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# FINANCE COMMITTEE

**Hundred and Ninety-second Session**

**Rome, 1-3 June 2022**

**Annual report of the Inspector General**

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

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EXECUTIVE SUMMARY

- The “Annual report of the Inspector General” is submitted to the Board for consideration.
- The Executive Summary of the “Annual report of the Inspector General” is included within the main document presented to the Committee for its review.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to review the “Annual report of the Inspector General” and to endorse it for consideration by the Executive Board.

Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee advises the WFP Executive Board to approve the draft decision as outlined in the document “Annual report of the Inspector General”.**



World Food Programme  
Programme Alimentaire Mondial  
Programa Mundial de Alimentos  
برنامج الأغذية العالمي

**Executive Board**  
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Rome, 20–24 June 2022

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Resource, financial and budgetary matters

For consideration

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

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## Annual report of the Inspector General

### Executive summary

The Office of the Inspector General of WFP submits its annual report for the year ended 31 December 2021 to the Executive Board.

The report provides the Office of the Inspector General's assessment, based on the scope of the work undertaken, of the effectiveness of WFP's governance, risk management and control processes in 2021. It also provides an overview of the activities carried out during the year by the Office of the Inspector General, including the Office of Internal Audit and the Office of Inspections and Investigations.

### Draft decision\*

The Board takes note of the annual report of the Inspector General for 2021 (WFP/EB.A/2022/6-F/1) and notes that, based on the risk-based oversight work performed and reported in 2021, no material weaknesses were identified in the governance, risk management or control processes in place across WFP that would seriously compromise the overall achievement of WFP's strategic and operational objectives.

The Board encourages management to take advantage of the opportunities for improvement highlighted in the report.

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\* 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.

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## Assurance statement

1. This opinion is based on the Office of the Inspector General's assurance work (internal audits and follow-up reviews, advisory services and proactive integrity reviews (PIRs)) for which fieldwork was completed between 1 January and 31 December 2021. All assurance work was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the Office of the Inspector General's Charter.
2. **Basis of the opinion:** To formulate this opinion, other sources of evidence were considered as appropriate, e.g.: work conducted by the External Auditor and the United Nations Joint Inspection Unit in 2021; the implementation status of internal audit agreed actions as of 31 December 2021; and any systemic issues noted in investigations completed in 2021. The Office of the Inspector General relies in part on management to advise it of significant known failures of internal control systems, fraudulent activities, and known weaknesses that would allow fraudulent activities or significant losses to occur, or that would substantially impede the efficient and effective use of resources. The assurance work conducted by the Office of the Inspector General is risk-based and provides, in our view, reasonable support for this assurance opinion within the inherent limitations of the assurance process.
3. **Risk-based workplan and exclusions:** The annual assurance workplan does not include engagements for every WFP business process, entity or organizational unit. Instead, assurance services are selected based on an analysis of material risks to WFP's objectives. The workplan is not designed to provide a comprehensive opinion on the governance, risk management and control processes for the overall global programme or all WFP processes that support WFP's strategic, financial, operational and compliance objectives.
4. **Inherent limitations:** The inherent limitations in any governance, risk management or control process mean that errors or irregularities may occur and not be detected. Additional matters could have been identified that may have changed opinions had additional audit work been performed. Projections of any assessment of these processes to future periods are subject to the risk that processes may become inadequate because of changes in conditions, management override or deterioration in the degree of compliance with policies and procedures. As identified later in this report, travel restrictions and lockdown measures in Italy and other countries due to the COVID-19 pandemic resulted in limited coverage of some field operations.

The Office of the Inspector General's annual assurance opinion provides assurance that, based on the risk-based oversight activities performed in 2021, no material weaknesses were identified in the governance, risk management or control processes that would seriously compromise the overall achievement of WFP's strategic and operational objectives.

Notwithstanding the above, this assurance opinion has identified governance, risk management and control practices that require attention and improvement. Details of key issues identified during 2021 are discussed paragraphs 28–46. The practices requiring improvement do not rise to a level of institutional significance that would seriously compromise the achievement of WFP's overall objectives.

In view of the change of Inspector General in 2021, both the acting Inspector General (March to September 2021) and the incoming Inspector General (from September 2021) agreed on the opinion.

**Fabienne Lambert, Inspector General**

**April 2022**

## Overview of the Office of the Inspector General

### Mandate and operations

5. The Office of the Inspector General (OIG) operates under a charter that was revised and approved by the Executive Board in November 2019.
6. The mission of OIG is to provide WFP's stakeholders with assurance on the adequacy and effectiveness of WFP's governance, risk management and control processes aimed at detecting and deterring fraud, waste and abuse through the conduct of independent and objective oversight activities; to conduct inspections and investigations of allegations of wrongdoing and misconduct; and to facilitate the adoption and implementation of United Nations, humanitarian agency and private-sector best practices related to assurance and oversight.
7. OIG comprises two units: the Office of Internal Audit (OIGA) and the Office of Inspections and Investigations (OIGI).
8. OIG is responsible for providing the Executive Director with an annual assurance opinion on the adequacy and effectiveness of governance, risk management and control processes in achieving WFP's objectives, and an annual report of OIG activities, including a summary of significant oversight findings resulting from OIG's assurance work, the implementation status of recommendations, and confirmation of the organizational independence of OIG activities.
9. OIG submits all of its reports to the Executive Director. The [disclosure policy](#) approved by the Executive Board in June 2021 prescribes the public disclosure of internal audit reports on a public website with some exceptions, and defines those reports not publicly disclosed.

### Statement of independence and standards

10. OIG hereby confirms to the Executive Board its organizational independence. There was no management interference in work planning or reporting; no resourcing constraints or other issues affected the independence of OIG's activities and the assurance opinion.
11. For its assurance activities, OIGA conducts its work in accordance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing<sup>1</sup>, and with OIGA internal audit policies, standards and guidelines. An external quality assessment of the internal audit function is required every five years and the latest was completed at the end of 2021. It confirmed that the internal audit function "generally conforms" to all IIA professional standards and assessed OIGA's maturity as proficient (4.5 out of a maximum of 6).

### Activities in 2021

12. The services provided by OIG in 2021 are summarized below. The audit universe used to develop the annual assurance plan covers all WFP systems, processes, operations and activities; however, the assurance opinion is limited to the work performed by OIG during 2021.

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<sup>1</sup> Adopted by the representatives of the Internal Audit Services of the United Nations system organizations in June 2002.

Year	Internal audits		PIRs	Investigations		Inspections**
	Issued reports	Advisory and other ad-hoc services***	Completed reports	Handled	Of which concluded	Issued reports
<b>2017</b>	18	5	4	55	40	0
<b>2018</b>	20	2	5	100	53	3
<b>2019</b>	22	3	1	174	80	0
<b>2020</b>	13	16	2	300	92	1
<b>2021</b>	22	10	1	397	112	0

\* While all internal audit fieldwork was completed in 2021, reports on assignments started later in 2021 may be issued in 2022.

\*\* Inspection reports were considered in the annual assurance opinion in the year in which fieldwork was completed, rather than the year of report issuance. One inspection report completed in 2019 was issued in 2020 and was not considered for the 2020 annual assurance opinion.

\*\*\* Details in annex I, sections B and D.

## Resources

13. The OIG budget increased by USD 1.3 million, from USD 13.3 million in 2020 to USD 14.6 million in 2021, primarily for OIGI to support the continuing increase in allegations received. Total budget savings (actual expenditure minus allocation) for 2021 amounted to USD 0.99 million.

	2020				2021			
	OIG*	OIGA	OIGI	Total	OIG*	OIGA	OIGI	Total
Budget allocation	829	7 040	5 435	<b>13 304</b>	805	6 982	6 836	<b>14 623</b>
Actual expenditures	663	5 833	4 994	<b>11 490</b>	749	6 422	6 458	<b>13 629</b>

\*Includes Inspector General, front office and administration supporting OIG, OIGA and OIGI.

14. The number of budgeted staff positions increased from 59 in 2020 to 63 in 2021 with four additional investigators in OIGI to handle the increasing caseload. On 31 December 2021, 53 of the 63 positions were filled and the recruitment of several of the 10 vacant OIGA and OIGI positions were nearing completion. In 2021, consultants were extensively used to compensate for vacancies and increase capacity.

	2020				2021			
	OIG*	OIGA	OIGI	Total	OIG*	OIGA	OIGI	Total
Professional and above	1	28	21	<b>50</b>	1	28	25	<b>54</b>
General service	5	2	2	<b>9</b>	5	2	2	<b>9</b>
<b>Budget</b>	<b>6</b>	<b>30</b>	<b>23</b>	<b>59</b>	<b>6</b>	<b>30</b>	<b>27</b>	<b>63</b>

\*Includes Inspector General, front office and administration supporting OIG, OIGA and OIGI.

15. As of the end of 2021, OIG's professional team is gender-balanced (with 53 percent women and 47 percent men) and diverse (comprising 25 different nationalities and 23 languages). All OIGA professional staff in position have relevant professional certifications (Certified Internal Auditor, Certified Public Accountant or Chartered Accountant), and specific certifications (Certified Fraud Examiner, Certified Information Systems Auditor, Certification in Cybersecurity Audit, Certification in Control Self-Assessment, and Certification in Risk Management Assurance). Auditors have prior experience at international auditing firms, often with additional experience with another United Nations entity or humanitarian organization. Investigators have a law enforcement, investigatory or legal background, some having also accounting or auditing certifications and experience.

## **Overview of activities of the Office of Internal Audit**

### **Internal audit and advisory services**

16. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. OIGA helps WFP accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes. As part of OIG's process for providing assurance to the Executive Director and stakeholders, OIGA examines and evaluates the adequacy and effectiveness of WFP's governance, risk management and control processes overall and the performance of WFP units in delivering on their assigned responsibilities. This assurance work is provided through the performance of internal audits, PIRs, special purpose reviews and consultation in the form of advisory services.
17. PIRs are structured examinations performed to identify and test preventive and detective anti-fraud controls designed to limit exposure to fraud risk. Building on OIGA's analytical capacity, PIRs provide management with assurance on the effectiveness of fraud prevention and detection controls, complementing OIG's investigative work by addressing the root causes of fraud and corruption.
18. Special purpose reviews of contractual arrangements between WFP and its contracted parties are based on the exercise of audit clauses included in the relevant contracts.

### **Results of the risk-based assurance plan**

19. OIGA's assurance workplan is designed to focus on the most significant risks applying to WFP's risk universe. It is approved by the Executive Director after consultation with senior management and the Executive Board and review by the Independent Oversight Advisory Committee. Changes to the work plan in the course of 2021 were also approved by the Executive Director.
20. As required by IIA standards, a documented risk assessment of WFP's risk universe determines the priorities of internal audit activity, consistent with the organization's goals. The assessment includes specific consideration of fraud risks, which drives the identification of topics for PIRs. OIGA ranked all WFP auditable entities by assessing identified risks according to their impact on WFP operations and the probability of each risk occurring. OIGA obtained input and feedback from major stakeholders (regional directors, divisional directors, and members of the leadership group) on strategic risks and key organizational developments and made adjustments accordingly.

### **Scope of assurance work in 2021**

21. The 2021 assurance workplan intentionally provided a stronger focus on field operations than has historically been the case. This was in consideration of the limited scope and assurance both second and third lines provided in 2020 due to limitations imposed by the COVID-19 pandemic. Altogether 16 country operations were audited, representing USD 2.9 billion or 34 percent of WFP's total field expenditure. The country offices audited

- represent 7 of the 16 high-risk field operations identified in the workplan's initial risk assessment.
22. OIGA maintained its coverage of several core corporate activities with a focus on supply chain (procurement of goods and services, shipping, commodities management, corridor management), governance (ethics and risk management) and staff reassignment. Systematic coverage of beneficiary management and cash-based transfer processes in-country provided extended coverage of the two high-risk areas at corporate level. Coverage of information technology assessed innovation, blockchain technology, and the recent upgrades to WINGS (WFP's enterprise resource planning).
  23. OIGA's coverage of field operations and corporate activities provides assurance on 43 percent of WFP's expenditure in 2021. Annex I provides further details of the Office of the Inspector General's work considered in the 2021 assurance opinion. OIGA also relies on management to advise on significant known failures of internal control systems, fraudulent activities and known weaknesses that would allow fraud or significant losses to occur, or that would substantially impede the efficient and effective use of resources. Management advises the office of known significant failures when an audit is initiated. OIGA engages regularly with the Office of Evaluation and the External Auditor, through mapping of respective coverage for example, to ensure complementarities, synergies and efficiencies of WFP's independent oversight.
  24. Additional information and coverage originated from special purpose and ad-hoc reviews as well as several investigation reports providing insights into areas of exposure to fraud and/or corrupt practices; work conducted by the External Auditor and the United Nations Joint Inspection Unit in 2021; and the implementation status of internal audit agreed actions as at 31 December 2021.

### **Summary of 2021 audit engagement ratings**

25. For internal audits of field offices and functions, OIGA assigns an overall audit rating based on its overall assessment of the relevant governance, risk management and control processes. The rating system is harmonized with the ratings used by other United Nations entities.
26. The audit reports in 2021 show a clear positive trend with four satisfactory audits and 10 entities requiring some improvement – more than two thirds of the rated assignments. Details are included in the table and figures below.
27. In the case of the one unsatisfactory rating, breakdown of management supervision and controls was pervasive. Structural issues and operational challenges were driven by a difficult environment in Mali. However, significant control gaps and weaknesses were identified, which could not be explained in all cases by reference to contextual issues, and which were attributable in part to both poor risk management processes and a lack of compliance with corporate requirements. The country office suffered from staff shortages and high turnover, impacting continuity and efforts to build capacity, and partially explaining the gaps and weaknesses – a recurrent concern in many operations where protracted vacancies, including at management level, and insufficient staff capacity are often the root cause and severely hamper the quality and integrity of WFP's operations.

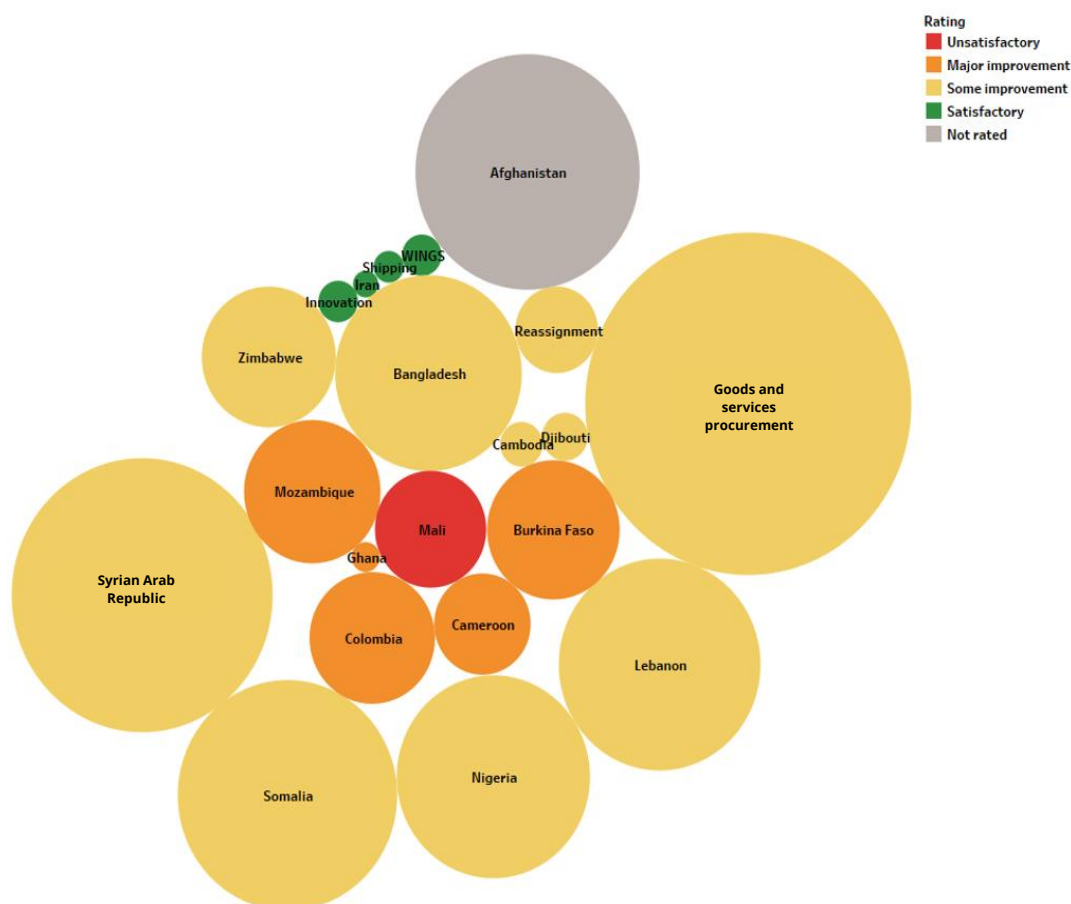


TABLE 4: DISTRIBUTION OF AUDIT CONCLUSIONS BY TYPE – 2021					
Audited area	Number of audits*	Satisfactory	Some improvement needed	Major improvement needed	Unsatisfactory
Country office audits	15	1	8	5	1
Thematic/headquarters audits	4	2	2	-	-
Information technology audits	1	1	-	-	-
<b>Total</b>	<b>20</b>	<b>4</b>	<b>10</b>	<b>5</b>	<b>1</b>
	<b>100%</b>	<b>20%</b>	<b>50%</b>	<b>25%</b>	<b>5%</b>

\* Excludes reports without ratings.

Figure 1: Overview of oversight report ratings 2018–2021

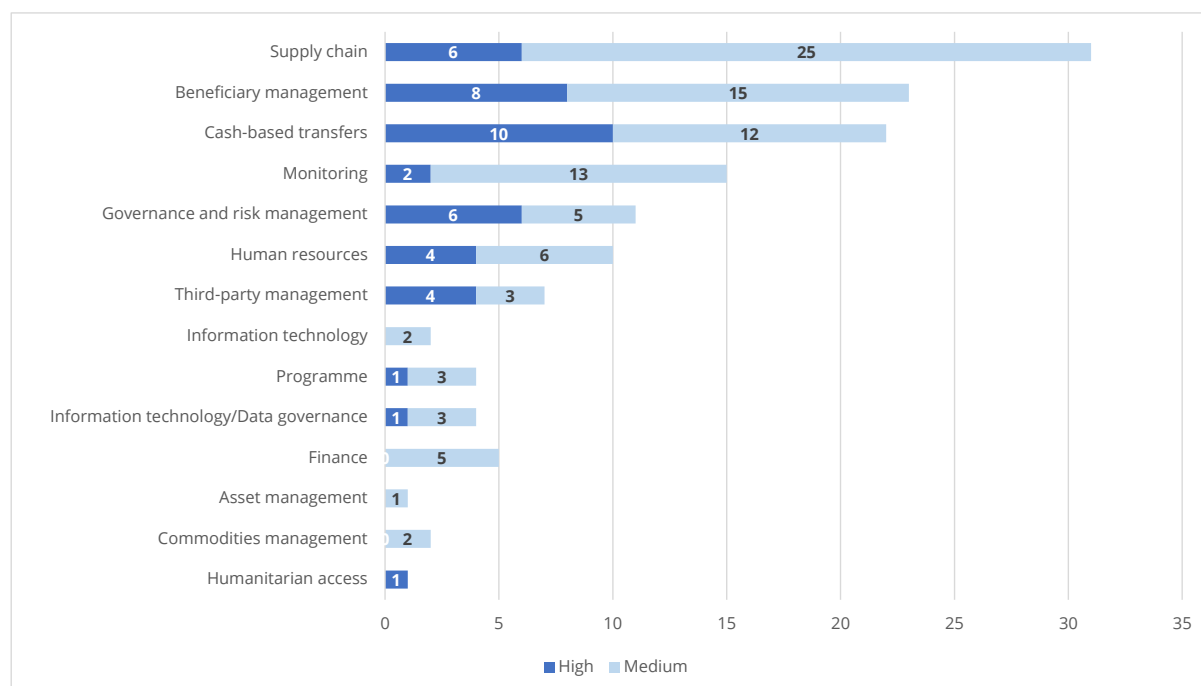


**Figure 2: Materiality of audited entities (USD) and ratings 2021**

### Key issues identified in 2021

28. This section presents an overview of the major issues emerging from the assurance assignments completed in 2021.
29. In general, processes continue to mature. However, the rapid growth of the organization in size (both in monetary and staffing terms) and activities stretches and challenges its frameworks and processes. There is tension between a very agile and tailor-made approach and expectations of solid governance. Enabling frameworks<sup>2</sup> and related processes (human resources, performance management and reporting, risk management, technical and operational support, and the provision of normative guidance) require further maturing to accompany this growth, while maintaining the agility of operations to respond to changing contexts and rapidly scale up to deliver effectively on WFP's objectives and mandate, within defined boundaries.

<sup>2</sup> Defined in ISO 37000 on the governance of organizations as stakeholder engagement, leadership, data and decisions, risk governance, and viability and performance over time.

**Figure 3: Key issues and recommendations identified in 2021 by area of the audit universe**

### **Governance, risk management and oversight**

30. A recently issued international standard on the governance of organizations refers to good practices that allow organizations to remain resilient when impacted by changing contexts. These practices include adapting strategy, ethical leadership, effective workforce planning, clear delegation of authority and responsibilities, and oversight of risk management and internal controls. In 2021, OIGA covered some of these areas, as detailed below.
31. The maturity of WFP's *integrity and ethics* provides a good foundation and sophisticated frameworks with a need to improve articulation and implementation thereof. A key foundational element in coordinating WFP's efforts on ethics and integrity is the Workplace Culture Department. WFP still requires clear envisioning of ethics and integrity for consistency and sustainability, which is not solely the responsibility of the new department. Management's role in setting the tone and leadership training also needs improvement and clear articulation, and a culture of trust needs to be established. This is still hampered by limited systems for performance management and accountability.
32. *Workforce planning at an early maturity stage* (in combination with protracted vacancies in key positions, staff turnover and staff capacity) was a recurrent root cause of issues which adversely impacted the field operations requiring major improvement or rated as unsatisfactory in 2021. The reassignment process to manage rotation of most international staff is an essential tool to meet WFP's staffing needs and put the right people with the right skills in the right roles. When made more explicit, the objectives and mechanism of this process should contribute to strengthening employees' trust in the process, engagement and alignment to organizational values.
33. *Risk management* has substantially matured over recent years to an 'established' level (3 out of a maximum maturity level of 5). The review found WFP's enterprise risk management policy to be comprehensive and well-written with risk culture permeating the organization. Areas scored at level 1 or 2 of the maturity framework and requiring improvement, linked to the perception of relevance and added value of risk management, align with OIGA's observations in various engagements especially, but not only in the field. As seen in other audits, linkages are limited between risks and objectives, risks identified and risk treatment,

the criticality of risks and internal controls, and the costs of mitigation and actual risk appetites.

34. *Management oversight*, as covered by the External Auditor, could be assessed as being at a developing level with only some definition of its objectives, roles and responsibilities, which are applied inconsistently. Opportunities exist to embed management oversight and monitoring in processes through technology, allowing for more effective and efficient monitoring, stronger accountability and course correction as noted in supply chain and cash-based transfer areas.

#### ***Audit of country offices' five core processes***

35. OIGA introduced a new approach to country office audits included in the 2021 workplan. The five core areas covered under this approach were: i) beneficiary management, ii) cash-based transfers, iii) supply chain (comprising procurement, logistics, commodity management), iv) monitoring, and v) finance. The office systematically tested what it identified as key controls (mostly validated by relevant business units) for these processes to function effectively and efficiently, and in compliance with WFP's policies, procedures and manuals.
36. *Beneficiary management*: Audit results reflect a strong correlation between the maturity and effectiveness of processes and countries and teams' digital maturity, including the availability of qualified personnel and resources, digitalized records and data quality controls. Governance and the appropriate allocation of roles and responsibilities for beneficiary management, and related systems and information, between country offices, area offices and government or non-governmental partners was a recurring issue. Most of the country offices audited had plans in place to improve beneficiary targeting where necessary, although this was challenging in some cases due to ongoing COVID-19-related restrictions and government limitations and, in others, by a lack of appropriate staffing. OIGA continued to highlight the need to clarify rules of engagement with government partners in general, and the role of communities in the beneficiary targeting process.
37. *Cash-based transfers*: Variable audit results throughout the year reflected the ongoing maturing of cash-based transfer processes and controls, and areas requiring continued focus – the latter included lengthy contracting processes for financial service providers resulting in somewhat inadequate third-party risk management, non-performance of key transfer reconciliations and issues relating to payment instrument tracking. OIGA notes that these areas are among those addressed by the newly issued cash assurance framework, a set of standards and measures introduced by the headquarters Cash-based Transfers Division in late 2021 to guide implementation of cash-based transfer operations in country offices.
38. *Monitoring*: Audit results in 2021 generally saw a continuation of themes highlighted in prior years with a) strategies, b) resources, and c) plans rarely adapted to the risks of specific implementing modalities and guiding monitoring efforts; a lack of integration and effective utilization of monitoring information from different sources; and, in some instances, a lack of segregation of implementation and monitoring activities. Finally, low staffing levels in the offices audited and high turnover of staff continued to limit WFP's ability to oversee the work of third-party monitors and meet minimum monitoring requirements.
39. *Finance*: Audit results indicated generally mature and embedded processes and controls at the country office level, with only few issues raised in audit reports.
40. *Supply chain and corridor management*: Developing controls in logistics and procurement still need some improvement, mostly of medium priority, in planning and assessments, staffing structures and the effectiveness of oversight committees. Outcomes were consistent across regions, except for West Africa, which had "less positive" results. The complexity and scale

of operations in West Africa, with 19 country offices and multiple corridors, presents challenges for effective oversight and support in the absence of sufficient skill set and staff – a long-standing issue in WFP which requires urgent attention. Actions raised at the corporate level covered commodity vouchers and the retailer contracting system (both are touch point areas for supply chain and cash-based transfers); corridor management; food incident management committee guidance; and corporate stocks storage costs.

41. *Third-party management* in general, and of cooperating partners specifically, required improvement. This is closely linked to risk management, monitoring and performance measurement (also noted by the Joint Inspection Unit and the External Auditor, as well as in OIGA's audits). As confirmed in the PIR analysis of the substantiated fraud investigations prior to 2021 and those completed in 2021, controls to prevent food diversion and extortion (in some instances, in relation to sexual exploitation and abuse) require strengthening, in combination with efficient oversight on our cooperating partners. This is an area that has not gained the required momentum in our view, as it is left to country offices with little support from the headquarter level. OIGA has provided support for cooperating partners' due diligence (Save The Children in 2021) and audits in the last years (in Malawi and Mali in 2021). Such efforts remain anecdotal for lack of clear corporate risk-based guidance embedded in the cooperating partners' management process.

#### **Data protection and privacy**

42. Processes introduced in recent years required strengthening and maturing to align to evolving data protection and privacy principles. This has been a slow process in spite of OIGA's continuous emphasis of the issue since 2017, and where WFP's decentralized and fragmented systems and processes are a challenge (see paragraph 36), i.e. improvements to the privacy of beneficiary information, as recommended by both external and internal auditors, have yet to be implemented. The new Global Privacy Office, when fully established and appropriately resourced, should considerably accelerate the pace of improvement. Clarity is still required on the overall corporate architecture, ownership of systems and how data privacy will be maintained, and personal information protected in the envisaged ecosystem.

#### **Systems and technology**

43. "Shadow" information technology has been a recurrent subject of concern. From a cybersecurity perspective, the increased consistency, monitoring and oversight required in the implementation of decentralized frameworks were still not in place. Challenges due to fragmentation of systems and the lack of clear data governance and architecture were noted in supply chain, monitoring or management oversight.
44. Specific projects and initiatives, such as the WINGS update and Innovation Accelerator, were assessed as satisfactory. Governance arrangements required clarifying to guide innovation or future block chain developments with insufficient determination of business case, suitability and relevance to guide decisions, as also noted by the Joint Inspection Unit. Identity access management requires strengthening.

#### **Cross-cutting items**

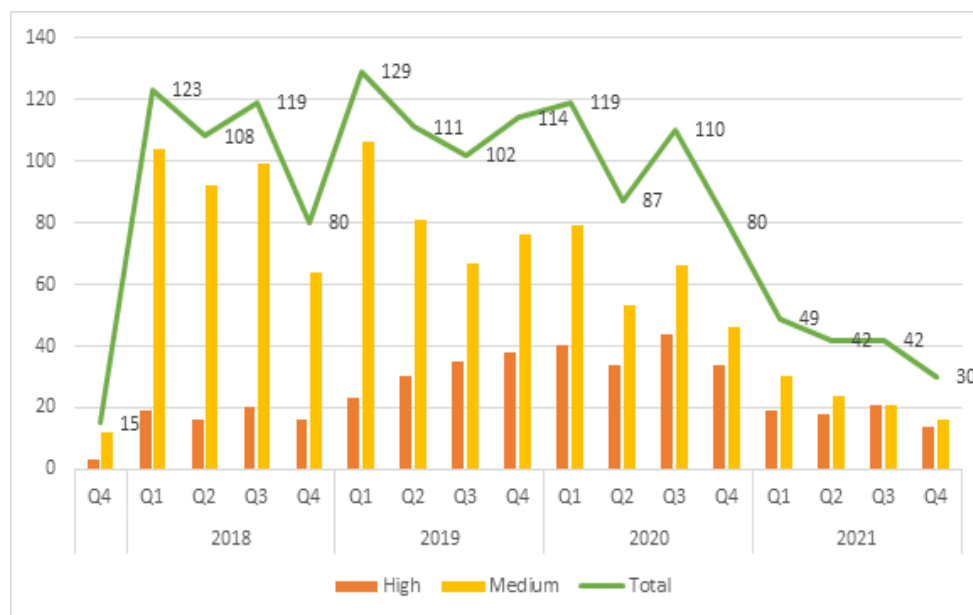
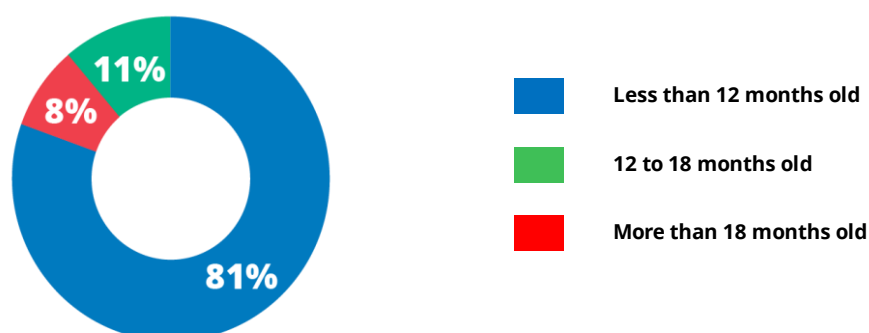
45. *Gender*: Amending its approach in 2021, OIGA has continued to look into gender topics, yet not in a systematic manner. The audit of the reassignment process has been an opportunity to look into the gender equality target, noting a steady increase in the selection of female applicants, although less marked at the senior director level. Improvements are needed to expand gender and diversity at all levels and to source and develop more diverse leaders. Work on ethics and integrity highlighted the need for sustained efforts for diversity to be seen as a strength across the organization. A specific audit of gender and diversity is scheduled for the second half of 2022.

46. *Environment management:* With the introduction of the WFP's environmental policy in 2017 and related environmental and social safeguards in 2021, OIGA is embedding environmental considerations in its audits where relevant. In 2021, the matter was reviewed specifically in the supply chain area. WFP introduced guidelines in 2019 to enable staff to integrate sustainable procurement principles and practices into purchasing decisions. The shipping strategic road map of 2021 highlights sustainability as one of its six pillars, aiming to promote sustainable ocean transport through its work and determine how best to actively operationalize the environmental and social safeguards framework guidelines and promote/support International Maritime Organization global policies on total annual greenhouse gas emissions.

### Implementation status of agreed actions

47. Management's continued attention to implementing agreed actions has had a positive effect. The implementation and closure thereof have progressively improved since mid-2019 and overdue actions continued to be at an all-time low at the end of 2021, for the second year in a row. The ageing of actions is also healthy, with 81 percent of actions open for less than a year.

<b>TABLE 5: STATUS OF IMPLEMENTATION OF AGREED ACTIONS 2020 AND 2021</b>						
	<b>High risk 2020</b>	<b>High risk 2021</b>	<b>Medium risk 2020</b>	<b>Medium risk 2021</b>	<b>Total 2020</b>	<b>Total 2021</b>
<b>Open at beginning of year</b>	<b>81</b>	<b>71</b>	<b>144</b>	<b>85</b>	<b>225</b>	<b>156</b>
Issued in the period January-December	56	59	68	91	124	150
<b>Total</b>	<b>137</b>	<b>130</b>	<b>212</b>	<b>176</b>	<b>349</b>	<b>306</b>
Closed in the period January-December	66	60	127	66	193	126
<b>Outstanding at year-end</b>	<b>71</b>	<b>70</b>	<b>85</b>	<b>110</b>	<b>156</b>	<b>180</b>
Overdue (beyond initial agreed implementation date)	34	14	46	16	80	30
Overdue (beyond revised implementation date)	6	14	13	14	19	28

**Figure 4: Overdue actions per quarter 2018–2021****Figure 5: Recommendation ageing based on original time frame as at 31 December 2021**

48. In 2022, OIGA will continue following up on agreed actions in partnership with management and WFP units, to ensure appropriate and timely mitigation of the issues identified.

#### Other inter-agency activities

49. In 2021, OIGA continued to engage with other United Nations, multilateral financial institutions and other international organizations in peer networks and knowledge sharing on specific topics. For example, OIGA led a virtual gathering of internal audit practitioners to discuss information technology audit practices and obtain organization perspectives on top technology risks.

## Overview of activities of the Office of Inspections and Investigations

### Investigation services

50. OIGI supports WFP's commitment to promoting a working environment that is ethical, safe, and free of abuse while maintaining a zero-tolerance for inaction principle for fraud, corruption, retaliation, SEA,<sup>3</sup> sexual harassment<sup>4</sup> and other forms of abusive conduct. Applying a zero-tolerance for inaction approach in these areas includes a commitment by OIGI to assess the allegations of misconduct and wrongdoing it receives, and investigate them when warranted.
51. Allegations may involve WFP employees, for alleged breaches of the anti-fraud and anti-corruption (AFAC) policy; SEA; sexual harassment; harassment, abuse of authority and discrimination (HAAD); and retaliation, or reported violations of policies, procedures, and other administrative issuances.
52. Allegations may also pertain to external parties, such as vendors and cooperating partners, for breaches of the AFAC policy, SEA or abuse of WFP beneficiaries.

### COVID-19 impact

53. As in 2020, OIGI conducted investigations via remote means and utilized working relationships with cooperating partner oversight functions, other United Nations system investigation services and specialized investigation service providers to conduct investigations. These initiatives continued to prove effective and allowed OIGI to maximize OIGI resources and conduct multiple investigations concurrently.
54. As COVID-19 restrictions eased globally, OIGI recommenced conducting missions where safe to do so, with a primary safety concern for investigation participants without access to medical care. To mitigate risks, OIGI put in place specific protective measures and practices.

### Caseload 2021

55. Overall, OIGI managed a caseload of 1,323 cases in 2021, a 34 percent increase from 2020, as shown in table 6 below.

TABLE 6: CASE MANAGEMENT ACTIVITY - 2018-2021					
		2018	2019	2020	2021
Cases carried over from prior year		34	129	368	545
Complaints received in current year		368	584	616	778
<b>Caseload</b>		<b>402</b>	<b>713</b>	<b>984</b>	<b>1 323</b>
Cases closed					
After preliminary assessment		(220)	(265)	(347)	(340)
<i>of which</i>	<i>- referred outside OIGI</i>	(68)	(61)	(100)	(77)
	<i>- not warranting an investigation</i>	(152)	(204)	(247)	(263)
After investigation		(53)	(80)	(92)	(112)
<b>Total cases closed</b>		<b>(273)</b>	<b>(345)</b>	<b>(439)</b>	<b>(452)</b>

<sup>3</sup> See definition in "Special measures for protection from sexual exploitation and sexual abuse" (ST/SGB/2003/13) as included in the Executive Director's circular OED2014/020.

<sup>4</sup> See definition in "Prevention and response to abuse conduct (Harassment, Sexual Harassment, Abuse of Authority, and Discrimination)" Executive Director's circular OED2022/004.

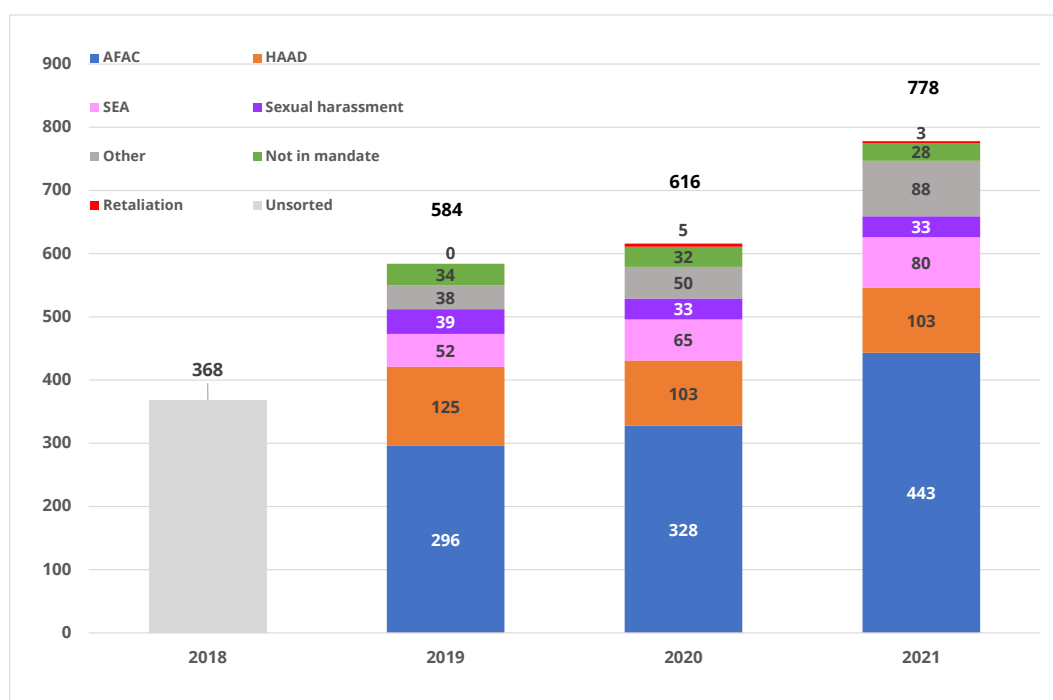


TABLE 6: CASE MANAGEMENT ACTIVITY - 2018-2021		2018	2019	2020	2021
<b>Cases carried over to the following year</b>		<b>129</b>	<b>368</b>	<b>545</b>	<b>871</b>
<i>of which</i>	<i>In intake</i>	82	274	212	491
	<i>In suspense</i>	<i>n.a.</i>	<i>n.a.</i>	125	95
	<i>In investigation</i>	47	94	208	285

### New complaints

56. In 2021, OIGI received 778 new complaints (see figure 6), a 26-percent increase from 2020. The case typology remained similar to past years, with AFAC matters representing 57 percent of new cases, followed by HAAD and SEA cases, with 13 and 10 percent, respectively.

**Figure 6: New complaints' typology - 2018-2021**



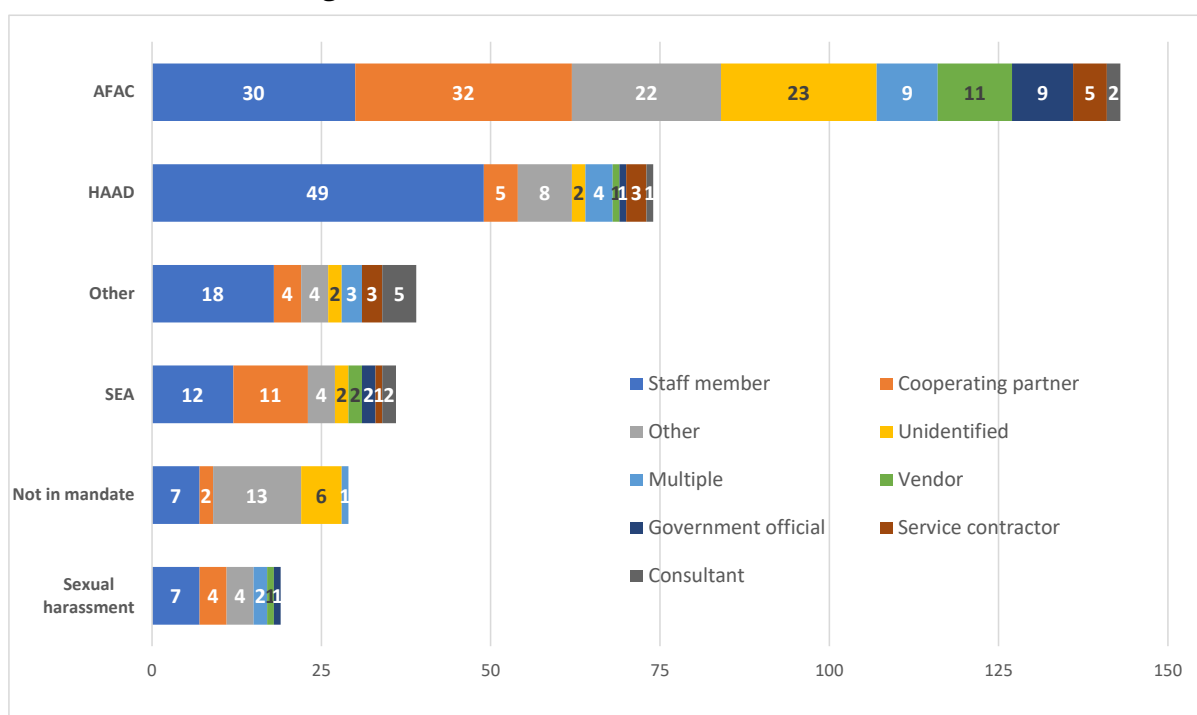
57. OIGI observes a continuous increase in new complaints. This is likely the combination of the WFP community being confident to report concerns; more visible communication such as the Executive Director's "Speak Up" campaign in summer 2021; expanded reporting mechanisms; and OIGI's improved engagement with investigation participants, from intake to closure.

### Intake assessment and prioritization

58. All incoming complaints go through the intake function, established in 2019 and gradually strengthened since through added consultant and staff resources.
59. Complaints are assessed, e.g., in terms of OIGI investigation mandate, credibility, whether they warrant an investigation or be addressed by another unit.

60. Hence, complaints may be closed at this stage, e.g., for being baseless or not related to WFP operations; they may be referred to units better suited to address them, e.g., country office management, Human Resources Division, Ombudsman or other United Nations entities; there may be insufficient information to proceed.
61. As a result, only those complaints warranting investigation are forwarded to the investigation teams, thus ensuring the most effective use of these resources.
62. In 2021, OIG closed 340 complaints after intake assessment (347 in 2020), of which 77 were referred to other WFP units or United Nations entities, and 263 did not warrant investigation, for instance, matters not within the OIG mandate; matters where evidence did not support the complaint; complainants withdrew their complaint; or where complainants refused to cooperate or respond to OIG inquiries (see details in figure 7).

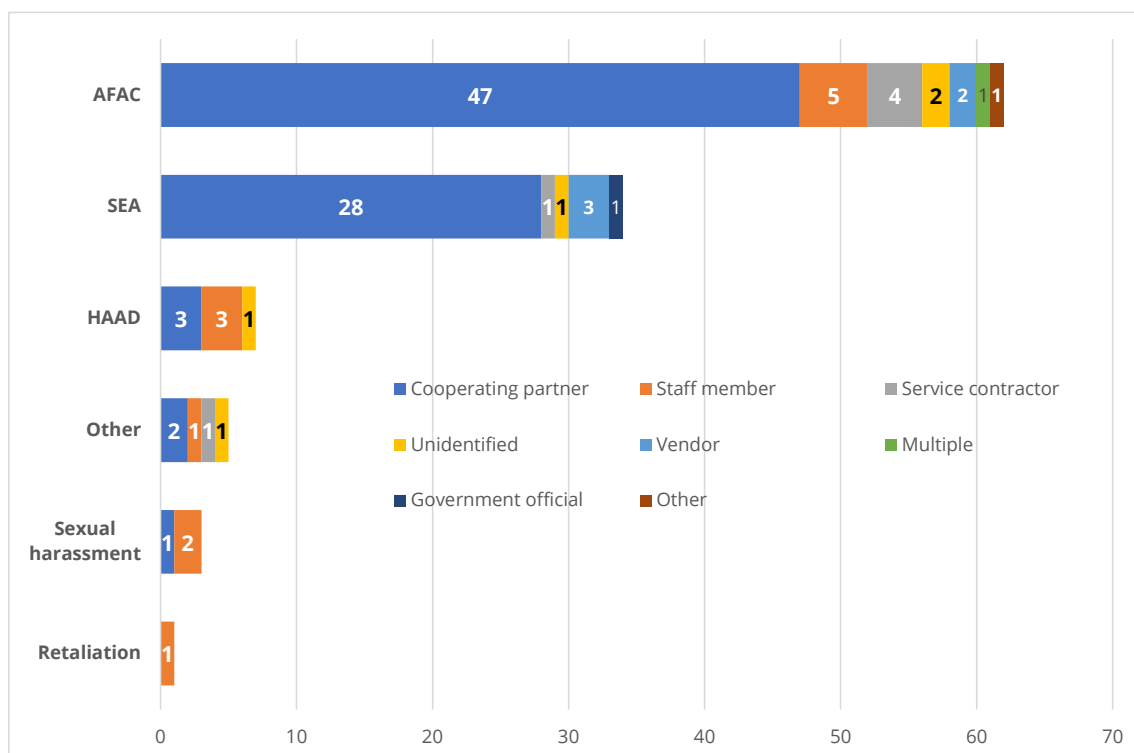
**Figure 7: Cases closed after intake assessment**



63. At year-end 2021, 491 complaints were under intake assessment, further to 95 awaiting further information (“in suspense”). AFAC matters are predominant (66 percent of the total number of cases in intake assessment and suspense) given the precedence given to behavioural issues.

### Investigations activity

64. OIGI concluded 112 investigations in 2021; reports on substantiated allegations are listed in annex III.

**Figure 8: Investigations concluded**

## Fraud

65. Of the investigations concluded in 2021, 62 investigations related to breaches of the AFAC policy, 33 of which were substantiated, including three involving WFP employees. At year-end, there were 173 ongoing investigations of AFAC matters.
66. Losses are considered substantiated when they are supported by evidence gathered during an investigation. Substantiated losses reflect completed investigations and therefore may not reflect the organization's total losses attributable to breaches of the AFAC policy. AFAC-related investigations involving cooperating partners generated the largest substantiated losses in 2021. As at 31 December 2021, WFP had recovered USD 16,446.16 in substantiated losses in 2021.
67. Presumptive losses represent estimated losses reported in an allegation or discovered through investigative work as it progresses, but for which an investigation has not yet been completed and losses firmed up. Information pertaining to fraud and presumptive fraud is provided in table 7.

<b>TABLE 7: PRESUMPTIVE FRAUD AND FRAUD AS AT 31 DECEMBER 2021 (USD)</b>			
<b>Subject</b>	<b>Presumptive fraud</b>	<b>Substantiated fraud losses</b>	<b>Recoveries*</b>
Cooperating partner	8 146 195.87	80 137.57	16 406.16
Other	35 233.00	32 195.10	40.00
Vendor	-	45 523.00	-
WFP employee	1 467 235.54	102.00	0.00
<b>Grand total</b>	<b>9 648 664.41</b>	<b>157 957.67</b>	<b>16 446.16</b>

\* Based on information available to OIGI.

### **Harassment, abuse of authority and discrimination**

68. Seven investigations of abusive conduct were concluded in 2021. Three involved WFP employees and were unsubstantiated. Three were related to cooperating partner employees and were substantiated. In one case, the subject was not identified, and the case was closed as unsubstantiated. OIGI had 39 ongoing investigations of abusive conduct at year-end 2021.

### **Sexual harassment**

69. In 2021, OIGI concluded two sexual harassment investigations involving WFP employees, both unsubstantiated. A third case, at a cooperating partner involving its personnel, was unsubstantiated. There are both verbal and physical forms of sexual harassment. None of the sexual harassment investigations reported in 2021 involved physical sexual harassment that constituted sexual violence. At year-end 2021, OIGI had 22 sexual harassment investigations in progress.

### **Sexual exploitation and abuse**

70. All WFP employees must report allegations of SEA to OIGI. OIGI concluded 34 investigations related to SEA in 2021, of which 15 were substantiated (all pertained to cooperating partner employees) and 19 were unsubstantiated. At year-end, 21 SEA investigations were ongoing.
71. United Nations entities are required to provide anonymized reporting on allegations of SEA to the Secretary-General<sup>5</sup> when there is sufficient information to identify a possible act of SEA involving an identifiable victim or perpetrator, which are then reported publicly.

### **Disposition of substantiated investigations**

72. If WFP employees are found to have violated WFP regulations, rules or policies, the related investigation reports are provided to the Human Resources Division for consideration and referral to management with recommendation for disciplinary action if warranted.
73. When allegations of fraud implicate the employees of WFP vendors or cooperating partners, the cases are referred to the investigative units of those entities and are monitored by OIGI until their investigation is complete. Under certain conditions, OIGI may complete an investigation if an external party cannot perform the investigation. If a WFP vendor or cooperating partner is alleged to have committed a prohibited practice, such as fraud, corruption, theft, collusion, coercion or obstruction, under a WFP-funded agreement or contract, OIGI conducts the investigation, with substantiated reports referred to the WFP Vendor Sanctions Committee for consideration and decision.

### **Inspections**

74. Inspections are inquiries that can be undertaken in areas of perceived risk, outside the context of the annual assurance workplan or in the absence of a specific allegation.
75. OIGI did not conduct inspections during 2021, due to the increase in investigation casework and ongoing COVID-19 restrictions. OIGI intends to recommence inspections in 2022.

### **Ongoing OIGI cooperating with external oversight functions**

76. OIGI continued building on the OIGA 2017 initiative to increase coordination with cooperating partner oversight functions. In 2021, OIGI and cooperating partner oversight functions collaborated on 120 cases and completed 79 investigations, 48 of which were substantiated and resulted in disciplinary action by the cooperating partner. OIGI will continue to develop and enhance its working relationships with cooperating partner oversight functions.

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<sup>5</sup> [Data on Allegations: UN System-wide – Standard for reporting.](#)

**Increased workload and resources**

77. The OIGI caseload – i.e. those cases carried over and new cases received – dramatically increased over the last five years. OIGI received 186 complaints in 2017 and 778 in 2021. OIGI finalized 127 intake assessments in 2017 versus 340 in 2021 further to handling 491 intake reviews in progress. OIGI concluded 40 investigations in 2017 versus 112 in 2021 while also handling 285 investigations in progress at year-end. The ratio of investigator-to-investigations handled grew from 1:6.5 in 2017 to 1:22 in 2021.<sup>6</sup>
78. Concurrently, the additional investigative resources allocated by management to OIGI – five investigators and one quality assurance officer – were successfully onboarded between 2020 and 2021, helping to handle the increasing caseload. OIGI continuously assesses the (increasing) demand for its services. In this context, OIGI sought additional resources for 2022 and is grateful for WFP management’s support in this regard.

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<sup>6</sup> No ratio comparison for intake is possible as the function was created after 2017.

**ANNEX I****Audit and advisory reports considered in developing the annual opinion**

<b>A: AUDIT REPORTS AND RATINGS*</b>					
<b>Audit engagement</b>		<b>Report reference</b>	<b>Number of agreed actions</b>	<b>Of which high priority</b>	<b>Report conclusion/rating</b>
1	Internal audit of WFP Operations in Burkina Faso	AR/21/06	10	3	Partially satisfactory – major improvement needed
2	Internal audit of goods and services procurement in WFP	AR/21/07	6	2	Partially satisfactory – some improvement needed
3	Internal audit of the reassignment process in WFP	AR/21/09	5	2	Partially satisfactory – some improvement needed
4	Internal audit of WFP Operations in Ghana	AR/21/10	8	5	Partially satisfactory – major improvement needed
5	Internal audit of WFP's ocean transport (shipping)	AR/21/11	6	2	Satisfactory
6	Internal audit of WFP Operations in Cambodia	AR/21/12	6	1	Partially satisfactory – some improvement needed
7	Internal audit of WFP Operations in Nigeria	AR/21/13	7	-	Partially satisfactory – some improvement needed
8	Internal audit of WFP Operations in Colombia	AR/21/14	6	4	Partially satisfactory – major improvement needed
9	Internal audit of WFP Operations in Cameroon	AR/21/15	8	3	Partially satisfactory – major improvement needed
10	Internal audit of WFP Operations in Mali	AR/21/16	10	6	Unsatisfactory
11	Internal audit of WFP Operations in Bangladesh	AR/21/17	7	3	Partially satisfactory – some improvement needed
12	Internal audit of WFP's Innovation Accelerator	AR/21/18	3	-	Satisfactory
13	Internal audit of WINGS upgrade	AR/21/19	2	-	Satisfactory
14	Internal audit of WFP Operations in Somalia	AR/21/20	7	3	Partially satisfactory – some improvement needed
15	Internal audit of WFP Operations in Lebanon	AR/21/21	5	1	Partially satisfactory – some improvement needed

A: AUDIT REPORTS AND RATINGS*					
Audit engagement		Report reference	Number of agreed actions	Of which high priority	Report conclusion/rating
16	Internal audit of WFP Operations in Zimbabwe	AR/22/01	6	1	Partially satisfactory – some improvement needed
17	Internal audit of WFP Operations in Mozambique	AR/22/02	10	4	Partially satisfactory – major improvement needed
18	Internal audit of WFP Operations in Iran	AR/22/03	6	-	Satisfactory
19	Internal audit of WFP Operations in Syria	AR/22/04	7	1	Partially satisfactory – some improvement needed
20	Internal Audit of WFP Operations in Afghanistan	AR/22/05	7	-	Not rated (scope limitation)
21	Internal Audit of Djibouti Corridor Management	AR	None (follow up audit)		Not rated (follow-up)
22	Internal Audit of WFP Operations in Djibouti	AR/22/07	6	2	Partially satisfactory – some improvement needed

\* Reports on assignments started in late 2021 may be issued in 2022. Internal audit reports and their respective issue dates can be found at <https://www.wfp.org/audit-reports>.

B: ADVISORY ASSURANCE AREAS			
Report title		Report reference	Actual/expected issue date
1	Advisory report on WFP's Integrity and Ethics Maturity Assessment	AA/21/02	June 2021
2	Advisory report on ERM's maturity assessment	AA/22/01	April 2022
3	Advisory report on WFP's blockchain risk assessment	AA/22/02	April 2022
Other ad-hoc advisory work referenced in the opinion			
4	Headquarters due diligence of Save The Children (support to the NGO Partnerships Unit)	N/A	March 2021
5	Consolidated insights on country office monitoring	-	September 2021
6	Consolidated insights on Supply Chain	-	April 2022

C: PROACTIVE INTEGRITY REVIEW REPORTS			
Report title		Report reference	Actual/expected issue date
1	Proactive integrity review of food commodity management	PIR/22/01	January 2022

D: SPECIAL PURPOSE REVIEWS			
Report title		Coverage	Opinion
1	Adaptation Fund project - Egypt	USD 7 million April 2013–December 2020	Unqualified opinion
2	Adaptation Fund project - Ecuador	USD 7.2 million May 2012–October 2018	Unqualified opinion
3	Adaptation Fund project - El Salvador/ Honduras	USD 20 000 February 2019–December 2020	Qualified USD 7 000
4	Adaptation Fund project - Sri Lanka	USD 9 million December 2013–September 2020	Unqualified opinion



## ANNEX II

### Closed recommendations with risks accepted by management

One recommendation was closed with management accepting the residual risk associated with not implementing OIGA's recommendation.

Internal audit report	Recommendation	Remaining risk
<p>WFP Operations in Yemen AR/20/03 Observation 4 Action 1</p>	<p><u>Cooperating partner management</u> (medium priority):</p> <p>The country office had an average monthly commitment of USD 6 million for payments to cooperating partners, which were to be made based on the clearance of cooperating partner distribution reports. At the time of the audit fieldwork, approximately 50 percent of cooperating partners had outstanding cooperating partners distribution reports dating from January 2019, implying significant delays in processing payments.</p> <p>The country office was considering changing requirements for cooperating partner payments, requiring cooperating partners to self-certify expenditure and issue invoices based on the self-declaration, which the audit felt raised other significant risks.</p> <p><b>Agreed action: The NGO Partnerships Unit will, in coordination with the country office, review country office initiatives to streamline the reporting process.</b></p>	<p>This was addressed to the NGO Partnerships Unit with the expectation that corporate initiatives aiming at further oversight over cooperating partners (as set forth in OIGA's advisory on the management of NGOs and agreed with the Unit) would help inform and strengthen the Yemen country office approach in line with headquarters-set minimum standards and diligence.</p> <p>The Yemen country office streamlined its process to expedite payments to cooperating partners since the issuance of the 2020 audit report, including the development and circulation of a standard operating procedure on this topic. The NGO Partnerships Unit did contact the country office to offer consultation and support in this area should this be needed. The country office has not considered this to be necessary.</p> <p>As a result, there has been no confirmation of compliance and alignment with minimum standards and diligence on cooperating partners, as well as reasonable risk exposure.</p>

**ANNEX III****Investigation reports – substantiated allegations**

Report reference		Allegation	Subject	Issued
<b>Regional Bureau for Asia and the Pacific</b>				
1	2019-486	Embezzlement of project funds	Cooperating partner employee	January 2021
2	2021-064	SEA	Cooperating partner employee	June 2021
3	2020-582	Theft of food items	Cooperating partner employee	June 2021
4	2021-055	SEA	Cooperating partner employee	June 2021
5	2020-554	Retaliation	WFP employee	October 2021
6	2021-709	Failure to comply with obligations	External party	December 2021
7	2021-284	Theft of funds	External party	December 2021
<b>Regional Bureau for the Middle East, Northern Africa and Eastern Europe</b>				
8	2020-569	SEA	Cooperating partner employee	February 2021
9	2020-602	Assault/threat	Cooperating partner employee	June 2021
10	2021-063	Assault/threat	Cooperating partner employee	June 2021
11	2021-010	Fraudulent practice	Cooperating partner employee	October 2021
<b>Regional Bureau for Western Africa</b>				
12	2020-455	Theft of food items	Cooperating partner employee	January 2021
13	2019-500	Fraudulent practice	Cooperating partner employee	April 2021
14	2019-264	Embezzlement of funds	Cooperating partner employee	September 2021
15	2019-523	Fraudulent practice	WFP employee	December 2021

Report reference		Allegation	Subject	Issued
<b>Regional Bureau for Southern Africa</b>				
16	2018-335C	Misrepresentation and procurement fraud	WFP Vendor	April 2021
17	2019-171	Failure to comply with obligations	WFP employee	April 2021
18	2021-005	SEA	Cooperating partner employee	June 2021
19	2021-295	SEA	Cooperating partner employee	July 2021
20	2021-653	Food diversion	Cooperating partner employee	December 2021
<b>Regional Bureau for Eastern Africa</b>				
21	2019-382A	Theft of non-food Items, misrepresentation, collusion and obstruction	WFP employee	January 2021
22	2019-382B	Theft of non-food Items, misrepresentation, collusion and obstruction	WFP employee	January 2021
23	2020-146	Theft of food items	Cooperating partner employee	February 2021
24	2020-553	Fraudulent practice	Cooperating partner employee	March 2021
25	2020-501	Theft of food items	Cooperating partner employee	April 2021
26	2021-135	SEA	Cooperating partner employee	April 2021
27	2019-354	Theft of non-food items	Cooperating partner employee	April 2021
28	2020-314	Theft of non-food items	Cooperating partner employee	April 2021
29	2020-300	SEA	Cooperating partner employee	April 2021
30	2020-449	Food diversion	Cooperating partner employee	June 2021
31	2021-336	SEA	Cooperating partner employee	June 2021

Report reference		Allegation	Subject	Issued
32	2021-037	SEA	Cooperating partner employee	July 2021
33	2020-593	SEA	Cooperating partner employee	July 2021
34	2021-085	Fraudulent practice	Cooperating partner employee	August 2021
35	2020-203	Food diversion	Cooperating partner employee	August 2021
36	2020-103	Fraudulent practice	Cooperating partner employee	August 2021
37	2019-285A	Theft of food items	Cooperating partner employee	August 2021
38	2020-079	SEA	Cooperating partner employee	August 2021
39	2020-179	SEA	Cooperating partner employee	August 2021
40	2021-564	SEA	Cooperating partner employee	October 2021
41	2021-531	Fraudulent practice	Cooperating partner employee	November 2021
42	2020-538	Assault/Threat	Cooperating partner employee	November 2021
43	2021-086	Corruptive practices	Cooperating partner employee	November 2021
44	2021-438	SEA	Cooperating partner employee	December 2021
45	2020-204	Food diversion	Cooperating partner employee	December 2021
46	2020-432	Theft of food items	Cooperating partner employee	December 2021
47	z2020-430	Food diversion	Cooperating partner employee	December 2021
48	2020-435	Food diversion	Cooperating partner employee	December 2021
49	2021-069	Fraudulent practice	Cooperating partner employee	December 2021

Report reference		Allegation	Subject	Issued
50	2020-505	Theft of food items	Cooperating partner employee	December 2021
51	2020-506	Theft of food items	Cooperating partner employee	December 2021
52	2020-507	Theft of food items	Cooperating partner employee	December 2021
<b>Regional Bureau for Latin America and the Caribbean</b>				
53	2021-038	SEA	Cooperating partner employee	February 2021
54	2021-102	Fraudulent and corruptive practices	Cooperating partner employee	March 2021

## Acronyms

AFAC	anti-fraud and anti-corruption
CBT	cash-based transfer
HAAD	harassment, abuse of authority and discrimination
IIA	Institute of Internal Auditors
LESS	Logistics Execution Support System
OIG	Office of the Inspector General
OIGA	Office of Internal Audit
OIGI	Office of Inspections and Investigations
PIR	proactive integrity review
SEA	sexual exploitation and abuse