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# FINANCE COMMITTEE

**Hundred and Ninety-second Session**

**Rome, 1-3 June 2022**

**Report on the implementation of the External Auditor's recommendations**

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

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### EXECUTIVE SUMMARY

- The report describes WFP's progress in implementing recommendations made by the External Auditor. It covers recommendations outstanding at the Board's 2021 annual session (WFP/EB.A/2021/6-H/1/Rev.1) and recommendations from the 2021 reports of the External Auditor on critical corporate initiatives (WFP/EB.A/2021/6-F/1); management of information on beneficiaries (WFP/EB.A/2021/6-G/1); and audited annual accounts of WFP for 2021 (WFP/EB.A/2022/6-A/1).

### GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to review the "Report on the implementation of the External Auditor's recommendations" 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 "Report on the implementation of the External Auditor's recommendations".**



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

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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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## Report on the implementation of the External Auditor's recommendations

### Draft decision\*

The Board takes note of the report on the implementation of the External Auditor's recommendations (WFP/EB.A/2022/6-J/1).

- i) This report describes WFP's progress in implementing recommendations made by the External Auditor. It covers recommendations outstanding at the Board's 2021 annual session (WFP/EB.A/2021/6-H/1/Rev.1) and recommendations from the 2021 reports of the External Auditor on critical corporate initiatives (WFP/EB.A/2021/6-F/1); management of information on beneficiaries (WFP/EB.A/2021/6-G/1); and audited annual accounts of WFP for 2021 (WFP/EB.A/2022/6-A/1).
- ii) Table 1 shows WFP's progress in implementing the External Auditor's outstanding recommendations since the 2021 annual session of the Board. Table 2 provides an update on each of the outstanding recommendations and the External Auditor's comments on closed recommendations.

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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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<b>TABLE 1: STATUS OF IMPLEMENTATION OF THE EXTERNAL AUDITOR'S RECOMMENDATIONS</b>				
<b>Year report issued</b>	<b>Report name</b>	<b>Outstanding recommendations at the 2021 annual session</b>	<b>Closed</b>	<b>Outstanding recommendations at the 2022 annual session</b>
<b>2017</b>	Changes in human resources	4	3	1
	<b>Subtotal - 2017</b>	<b>4</b>	<b>3</b>	<b>1</b>
<b>2018</b>	Food-related losses	4	3	1
	<b>Subtotal - 2018</b>	<b>4</b>	<b>3</b>	<b>1</b>
<b>2019</b>	Country portfolio budgets	1	1	0
	Fraud prevention, detection and response	1	1	0
	<b>Subtotal - 2019</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>2020</b>	WFP's real estate portfolio	5	4	1
	Air transport services	10	6	4
	<b>Subtotal - 2020</b>	<b>15</b>	<b>10</b>	<b>5</b>
<b>2021</b>	2020 audited annual accounts	7	7	0
	Beneficiary information management	11	5	6
	Critical corporate initiatives	11	5	6
	<b>Subtotal - 2021</b>	<b>29</b>	<b>17</b>	<b>12</b>
<b>Total: Previously reported</b>		<b>54</b>	<b>35</b>	<b>19</b>
<b>2022</b>	<b>2021 audited annual accounts</b>			<b>4</b>
<b>Outstanding as at 2022 annual session</b>				<b>23</b>

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 (EB.A/2022)
<p><b>Changes in human resources 2017</b></p>	<p><b>Recommendation 1</b> 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.</p>	<p>Human Resources Division (HRM)</p>	<p>In September 2021, WFP issued Executive Director's circular on WFP Staffing Framework (OED2021/017), which outlines employee categories and contract modalities and sets out principles and criteria for managers on the proper use of contract modalities according to staffing requirements. It is intended to help the organization attract and retain talent by providing competitive contracts and greater clarity and transparency to employees regarding the contract modality with which they were hired. The framework is in effect and transitional measures will be in place until 31 December 2024 for smooth implementation.</p>	<p>Implemented</p>	<p>Agreed Policy changes in the new Executive Director's circular address well the External Auditor's recommendation particularly paragraph 26</p>
<p><b>Changes in human resources 2017</b></p>	<p><b>Recommendation 2</b> 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>	<p>HRM</p>	<p>The draft revised policy on consultant remuneration has been finalized and is undergoing consultation within HRM and with other key stakeholders, to be followed by a presentation to the WFP leadership group for endorsement.</p>	<p>July 2022</p>	

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 (EB.A/2022)
<b>Changes in human resources 2017</b>	<b>Recommendation 6</b> 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.	HRM	Following the issuance of the Executive Director's circular on the WFP Staffing Framework, WFP revised its consultant policy through updates to the Human Resources Manual. The revision includes a requirement for a competitive selection process and an open call for applicants, with exceptions for emergencies <sup>1</sup> , as specified in the Staffing Framework.	Implemented	Agreed
<b>Changes in human resources 2017</b>	<b>Recommendation 7</b> 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.	HRM	In line with the management update to recommendation 6, the revised consultant policy requires that the selection process be duly documented and that records be retained to allow for the monitoring of compliance with, and quality of procedures.	Implemented	Agreed (subject to verifications during further HR audits)
<b>Food-related losses 2018</b>	<b>Recommendation 2</b> 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	Supply Chain Operations Division (SCO)	a) In October 2021, SCO established a research and development unit to implement the critical corporate investment case on improved vendor management, including the introduction of a supplier scorecard with relevant information and indicators to provide a global view of vendors and their services.  A focus group composed of representatives from headquarters, regional bureaux and some country offices has been put together to ensure that the	December 2022	

<sup>1</sup> Single sourcing may be used in emergency responses, with contracts issued in line with the duration of the emergency operation. The selected candidate may not be re-appointed on another consultancy without a competitive process.

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2022)
	<p>possible, to allow WFP to have a global view 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>proposed solutions respond to challenges and contexts in the field.</p> <p>b) WFP has implemented a tool in DOTS to generate vendor performance evaluation reports in headquarters and for subsequent roll-out to country offices. The tool allows extraction of WFP Information Network and Global System (WINGS) data to enhance contract management capacity. Contract performance can be monitored and assessed more efficiently to support procurement management with information on order deliveries, including defaults and late deliveries.</p>		
<p><b>Food-related losses 2018</b></p>	<p><b>Recommendation 3</b></p> <p>The External Auditor recommends developing a system making performance statistics on surveyors and superintendents available at the organization level.</p>	<p>SCO</p>	<p>The newly developed Food Safety and Quality Terrain (FOSTER) system increases the effectiveness of WFP food safety and quality processes and enhances the performance monitoring of third-party quality and control (Q&amp;Q) service providers. Based on FOSTER data, Q&amp;Q performance information is processed in DOTS and presented on a dashboard page providing performance statistics at the organization level.</p> <p>FOSTER has been implemented in headquarters and four regional bureaux, supported by an online training available in WFP's learning channel. Currently, the system has recorded over 30,000 tests and has over 68 suppliers and 350 internal and external users.</p> <p>Efforts to improve the monitoring of Q&amp;Q service providers performance also include the integration of WINGS information into the DOTS platform, allowing WFP to consolidate and segregate data on inspection services per company, such as region and/or country of operations, year of service provision, and invoice value, among others.</p>	<p>Implemented</p>	<p>Agreed</p>

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 (EB.A/2022)
			The Food Safety and Quality Assurance Management Committee, chaired by the Deputy Executive Director, will monitor the progress of the project until completion, including full roll-out to all regions.		
<b>Food-related losses 2018</b>	<p><b>Recommendation 6</b></p> <p>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>	NGO Partnerships Unit (NGO)	<p>a) As noted in the External Auditor's report on the management of cooperating partners, WFP is in the process of digitalizing end-to-end cooperating partner management processes, thereby improving data collection, performance monitoring, oversight, among others. In particular, the Partner Connect tool, whose minimum viable product is being piloted in two countries for streamlining cooperating partners' distribution reporting, will incorporate a field-level agreement (FLA) management module as an additional functionality in 2022. The project is part of the wider digital transformation road map steered by the Technology Division and presented to the Executive Board in an informal briefing in January 2022 (<a href="#">link</a>).</p> <p>The FLA management module will enable a FLA digital repository for global oversight. Barring funding constraints, the development of the FLA management module is planned to start in the second half of 2022, along with the wider roll-out of the Partner Connect tool to country offices, building on lessons learned from the ongoing pilot. Meanwhile, country offices are reminded to upload FLAs in WINGS when creating corresponding purchase orders.</p> <p>Progress on Partner Connect roll-out, including its FLA management module, will continue to be reported to the Executive Board through various channels, most notably in management's updates on the implementation of the External Auditor's</p>	Closed	Agreed Superseded by recommendations issued in 2022 performance reports on cooperating partners and oversight



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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2022)
			<p>recommendations from the management of cooperating partners' review.</p> <p>b) In June 2021 WFP headquarters organized a peer-to-peer conference with regional bureaux to, among others, clarify their role in providing oversight for the management of cooperating partners. The outcome of the conference included the establishment of standard terms of reference (ToR) to streamline regional bureau oversight of cooperating partner management by country offices. The second conference in March 2022 confirmed the priority of enhancing oversight within the cooperating partner management function and adapting ToR to region-specific operational contexts and priorities. NGO will continue to provide technical advice to regional bureaux as needed.</p> <p>WFP will continue to update the Executive Board through the annual report on the implementation of the External Auditor's recommendations in the review of management of cooperating partners, particularly those related to the role of regional bureaux.</p>		
<b>Food-related losses 2018</b>	<p><b>Recommendation 8</b></p> <p>The External Auditor recommends strengthening internal quality control:</p> <p>a) by forwarding all inspection reports to the Food Quality and Safety Unit (OSCQ);</p> <p>b) by establishing an exhaustive information system on quality incidents allowing the OSCQ unit to perform</p>	SCO	<p>a) The recommendation aligns with the implementation of recommendation 3. FOSTER facilitates the recording of all inspection reports by surveyors or superintendents, which is available to the Food Safety and Quality Unit for monitoring and analysis, as required. The system's unique features such as the unified data collection, automatic deviation and non-conformance identification, easy approval workflows, simple status monitoring and updating of activities will help WFP achieve business benefits and strengthen internal quality controls, in line with the food safety and quality guidelines issued in 2022.</p> <p>b) and c) Closed at EB.A/2021.</p>	Implemented	<p>a) Agreed</p> <p>b) and c) Closed at EB.A/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 (EB.A/2022)
	<p>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><b>Country portfolio budgets 2019</b></p>	<p><b>Recommendation 11</b></p> <p>The External Auditor recommends monitoring the total amount of the management fee paid annually to cooperating partners and the range of rates applied by field-level agreements.</p>	NGO	<p>Partner Connect's FLA management module, which will capture FLA budget data with the actual amount of management fees applied and other financial flows. The module is planned to be developed in the second half of 2022 barring funding constraints.</p> <p>In addition, the mandatory application of 7 percent fixed rate for management fees is reinforced in the updated <a href="#">FLA</a> and <a href="#">FLA budget template</a>. Country office and regional bureau cooperating partners management focal points are continuously reminded through various training.</p> <p>In line with management's update to recommendation 6, food-related losses, progress on the roll-out of Partner Connect's FLA management module will continue to be reported to the Executive Board through various channels, most notably in management's updates on the implementation of the External Auditor's recommendations from the management of cooperating partners' review.</p>	Closed	Agreed - Closed

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2022)
<b>Fraud prevention, detection and response 2019</b>	<b>Recommendation 2</b> The External Auditor recommends setting a threshold or criteria beyond which WFP will carry out due diligence prior to adding a strategic supplier to the roster in order to assess the maturity of its anti-fraud system.	SCO	The Secretariat has strengthened its due diligence procedures for registration of international food vendors on the WFP roster by adding review questions which will identify vendors exhibiting certain red flags for potential involvement in prohibited practices as defined in the <a href="#">Revised anti-fraud and anti-corruption policy</a> . Potential vendors presenting red flags will undergo additional due diligence procedures to establish that they have taken remedial actions to address anomalies identified in the process. The results of the additional procedures will be considered in determining whether the vendor should be added to the roster of international food vendors.	Implemented	Agreed
<b>WFP's real estate portfolio 2020</b>	<b>Recommendation 3</b> The External Auditor recommends the preparation of a strategy to adapt the capacity of the headquarters premises according to several costed scenarios of staff growth.	Management Services Division (MSD)	In November 2021, WFP circulated its "New Ways of Working" strategy to all staff considering a scenario of 5 percent annual staff growth and taking into account lessons learned from the coronavirus disease 2019 (COVID-19) pandemic.  Thereafter, WFP launched the "hybrid working model" pilot project combining work performed in-office or remotely at the duty station, and work performed remotely outside the duty station.  The project is being piloted in headquarters, in the Regional Bureau for Latin America and the Caribbean and in selected country offices (Bangladesh, Barbados, the Plurinational State of Bolivia, Egypt, Jordan, Libya, Nicaragua, Nigeria and the Philippines) from January to December 2022 and will be evaluated for possible global roll-out.	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 (EB.A/2022)
WFP's real estate portfolio 2020	<p><b>Recommendation 6</b></p> <p>The External Auditor recommends that an annual review of the overall change in facilities management costs be conducted in order to strengthen oversight of this activity.</p>	MSD, Corporate Finance Division – General Accounts Branch (FING)	<p>Partially accepted.</p> <p>Following the results of an assessment study conducted in 2021, which showed that the WINGS platform does not support the integration of data on the running and lease costs of WFP facilities, MSD, FING and SCO formed a working group to prepare guidelines for country offices to properly record facilities management costs in WINGS, and develop an analytical tool to facilitate reporting of WFP facilities overall costs.</p>	September 2022	
WFP's real estate portfolio 2020	<p><b>Recommendation 7</b></p> <p>The External Auditor recommends that the revised and supplemented version of the administrative services manual, which includes a module on facilities management, be adopted as soon as possible.</p>	MSD	<p>The administrative services manual, which includes a chapter on facilities management, has been revised and is available on WFP's internal website. In May 2021, the release of the facilities management chapter was announced to administration officers in all regional bureaux and country offices.</p>	Implemented	Agreed
WFP's real estate portfolio 2020	<p><b>Recommendation 8</b></p> <p>The External Auditor recommends:</p> <p>a) including an environmental component from the start of each real estate project;</p> <p>b) speeding up the implementation of environmental management systems in the country offices; and</p>	MSD, country offices, regional bureaux, field offices	<p>a) Closed at EB.A/2021.</p> <p>b) The roll-out of the environmental management system (EMS) throughout the organization is a strategic piece of WFP's efforts to implement the <a href="#">2017 Environmental Policy</a>. This was enshrined in the 2021 Executive Director's circular on the establishment of the WFP environmental and social sustainability framework (<a href="#">OED2021/018</a>), to introduce, among others, a mandatory requirement to monitor and report on the percentage of countries implementing EMS. To this end, the Secretariat added an indicator to the <a href="#">WFP corporate results framework (2022–2025)</a> that foresees a 10 percent annual increase in EMS implementation to eventually reach all WFP offices. Progress is reported annually through the management plan, the annual</p>	Implemented	<p>a) and c) Closed at EB.A/2021</p> <p>b) Agreed</p>

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 (EB.A/2022)
	c) implementing the analysis and classification of environmental risks recommended in the environmental policy, particularly for renovation and construction.		<p>performance report, and through the Sustainable United Nations "Greening the Blue" platform<sup>1</sup> as part of the inter-agency commitments to attain full EMS implementation by 2030. The Secretariat has also strengthened its network of environmental advisors in the regional bureaux in Eastern Africa, Southern Africa, Latin America and the Caribbean, and Western Africa<sup>2</sup> to promote and support EMS implementation and maintain regular monitoring and regular oversight, to build country office capacities related to environmental sustainability and to facilitate the sharing of best practices and lessons learned throughout WFP. Despite COVID-19 pandemic related constraints, WFP has made progress on EMS implementation: since the audit was issued in 2020, 12 new operations (+200 percent) have launched EMS,<sup>3</sup> reaching a total of 18 operations by March 2022, covering 39 percent of WFP employees (up from 11 percent coverage in 2019). WFP continues to invest efforts to expand EMS implementation through pre-deployment engagements initiated in 19 additional countries,<sup>4</sup> and supported by subsequent environmental assessment field missions planned by headquarters and regional environmental advisors during 2022.</p> <p>WFP will continue to monitor the corporate results framework indicator for a 10-percent annual increase in EMS roll-out and to report on progress until full organization-wide implementation is achieved, in line with the United Nations system commitment to fully implement EMS by 2030.</p> <p>c) Closed at EB.A/2021.</p> <p><b>Notes:</b></p> <p><sup>1</sup> See 2021 reporting here. In addition, the 2021 Greening the Blue report places WFP among the top 26 percent United Nations entities that either meet or approach the inter-agency criteria for EMS implementation (see pages 25, 45) [link].</p>		

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			<p><sup>2</sup> Four regional advisors have been recruited to support EMS roll-out based in the regional bureaux for Eastern Africa, Southern Africa, Latin America and the Caribbean, and Western Africa. The regional bureaux for the Middle East, Northern Africa and Eastern Europe, and Asia and the Pacific will be supported through a mix of headquarters-based and other staff, either remotely or in-person, as well as by standby partners.</p> <p><sup>3</sup> Six offices had deployed EMS at the time of the audit: Ethiopia, Ghana, Kenya, Rwanda and Senegal country offices, and the Regional Bureau for Latin America and the Caribbean. New offices implementing EMS since the audit are: the Central African Republic, the Democratic Republic of Congo, Djibouti, Eswatini, Haiti, Lesotho, Peru, the Sudan, the United Republic of Tanzania and Zambia country offices, and the Regional Bureau for Southern Africa and headquarters.</p> <p><sup>4</sup> These include Angola, Burkina Faso, Chad, El Salvador, Ecuador, Guinea, Guinea-Bissau, Honduras, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, the Niger, Nigeria and the Republic of Congo, as well as the Regional Centre of Excellence against Hunger and Malnutrition in Côte d'Ivoire.</p>		
WFP's real estate portfolio 2020	<p><b>Recommendation 13</b></p> <p>The External Auditor recommends the establishment of a remote working target that takes into account the organizational constraints on each service to contribute to reducing the over-occupancy of the main headquarters building.</p>	MSD, HRM, Technology Division (TEC), Staff Wellness Division	In line with management's response to recommendation 3, WFP launched a "hybrid working model" pilot project in headquarters, a regional bureau and in selected country offices. A one-stop-shop for information, updates and support tools is available on the WFP intranet site where employees can access guidance resources and updates about the project. Lessons learned from the pilot project will inform fine-tuning of the hybrid working model for a possible global roll-out.	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 (EB.A/2022)
<b>Air transport services 2020</b>	<b>Recommendation 1</b> The External Auditor recommends that an aviation operations policy document be prepared for presentation by the Executive Director and approval by the Executive Board.	Aviation Service (SCOA)	SCOA has drafted the aviation policy and internal discussion is underway. Informal consultations with Member States are planned for the third quarter of 2022, with the aim of submitting the policy to the Executive Board for approval at its 2023 first regular session.	February 2023	
<b>Air transport services 2020</b>	<b>Recommendation 3</b> The External Auditor recommends that WFP management: a) update and revise the financial and budgetary framework for aviation activities to ensure a comprehensive and transparent presentation of the financial flows arising from such activities; and b) reconsider the rationale for a special account for aviation services in light of the desired degree of autonomy in determining the operating resources for such services.	SCOA	The draft directives on the financial management of the aviation special account (ASA) and United Nations Humanitarian Air Service (UNHAS) operations developed by SCOA are under review and discussion with FING. The directives will provide updated guidelines on the administrative, management, accounting and reporting of financial transactions for the ASA and UNHAS operations.	September 2022	

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<b>Air transport services 2020</b>	<b>Recommendation 4</b> The External Auditor recommends that the optimal cumulative carryover be determined for each UNHAS operation.	SCOA	SCOA issued a memorandum on the "Distribution and implementation of the Aviation Field Operations' Guidance on Management of Carry-Over Balances" on 31 December 2021. The guidance provides that each UNHAS operation is required to maintain a minimum of three months carry-over balance to the following year to ensure the sustainability of its operations. In addition, each UNHAS operation must review its carry-over needs and communicate to the steering committee that provides guidance on UNHAS operations and SCOA in headquarters, specifically expected carry-over balance exceeding five months requirements, for WFP to take all necessary steps to ensure that grant balances are consumed.	Implemented	Agreed
<b>Air transport services 2020</b>	<b>Recommendation 5</b> The External Auditor recommends that the target cumulative surplus defined in 2020 for the ASA be reassessed to take into account the income generated by ad hoc flights and that the use of the funds exceeding this target be determined annually by the Executive Board.	SCOA	SCOA reassessed the ASA cumulative surplus for 2021. Considering gradual recovery of WFP aviation operations to pre-COVID-19 pandemic levels, the projected expenditures and annual revenue from management cost recovery (MCR) fees for 2022 are expected to reach the required ASA balance of USD 17.3 million in 2022, which is almost the same level as in 2020.  As approved in the Deputy Executive Director Decision Memorandum dated 23 December 2021, a minimum fund balance of USD 17.3 million, which takes into consideration income generated from all types of aviation activities, including ad hoc flights, will be maintained in the ASA for 2022 to enable continuation of air operations services support from SCOA and the Aviation Safety Unit in headquarters for the next annual reporting period. Prior to the COVID-19 pandemic, ad hoc flights revenue reached USD 483,883, contributing to a total ASA revenue of USD 8.36 million. Following roll-out of COVID-19 common air transport services in 2020, the ad hoc flights revenues raised to USD 5.1 million contributing to a total ASA of	Implemented	Agreed



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			<p>USD 12.9 million and reduced to USD 3.02 million and USD 11.1 million respectively for 2021. Considering existing trends and accounting for an MCR reduction from COVID-19-related flights, MCR revenue for 2022 is projected at USD 10.5 million.</p> <p>SCOA will review the minimum balance and established reserve annually to assess the accuracy and relevance of the amounts.</p>		
<p><b>Air transport services</b> <b>2020</b></p>	<p><b>Recommendation 6</b> The External Auditor recommends that the modalities for funding OSCA administrative and staff costs be re-examined, with consideration being given to reducing the MCR fee and instead allocating a larger share of the PSA budget to OSCA.</p>	SCOA	<p>Internal consultations on the SCOA financing model are ongoing. The outcome of the consultations will drive decision making including on the elements raised by the External Auditor on the programme support and administrative (PSA) budget and MCR rates.</p>	December 2022	
<p><b>Air transport services</b> <b>2020</b></p>	<p><b>Recommendation 7</b> The External Auditor recommends continuing the process of integrating the various fraud risks linked to air services into the operation risk registers and the OSCA risk register.</p>	SCOA	<p>Partially accepted.</p> <p>The WFP aviation service risk register guidance procedure issued in 2019 requires all aviation field operations to establish risk registers that reflect not only operational safety and aviation security risks but also strategic, financial and fiduciary risks. SCOA completed a fraud risk assessment in March 2021 with the support of the Enterprise Risk Management Division (ERM). The assessment covered the following areas: a) purchases to payment cycle; b) passengers and user organizations eligibility procedures, including customer registration and payment of advances; and c) sales cycle.</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 (EB.A/2022)
			Sixteen fraud-related risks were identified in the assessment, and corresponding mitigation actions and key risk indicators were developed. As a result of a survey carried out by the Quality Assurance Unit (QAU) in August 2021, SCOA prioritized 13 of the 16 risks and included them in the 10 <sup>th</sup> version of the risk register, which will be reviewed and validated every year as per the guidance. To this end, QAU employees managing the risk register completed a risk management training organized by the International Air Transport Association (IATA) in August 2021.		
<b>Air transport services 2020</b>	<b>Recommendation 9</b> The External Auditor recommends developing a fundraising strategy for UNHAS operations that foresees multi-year planning of donors' funding commitments for each operation, including private donors, and at the same time is consistent with the overall strategy of country offices with regard to WFP donors.	SCOA	SCOA developed the UNHAS fundraising strategy for 2022–2026 and continues to collaborate with the relevant divisions to align with corporate strategies and requirements.  The strategy has five focus areas (complementary centralization and promotion of flexible funding, multi-year funding, increased outreach to non-traditional donors, enhanced United Nations system-wide fundraising, and development of a funding monitoring system) to guide the broadening of the current donor base for WFP aviation activities and the mobilization of predictable and reliable resources, to enable UNHAS to carry out vital air transport services for the entire humanitarian and development community.  SCO will monitor and report to the Executive Board on the implementation of the strategy on an annual basis.	Implemented	Agreed

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<b>Air transport services</b> <b>2020</b>	<b>Recommendation 11</b> The External Auditor recommends that OSCA employ instruments designed to better control prices, such as: a) including a financial audit clause in contracts; b) sharing pricing information with other agencies; and c) undertaking a specific study of market prices for specialized aircraft charter services.	SCOA	SCOA partially accepted the recommendation noting that its instruments to monitor prices comply with WFP procurement manual provisions. Nevertheless, SCOA introduced additional measures to improve its internal control over aircraft charter prices: <ul style="list-style-type: none"> <li>➤ In coordination with WFP's Legal Office, the addition of article 14 to the Aircraft Charter Agreement to include a financial audit clause granting the charterer and its authorized representatives the right to audit all financial and related records of the carrier by auditors or other qualified agents of the charterer.</li> <li>➤ Contracted IATA to assist with optimizing its request for proposal process in relation to chartering aircraft and perform a market rate benchmarking exercise to assess the competitiveness of rates quoted by WFP air transport operators for fair market value and pricing. The project is monitored through regular bilateral discussions with and delivery reports from IATA.</li> </ul> In addition, SCOA maintains bilateral cooperation with the United Nations Department of Operational Support to share technical air operator information (including financial data) and continues the use of the Platts platform for price monitoring.	Implemented	Agreed

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<p><b>Air transport services 2020</b></p>	<p><b>Recommendation 15</b> The External Auditor recommends adding an environmental clause to air charter, ground handling and refuelling contracts related to air operations.</p>	<p>SCOA</p>	<p>Aircraft charter, fuel and ground handling agent agreements will be amended to incorporate an environmental clause as of January 2022, which has been cleared by WFP's Legal Office:</p> <p><i>"The Parties support the need to protect the environment by promoting the sustainable development of aviation. The Parties agree to promote the implementation of WFP's global environmental commitments as established in WFP's Environmental Policy 2017 including:</i></p> <ul style="list-style-type: none"> <li>➤ <i>Progressively enhancing the environmental sustainability of activities and operations, improving efficiency and outcomes over time;</i></li> <li>➤ <i>Protecting the environment and preventing pollution by managing risks and maximizing the environmental opportunities of all activities and operations;</i></li> <li>➤ <i>Minimizing the carbon footprint and increasing the resource-efficiency of operations and facilities management, to include the management of materials, water, energy, and waste.</i></li> </ul> <p><i>The Company shall promote awareness and strive to incorporate best international practices to reduce environmental impact with regard to sustainability, avoidance of environmental pollution, minimizing energy use, water, wastewater management and solid waste management.</i></p> <p><i>Environmental management and controls should at all times be in compliance with local standards, international and relevant International Civil Aviation Organization regulatory practices as prescribed by the National Civil Aviation Authorities".</i></p> <p>In addition, as part of the WFP aviation service "Environmental and Sustainability Programme" (May 2021), SCOA has launched several initiatives to reduce the overall</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 (EB.A/2022)
			environmental footprint of the WFP aviation service, such as: <ul style="list-style-type: none"> <li>➤ incorporating air operators' emission level into technical offer assessment methodology;</li> <li>➤ implementing the waste reduction guidelines; and</li> <li>➤ optimizing flight procedures and increasing operational efficiency.</li> </ul>		
<b>Air transport services 2020</b>	<b>Recommendation 16</b> The External Auditor recommends that further consideration be given to the introduction in the Takeflite flight management system of a system for verifying authorizations of organizations that use UNHAS and individual lists of authorized persons provided by those organizations.	SCOA	SCOA promotes the Humanitarian Booking Hub as a comprehensive online booking platform for UNHAS flights and has rolled out the platform's information webpage functionality for all UNHAS field operations. The online booking functionality is being tested in Madagascar and the Syrian Arab Republic with onward roll-out by all UNHAS operations planned to be completed in 2022.  The eligibility endorsement functionality's development activities are ongoing. The designed functionality will provide WFP aviation and the user organization with a digital solution to reinforce the eligibility requirements and enforce mandatory conditions to access the booking portal. Passengers will be verified through the digital system by designated employees from their organization and their details inserted automatically into the database after verification. The system will also provide notifications on the expiry dates of documents.	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 (EB.A/2022)
<b>2020 audited annual accounts 2021</b>	<b>Recommendation 1</b> The External Auditor recommends that WFP reconsider its decision to no longer present an implementation plan in the Board-approved management plan, or alternatively revise the Financial Regulations.	Corporate Planning and Performance Division (CPP)	The Secretariat reviewed WFP's budget information approach and presented the global operational requirements and provisional implementation plan in the <a href="#">WFP management plan (2022–2024)</a> . Implementation plans of the individual country offices are published in the online country strategic plan (CSP) data portal at the beginning of each year and updated throughout the year. The global implementation plan reported in the audited annual accounts, Statement V will be drawn from the country office implementation plans released at the beginning of each year.	Implemented	Agreed
<b>2020 audited annual accounts 2021</b>	<b>Recommendation 2</b> The External Auditor recommends that WFP establish a written procedure for the regular updating of the financial resources management manual.	Corporate Finance Division (FIN)	WFP launched the Financial Management Manual in December 2021 through an Executive Director's circular ( <a href="#">OED2021/022</a> ), which mandates the Director, Corporate Finance Division, to periodically review and keep the manual up-to-date.  In addition, the Executive Director's circular on the revised WFP Financial Rules ( <a href="#">OED2021/019</a> ) took effect in October 2021 and was presented to the Executive Board for information at its 2021 second regular session ( <a href="#">WFP/EB.2/2021/5-D/1</a> ).	Implemented	Agreed
<b>2020 audited annual accounts 2021</b>	<b>Recommendation 3</b> The External Auditor recommends that WFP automate the synchronization of the basic data in the WINGS SAP/HCM personnel master file with the data in the WINGS/Active Directory (AD) file.	TEC/HRM	WFP implemented the new logic for separation date and calculated retirement date. The automated process synchronizes data between Active Directory and WINGS.	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 (EB.A/2022)
2020 audited annual accounts 2021	<p><b>Recommendation 4</b></p> <p>The External Auditor recommends that WFP document the relationship with external users of WINGS II and put security controls in place to reduce the risks associated with their access to the system.</p>	TEC	WFP implemented a documented procedure allowing TEC to identify external WINGS users and filter users that do not require access to WINGS transactions. WFP initiated a clean-up exercise reducing the number of active external users from more than 1,000 to 141, of which 88 have been identified as belonging to an external company and 53 are still to be analysed, with a reduction of 94.7 percent of the cases.	Implemented	Agreed
2020 audited annual accounts 2021	<p><b>Recommendation 5</b></p> <p>The External Auditor recommends that WFP consider strengthening the audit trail by including in the actuary's next contract, provisions for providing additional information on the data and methods used in actuarial valuation.</p>	FIN	WFP has participated in a joint tender with the Food and Agriculture Organization of the United Nations and the International Fund for Agricultural Development to select an actuary for the financial periods 2021 to 2025 ensuring that the ability to provide all required justifications was integrated into the technical requirements as part of the procurement process and adding oversight-related requirements as well.	Implemented	Agreed
2020 audited annual accounts 2021	<p><b>Recommendation 6</b></p> <p>The External Auditor recommends that WFP determine the lapse rate for the national field staff medical insurance plan based on national staff member experience.</p>	FIN	For the 2021 actuarial valuation and financial statements preparation, WFP provided 2020 and 2021 national staff member experience data for the medical insurance plan from which lapse rates were derived and updated in consultation with the incoming actuary. These will also be monitored and updated in future years as more experience data is obtained.	Implemented	Agreed

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<p><b>2020 audited annual accounts 2021</b></p>	<p><b>Recommendation 7</b> The External Auditor recommends that WFP set the after-service medical insurance plan cost sharing rate for international staff based on historical participation rates rather than on the average of ex-ante estimates.</p>	FIN	<p>For the 2021 valuation, WFP retained the cost-sharing rate used in the 2020 valuation and provided historical data on participants' contributions to the actuary to calculate participation rate ex-post. However, WFP does not expect the ex-post calculation to differ materially from ex-ante estimate. Once the results of this exercise are known, WFP will request advice from the actuary on the best approach for setting this assumption in future valuations. The rate calculated using ex-post approach can be the starting point for assumption setting while also considering the built-in dependencies in the after-service medical coverage plan rules between the salary and medical cost increases.</p>	Implemented	Agreed
<p><b>Beneficiary information management 2021</b></p>	<p><b>Recommendation 1</b> 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>	CPP	<p>CPP is updating and circulating the methodological annex to the annual performance report for review by relevant divisions. It provides an explanation of how beneficiary figures are aggregated for the following key categories:</p> <ul style="list-style-type: none"> <li>➤ total number of beneficiaries;</li> <li>➤ total number of beneficiaries receiving food transfers;</li> <li>➤ total number of beneficiaries receiving cash-based transfers and commodity vouchers;</li> <li>➤ total number of beneficiaries assisted under each programme area;</li> <li>➤ schoolchildren assisted under school-based programmes.</li> </ul> <p>Also, CPP has finalized the standard footnotes to be incorporated in all annual country reports and provided guidance to country offices for documenting beneficiary adjustments in WFP's country office tool for managing effectively (COMET).</p>	July 2022	



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<b>Beneficiary information management 2021</b>	<b>Recommendation 2</b> 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.	CPP, ERM	Based on WFP's review of the ten information quality criteria, CPP and ERM will support the Identity Management Steering Committee (led by the Programme and Policy Development Department) and other divisions to integrate key information quality elements into the question related to beneficiary management and data protection in the annual Executive Director Assurance Exercise.	November 2022	
<b>Beneficiary information management 2021</b>	<b>Recommendation 3</b> 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.	CPP, NGO	<p>WFP implemented an automated feature enabling cooperating partners to upload distribution reports in COMET and enhancing data security at transfer and data quality oversight by internal business owners. Guidance materials and webinar training have been provided to all regions to support its implementation.</p> <p>In addition, to improve the management and oversight of cooperating partners, WFP has implemented the COMET control panel dashboards that provide an overview of data in COMET, COMET-Logistics Execution Support System reconciliation and COMET-WINGS reconciliations for cash-based transfers. WFP will continue to enhance the dashboard to align with the <a href="#">WFP corporate results framework (2022–2025)</a> and further enhance the control panel navigation to facilitate access to information.</p> <p>Similarly, as noted in the External Audit report on the management of cooperating partners, the Partner Connect tool will <i>"increase the frequency of reporting on distributions and enhance the data collected"</i> (paragraph 79). It's distribution reporting module to digitalize point-of-distribution reporting by partners is being piloted in Uganda and Kenya. In 2022, lessons and feedback from the pilot will inform scale-up and roll-out to all country offices</p>	Implemented	Agreed and superseded by recommendations issued in the 2022 report on cooperating partners

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2022)
			<p>to streamline the process of administering distribution reports and build onto the COMET data integration through DOTS to improve data quality.</p> <p>Progress on Partner Connect roll-out, including its distribution reporting module, will continue to be reported to the Executive Board through various channels. This includes management's updates on the implementation of the External Auditor's recommendations from the management of cooperating partners review, with emphasis on observations related to the performance of cooperating partners and information systems on cooperating partners.</p>		
<p><b>Beneficiary information management 2021</b></p>	<p><b>Recommendation 4</b> 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>Research, Assessment and Monitoring Division (RAM), CPP</p>	<p>WFP developed the guidance note on estimating tier 2 and tier 3 beneficiaries, enabling country offices to report on them through the provision of estimation methods and examples. It complements the guidance note on estimating and counting beneficiaries and fulfils the need to estimate and report on WFP's contribution to communities and populations beyond direct beneficiaries, helping the organization to improve transparency and accountability.</p> <p>The guidance note clearly defines tier 2 and tier 3 beneficiaries and recommends a consultative bottom-up process for the estimation exercise. Acknowledging the limitations described by the External Auditor in the report (e.g. local context, paragraph 81) and considering the time required for the consultative process and particularities of programme design and country office capacities, WFP expects estimations on tier 2 and tier 3 beneficiaries to be conducted and tracked annually through new indicators incorporated, for testing, in the 2022 corporate results framework pilot.</p> <p>The guidance note is the result of an extensive consultation process led by RAM, involving several divisions and regional</p>	<p>Implemented</p>	<p>Agreed</p>

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			<p>bureaux, and building on the roll-out in 2020 of the interim guidance on tier 2 and tier 3 beneficiaries in the context of the COVID-19 pandemic. It has been incorporated into WFP's Monitoring Manual and disseminated through WFP's monitoring community (in the corporate enterprise social network platform) and through webinars addressed to country offices in all regions. Some country offices have started to integrate tier 2 and tier 3 beneficiaries as relevant in their new CSP designs (e.g. Caribbean multi-country strategic plan, Togo, India, Timor-Leste) and others mention indirect beneficiaries in <a href="#">annual country report narratives for 2021</a> (e.g. India, El Salvador etc.).</p> <p><b>Notes:</b></p> <p>Under the leadership of RAM, all regional bureaux and the following functions contributed to the development and review of the guidance note in the second half of 2021: Performance Management and Accountability Branch, Monitoring and Evaluation Liaison Unit, Nutrition Division, Office of Evaluation (OEV), Climate and Disaster Risk Reduction Programmes Unit, Emergencies and Transitions Service, Livelihoods, Asset Creation and Resilience Unit, Programme Cycle Unit, Social Protection Unit, Technical Assistance and Country Capacity Strengthening Service, School-based Programmes and Logistics Service.</p>		
<b>Beneficiary information management 2021</b>	<b>Recommendation 5</b> The External Auditor recommends that the duration of assistance to beneficiaries be reported, by activity and by country.	CPP	<p>WFP has developed a methodological note for estimating the duration of assistance to beneficiaries through its corporate data analysis platform, DOTS, using indicators from food and cash-based transfers distribution reports and beneficiary data from WFP's Mobile Operational Data Acquisition system and COMET.</p> <p>WFP will report on the duration of assistance in the annual performance report and WFP management plan. Additionally, a corporate dashboard will enable headquarters divisions and country offices to access the duration of assistance data.</p>	July 2022	Under implementation Will be implemented once WFP report on the duration of assistance in the annual performance report and/or management plan

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<b>Beneficiary information management 2021</b>	<b>Recommendation 6</b> 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.	RAM, Programme – Humanitarian and Development Division (PRO)	WFP has prepared a corporate directive on the management of targeting processes by WFP offices and will submit it to the Oversight and Policy Committee for approval. The directive establishes a corporate approach to the targeting process, including the systematic collection and analysis of qualitative and quantitative data for the design of eligibility criteria, beneficiary selection and registration, and monitoring.	May 2022	
<b>Beneficiary information management 2021</b>	<b>Recommendation 7</b> 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.	RAM, OEV, CPP	RAM tracks and monitors outcome and output monitoring at the regional and country levels through the vulnerability analysis and mapping, monitoring and evaluation planning and budgeting tool, which provides visibility on the status of planned activities/budgeted expenditures and guides decision making to address identified gaps or resource needs, therefore, enhancing corporate oversight.  These efforts are supported by other tools such as DataViz, which allows country offices (e.g. Jordan, Kenya, Lebanon, Nigeria, the United Republic of Tanzania) to upload outcome monitoring reports, or by regional-level repositories created to collate and disseminate reporting products, including country office outcome monitoring reports. Regional bureaux are engaged in the planning and tracking of monitoring and evaluation efforts through the regional evaluation officers and regional monitoring advisors.  OEV ensures that evaluations include analysis of results at outcome level using, among others, data generated by WFP monitoring systems. At preparation and inception stages, particularly in CSP evaluations, evaluability assessments are conducted, identifying gaps in monitoring at activity and outcome levels. All evaluation reports are publicly available on the <a href="#">world wide web</a> .	Implemented	Agreed

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			WFP also implemented quarterly performance snapshots in 2021 to integrate in a timely manner key global and country office data on resource management, performance analysis and financials for internal decision making. The snapshots disaggregate beneficiary numbers and the value of WFP transfers by modality.		
<b>Beneficiary information management 2021</b>	<b>Recommendation 8</b> The External Auditor recommends that WFP partners and donors be given access to the data analytics of the COMET dashboard.	CPP	Donors are given access to COMET data visualization tools through the CSP data portal that show unadjusted beneficiary and transfer data by strategic outcome, and activity and beneficiary type for both needs-based plans and actual results.  Similarly, the annual performance report dashboard provides an interactive visualization tool that analyses data from COMET at the global and country levels and is easily accessible to donors and partners.	Implemented	Agreed
<b>Beneficiary information management 2021</b>	<b>Recommendation 9</b> 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.	Programme and Policy Development Department (PD), TEC	WFP's PD has developed the Identity Management Plan for 2022–2023, which was presented to the Independent Oversight Advisory Committee at its 157 <sup>th</sup> session in December 2021. The plan rests on four pillars, namely: principle and standards; capabilities and systems; sustainable funding; and governance and management.  Also, the plan has been endorsed by the Identity Management Steering Committee and represents the overarching approach to beneficiary information management.  The normative framework, expected to be finalized by December 2022, will be accompanied by corporate capabilities enabling country offices to meet the framework standards, which include corporately owned (e.g. the WFP's corporate digital beneficiary and transfer management platform (SCOPE)) and corporately endorsed systems (e.g. Office of the United Nations High Commissioner for Refugees' Population Registration and Identity	December 2023	

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			<p>Management Ecosystem). Country offices' costed plans, expected to be completed by December 2023, will each provide a clear road map to meet the standards, including through the use of corporately owned or corporately endorsed systems.</p> <p><b>Notes:</b></p> <p>The Identity Management Plan rests on four pillars (principles and standards; capabilities and systems; sustainable funding; and governance and management) and will be carried out by the Cash-based Transfers Division (CBT), which is to become the administrative "home" for the Identity Management Plan from 2022.</p> <ul style="list-style-type: none"> <li>➤ Principles and standards: An assurance directive for cash-based transfers has already been approved, which sets out the standards for country offices to meet. Over the course of 2022, the normative framework for unconditional in-kind transfers will be reviewed and updated, which is expected to result in a new directive at the end of the year.</li> <li>➤ Capabilities and systems: A review of the corporate systems and support capacities available to country offices at headquarters and in the regional bureaux to support implementation of the standards captured in the normative framework for unconditional in-kind transfers (2022). This will be followed by a review of country offices' capacity to meet these standards and country level, costed plans to address capacity gaps (2023).</li> <li>➤ Sustainable funding: This workstream will ensure that headquarters and regional bureau systems and capabilities are funded sustainably through the 2023 management plan and, potentially, the Capital Budgeting Facility.</li> <li>➤ Governance and management: Project governance and corporate oversight through the Identity Management Steering Committee and the Digital Business Transformation Committee as relevant.</li> </ul>		

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<b>Beneficiary information management 2021</b>	<b>Recommendation 10</b> The External Auditor recommends that SCOPE and COMET be linked in 2021.	TEC, CPP	As stated in the management response ( <a href="#">WFP/EB.A/2021/6-G/1/Add.1</a> ), implementation is taking place in two phases described below: <ul style="list-style-type: none"> <li>➤ Phase I: The business process automation and alignment has been completed and piloted in the Iraq country office. As of December 2021, 49 country offices have completed the conversion of approximately 1600 legacy interventions to CSP interventions. The functionality for creating new interventions is available to all offices to support the development of new cycles under the new structure and subsequently report in COMET.</li> <li>➤ Phase II: Technical work to support the automated process for sharing the data from SCOPE to COMET has been finalized. To ensure data quality and alignment with COMET, WFP is closely monitoring data and troubleshooting when needed.</li> </ul>	June 2022	
<b>Beneficiary information management 2021</b>	<b>Recommendation 12</b> 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.	PD	The Identity Management Steering Committee has been created to guide and oversee WFP's efforts to ensure cross-functional collaboration and sufficient corporate investment for a centralized approach to identity management. The steering committee is chaired by the Assistant Executive Director, PD, and composed of division directors involved in identity management normative and operational work, and regional and country directors, including as per terms of reference: <ul style="list-style-type: none"> <li>➤ Director, PRO (alternate chair)</li> <li>➤ Director, CBT (Secretariat and member)</li> <li>➤ Country Director, Uganda</li> <li>➤ Country Director, Burkina Faso</li> <li>➤ Regional Director, Latin America and the Caribbean</li> </ul>	Implemented	Agreed

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			<ul style="list-style-type: none"> <li>➤ Director, CPP</li> <li>➤ Director, FIN</li> <li>➤ Deputy Director, Emergency Operations Division</li> <li>➤ Director, SCO</li> <li>➤ Deputy Chief of Staff</li> <li>➤ Chief Information Officer and Director, TEC</li> <li>➤ Director, Innovation and Knowledge Management Division</li> <li>➤ Data Protection Officer</li> </ul>		
<b>Critical corporate initiatives 2021</b>	<b>Recommendation 1</b> The External Auditor recommends that the scope of WFP's corporate priorities be clarified and that a detailed strategy for each priority, including expected results and outputs, be developed.	Office of the Executive Director (OED)	In process of finalizing with action owner and the External Auditor.		
<b>Critical corporate initiatives 2021</b>	<b>Recommendation 2</b> The External Auditor recommends that more attention be paid to how CCI's contribute to the strengthening of WFP's organizational capacity to achieve its strategic goals and objectives, including by configuring the framework used to prioritize investment cases to that end.	CPP	In process of finalizing with action owner and the External Auditor.		



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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2022)
<p><b>Critical corporate initiatives 2021</b></p>	<p><b>Recommendation 3</b> The External Auditor recommends that the fiscal governance bodies, in particular the Executive Board, be provided with a consolidated statement of WFP investments, both CCIs and non-CCIs, specifying their source of funding.</p>	<p>CPP</p>	<p>In process of finalizing with action owner and the External Auditor.</p>		
<p><b>Critical corporate initiatives 2021</b></p>	<p><b>Recommendation 4</b> The External Auditor recommends that a standardized and more demanding format for significant investment cases (for investments in general and CCIs in particular) be established to ensure traceability of the decisions of the Strategic Resource Allocation Committee.</p>	<p>CPP</p>	<p>A standard template for CCIs was approved and used by the CCIs on private sector strategy and investing in WFP people, as described in the <a href="#">WFP management plan (2022-2024)</a>.</p> <p>On investment case requests specifically, a standard template including the deliverables, key performance indicators, a budget (including planned staffing) and a timetable for implementation, will be agreed upon with the Global Budget Committee prior to roll-out, including its monitoring and reporting periodicity. A brief description of the committee's functions and composition is provided in management's update to <a href="#">recommendation 11</a>.</p> <p>Investment case requests are expected to be minimal due to the "baseline" methodology introduced as part of the bottom up strategic budgeting exercise whereby budgeting needs are expected to be identified by budget holders as part of the preparation of the management plan for approval by the Executive Board. Therefore, only unexpected funding requests for essential activities are expected to be submitted as ad hoc investment cases, which will likely occur in the second half of 2022 in light of the upcoming management plan.</p>	<p>September 2022</p>	

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 (EB.A/2022)
			The independent secretariat to the Global Budget Committee will ensure that recommendations (and deliberations related to these) are documented in the committee's note for the record. The independent secretariat will also maintain an online document depository so that such decisions can be traced.		
<b>Critical corporate initiatives 2021</b>	<b>Recommendation 5</b> The External Auditor recommends that a specific decision for each critical corporate initiative – specifying the proposed budget for the CCI, including for staffing, organizational change objectives, expected results and an implementation schedule – be presented in the management plan for approval by the Board.	CPP	The Executive Board approved the <a href="#">WFP management plan (2022–2024)</a> at its 2021 second regular session. The plan included draft decisions specifying the proposed budget for each CCI, in section VII, “Status of reserves,” and <a href="#">annex VII</a> , “Concept notes on proposed critical corporate initiatives for 2022,” which provided details on staffing (where applicable), organizational change objectives, expected results and an implementation schedule.	Implemented	Agreed
<b>Critical corporate initiatives 2021</b>	<b>Recommendation 6</b> The External Auditor recommends that monitoring of the implementation of CCIs and of investment cases in general be strengthened by introducing, for the most significant cases, a standardized quarterly report to the fiscal governance bodies that allows expenditures to be	CPP	In line with the Executive Director's circular <a href="#">2022/001</a> , the independent secretariat will submit quarterly reports on the most significant CCIs and investment cases to the Global Budget Committee. Reporting will be done on a go-forward basis after the committee's establishment in March 2022, and will include CCI expenses against budgets, performance indicators and expected and achieved results. In addition, the independent secretariat will also share these reports with any steering committee formed to oversee a CCI or investment case, if relevant. <b>Notes:</b> Paragraphs 30 and 31 (i) of the <a href="#">Executive Director's circular</a> mandate the independent secretariat to prepare updates for the	September 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 (EB.A/2022)
	tracked against the budget, performance indicators and expected outcomes.		attention of the committees, which exercise oversight of such resources "by way of ongoing and periodic review of financial monitoring and budgetary performance information" (paragraph 13).  The independent secretariat to the Global Budget Committee and the Multilateral Budget Committee is hosted by CPP and carries out its duties under the leadership of Director, CPP (paragraph10).		
<b>Critical corporate initiatives 2021</b>	<b>Recommendation 7</b> The External Auditor recommends that investment cases that involve the continuation of similar past or current expenditures include a specific section on the results already achieved.	CPP	A standard template was rolled out to gather information on results already achieved by CCIs. CCI managers completed this template in October 2021 to inform decisions on CCI continuations or extensions. The <a href="#">private sector strategy</a> CCI provides a good example of this procedure.	Implemented	Agreed
<b>Critical corporate initiatives 2021</b>	<b>Recommendation 8</b> The External Auditor recommends that an update on CCIs be included in the annual performance report, in a standardized, concise format, showing actual expenditures against the approved budgets in the management plan, including for staffing, and the results achieved.	CPP	WFP has implemented a standard template for CCI reporting as an annex to the annual performance report. It includes actual expenditures against approved budgets, split between staff and non-staff costs, narrative on the results achieved and achievement against key performance indicators, if relevant.	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 (EB.A/2022)
<p><b>Critical corporate initiatives 2021</b></p>	<p><b>Recommendation 9</b> The External Auditor recommends that internal controls be strengthened to ensure that the expenditures charged to CCIs are directly related to their purpose.</p>	CPP	<p>The Secretariat reinforced the CCI allotment instructions statement reminding budget holders of their responsibility and authority to ensure the strict usage of resources for CCI activities only. CCI budget extensions into 2022 were approved in 2021 by the Strategic Resource Allocation Committee (replaced in January 2022 by the Global Budget and Multilateral Budget Committees, as explained in management's update to <a href="#">recommendation 11</a>) on the condition that budget holders can re-allocate budgets within their departments where the use is consistent with the original objectives of the CCI. The tracking reports to be submitted by CCI managers will include certifications from the managers stating that only expenses related to the CCIs have been charged to the CCI budgets.</p>	September 2022	<p>Under implementation Implementation could be decided on the basis of the tracking report template to be used and submitted by CCI managers stating that only expenses related to CCIs have been charged to CCI budgets</p>
<p><b>Critical corporate initiatives 2021</b></p>	<p><b>Recommendation 10</b> The External Auditor recommends that realistic, measurable and achievable performance indicators be established for each CCI.</p>	CPP	<p>A standard template requiring measurable indicators and realistic baselines and targets for assessing performance was developed for use among all new CCI submissions. This is reflected in <a href="#">annex VII</a>, "<i>Concept notes on proposed critical corporate initiatives for 2022</i>" of the <a href="#">WFP management plan (2022-2024)</a>, approved by the Executive Board at its 2021 second regular session.</p> <p>Annex III-B to the annual performance report for 2021 has been enhanced to provide progress on indicators and will be presented for approval at the 2022 annual session of the Executive Board.</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 (EB.A/2022)
<p><b>Critical corporate initiatives 2021</b></p>	<p><b>Recommendation 11</b> The External Auditor recommends that local-level involvement in the deliberations of the Strategic Resource Allocation Committee be increased through the inclusion of regional bureau representatives.</p>	OED, CPP	<p>WFP issued the Executive Director's circular <a href="#">OED2022/001</a>, "<i>Budget governance – Decision-making for funds over which WFP management has discretion</i>," which has strengthened local-level involvement in the budgeting cycle process.</p> <p>The circular dissolves the Strategic Resource Allocation Committee and hands over the budget review activities to two new stand-alone budget committees, namely, the Global Budget Committee and the Multilateral Budget Committee. The committees are supported by an independent secretariat hosted by CPP.</p> <p>The Global Budget Committee is chaired by the Chief of Staff and composed of the Deputy Chief of Staff as alternate chair, the Director, CPP (as non-voting member) and nominated directors from the five departments, two regional bureaux and two country offices appointed for a two-year period. The committee reviews and endorses funding allocations to headquarters, regional bureaux and WFP offices, collectively known as "Global Headquarters", which include, among others<sup>1</sup>, the Programme Support and Administrative Budget (PSA) and the PSA Equalization Account that funds critical corporate initiatives.</p>	Implemented	Agreed
			<p><b>Notes:</b></p> <p><sup>1</sup> The Global Budget Committee supports the funding allocation activities in the areas set out in paragraphs 4 (i) and 4 (ii) of the circular, with a focus on the review of the annual management plan, without limitation to the review of other budget matters relating to Global Headquarters. The areas described in paragraphs 4 (i) and 4 (ii) of the circular are:</p> <ul style="list-style-type: none"> <li>(i) the annual process of budget planning, carried out as part of the management plan exercise, which includes the review and management of the following: <ul style="list-style-type: none"> <li>a) the programme support and administrative (PSA) budget;</li> </ul> </li> </ul>		

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2022)
			<ul style="list-style-type: none"> <li>b) the PSA budget equalization account, which is used to fund requests that have been approved by WFP's Executive Board, including critical corporate initiatives and thematic support funds;</li> <li>c) new and existing trust funds and special accounts; and</li> <li>d) activities incurred by WFP headquarters, regional bureaux and WFP offices ("Global Headquarters") in direct support of country strategic plan ("CSP") and extra-budgetary activities that are covered under cost recovery mechanisms;</li> </ul> <ul style="list-style-type: none"> <li>ii) outside of the annual process described in subparagraph (i) above, the management of ad hoc, off-cycle requests for activities that are implemented through periodic prioritization and allocation exercises and that may be funded, in accordance with the organization's regulations and rules pertaining to budgetary matters, by: <ul style="list-style-type: none"> <li>a) unspent, time-bound balances from current budget allocations which arise during the fiscal year (including but not limited to savings from the PSA budget); or</li> <li>b) an exceptional adjustment in the PSA budget proposed by the Executive Director.</li> </ul> </li> </ul>		
<b>2021 audited annual accounts 2022</b>	<b>Recommendation 1</b> The External Auditor recommends to update all documents relating to the management of funding agreements, in particular with regard to delegations of authority and agreement templates.	FIN	In process of finalizing subject to issuance of the translated version of the 2021 audited annual accounts, which will contain the management response for subsequent insertion in this report.		

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Subject of report and annual session at which issued	Recommendation	Owner(s)	WFP response/action	Timeframe	External Auditor's comments (EB.A/2022)
2021 audited annual accounts 2022	<p><b>Recommendation 2</b></p> <p>The External Auditor recommends to revise the directives, circulars and guidance documents on the management of funding agreements to ensure consistency and to include, as appropriate, a decision tree that specifies the consultations and decisions at each stage, depending on the circumstances and types of contributions.</p>	FIN	In process of finalizing subject to issuance of the translated version of the 2021 audited annual accounts, which will contain the management response for subsequent insertion in this report.		
2021 audited annual accounts 2022	<p><b>Recommendation 3</b></p> <p>The External Auditor recommends to formally include in applicable directives, circulars and guidance documents the requirement to seek the advice of the Chief Financial Officer, prior to any decision to offer a donor a reduced rate of indirect support cost recovery and prior to the approval of any contribution with such a reduced rate.</p>	FIN	In process of finalizing subject to issuance of the translated version of the 2021 audited annual accounts, which will contain the management response for subsequent insertion in this report.		

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2021 audited annual accounts 2022	<b>Recommendation 4</b> The External Auditor recommends to estimate at reasonable intervals, for example every three years, the impact on the actuarial valuation of changes in the workforce in the last quarter of the year.	FIN	In process of finalizing subject to issuance of the translated version of the 2021 audited annual accounts, which will contain the management response for subsequent insertion in this report.		



## Acronyms

AD	Active Directory
ASA	aviation special account
CCI	critical corporate initiative
COMET	WFP's country office tool for managing effectively
COVID-19	coronavirus disease 2019
CPP	Corporate Planning and Performance Division
CSP	country strategic plan
EMS	environmental management system
ERM	Enterprise Risk Management Division
FIN	Corporate Finance Division
FING	Corporate Finance Division – General Accounts Branch
FLA	field-level agreement
FOSTER	Food Safety and Quality Terrain
HRM	Human Resources Division
IATA	International Air Transport Association
MCR	management cost recovery
MSD	Management Services Division
NGO	NGO Partnerships Unit
OED	Office of the Executive Director
OEV	Office of Evaluation
PD	Programme and Policy Development Department
PRO	Programme – Humanitarian and Development Division
PSA	programme support and administrative (budget)
Q&Q	quality and control
QAU	Quality Assurance Unit
RAM	Research, Assessment and Monitoring Division
SCO	Supply Chain Operations Division
SCOA	Aviation Service
SCOPE	WFP's corporate digital beneficiary and transfer management platform
TEC	Technology Division
ToR	terms of reference
UNHAS	United Nations Humanitarian Air Service
WINGS	WFP Information Network and Global System