

Internal Audit of WFP Operations in Egypt

Office of the Inspector General
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World Food Programme

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Internal Audit of WFP Operations in Egypt

I. Executive Summary

Introduction and context

1. As part of its annual work plan, the Office of Internal Audit conducted an audit of WFP's operations in Egypt that focused on the period 1 January 2015 to 30 June 2016. WFP expenditure in Egypt totalled USD 30.24 million in 2015, representing 0.65 percent of WFP's total direct expenses for the year. The audit team conducted the fieldwork from 25 September to 13 October 2016 at the Country Office in Cairo.

2. In 2016, WFP aims to assist more than 1.4 million people in Egypt. This includes lifesaving emergency assistance for 0.13 million people and non-emergency food assistance for a further 1.3 million people through development operations. In emergency operations, WFP has used cash based transfers to support vulnerable Syrian refugees and Egyptian returnees from Libya. In development operations, WFP was working with the Egyptian government to support vulnerable families to overcome food insecurity, improve education access and address nutrition challenges through food and cash based interventions.






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

Audit Conclusions

4. The audit noted a number of positive practices and initiatives, including: strengthened collaboration with the government counterparts and among the United Nations agencies in the country; investment in the country's early warning and food security assessments through use of geo-referential systems; improved supply chain coordination and tracking of stocks in cooperating partners' custody; and mature systems for monitoring and evaluation.

5. Based on the results of the audit, and with consideration to the country context, the Office of Internal Audit has come to an overall conclusion of *partially satisfactory*, i.e. internal controls, governance and risk management practices were generally established and functioning, but required immediate improvement, with several issues identified that may negatively affect the achievement of the overall objectives of the Egypt operation and areas where tools or processes needed to be improved to provide a more effective delivery of its programme. Conclusions are summarised in Table 1 by internal control component.

Table 1: Summary of risks by Internal Control Component

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

Key Results of the audit

Audit observations

6. The audit report contains three high-risk observations and two medium-risk observations. The high-risk observations are:

Programme Management: The Country Office faced critical set-backs in timely implementation of its programme activities under a four-year contribution of EUR 59.5 million from the European Commission. Delays in obtaining the necessary clearances and access authorisations from relevant government authorities have been significant challenges. Two years from signing of the contribution agreement, a critical backlog of implementation had built up. This required a three-time scale-up of programme activities to meet the contribution agreement targets. European Union regulations required the Country Office to contract all the implementation costs related to this contribution by June 2017. Results from the third quarter of 2016 showed a much improved implementation rate of 53 percent. However, the risk remains that the Country Office is not yet in a position to make up the implementation gaps of the previous two years.

Supply Chain: During the audit period, 49 percent of the Country Office's food procurement (approximately USD 10.8 million), mainly consisting of rice and date bars, was performed with waived competition. The Country Office needed commodities urgently to ensure continuity of its operations. A limited number of viable suppliers and a lack of interest from others who had been contracted forced the Country Office to seek waiver from competition. The food commodity prices increased significantly during this period, which the Country Office highlighted was the result of an unprecedented crisis in the local market for rice. Notwithstanding the known cyclical trends of the Egyptian commodities market which affect the availability and price of commodities in the country, repositioning options for food stocks with the cooperating partners were not explored as a mitigation strategy for such seasonal fluctuations in the local commodities market. Some uncoordinated changes to programme implementation further exacerbated the situation.

Monitoring and Evaluation: School feeding was the largest activity in the Country Office's development project and the main activity for the European Commission's EUR 59.5 million contribution. The Country Office assisted 700 public schools for which it had no monitoring access due to restrictions. In addition, out of the 4,657 assisted community schools in 16 governorates, the Country Office had no monitoring access to 235 community schools in two governorates, while in two other governorates, the Country Office could only reach 12 percent of 257 community schools when the monitoring coverage targets were set at 50 percent. The Country Office did not explore alternate mechanisms to obtain monitoring coverage when faced with access limitations.

Actions agreed

7. Management has agreed to address the reported observations and work to implement the agreed actions by their respective due date.

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

David Johnson
Inspector General

II. Context and Scope

The Arab Republic of Egypt

9. Egypt is the most populous country in the Middle East with a population of 82 million. It has been home to a large number of refugees from neighbouring countries including Syria, Libya, Sudan, Iraq and Palestine. In the 2015 Human Development Report, Egypt ranked 108th out of 188 countries on the Human Development Index. According to the United Nations Development Programme, Egypt faced numerous development challenges, with 26.3 percent of Egyptians living below the poverty line, high unemployment, significant economic inequalities in rural and urban areas and poor quality of public services. According to the United Nations Office for the Coordination of Humanitarian Affairs, Egypt has faced significant challenges since 2011 due to political uncertainty and insecurity which have negatively impacted various sectors of the economy and resulted in increased food prices and unemployment.

WFP Operations in Egypt

10. WFP has been a humanitarian and development partner in Egypt since 1968 and has provided assistance to vulnerable populations with a number of development and emergency operations. Historically, WFP's main objective of activities in Egypt has been to assist in development coupled with occasional needs-based emergency operations. In recent times, WFP has increased the emergency operations in Egypt in volume and complexity in an effort to meet the needs of Syrian refugees, Libyan refugees and Egyptian returnees from Libya.

11. In 2016, WFP aimed to assist 1.3 million people with its country programme (CP 200238) covering the period 1 July 2013 to 31 December 2017 and having four main objectives: a) Strengthen national institutions, b) Enhance access to education, c) Build resilience of vulnerable groups, and d) Support nutrition. School feeding is the largest activity in the country programme portfolio and is mainly funded by a four-year contribution from the European Commission (EC).

12. Since 2013, there has been a significant increase in refugee arrivals in Egypt with the largest influx from Syria. As at July 2016 there were 114,911 Syrian refugees officially registered with the United Nations High Commissioner for Refugees (UNHCR) in Egypt. WFP has been assisting the Syrian refugees in Egypt through its Regional emergency operation EMOP 200433 using cash-based transfers as the main tool for general food assistance.

13. In 2015, at the request of the Government of Egypt, WFP set up an emergency operation (EMOP 200835) to assist Egyptian returnees from Libya with a planned budget of USD 5 million. However due to administrative and funding issues this project could not be started on time and the first distribution took place in July 2016, while the project end date was 30 September 2016.

14. In 2012, the Country Office (CO) set up a Trust Fund titled "Building Resilient Food Security Systems to Benefit the Southern Egypt Region" with funding of USD 6.9 million from the Climate Adaptation Fund. This Trust Fund project ends in October 2018.

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 Egypt. 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 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 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 Egypt from 1 January 2015 to 30 June 2016. Where necessary, transactions and events pertaining to other periods were reviewed. The audit fieldwork took place from 25 September to 13 October 2016 in Cairo.

III. Results of the Audit

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

Table 2: Positive practices and initiatives

Risk Assessment

- Effective investment in the country's early warning system for food security threats and assistance to the Central Agency for Public Mobilisation and Statistics (CAPMAS) in long-term food security assessments through use of geo-referential systems.
- Strong collaboration with the Egyptian Cabinet's Information and Decision Support Centre and CAPMAS for the disaster risk mitigation.

Control Activities

- Considerable work undertaken to strengthen partnerships with Government counterparts and United Nations agencies e.g. CAPMAS, the Ministry of Social Solidarity, the Ministry of Agriculture and Land Reclamation, UNHCR, the United Nations Children's Fund, the International Labour Organisation and the Food and Agriculture Organisation.
- Improved supply chain coordination with Cooperating Partners (CPs) and systematic tracking of stocks held at CP warehouses through daily stock reports.
- School rehabilitation activities tracked in one database. Work progress documented with pictures (before, during, after) and shared with donors through an on-line platform.

Monitoring Activities

- Mature and functional database for Monitoring and Evaluation, innovative information triangulation mechanisms and forward looking plans to implement WFP's SCOPE platform in support of the CO's cash-based interventions.
 - Introduction of a Field Monitoring Assistants observation matrix to track monitoring observations and improved segregation of duties between the Programme and Monitoring functions.
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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 processes:

Table 3: Conclusions on risk, by Internal Control Component and Business Process

Internal Control Component/Business Process	Risk
1. Control environment	
Strategic planning and performance	Medium
Organizational structure and staffing	Low
Internal oversight	Low
Ethics	Low
2. Risk assessment	
Enterprise risk management	Medium
Emergency preparedness and response	Low
3. Control activities	
Finance and accounting	Low
Programme management	High
Transport and logistics	Low
Procurement	High
Human resources	Low
Travel and administration	Low
Partnership and coordination	Medium
Security	Low
Gender	Low
Property and equipment	Low
Information and communications technology	Low
Resource mobilisation	Low
4. Information and communication	
Internal and external communication	Low
5. Monitoring activities	
Programme monitoring and evaluation	High

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 made three high-risk and two medium-risk observations. Tables 4 and 5 below present the high and medium-risk observations respectively.

Action agreed

22. Management has agreed to take measures to address the reported observations.²

¹ See Annex B 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: High-risk observations

Observation	Agreed action
<p>1 Programme management – Scale-up plan for EC-funded school feeding programme</p> <p>The CO faced critical set-backs in the programme’s implementation due to delays in start-up and timely scale-up of school feeding activities. This built a critical back-log of implementation. The CO risked losing the confirmed contribution of EUR 59.5 million from the EC and exposed WFP to reputation risks in programme delivery. The CO had put in place ambitious plans to support the scaling up of school feeding activities. While the latest results show an improvement, the measures do not provide enough assurance that the CO will fill the delivery gaps created during the initial period covered by the contribution agreement. In order to reach the full utilisation of available funds, the implementation needs a three-time scale up. Two years into the implementation of the four-year contribution agreement, capacity development and augmentation activities were still at 2 percent implementation. The CO was also challenged to contract the remaining programme implementation related funds (USD 47.4 million) by June 2017 in line with the donor conditions.</p> <p><u>Underlying Cause</u> Implementation delays in the first two years of contribution agreement mainly attributable to obtaining the necessary approvals and clearances from various government counterparts.</p>	<p>The CO will:</p> <ul style="list-style-type: none"> (a) Consult with WFP’s Legal, Food Procurement, Cash for Change and Non-Governmental Organisation (NGO) units to develop longer-term contracts for competitively selected food suppliers, financial service providers for cash-based transfers and partners in order to contract and implement the programme activities before June 2017; and (b) Continue to work on improving communication and relationships with officials in the key Government departments in order to speed up the programme implementation rate.

Observation	Agreed action
<p>2 Procurement – Supply chain planning and sourcing</p> <p>During the audit period, 49 percent of the CO’s purchases were waived from competition due to lack of adequate suppliers, force majeure of some suppliers due to commodity shortage in the market at the time of procurement and the urgent nature of operational requirements. Procurement planning effectiveness was compromised due to frequent and non-coordinated programmatic changes, adjustments to beneficiary numbers and changes to adapt to variations in the school attendance rate. In addition, the CO did not take full advantage of CPs’ warehousing capacity (with a 54 percent maximum utilisation rate) to pre-position food stock, allowing flexibility to procure at times of advantageous rates and sufficient or abundant supply. The CO’s market assessment had not been revised since 2012 and the audit noted delays in the update of food vendor rosters. Lapses were also noted in the performance evaluation process for suppliers, especially with regard to the suitability of the key performance indicators (KPIs) used.</p> <p><u>Underlying Cause</u> Limitation of viable suppliers due to quality concerns and force majeure of some suppliers from existing contracts. Preposition options not explored due to concerns on short shelf life of commodities. Uncoordinated changes to programme implementation leading to urgency of procurement action.</p>	<p>The CO will:</p> <ul style="list-style-type: none"> (a) Strengthen coordination between the various CO functions to improve robustness of procurement planning; (b) Explore possibilities of stock pre-positioning at CP warehouses to take advantage of favourable market conditions in different seasons while being cognisant of CP distribution capacities and product shelf-life; (c) Perform a formal market assessment aimed at exploring current and forecast market conditions; (d) Ensure that reviews of the vendor roster are carried out at least once a year; and (e) Revise the vendor performance KPIs to include quality of the items supplied and distribution capacity.

Observation	Agreed action
<p>3 Programme monitoring and evaluation – Monitoring coverage and reporting</p> <p>The CO’s school feeding activity covered 4,657 community schools and 700 public schools. The CO could not plan any monitoring for public schools due to lack of approval from the authorities but had planned to cover 50 percent of the community schools each year. Projected monitoring coverage for 2016 based on actual trends was estimated to be 41 percent of assisted community schools. However, 235 community schools in two governorates could not be accessed at all for monitoring purposes, while in two other governorates only 12 percent of the 257 community schools could be monitored. Lapses were noted in the timeliness of reports submitted by CPs and there were some quality issues with the distribution reports reviewed by the audit. On one occasion, inaccuracies of beneficiary numbers and tonnage for food for assets were corrected after the quarterly monitoring report had been finalized.</p> <p><u>Underlying Cause</u> Administrative challenges in obtaining the security clearances for monitoring visits. Weak CP capacities in validation and quality control of data presented in monitoring and distribution reports.</p>	<p>The CO will:</p> <ul style="list-style-type: none"> (a) Coordinate with the Ministry of Education and the Ministry of Social Solidarity and agree on a process for administrative and security clearance required for field monitoring visits. The process will be incorporated within the monitoring planning process of the CO; (b) Identify the CPs with recurrent reporting quality issues and arrange training for their staff to improve overall reporting quality; and (c) In consultation with the Regional Bureau and the Strategy Implementation and Risk Management unit at WFP headquarters, develop an alternative mechanism to obtain the necessary minimum monitoring sight on the programme activities in inaccessible locations.

Table 5: Medium-risk observations

Observation	Agreed action
<p>4 Strategic planning and performance – Strategic vision and planning</p> <p>The Egypt CO's current country strategy was coming to an end in December 2016. The CO was selected as a pilot country for the roll-out of the new Country Strategic Plan (CSP) methodology. Work on the new CSP was in early stages with a target of November 2017 for submission to the Board for review. The CO had not undertaken any evaluations or lessons learned for its Emergency operations to guide the future strategic vision for emergency operations in the country. In October 2016, the resource mobilisation strategy and the partnership strategy were not yet finalised, thus lacking significant support to the strategic plan process. The under-achievement of planned programme activities and related risks were not reflected in the annual performance planning and the risk register of the CO. This gave an inaccurate picture of performance and resulted in a lack of clearly defined accountability in these areas.</p> <p><u>Underlying Cause</u> Country strategic planning is a new approach and related guidance and expertise are being developed. Low implementation of programme activities from the past years were not clearly reflected in the annual performance plan due to lack of appropriate KPIs.</p>	<p>The CO will:</p> <ul style="list-style-type: none"> (a) Develop clear timelines and accountability for finalization of its resource mobilization strategy, and partnerships strategy; (b) Organize lessons learned exercises from progress and implementation of EMOP 200835 and the Egyptian component of the regional EMOP 200433 to further guide the new CSP; and (c) Revisit its annual plan and risk register to ensure that; <ul style="list-style-type: none"> (i) challenges of slow implementation of programme activities are clearly articulated in the CO's performance assessment in the annual performance plan; and (ii) findings from the mid-term evaluations of CP 200238 and trust fund of climate change adaptation fund are adequately accommodated and unit work plans reflect the relevant timelines and accountability.
<p>5 Partnership and coordination – Cooperating Partners' capacity</p> <p>The CO did not have a large presence of international NGOs in the country and the local NGOs were challenged in capacity and expertise. The CO's initial assessment at the time of selection showed that half of its CPs (12 NGOs) had 80 percent of the desired capacity while the other half had capacity scores in the range of 24 percent to 68 percent. The CO did not undertake a detailed capacity gap assessment of its contracted NGO which could support formulation of a capacity development strategy for the CO's CPs. The audit noted various capacity issues in commodity handling and reporting on distribution and monitoring-related data. The CO did not assess the risks of granting Field Level Agreements (FLA) for multiple activities to the same NGOs especially in terms of capacity to deliver, Government approvals and possible cross-subsidisation or duplication of the administrative costs. During the audit period, the total commodity losses at the warehouses of different CPs stood at 130 metric tonnes (0.65 percent of total deliveries) with an approximate cost of USD 65,625. In addition, the CPs were paid reduced management and administration costs due to lower tonnage delivered. This created financial uncertainty and put further stress on the CPs' capacity to deliver.</p>	<p>The CO will:</p> <ul style="list-style-type: none"> (a) Perform regular comprehensive capacity assessments during the FLA renewal process to clearly identify CPs' capacity gaps and develop a strategy to overcome the capacity gaps; (b) Anticipate challenges in obtaining government clearances and work for longer-term contracts or finalising renewal of FLAs four months before the start of the implementation period; (c) Update the Standard Operating Procedure covering advances to CPs to ensure their operating capacity in support of the scale-up is preserved and policies regarding the clearance of advances are compliant with corporate guidelines; (d) Formalize a risk assessment for CP management that includes financial and operational capacities; and (e) Ensure that CPs have adequate storage facilities and organise regular training in warehouse management for CP personnel.



Observation	Agreed action
<p><u>Underlying Cause</u> Low presence of experienced NGOs in the country. The NGO coordination unit was only created in February 2016. CP warehouse management weaknesses, short expiry of the commodities and delays in obtaining administrative clearances for distribution.</p>	

Annex A – Summary of categorization of observations

The following table shows the categorisation ownership and due date agreed with the auditee for all the audit observations raised during the audit. This data is used for macro analysis of audit findings and monitoring the implementation of agreed actions.

Observation	Risk categories			Underlying cause category	Owner	Due date
	WFP's Internal Control Framework	WFP's Management Results Dimensions	WFP's Risk Management Framework			
1 Programme management – Scale-up plan for EC funded school feeding	Operational Strategic	Programmes Accountability and Funding	Contextual Programmatic	Resources	EGCO	30 June 2017
2 Procurement – Supply chain planning and sourcing	Operational Compliance	Processes and Systems	Institutional	Compliance	EGCO	30 June 2017
3 Programme monitoring and evaluation – Monitoring coverage and reporting	Operational Reporting	Programmes Processes and Systems	Institutional Programmatic	Resources Guidelines	EGCO	31 March 2017
4 Strategic planning and performance – Strategic vision and planning	Strategic	Processes and Systems	Institutional	Guidance Compliance	EGCO	30 June 2017
5 Partnership and coordination – Cooperating Partners' capacity	Operational	Partnerships	Institutional	Resources	EGCO	30 April 2017

Annex B – Definition of categorization of observations

1. Rating system

1. Internal control components and processes are rated according to the degree of related 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 or unsatisfactory is reported in each audit. These categories are defined as follows:

Table B.1: 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.

2. Risk categorisation of audit observations

2. Audit observations are 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.³

Table B.2: 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.

³ 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.

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

3. WFP's Internal Control Framework (ICF)

4. 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 and revised in 2015.

5. WFP defines internal control as: "a process, effected by WFP's Executive Board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, compliance."⁴ WFP recognises five interrelated components (ICF components) of internal control, all of which need to be in place and integrated for them to be effective across the above three areas of internal control objectives.

Table B.3: Interrelated Components of Internal Control recognized by WFP

1	Control Environment:	Sets the tone of the organization and shapes personnel's understanding of internal control.
2	Risk Assessment:	Identifies and analysis risks to the achievement of WFP's objectives through a dynamic and iterative process.
3	Control Activities:	Ensure that necessary actions are taken to address risks to the achievement of WFP's objectives.
4	Information and Communication:	Allows pertinent information on WFP's activities to be identified, captured and communicated in a form and timeframe that enables people to carry out their internal control responsibilities.
5	Monitoring Activities:	Enable internal control systems to be monitored to assess the systems' performance over time and to ensure that internal control continues to operate effectively.

4. Risk categories

6. 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 B.4: Categories of risk – based on COSO frameworks and the Standards of the Institute of Internal Auditors

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

7. 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:

⁴ OED 2015/016 para.7

Table B.5: 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 – United Nations 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 enabling 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.

Table B.6: 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.

5. Causes or sources of audit observations

8. Audit observations are broken down into categories based on causes or sources:

Table B.7: 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.

6. Monitoring the implementation of agreed actions

9. The Office of Internal Audit tracks all medium and high-risk observations. Implementation of agreed actions is 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.

Annex C – Acronyms

CAPMAS	Central Agency for Public Mobilisation and Statistics
CO	Country Office
CSP	Country Strategic Plan
CP	Cooperating Partner
EC	European Commission
EGCO	WFP’s Egypt Country Office
EMOP	Emergency Operation
EUR	Euro (European Monetary Unit)
FLA	Field Level Agreement
KPI	Key Performance Indicator
NGO	Non-Governmental Organisation
SCOPE	System for Cash Operations (WFP’s beneficiary and transfer management platform)
UNHCR	United Nations High Commissioner for Refugees
USD	United States Dollar
WFP	World Food Programme