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الغذية والزراعة
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FINANCE COMMITTEE

Hundred and Eighty-sixth Session

7–9 June 2021

**WFP management response to the recommendations in the report of the
External Auditor on the management of information on beneficiaries**

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

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EXECUTIVE SUMMARY

- Management welcomes the recommendations made in the report of the External Auditor on the management of information on beneficiaries at WFP.
- Management welcomes the External Auditor's recognition that WFP needs to have reliable and transparent data to support its beneficiaries and ensure the trust of donors and other stakeholders.
- Management agrees with the report's observations that WFP should communicate about the processes used to collect beneficiary information and determine beneficiary figures, and their limitations, as part of its regular reporting and that the organization should strive to improve its collection of beneficiary information and its use to improve programme design, delivery, monitoring and reporting. This includes prioritizing the integration of information systems and the strengthening of beneficiary information governance arrangements.
- WFP has already started to implement several of the External Auditor's recommendations and is exploring additional ways to support and measure country office capacity in order to strengthen data quality and management. Management is committed to undertaking regular reviews and closely monitoring progress and will keep the Executive Board informed through the established reporting mechanisms.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to review the "WFP management response to the recommendations in the report of the External Auditor on the management of information on beneficiaries" 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 "WFP management response to the recommendations in the report of the External Auditor on the management of information on beneficiaries".**



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

Executive Board
Annual session
Rome, 21–25 June 2021

Distribution: General

Agenda Item 6

Date: 26 May 2021

WFP/EB.A/2021/6-G/1/Add.1

Original: English

Resource, financial and budgetary matters

For consideration

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

WFP management response to the recommendations in the report of the External Auditor on the management of information on beneficiaries

Background

1. Management welcomes the recommendations made in the report of the External Auditor on the management of information on beneficiaries at WFP.
2. The external audit started in July 2020 and was conducted in three phases: from 20 to 24 July 2020 (initial headquarters mission); from 15 to 16 October 2020 (interim headquarters mission); and from 11 to 22 January 2021 (final headquarters mission).
3. The audit team mainly interacted with the Programme – Humanitarian and Development Division (PRO); the Research, Assessment and Monitoring Division (RAM); the Technology Division (TEC); and the Enterprise Risk Management Division (ERM) and periodically briefed the Assistant Executive Director, Programme and Policy Development Department on emerging findings. Eight virtual field missions were conducted in Benin, Ecuador, Egypt, Madagascar, Nicaragua, Rwanda, the Sudan and Zambia. A questionnaire was also sent to regional bureaux and country offices to obtain a field perspective on the audit questions. In March 2021, the auditors shared a draft report with WFP; WFP shared its observations on the report on 4 March. On 9 April, the auditors submitted the final list of recommendations (in English) and final audit report (in French).
4. The main objectives of the audit were to:
 - clarify the notion of beneficiary and the rules for counting beneficiaries, according to the type of assistance provided and the populations of interest;
 - analyse, from the point of view of the reliability of the methods used, the management of beneficiary data over the whole cycle, from needs assessment to data collection, processing and monitoring, and analysis;

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- understand how these data are collected, measured and evaluated to help guide WFP management decisions; and
 - analyse the quality of reporting on beneficiaries at the country office and headquarters levels.
5. Management welcomes the External Auditor's recognition that WFP needs to have reliable and transparent data to support its beneficiaries and ensure the trust of donors and other stakeholders.
 6. Management agrees with the report's observations that WFP should communicate about the processes used to collect beneficiary information and determine beneficiary figures, and their limitations, as part of its regular reporting and that the organization should strive to improve its collection of beneficiary information and its use to improve programme design, delivery, monitoring and reporting. This includes prioritizing the integration of information systems and the strengthening of beneficiary information governance arrangements.
 7. Management has recently committed itself to conducting a comprehensive review of WFP beneficiary management arrangements. Under the leadership of the Assistant Executive Director, Programme and Policy Development Department, this review will examine opportunities for improving and standardizing beneficiary information management across the programme and implementation cycle, looking at business processes, systems and staff profiles. The review will seek to improve the quality of programme design and delivery; renew the focus on putting beneficiaries and communities at the centre of WFP's work; and facilitate transparency, accountability, efficiency and effectiveness through data and technology while ensuring beneficiaries' privacy and fundamental rights and a responsible data posture.
 8. Information management practices will be improved through enhanced functions in the country office tool for managing effectively (COMET) such as its imminent interoperability with the WFP's digital beneficiary information and transfer management platform (SCOPE); the activation of a control panel that will give country offices, regional bureaux and headquarters better quality control; and automated distribution reporting.
 9. RAM and PRO will investigate how to improve the link between targeting and criteria related to registration and reporting in a way that ensures greater coherence between qualitative and quantitative assurance. Building on the operational guidance note on targeting and prioritization, this work will include preparing a directive that clarifies standards, roles and responsibilities related to beneficiary data for the whole cycle from assessment and the definition of eligibility criteria to beneficiary selection, registration (where relevant), monitoring and reporting.
 10. In addition, WFP will seek to strengthen the capacity and performance of its cooperating partners including through the rollout of Partner Connect, a new platform that will enable cooperating partners to use digital reporting, thereby improving data collection processes and oversight. It will be integrated with COMET to allow data to flow between the two systems.
 11. Management agrees to inform the Board systematically about country office conditions and limitations related to the counting of beneficiaries; this reporting will include an explanation of the methodology behind data adjustments made in COMET.
 12. WFP has already started to implement several of the External Auditor's recommendations and is exploring additional ways to support and measure country office capacity in order to strengthen data quality and management. Management is committed to undertaking regular reviews and closely monitoring progress and will keep the Executive Board informed through the established reporting mechanisms.

13. Management thanks the External Auditor for its constructive collaboration and for sharing its draft report at an early stage, which provided an opportunity for effective internal review and early action.
14. The following matrix sets out WFP's planned actions and the timelines for their implementation.

Draft decision*

The Board takes note of the WFP management response to the recommendations in the report of the External Auditor on the management of information on beneficiaries (WFP/EB.A/2021/6-G/1/Add.1).

* 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.

WFP MANAGEMENT RESPONSE TO THE RECOMMENDATIONS IN THE REPORT OF THE EXTERNAL AUDITOR ON THE MANAGEMENT OF INFORMATION ON BENEFICIARIES			
External audit recommendation	Action by	WFP management response	Timeframe
<p>Recommendation 1</p> <p>The External Auditor recommends that methodological annexes specifying the conditions and limitations of the beneficiary count be produced as support for the beneficiary data presented in annual country reports and the annual performance report.</p>	Corporate Planning and Performance Division (CPP)	<p>Agreed</p> <p>In an annex to the annual performance report for 2021, WFP will provide an explanation (including methodological limitations) of how beneficiary figures are aggregated for the following key categories:</p> <ul style="list-style-type: none"> ➤ total number of beneficiaries; ➤ total number of beneficiaries receiving food transfers; ➤ total number of beneficiaries receiving cash-based transfers (CBTs) and commodity vouchers; ➤ total number of beneficiaries assisted under each programme area; ➤ schoolchildren assisted under school-based programmes. <p>Similar detail will be provided in the annual country reports for subsequent years.</p>	<p>Annual performance report: next annual reporting exercise, first quarter of 2022</p> <p>Annual country reports: from 2021 onwards (end of 2021)</p>
<p>Recommendation 2</p> <p>The External Auditor recommends that a country office rating based on the ten information quality criteria listed be established and included in the information provided to the Executive Board.</p>	CPP and PRO	<p>Agreed</p> <p>WFP considers data quality an important measure of and contributor to overall programme quality and effectiveness and agrees with the aim of this recommendation. WFP will review the ten identified criteria and potential measurement systems with a view to developing an approach that will strengthen country office data collection and management practices; WFP will also include information on data quality in reports to the Executive Board.</p>	November 2021

WFP MANAGEMENT RESPONSE TO THE RECOMMENDATIONS IN THE REPORT OF THE EXTERNAL AUDITOR ON THE MANAGEMENT OF INFORMATION ON BENEFICIARIES			
External audit recommendation	Action by	WFP management response	Timeframe
<p>Recommendation 3</p> <p>The External Auditor recommends that the performance assessments of cooperating partners be strengthened in order to have a measure with which to gauge the quality of the data that they collect.</p>	<p>CPP and NGO Partnerships Unit</p>	<p>Agreed</p> <p>In order to improve and better gauge the quality of data collected by WFP cooperating partners, WFP will:</p> <ul style="list-style-type: none"> i) roll out the new Partner Connect platform, which will enable cooperating partners to use digital reporting. Partner Connect will improve data collection processes, provide WFP staff with greater visibility of data coming from multiple sources and allow for checks on disaggregated data. Partner Connect will be integrated with COMET to allow data to flow between the two systems; ii) implement the COMET Control Panel online analytical and visualization tool, which will support the oversight role performed by regional bureaux and headquarters and the management role at the country office level, provide an overview of data in COMET, reconciliation between COMET and the Logistics Execution Support System (LESS) (distributions versus deliveries), and reconciliation between COMET and SCOPE for CBT payments; and iii) develop an automated distribution report upload feature for COMET, which will allow partners to report distribution data and ensure oversight of data quality and privacy concerns by internal business owners. 	<p>Roll-out of the Partner Connect platform: December 2021</p> <p>COMET Control Panel: July 2021</p> <p>COMET automated distribution report upload feature: July 2021</p>
<p>Recommendation 4</p> <p>The External Auditor recommends that indirect beneficiaries, where this is possible and relevant, be estimated in the quarterly and six-monthly country office activity reports and during programme evaluations.</p>	<p>RAM and CPP</p>	<p>Agreed</p> <p>WFP will provide country offices with estimation methods that enable periodic and thematic reporting on indirect beneficiaries. The exercise will build on the interim guidance on tier 2 and tier 3 beneficiary estimation and reporting issued in 2020.</p>	<p>Mid-2022</p>

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External audit recommendation	Action by	WFP management response	Timeframe
<p>Recommendation 5</p> <p>The External Auditor recommends that the duration of assistance to beneficiaries be reported, by activity and by country.</p>	CPP	<p>Agreed</p> <p>WFP will develop a process for estimating and reporting the average duration of assistance provided to beneficiaries, by activity and country. This will draw on data available in COMET and SCOPE.</p>	December 2021
<p>Recommendation 6</p> <p>The External Auditor recommends that a directive enabling better account to be taken of qualitative beneficiary targeting criteria in the registration and reporting phases be adopted</p>	RAM and PRO	<p>Agreed</p> <p>This recommendation is in line with a high priority agreed action from the internal audit on beneficiary targeting (AR/20/07) that is due to be implemented by the end of 2021. The directive will cover the various steps required for successful targeting, from assessments and the identification of eligibility criteria to beneficiary selection, registration (where relevant), monitoring and reporting, as outlined in the operational guidance note on targeting and prioritization. Quantitative data from surveys and qualitative data from community consultations will feed into the design of targeting strategies.</p>	31 December 2021 (in alignment with the internal audit action)
<p>Recommendation 7</p> <p>The External Auditor recommends that the production of outcome monitoring reports at the regional and central levels be reported on systematically and that steps be taken to ensure that they are published regularly.</p>	RAM and the Office of Evaluation for first two paragraphs CPP for third paragraph	<p>Partially agreed</p> <p>Through the recently developed evidence planning and budgeting tool, WFP will regularly track planned and conducted monitoring and evaluation exercises at the country level, allowing oversight at both the regional and central levels.</p> <p>While all evaluation reports are widely shared and publicly available on the internet, in regard to the wider publication of monitoring reports, WFP notes that a large share of reports are produced for internal purposes at the country office level and often contain very context-specific and potentially sensitive information, which renders them unsuitable for dissemination to larger audiences.</p> <p>Quarterly performance snapshots are consolidated and available internally. They include key monitoring information such as beneficiary numbers and the value of WFP transfers (both food and CBTs) to beneficiaries.</p>	<p>Evidence planning and budgeting tool: 31 December 2021</p> <p>First quarter of 2021 snapshot: May 2021</p>

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External audit recommendation	Action by	WFP management response	Timeframe
<p>Recommendation 8</p> <p>The External Auditor recommends that WFP partners and donors be given access to the data analytics of the COMET dashboard.</p>	CPP	<p>Agreed</p> <p>WFP agrees to give partners and donors access to visualization tools that analyse data from COMET.</p> <p>WFP has already given access to some partners and donors, on request, to the partnerships data in COMET. Partners will continue to be granted access to these data upon request.</p>	End 2021
<p>Recommendation 9</p> <p>The External Auditor recommends that a central plan for deployment and harmonization of beneficiary information management systems in target countries be established and that, in particular, a timetable for the deployment of SCOPE be set.</p>	Programme and Policy Development Department (PD), TEC	<p>Agreed</p> <p>WFP has already put plans in motion for the implementation of this recommendation, which is tied to recommendation 12.</p> <p>PD will develop an overarching approach and accompanying practical guidance on beneficiary information management; this work will include helping country offices to implement the approach sustainably and establishing programme capacity for driving and continually reviewing business requirements for corporate technology solutions that support beneficiary information management. With the support of TEC, SCOPE will be part of an ecosystem of corporate solutions for the management of beneficiary information, all of which will need to comply with and support the implementation of corporate standards for beneficiary data collection and management, which extend to partner operations and systems when relevant.</p>	<p>Approach: end of 2021</p> <p>Guidance: mid-2022</p>

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External audit recommendation	Action by	WFP management response	Timeframe
<p>Recommendation 10</p> <p>The External Auditor recommends that SCOPE and COMET be linked in 2021.</p>	TEC and CPP	<p>Agreed</p> <p>WFP agrees with the recommendation to finalize the integration of SCOPE and COMET in 2021. This will take place in two phases that are expected to be completed by the end of the year, and reporting is expected to begin in 2022. Phase I, focused on business process automation and alignment between the two systems, began last year and is well under way. A successful demonstration of this aspect of the integration has already been carried out and a pilot is due to take place in the second quarter (Q2) of 2021, with the global roll-out of the new features beginning shortly afterwards. Phase II, focused on enabling aligned reporting, is expected to begin in Q2; its development activities, testing and global roll-out will take place during the second half of 2021.</p>	31 December 2021
<p>Recommendation 11</p> <p>The External Auditor recommends that, during the next annual risk analysis exercise, a strategic risk concerning beneficiary inclusion and exclusion errors be added.</p>	PRO	<p>Agreed</p> <p>The current ERM framework enables WFP field offices and headquarters to assess risks concerning beneficiary targeting. The risk review guidance note already includes “sub-optimal targeting” as an example of a strategic risk (“1.1.1. Intervention misaligned with outcome”). If such risks are identified and deemed important during operational and functional risk reviews, WFP offices subsequently identify appropriate risk mitigation actions that address inclusion and exclusion errors. The country office risk review is a bottom-up exercise and country offices already have the means to capture intervention design risk related to beneficiary targeting within the current ERM risk categorization.</p>	Already implemented

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External audit recommendation	Action by	WFP management response	Timeframe
<p>Recommendation 12</p> <p>The External Auditor recommends that a permanent coordination mechanism for the various entities responsible for beneficiary information be set up at headquarters under the authority of the Programme and Policy Development Department.</p>	PD	<p>Agreed</p> <p>PD will institute a mechanism to develop, implement and continually review the approach referred to in the response to recommendation 9.</p>	End of 2021

Acronyms

CBT	cash-based transfer
COMET	country office tool for managing effectively
CPP	Corporate Planning and Performance Division
ERM	Enterprise Risk Management Division
PD	Programme and Policy Development Department
PRO	Programme – Humanitarian and Development Division
RAM	Research, Assessment and Monitoring Division
SCOPE	WFP's digital beneficiary information and transfer management platform