treadway Commission
DSA	Daily Subsistence Allowance
DRMFSS	Disaster Risk Management and Food Security Sector
ECA	Economic Commission for Africa
FATS	Food Aid Tracking System
FMIP	Food Management Improvement Project
LESS	Logistics Execution Support System
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
SO	Sub-Office
TDY	Temporary Duty
TIPS	Travel and Integrated Procurement/Store
WINGS	WFP's corporate ERP system