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منظمة
الغذية والزراعة
للأمم المتحدة

FINANCE COMMITTEE

Hundred and Seventy-sixth Session

Rome, 20 - 22 May 2019

Report on the implementation of the External Auditor recommendations

Queries on the substantive content of this document may be addressed to:

Mr Jonathan Howitt
Chief Risk Officer and Director, Enterprise Risk Management Division
World Food Programme
Tel: +3906 6513 2786

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EXECUTIVE SUMMARY

- This report highlights the progress that WFP has made in implementing recommendations made by the External Auditor in reports to the Executive Board.
- The recommendations included in this report represent those outstanding at the last reporting date, the Annual Session of the Board in 2018, and the recommendations made by the External Auditor since that date. In line with previous years, the report includes recommendations from the 2018 financial audit but excludes recommendations from the two most recent performance audits, the results of which are reported separately to the Executive Board at their annual session.
- The External Auditor has provided comments on all recommendations that WFP has implemented.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to note the progress WFP has made to implement the External Auditor's recommendations and to endorse the document for the notification of the Executive Board, providing any guidance it may deem fit.

Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee advises the WFP Executive Board to take note of the "Report on the implementation of the External Auditor recommendations".**



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Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

Report on the implementation of the External Auditor recommendations

Draft decision*

The Board takes note of the "Report on the implementation of the External Auditor recommendations" (WFP/EB.A/2019/6-G/1).

1. This report describes WFP's progress in implementing recommendations made by the External Auditor in reports to the Board between 2015 and 2019. It covers recommendations outstanding at the Board's 2018 annual session (WFP/EB.A/2018/6-I/1); those in 2018 reports of the External Auditor on scale-up and scale-down of resources in emergency operations (WFP/EB.A/2018/6-H/1) and on food-related losses (WFP/EB.A/2018/6-G/1); and those in the audited annual accounts of WFP for 2018 (WFP/EB.A/2019/6-A).
2. Table 1 shows WFP's progress in implementing the External Auditor's outstanding recommendations since the 2018 annual session of the Board and table 2 provides an update on each of the outstanding recommendations and the External Auditor's comments on them.

* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

Focal points:

Mr M. Juneja
Assistant Executive Director
Resource Management Department and
Chief Financial Officer
tel.: 066513-2885

Mr J. Howitt
Director
Enterprise Risk Management and Chief Risk Officer
tel.: 066513-2786

TABLE 1: IMPLEMENTATION OF THE EXTERNAL AUDITOR'S RECOMMENDATIONS 2015-2019

Subject of report and annual session at which issued	Owner(s)	Total number of recommendations	Recommendations outstanding at the 2018 annual session	Recommendations closed in reporting period	Recommendations outstanding at the 2019 annual session
Management of corporate emergencies 2015	OSE	7	1	1	0
School feeding programme 2016	BRA, OSF	15	4	4	0
2016 audited annual accounts 2017	RMF	9	5	5	0
Changes in human resources 2017	HRM, RMF	14	12	5	7
Decentralization 2017	INC, IRM, LEG, OED, OM, OS, PG, RBs, RM, RMR	17	11	4	7
2017 audited annual accounts 2018	RMF	7	7	6	1
Scale-up and scale-down of resources in emergency operations 2018	HRM, OSE, RM, RMR	7	7	3	4
Food-related losses 2018	OSC, OSZ, OS-NGO, RMB, RMF	9	9	1	8
Subtotal		85	56	29	27
2018 audited annual accounts 2019	RMF	5	0	0	5
Total			56	29	32

TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS

Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
Management of corporate emergencies 2015	Recommendation 7 WFP may expedite the process of addressing the risks identified in the Corporate Risk Register of 2014 in respect of "WFP overextended in multi emergencies" for early completion.	Emergency Preparedness and Support Response Division (OSE)	OSE issued the interim emergency activation protocol for Level 2 and 3 emergencies in September 2018, taking into consideration feedback from the regional directors and headquarters units as appropriate. In October 2018, OSE established an Operational Surge Support Unit, which supports the field in preparing for and responding to risks and shocks.	Implemented	Agreed
School feeding programme 2016	Recommendation 1 c) The corporate reporting tool may be refined by WFP Headquarters and corporate guidance provided to COs to report on costs per child per year of school feeding.	School Feeding Service (OSF) (formerly Policy and Programme Division (OSZ))	WFP developed a cost analysis framework that includes guidance on cost-benefit analysis and national cost assessments of school meals.	Implemented	Agreed
School feeding programme 2016	Recommendation 4 Additional data collection and analysis may be carried out in order to more fully illuminate patterns of the WFP school feeding expenditure in relation to government school feeding expenditure, country income status and country budget policies and priorities.	OSF (formerly OSZ)	The new School Feeding Service (OSF) established in July 2018 and The Partnership for Child Development (PCD), Imperial College London, jointly developed a global School Feeding Situation Analysis.	Implemented	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
School feeding programme 2016	Recommendation 9 a) WFP/CoE may prepare country-specific actionable plans, based on consistent dialogue with the national governments, to determine and accelerate the percentage of local purchases from smallholder farmers, particularly women, for the school feeding programmes.	WFP Centre of Excellence (CoE) Against Hunger in Brazil (BRA), OSF (formerly OSZ)	WFP and partners – the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development, the New Partnership for Africa's Development, the Global Child Nutrition Forum, and PCD – documented key learnings from successful home-grown school feeding (HGSF) programmes and published the HGSF Resource Framework. This resource framework is intended as a guidance tool for the design, implementation and monitoring of HGSF programmes. It was launched on World Food Day in October 2018 at the Committee on World Food Security event.	Implemented	Agreed
School feeding programme 2016	Recommendation 11 A monitoring mechanism may be introduced in consultation with WFP Headquarters and the COs so that the outcomes on the Action Plans formulated after study visits to the CoE are systematically captured and highlighted in Standard Project Reports (SPRs), wherever linked to WFP projects.	BRA	The WFP Integrated Road Map (IRM) redefined reporting requirements at the country level, resystematizing how outcomes on Action Plans formulated after study visits to the CoE are captured and highlighted in SPRs and annual country reports (ACRs). In this context of the new programmatic framework, the baseline for reporting is the country strategic plan (CSP) or interim country strategic plan (ICSP). In addition to reporting on outcomes in the current reporting system, follow-up actions agreed with the delegations and other countries that require the assistance of WFP CoE have been included in the approved CSP/ICSPs by 37 countries. These countries will also report on WFP CoE school feeding, smallholder farming, country capacity strengthening and	Implemented	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
			partnerships programme activities and outcomes. WFP CoE activities have been fully integrated with the IRM, allowing CoE to better monitor outcomes from its collaboration with countries.		
2016 audited annual accounts 2017	Recommendation 1 The External Auditor recommends that WFP reinforces the harmonization of beneficiary management systems by increasing the deployment rate of the SCOPE system and by systematically integrating the report of digital data necessary for the identification of beneficiaries.	Finance and Treasury Division (RMF)	Superseded by recommendation 1 of the 2017 audited annual accounts.	Closed	Agreed
2016 audited annual accounts 2017	Recommendation 2 The External Auditor recommends that WFP regularly updates beneficiary information, documents the follow-up of modifications, and supervises the updates.	RMF	Superseded by recommendation 2 of the 2017 audited annual accounts.	Closed	Agreed

TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS

Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
2016 audited annual accounts 2017	Recommendation 3 The External Auditor recommends that WFP establishes a secure beneficiary data transmission system ensuring that the file transmitted by the sender corresponds in all respects to the file received by the recipient (export, sending and integration secured through automation of the process).	RMF	Superseded by recommendation 1 of the 2017 audited annual accounts.	Closed	Agreed
2016 audited annual accounts 2017	Recommendation 4 The External Auditor recommends that WFP extends, under the close supervision of Headquarters, analysis of data on sales carried out by retailers and directs it to usage that enables detection of potential errors or frauds and to ensure the traceability of work carried out in this area.	RMF	Superseded by recommendations 1 and 2 of the 2017 audited annual accounts.	Closed	Agreed

TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS

Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
2016 audited annual accounts 2017	Recommendation 8 The External Auditor recommends that WFP improve traceability of the audit trail of contributions recorded in WINGS and the related contractual documentation, and reinforce monitoring of receivables in the field and at Headquarters through donor-level monitoring.	RMF	Superseded by recommendation 3 of the 2017 audited annual accounts.	Closed	Agreed
Changes in human resources 2017	Recommendation 1 The External Auditor recommends, in accordance with the recommendations of the United Nations Joint Inspection Unit, clarifying the criteria for recruiting each category of employee with a view to aligning practice with stated principles.	Human Resources Division (HRM)	HRM continues to work toward the implementation of this recommendation and has extended the timeframe for finalizing the staffing framework. Discussions at management level are still ongoing on the staffing framework, which includes taking stock of the organization's strategy and impact on workforce in the coming five to ten years.	June 2020	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
<p>Changes in human resources 2017</p>	<p>Recommendation 2 The External Auditor recommends that remuneration for newly recruited consultants be thoroughly reviewed to better align it with market practices, while maintaining it slightly above market rates to attract the best candidates when needed.</p>	HRM	HRM is reviewing the previously developed changes to consultant remuneration. The changes will be released after the publication of the staffing framework.	June 2020	
<p>Changes in human resources 2017</p>	<p>Recommendation 3 The External Auditor recommends that, at regular intervals – for example quarterly – a synthesis of the main components of all WFP-financed payroll be made.</p>	RMF (was HRM)	WFP prepares quarterly staffing cost reports for employees on corporate payroll. A project (Quantum) is underway to link national staff's positions with country portfolio budgets, which will enable reporting of local staff costs. Roll-out is planned for 2019–2020.	December 2020	
<p>Changes in human resources 2017</p>	<p>Recommendation 4 The External Auditor recommends: a) that headquarters and regional bureaux exercise greater supervision over staffing structure reviews, in particular to mitigate</p>	HRM	a) HRM developed and issued the organizational alignment toolkit “Designing a Dynamic WFP” to support country offices in conducting organizational alignment reviews. The guide is an integral part of the work being conducted as part of the organizational alignment project, the aim of which is to support country offices in assessing their workforce to ensure alignment with country	Implemented	Agreed

TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS

Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
	<p>the significant disparities in the resources available for human resource management in the field; and</p> <p>b) that these reviews be made systematic for all country offices and regional bureaux every two or three years and that they lead to a concrete action plan with a set timetable.</p>		<p>strategic plans. HRM will update the toolkit as needed.</p> <p>b) Staffing structure reviews, which lead to a concrete action plan with a set timetable, are now carried out regularly as part of the country strategic plan roll-out.</p>		
<p>Changes in human resources 2017</p>	<p>Recommendation 5 The External Auditor recommends the establishment of a framework for workforce and skills management planning closely linked to staffing structure reviews at the local level.</p>	HRM	<p>The Human Resources Division (HRM) conducted a workforce planning approach pilot in the Nutrition Division, and extended it to Finance, M&E and Security. Using feedback collected, HRM produced a concept note for extending the roll-out across the organization. HRM has secured funding for 2019 to enable its implementation. At the CO level, this is already done as part of the organizational alignment process, which many country offices are currently or will be undertaking in the next months.</p>	December 2019	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
<p>Changes in human resources 2017</p>	<p>Recommendation 6 The External Auditor recommends the establishment of a procedure for recruiting consultants that includes an open call for applicants and a competitive selection process; exceptions would be made in an emergency but would require authorization.</p>	HRM	<p>WFP's policy on employment of consultants has been redrafted to include the requirement for competitive recruitment (including advertising posts). HRM in headquarters does not have the capacity to deliver competitive recruitment services, which would require additional resources. Some headquarters divisions are already implementing competitive processes, but it is not yet compulsory.</p>	December 2019	
<p>Changes in human resources 2017</p>	<p>Recommendation 7 The External Auditor recommends that it be ensured that recruitment records contain all necessary documents to allow for the monitoring of compliance with procedures and the quality of procedures.</p>	HRM	<p>While the current policy does not require the files identified by the External Auditor to be retained, the new policy regulating the employment of consultants will reflect the External Auditor's recommendation on recruitment records. The policy will require that all competitive processes, including background and qualification checks, be documented.</p>	December 2019	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
Changes in human resources 2017	Recommendation 8 The External Auditor recommends a medium-term analysis of the possibility of introducing partial performance-related pay for managerial staff.	HRM	Following the previously reported analyses it has been determined that WFP will not implement performance-based pay at this time.	Implemented	Agreed
Changes in human resources 2017	Recommendation 10 The External Auditor recommends that a sample of Performance and Competency Enhancement (PACE) assessments regularly undergo internal audit to enable the Human Resources Division to carry out more qualitative monitoring and better target areas for improvement.	HRM	A cross-functional committee, including HRM and Internal Audit, reviewed a representative sample of 50 PACE assessments to assess their timeliness and quality in mid-2018. The committee reported on the results of their review and their observations in August 2018.	Implemented	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
<p>Changes in human resources 2017</p>	<p>Recommendation 11 The External Auditor recommends that the leadership roster be finalized swiftly in order to diversify the categories of staff deployed to the field and thereby ensure the effectiveness of emergency response operations.</p>	HRM	<p>The suggested leadership roster has been replaced with an "Emergency Coordinator" roster. HRM and OSE are reviewing the profiles of all P4-D1 staff members for potential inclusion (60% complete).</p>	December 2019	
<p>Changes in human resources 2017</p>	<p>Recommendation 12 The External Auditor recommends that any change in status of a significant number of employees in a country office be made conditional on a rigorous and prudent assessment of the potential additional costs and relevant financing.</p>	HRM	<p>The National Staff Project as it was envisaged during the External Audit has been absorbed into the organizational alignment exercises being undertaken by individual country offices and regional bureaux. Each country office is required to assess its workforce needs and seek funding for the structure put in place to meet the five-year country strategic plan. It is incumbent upon the leadership in each office to assess additional costs of the workforce structure, particularly as they present each country strategic plan to the Executive Board. The filling of fixed-term posts requires a competitive process with WFP's policy allowing service contract holders to compete. There are no "conversions" of special service agreement or service contract holders to fixed-term staff members.</p>	Implemented	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
Changes in human resources 2017	Recommendation 14 The External Auditor recommends exploring the possibility of improving the prospects for career progression for National Professional Officers by financing the creation of additional posts at higher levels through the elimination of international professional posts of equivalent level.	HRM	The Future International Talent pool has been implemented and is operational.	Implemented	Agreed
Decentralization 2017	Recommendation 1 The External Auditor recommends publishing on the intranet the distribution of powers determined by management, a comprehensive Headquarters organization chart, including units within divisions, and a list of the country offices and the countries covered, ensuring that this information is regularly updated.	Office of the Executive Director (OED)	WFP's organization chart and a list of country offices are published on the intranet. The information is updated regularly. The current practice will be revisited once the legislative bodies have concluded their deliberations on the proposed new organization chart of WFP.	December 2019	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
Decentralization 2017	Recommendation 3 The External Auditor recommends defining thresholds (operations funding, country needs) under which a review is launched to evaluate the viability of the office and issue an opinion on whether to maintain, merge or close it. The conclusion should be reported to the Executive Board.	OM in consultation with the Operations Services Department (OS), the Resource Management Department (RM) and IRM	As part of the regional bureau and headquarters review, a country office presence exercise was launched and clear criteria to determine country offices' viability have been established. A management tool has been developed for monitoring viability of country offices.	December 2019	
Decentralization 2017	Recommendation 4 The External Auditor recommends that the Secretariat systematically support the regional and local levels in negotiations to transfer the overhead costs of country offices to the host governments in upper-middle-income countries.	The Partnerships & Governance Department (PG) in collaboration with RM/RBs/Legal Office (LEG)	In supporting national zero hunger strategic reviews, WFP works with governments and other stakeholders on programme responses that contribute to achieving the Sustainable Development Goals. Resources made available by host governments are negotiated over time and it is therefore premature to confirm action on negotiations to transfer overheads in upper-middle-income countries. WFP senior management will continue to support the negotiations on transferring country offices' overhead costs to host governments as clarity on the level of resources that host governments will make available to support WFP country office partnering work.	December 2019	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
Decentralization 2017	Recommendation 6 The External Auditor recommends specifying the nature, scope and limits of the oversight duties entrusted to the regional bureaux.	OM in consultation with the Innovation and Change Management Division (INC), RM, RBs and other departments	As part of the regional bureau and headquarters review, terms of reference have been prepared, which include a section on management oversight at the headquarters and regional bureau levels.	Implemented	Agreed
Decentralization 2017	Recommendation 7 The External Auditor recommends specifying the technical conditions governing regional bureaux oversight missions, including the format of reports, the monitoring of recommendations and the expected verifications.	RMR (was OM) in consultation with INC, RM, RBs and concerned departments	The Enterprise Risk Management Division (RMR) is developing an online tool to improve and automate risk, assurance and oversight recommendation management processes. The system will provide a central repository for oversight recommendations and allow regional bureaux to include key findings and recommendations from regional oversight missions. This common platform will also facilitate better analysis, issue escalation, reporting and management follow-up on outstanding issues.	December 2019	

TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS

Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
Decentralization 2017	Recommendation 8 The External Auditor recommends establishing, in directives updated on an annual basis, the priorities assigned to each regional bureau regarding oversight and support, taking into account the contexts in which they operate.	OED in consultation with concerned departments	The review of regional bureau oversight, roles, responsibilities and geographical coverage describes oversight and support responsibilities for the regional bureau as reported in the headquarters and regional bureau terms of reference endorsed by the leadership group in February 2019.	Implemented	Agreed
Decentralization 2017	Recommendation 9 The External Auditor recommends assessing the partnership tools available to country offices and undertaking extensive communication to strengthen the support provided to the field offices.	PG/RBs	<p>The Government Partnerships Division (PGG) launched a training module on resource mobilisation targeted at the global WFP workforce in 2018. This module complements ongoing technical training on grant management and registration.</p> <p>Recognizing the importance of systematic donor intelligence and information exchange, PGG rolled out Salesforce, an internal repository of information on partners to support the management of partnerships at all levels.</p> <p>In addition, PG developed and rolled out practical guidance and technical training for all regional bureau staff to support the operational transition to the IRM. Within this framework, PG supports country offices to develop partnership action plans as part of their country strategic plans. Between mid-2017 and end 2018, PG conducted a series of regional IRM training</p>	Implemented	Agreed

TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS

Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
			<p>bootcamps, reaching approximately 175 staff representing 78 country offices.</p> <p>In 2018, PG continued to update and maintain the collection of partnering tools on the Partnerships Topics page of WFPgo, including new guidance for accessing pooled funds.</p> <p>PG also launched a dedicated Partnership function "channel" on WeLearn, WFP's online learning platform. The channel includes a new all-staff partnership essentials course, as well as partner-specific resources and external resources on negotiation, relationship-building, communication and emotional intelligence.</p>		
<p>Decentralization 2017</p>	<p>Recommendation 10 The External Auditor recommends studying the sustainability of the geographical scope of the regional bureaux, especially those of Dakar and Cairo.</p>	<p>OM in consultation with INC</p>	<p>The review of the regional bureaux geographical scope has been completed and recommendations made to the leadership group.</p>	<p>December 2019</p>	
<p>Decentralization 2017</p>	<p>Recommendation 11 The External Auditor recommends making any further scaling down of the resources of Headquarters and concomitant transfers of responsibilities and authority</p>	<p>OED in consultation with all concerned departments</p>	<p>As a cross-functional activity, the end-to-end process quality and potential systemic risks relating to cash-based transfers (CBT) are being addressed by the investment in Cash and Digital Assistance platforms, as outlined in the 2019–2021 Management Plan. This investment provides for increased assurances, safeguards and risk management, and centralized data</p>	<p>December 2021</p>	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
	to the field subject to a full assessment of the persistence of systemic risks, particularly regarding cash-based transfers and procurement.		analytics and insights. WFP aims to strengthen its workforce capabilities and capacity alongside the technology investment. In addition, the ongoing functional review will include a revision of CBT roles and responsibilities across the organization to further clarify accountabilities.		
Decentralization 2017	Recommendation 12 The External Auditor recommends reviewing the viability of small liaison offices, and their added value, in terms of efficiency and economy.	PG	PGG has undertaken a review of the performance of these offices during 2018 which has included inputs from the Executive Director following his own visits. Management has concluded that there remains scope for all current offices to make a significant contribution in support to positioning, partnering and resourcing for WFP. In addition, the Executive Director has during his recent visits, recommended the strengthening of offices in Washington, DC, the United States of America; London, the United Kingdom; and Ottawa, Canada. While this position holds, PG management remain vigilant to the return on investment of these offices, recognising that changes in domestic politics and in the orientation of national governments to support the multilateral system can have a significant impact on their added value.	Implemented	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
<p>Decentralization 2017</p>	<p>Recommendation 15 The External Auditor recommends formalizing to a greater degree the procedure for the recognition, analysis and monitoring of losses at the local level.</p>	<p>OM, RBs, RM (was OM, RBs, RM and Inspector General and Oversight Office)</p>	<p>WFP procedures for recognizing, analysing and monitoring losses at the local level are as follows:</p> <ul style="list-style-type: none"> ➤ A 2018 global losses report that includes pre- and post-delivery losses will be shared with the Board in June 2019. This report covers losses incurred from the point when and where WFP legally takes possession of the cargo (from in-kind donor or WFP contracted supplier) to the distribution point or handover to the beneficiaries. ➤ Cash-based transfer financial losses are also reported to the Executive Board at its annual session in line with the financial management provisions of the CBT Manual. ➤ Losses of non-food items, including inventory and fixed assets, are reported to the local property survey board, which makes recommendations to field office directors or headquarters, depending on the value of the items concerned. Non-food item losses are disclosed in the audited annual accounts. <p>In addition, as part of the Critical Corporate Initiatives in the 2018 Management Plan, WFP recognized the need to establish an online platform to systematically manage critical risk exposures, capture and quantify risk incidents and track oversight recommendations and mitigation on a more consistent and holistic basis. The new system--the risk and recommendation tracking tool--is expected to be ready for piloting in selected</p>	<p>December 2019</p>	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
			countries, regional bureaux and functions with risk assessment, incident capture and oversight tracking functionality from the third quarter of 2019.		
2017 audited annual accounts 2018	Recommendation 1 The External Auditor recommends that WFP continue the implementation of the recommendations made for the 2016 fiscal year for cash-based transfers (CBTs) by continuing to deploy the SCOPE beneficiary tracking system and its associated functionalities in terms of secure data transmission, with the goal of eventually covering 80 percent of WFP's CBT activity.	RMF	Superseded by recommendation 1 of the 2018 audited annual accounts.	The Secretariat will report on the status of this item through the updates on recommendation 1 of the 2018 Audited Annual Accounts audit.	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
<p>2017 audited annual accounts 2018</p>	<p>Recommendation 2 The External Auditor recommends that WFP continue the implementation of the recommendations made for the 2016 fiscal year for cash-based transfers (CBTs) ensuring that the beneficiary data recorded in SCOPE are up to date at least once a year.</p>	<p>RMF</p>	<p>The beneficiary management guidance recently developed by OSZ refers to verification and updating of beneficiary identities as mandatory steps: according to the guide, verification is to be performed at each distribution cycle to confirm beneficiary identity, and at least once per year (six months encouraged for refugee contexts) to confirm presence, correctness of identity information and possession of correct entitlement token.</p> <p>SCOPE registration standard operating procedures have been developed and made available to support the integrity of beneficiary data in the SCOPE platform. They will be regularly updated as and when related guidance and resources may be issued.</p> <p>Furthermore, principles for beneficiary data life-cycle management were presented to and endorsed by the Data Management Committee in October 2018. Following that, they were successfully approved by the Management Information System Steering Committee in November 2018. The principles provide guidance on the archiving and subsequent purging of records and inform the implementation of the beneficiary data life-cycle within SCOPE.</p>	<p>Implemented</p>	<p>Agreed</p>

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
2017 audited annual accounts 2018	Recommendation 3 The External Auditor recommends that WFP continue its efforts to improve the audit trail by formalizing the internal controls put in place for recording donations and by documenting the controls performed as well as any corrections made affecting the recognized revenue.	RMF	General Accounts Branch (RMFG) documented the process as well as existing internal controls in contributions receivable and revenue recording and management and provided it to the External Auditor. In addition, RMFG, Financial Systems and Processes Support Branch and PGG improved documentation of reconciliation controls between grants management and financial accounting modules.	Implemented	Agreed
2017 audited annual accounts 2018	Recommendation 4 The External Auditor recommends finalizing the implementation of the recommendations made in the 2016 IT review by completing the deployment of the GRC task separation module in WINGS.	RMF	Superseded by recommendation 2 of the 2018 audited annual accounts.	Closed	Agreed
2017 audited annual accounts 2018	Recommendation 5 The External Auditor recommends that WFP add to the Financial Resources Management Manual with	RMF	RMFG updated the Financial Resources Management Manual, detailing criteria for recognition of in-kind contributions as well as providing guidance on valuation and documentation necessary to support registration of in-kind contributions.	Implemented	Agreed

TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS

Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
	respect to in-kind contributions by detailing the documentation that must be provided for the measurement and verification of the value of the recognized revenue (particularly as regards contributions under standby partner agreements for in-kind donations of food products and assets).				
2017 audited annual accounts 2018	Recommendation 6 In order to strengthen the internal control system, the External Auditor recommends that WFP ensure that each country office enters all required information in the COMET system each month.	RMF	Monitoring and Evaluation Liaison (RMPM) and regional offices review country offices' data in the country office tool for managing (programme operations) effectively (COMET) monthly, and for any gaps, the highlights are reported to country offices and support missions are undertaken, when requested. Timelines and completeness will continue to be monitored.	Implemented	Agreed
2017 audited annual accounts 2018	Recommendation 7 The External Auditor recommends implementing a monthly reconciliation: a) between the cash-based transfer amounts distributed to	RMF	a) As of December 2018, the following steps have been taken to set up a corporate and stable process to guarantee reconciliation between WINGS and COMET of cash transfer amounts distributed to beneficiaries. i. Change in the accounting process to realign the key performance indicator (KPI) used in the two	a) December 2019 b) Implemented	b) Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
	<p>beneficiaries indicated in WINGS and the amounts reported in COMET;</p> <p>b) between the COMET data on goods received by partners and the logistics data in LESS and then justifying all discrepancies found.</p>		<p>reporting systems: From January 2018, the values registered in COMET for CBT transfers to beneficiaries should be accounted for through transferred values as described in the updated COMET guidance for reporting CBT monthly data.</p> <p>ii. Correspondence from the Director of Market Access Programme Unit to all CBT regional advisors to review and realign the CBT actual transfer value in WINGS and COMET in their respective regions: The action has resulted in a sensitization of all country offices on the recording of revised KPI in both systems and in the awareness of the value of such action for future.</p> <p>iii. The development of the CASHboard, a centralized CBT data analytics tool, which visualizes and allows comparison of data between WINGS and COMET daily at country office and regional levels: For 2018, the reconciliation exercise was performed annually for the issuance of the 2018 SPR/ACRs. From 2019, regional bureaux/country office CBT focal points are invited to periodically check the consistency of CBT data entered during the validity of the project period.</p> <p>b) WFP reconciles COMET data on goods received by partners with logistics data in the Logistics</p>		

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
			Execution Support System (LESS) monthly. RMPM and RB highlight any issues identified to country offices, requesting the justification through notes for record. Support missions are undertaken when requested.		
Scale-up and scale-down of resources in emergency operations 2018	<p>Recommendation 1 The External Auditor recommends that WFP and IASC (United Nations Inter-Agency Standing Committee) emergencies be more clearly articulated:</p> <p>a) providing criteria in the revised protocol allowing WFP to define the emergency level independently from IASC decisions; and</p> <p>b) when its decision differs (for example, for an L3 activated by WFP alone), producing a specific memorandum for the attention of donors setting out the reasons for the difference in assessment.</p>	OSE	<p>a) WFP's September 2018 emergency activation protocol aligns its criteria with those of the IASC to ensure consistency. However, system-wide scale-up activation and agency-specific emergency level declarations continue to serve separate purposes. While committing IASC members to a set of agreed procedures, the system-wide scale-up activation protocol recognizes the ability of IASC member organizations to decide on activation of their respective major emergency mechanisms and procedures.</p> <p>b) The Executive Director issues an internal memorandum following every activation decision. In addition, WFP communicates these decisions and related operational implications through existing mechanisms, such as regular operational briefings for the Executive Board and bilateral interaction with Member States at the country, regional and headquarters levels.</p>	Closed	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
<p>Scale-up and scale-down of resources in emergency operations 2018</p>	<p>Recommendation 2 The External Auditor recommends clarifying the terms of the activation protocol, in particular:</p> <ul style="list-style-type: none"> a) by providing for a target duration – albeit indicative – for the start phase of a crisis; b) by detailing the objectives (external or internal) targeted by the organization; c) by simplifying the chain of command; d) by specifying the criteria and stages of deactivations. 	OSE	<ul style="list-style-type: none"> a) The September 2018 revised emergency activation protocol introduces the IASC December 2015 endorsement to differentiate between a Level 3 (L3) surge (initial 'scale-up' phase to rapidly inject capacities) and L3 response ('sustain' phase where the scale and severity of a protracted crisis require ongoing senior attention and support). The standard initial duration of a Level 2 (L2) emergency or L3 surge is set to 90 days for a sudden onset emergency or up to 180 days for complex emergencies. Following this period, the situation is reviewed and a recommendation for extension in time, transition, or deactivation is proposed. In the case of an extension or transition, the proposed period should not exceed 90 days for an L3 surge, or 180 days for an L2 emergency or L3 response before the next review. b) The revised activation protocol includes trigger actions that support an efficient and effective response: the nomination or deployment of reinforced emergency leadership; temporary changes in chain of command and delegation of authority; activation of dedicated strategic and operational coordination mechanisms; and the development of emergency operational frameworks to guide and track progress of the emergency response. 	Implemented	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
			<ul style="list-style-type: none"> c) The revised activation protocols provide a simplified explanation of the chain of command for L2 emergency, L3 surge and L3 response. d) The revised activation protocols specify the criteria for and stages of deactivations and outline related responsibility and actions. 		
<p>Scale-up and scale-down of resources in emergency operations 2018</p>	<p>Recommendation 3 The External Auditor recommends strengthening the scope of the preparatory measures, in particular by:</p> <ul style="list-style-type: none"> a) defining the responsibilities of the regional bureaux in supervising the establishment of the Emergency Preparedness and Response Package (EPRP) on site; b) systematizing, as provided for in the protocol, reference to the degree of completion of preparedness actions in country director assessments; 	<p>OSE a) and b) and RMR c)</p>	<ul style="list-style-type: none"> a) The annual assurance statement, which is the foundation for the Executive Director's statement on internal control, requires country directors to state whether their office has established effective emergency preparedness and readiness through implementation of EPRP minimum preparedness actions and, where appropriate, advanced preparedness actions. As defined in the EPRP guidelines, regional bureaux regional emergency preparedness and response officers (EPROs) support country offices within their region and undertake necessary EPRP action for these countries. OSE's Emergency Preparedness Branch provides technical support to EPROs and maintains the EPRP template. b) The EPRP tracker enables EPROs, headquarters and country office management to monitor EPRP implementation easily and to advise managers and colleagues on gaps in preparedness actions. Using this tracker, OSE regularly provides the key 	<p>a) and b) Implemented</p> <p>c) Closed</p>	<p>Agreed</p>

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
	c) integrating into the risk registers mitigation measures specific to the potential risks of fraud and losses in an emergency situation.		performance indicator values for the country director accountability framework. c) This recommendation has been superseded by the 2019 external audit report on fraud prevention, detection and repression.		
Scale-up and scale-down of resources in emergency operations 2018	Recommendation 4 The External Auditor recommends setting up a financial tool for rendering accounts regarding the total actual consolidated cost of L2 and L3 emergency operations.	RM	With the transition to the IRM framework now in place, WFP can provide consolidated costs for L2 and L3 emergency operations for specific reporting periods. As mentioned in the original management response, such financial information would continue to include any response underway prior to L2/L3 activation in view of pre-existing response to crises. The implementation timeframe of this recommendation is by its nature aligned with the full transition to the IRM.	December 2019	
Scale-up and scale-down of resources in emergency operations 2018	Recommendation 5 The External Auditor recommends carrying out a series of financial analyses to: a) identify and quantify the additional budgetary effort allocated to L2 and L3 operations due to regional and headquarters intervention, and	RM	a) See WFP response to recommendation 4 above. b) The Immediate Response Account is the critical instrument enabling WFP to act or react to life-threatening situations where specific donor contributions may not yet be forthcoming. Softly earmarked contributions also provide WFP with flexibility to respond. These two funding sources, taken together, can provide resources to address immediate L2/L3 needs. Oversight by members of the Strategic Resource Allocation Committee provides the strategic direction on the use of these	a) December 2019 b) Closed	b) Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
	b) put in place unrestricted, more specific funding channels as appropriate.		resources, and the interplay between them provides the unrestricted funding channel without resorting to the creation of a sub-fund. The current structure allows these resources to be allocated to any life-threatening situation, which remains WFP's priority, without ring-fencing any unrestricted contributions only to meet particular circumstances.		
Scale-up and scale-down of resources in emergency operations 2018	Recommendation 6 The External Auditor recommends establishing a broadened and centralized monitoring tool for WFP employees who can be deployed in emergencies, and formalizing its employment doctrine.	HRM, OSE	OSE and HR have jointly prepared a proposal entitled "Global Emergency Staffing System" and sought internal funding opportunities to realise this proposal. For 2018, the proposal received 12% of the funding required and for 2019, 25% of the funding required.	End 2019 (subject to funding)	
Scale-up and scale-down of resources in emergency operations 2018	Recommendation 8 The External Auditor recommends rapidly translating into operational terms the discussions begun in 2017 on the support functions and the innovative plans to be put in place to increase the flexibility of the	HRM, OSE	Elements of the "centralised monitoring tool" called the HR Emergency Dashboard are currently under construction; however, the funding is not sufficient to meet the requirements particularly related to mentoring, long-term training strategy for staff with high potential. OSE and HRM will continue to jointly source funding to ensure that the proposal is fully funded.	December 2022	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
	teams in an emergency situation (incentives, mentoring, long-term training strategy for staff with high potential for emergencies, etc.).		Actions have been started with a three-year timeframe for putting in place proposed systems.		
Food-related losses 2018	Recommendation 1 The External Auditor recommends improving reporting to the Executive Board by providing an annual report on losses whether they occur before or after delivery, irrespective of any amounts insured or reimbursed.	Supply Chain Division (OSC)	2018 global losses report that includes pre- and post-delivery losses will be shared with the Board in June 2019. This report covers losses incurred from the point when and where WFP legally takes possession of the cargo (from in-kind donor or WFP contracted supplier) to the distribution point or handover to the beneficiaries.	June 2019	
Food-related losses 2018	Recommendation 2 The External Auditor recommends continuing to strengthen the order management procedures: a) by implementing a tool to manage international, regional, and local vendors as soon as possible, so as to allow WFP to have a global view	OSC	OSC completed an external review of vendor management in WFP. OSC prepared an investment case to implement the most critical recommendations from this review, as well as other audit and evaluation recommendations related to vendor management, including vendor performance monitoring and management.	December 2021	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
	<p>of vendors and their services;</p> <p>b) by upgrading the WINGS software or developing an alternative solution to have a global view of the performance of its contracts and be able to perform extractions with a view to effective management.</p>				
<p>Food-related losses 2018</p>	<p>Recommendation 3 The External Auditor recommends developing a system making performance statistics on surveyors and superintendents available at the organization level.</p>	OSC	OSC is working on KPIs to assess performance of surveyors and superintendents that will be linked to an IT system expected to be rolled out not before third quarter 2020.	September 2020	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
Food-related losses 2018	Recommendation 4 The External Auditor recommends expanding the information submitted annually to the Executive Board by adding the financial statements of the special self-insurance account; and a report on the appropriateness of the level of insurance reserve.	OSC, Budget and Programming Division (RMB), RMF	The agreed additional information on self-insurance performance and financial status shall be provided in the next Management Plan expected in November 2019.	December 2019	
Food-related losses 2018	Recommendation 5 The External Auditor recommends strengthening the control of warehouses: a) by inviting country offices to plan inspections based on a risk analysis; b) documenting and keeping records of the inspections conducted; c) organizing documented monitoring of the frequency of warehouse inspections carried out by country offices.	OSC	To supplement formal procedures for warehouse inspection outlined in the warehouse management handbook, Management issued a memorandum on strengthening control of warehouses, reminding all regional logistics and supply chain officers of the importance of: a) planning and performing periodic warehouse inspections, the frequency and scope of which should be determined by the responsible office based on risk assessment; b) documenting and keeping records of warehouse inspections and their findings, and routinely sharing relevant statistics and other information with the respective regional bureau; and	Implemented	Agreed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
			c) monitoring records of country offices' inspections and carrying out inspection visits to high-risk warehouses as part of their oversight function.		
Food-related losses 2018	<p>Recommendation 6 The External Auditor recommends:</p> <p>a) centralized collection of the agreements entered into with the partners;</p> <p>b) making the performance of partnership agreements in the field a priority area of oversight implemented by the regional bureaux.</p>	OS-NGO (formerly OSZ)	<p>a) WFP partner agreements are signed at country level based on a standard template. WFP's current tracking system records existing agreements by partner, type of activity, country, contract dates and other criteria. The possibility of introducing a digital repository of all partner agreements is being examined as part of the digitalization improvements of WFP corporate systems.</p> <p>b) Oversight of the performance of partnerships could be gradually included in regional bureaux's reviews of country offices. The augmented guidance on managing non-governmental partners (NGOs), is being rolled out. It includes a standard procedure for assessing partners' performance, which should facilitate this process.</p>	December 2020	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
Food-related losses 2018	Recommendation 7 The External Auditor recommends: a) extending beneficiary feedback mechanisms to all regional bureaux; b) examining the possibility of strengthening the procedures for detecting illegal uses of distributed food.	OSZ	a) WFP is working to ensure that complaints and feedback mechanisms are in place in all country offices and is developing standard tools for processing of complaints and feedback and for quality assurance of the mechanisms. Draft tools and processes were piloted in four countries in 2018 and roll-out to all country offices will begin in 2019 and progressively be implemented over the next three years. At the beginning of 2018, 86 percent of all country offices with operations reported having complaints and feedback mechanisms in place. b) Management will examine the possibility of strengthening the procedures for detecting illegal uses of distributed food. Such procedures comprise post-distribution monitoring, beneficiary monitoring and complaints and feedback mechanisms at the country level.	December 2021	
Food-related losses 2018	Recommendation 8 The External Auditor recommends strengthening internal quality control: a) by forwarding all inspection reports to the Food Quality and Safety Unit (OSCQ);	OSC	a) Forwarding all inspection reports is not optimal as there would be far too many reports for checking making this option not feasible. Instead this recommendation will be implemented through the IT system where all reports results will be recorded by surveyors/superintendents, and automated analysis will highlight the non-conforming results and/or those that are historically too flat to be trustable. System development is scheduled to	December 2020	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
	<p>b) by establishing an exhaustive information system on quality incidents allowing the OSCQ unit to perform monitoring and management;</p> <p>c) by continuing the deployment of the quality assurance system in order to reduce the organization's dependence on one-off product inspections.</p>		<p>start this year with first test in the fourth quarter of 2019 and expected full roll-out in 2020.</p> <p>b) The Food Incident Management Protocol has been released through a memo sent by OSC Director on 4 February 2019. This protocol includes the use of the Rapid Incident Notification Grid form to report incidents. Frequently asked questions on the subject have been issued, pending training of country offices to be rolled out in 2019. Only if country offices implement the directive will it be possible to capture the required information at headquarters level and consequently develop a comprehensive incident database. In addition, the proposed IT system will capture all deviations and rejections at the point of delivery. It will be used for quality management performance tracking of suppliers and inspection companies.</p> <p>c) Audits of suppliers have been strengthened and a long-term agreement signed with a renowned audit company with a worldwide presence to boost WFP internal capacity. Pilot phase of quality assurance scheme is scheduled to start with three companies in the third quarter of 2019. In addition, a review of technical conditions of the food purchase contracts is currently performed externally. Scope of work for inspection is being revised and will incorporate quality assurance principles.</p>		

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
Food-related losses 2018	Recommendation 9 The External Auditor recommends striving for real-time data recording in LESS in order to set up this system as a true food commodities tracking system.	OSC	<p>OSC devised a plan to support country offices to strengthen their capacity in this area including addressing root causes for backlogs, if any.</p> <p>Meanwhile, the Data Reliability Index is available online and can be monitored regularly. Related memo will be issued to all country offices in due course.</p> <p>Furthermore, the Logistics & Field Support branch allocated resources to deliver refresher trainings at the regional bureau and country office level and to provide on-demand support. It also initiated missions to selected country offices to identify and address gaps/reasons for backlogs.</p>	June 2019	
2018 audited annual accounts 2019	Recommendation 1 The External Auditor recommends that WFP continue the implementation of the recommendations made for the 2016 and 2017 fiscal years regarding cash-based transfers (CBTs), by continuing to roll out the SCOPE beneficiary tracking system, with the goal of covering, by the end of 2019, 85% of cash-based transfers in value.	RMF	<p>As part of an aligned cross-functional strategy, OSZ and TEC are digitizing CBT programming and beneficiary management. While applicable and useable by all country offices, in 2019, the focus will be on selected countries representing the majority of CBT beneficiaries and activities.</p> <p>Where relevant and appropriate, it will result in the in-country deployment of WFP's corporate tool for the digital management of beneficiary identities and transfer deliveries, SCOPE, and others if available, with inclusion in digital registries supporting the achievement of the 2019 target. However, WFP places primacy on programmatic quality over quantity, which includes providing support for a flexible context-specific approach should there be another suitable solution.</p>	December 2019	

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<p>2018 audited annual accounts 2019</p>	<p>Recommendation 2 In line with the recommendations made in 2016 and 2017, the External Auditor recommends making a special effort to improve security policy in WINGS II, particularly to strengthen the general IT controls and application controls.</p>	<p>RMF</p>	<p>WFP actions taken to implement recommendations from previous audits have resulted in stronger general IT controls and application controls, and overall improved security policies. Specifically, WFP has:</p> <ul style="list-style-type: none"> ➤ implemented a GRC SAP automated tool for access control; ➤ formalised governance, policies and procedures for provisioning/deprovisioning of user access in WINGS, together with business process mapping to highlight and reduce risks; ➤ reduced/removed non-standard authorizations and eliminate segregation of duties conflicts; ➤ mitigated all extended authorisations access through the use of emergency access management FireFighters' IDs, which provide full auditability and traceability of actions performed in WINGS; ➤ created a reduced set of authorizations for system administrators, and removed SAP_ALL, SAP_NEW extended authorisations from their profiles; ➤ implemented Microsoft MIM (2018) automated Identity Management system, which uses unique email addresses @wfp.org to synchronise user access across IT Systems including WINGS, based on HR personnel contractual start and end dates. <p>Efforts to strengthen the control environment are ongoing based on changes in risk assessment and operational environment.</p>	<p>December 2019</p>	

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			Some actions related to privileged access and extended profiles required additional time to implement and their operational implementation coincided with the beginning of the audit. Other audit findings such as duplicate user accounts and valid profiles of inactive staff were limited in extent, occurred due to one-off events, did not result in any significant risk exposure and do not represent significant control weaknesses. TEC promptly resolved all findings during the course of the audit.		
2018 audited annual accounts 2019	<p>Recommendation 3</p> <p>The External Auditor recommends that WFP improve its financial communication regarding revenues and expenses, in order to better highlight the drivers of surplus growth.</p>	RMF	<p>Accounting policies for revenue and expenses recognition that are based on International Public Sector Accounting Standards (IPSAS) influence the surplus or deficit for the year reported in Statement II. WFP recognizes revenue from non-exchange transactions (contributions revenue) when confirmed in writing and where the contributions are not stipulated for a future financial year. Expenses are recognized when food commodities are delivered, or CBT are distributed. The time lag between revenue and expense recognition leads to expenses in one financial period being higher or lower than the revenue in the same financial period, resulting in a surplus or deficit.</p> <p>In addition, operational challenges in specific operations have contributed to 2018 surplus. Explanations were included in the Executive Director's Statement of the Financial Statements clarifying 2018</p>	December 2019	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
			surplus. WFP will continue to report and explain the reasons for surpluses in the Executive Director's Statement, Annual Performance Report and other external communications.		
2018 audited annual accounts 2019	Recommendation 4 The External Auditor recommends that WFP solicit from its actuary more information in order to more effectively assess the methodology and assumptions used for the actuarial estimates.	RMF	WFP considers that its actuary is providing sufficiently detailed information to enable it to assess the methodology and assumptions used for the actuarial estimates. WFP is engaging a qualified external actuary from a reputable actuarial company and is using methodologies and estimates in line with IPSAS requirements and the valuation assumptions harmonization approach recommended by the UN Task Force on Accounting Standards. WFP will assess detailed External Auditor's comments and address them during the 2019 actuarial valuation exercise.	December 2019	

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (2019 annual session)
<p>2018 audited annual accounts 2019</p>	<p>Recommendation 5 The External Auditor recommends that WFP obtain from United Nations Development Programme, which manages part of WFP's salaries, an assurance on the reliability of the payroll system used for this purpose.</p>	<p>RMF</p>	<p>In accordance with the principle of mutual recognition, WFP relies on UNDP's system, policies and procedures for the outsourced payroll processing of WFP's locally-recruited staff members. At the same time, WFP maintains well-established processes and internal controls over the payroll-related data that aim to ensure the accuracy of payroll calculations processed by UNDP, which were shared with External Auditor during the financial audit.</p> <p>To further support the External Auditor's work, WFP sought to obtain formal assurance from UNDP on the reliability of their payroll systems, noting that such assurance facilitates the Auditor in designing their audit work.</p> <p>In April 2019, after the audit was finalized, WFP received a Certification Letter from UNDP's Chief Finance Officer addressing the External Auditor's query. WFP will continue to support the External Auditor's work during next year's audit.</p>	<p>December 2019</p>	

Acronyms used in the document

CBT	cash-based transfer
CoE	Centre of Excellence
COMET	tool for managing (programme operations) effectively
EPRP	Emergency Preparedness and Response Package
HRM	Human Resources Division
IASC	United Nations Inter-Agency Standing Committee
INC	Innovation and Change Management Division
INC	Innovation and Change Management Division
IRM	Integrated Road Map
KPI	key performance indicator
OED	Office of the Executive Director
OSC	Supply Chain Division
OSE	Emergency Preparedness and Support Response Division
OSF	School Feeding Service
OSZ	Policy and Programme Division
PG	Partnerships and Governance Department
PGG	Government Partnerships Division
RB	regional bureau
RM	Resource Management Department
RMF	Finance and Treasury Division
RMFG	General Accounts Branch
RMR	Enterprise Risk Management Division
RMR	Enterprise Risk Management Division
SPR	Standard Project Reports