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# FINANCE COMMITTEE

**Hundred and Sixty-second Session**

**Rome, 23 - 25 May 2016**

**Report on the Implementation of the External Auditor Recommendations**

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

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### EXECUTIVE SUMMARY

- This report highlights the progress that WFP has made in implementing recommendations made by the External Auditor in reports to the Executive Board.
- The recommendations included in this report represent those outstanding at the last reporting date, the Annual Session of the Board in 2015, and the recommendations made by the External Auditor since that date.
- The External Auditor has provided comments on all recommendations that WFP has implemented.

### GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

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

### Draft Advice

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



**World Food Programme**

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WFP/EB.A/2016/6-H/1

Resource, Financial and Budgetary Matters

**For consideration**

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

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## **Report on the Implementation of the External Auditor Recommendations**

### **Draft decision\***

The Board takes note of “Report on the Implementation of the External Auditor Recommendations” (WFP/EB.A/2016/6-H/1).

1. This report sets out WFP's progress in implementing recommendations made by the External Auditor in reports to the Board. It comprises recommendations outstanding at the Board's 2015 Annual Session (WFP/EB.A/2015/6-I/1), including those in:
  - Report of the External Auditor on the Management of Corporate Emergencies (WFP/EB.A/2015/6-G/1)
  - Report of the External Auditor on Warehouse Management (WFP/EB.A/2015/6-H/1)
  - Audited Annual Accounts, 2015 (WFP/EB.A/2016/6-A/1)
2. Table 1 shows progress in implementing the External Auditor's outstanding recommendations during the reporting period, and Table 2 provides an update on each of the outstanding recommendations and the External Auditor's comments on them.

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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: IMPLEMENTATION OF THE EXTERNAL AUDITOR RECOMMENDATIONS 2010–2015</b>				
<b>Report (session issued)</b>	<b>Total number of recommendations</b>	<b>Recommendations outstanding at EB.A/2015</b>	<b>Recommendations completed in reporting period</b>	<b>Recommendations outstanding at EB.A/2016</b>
Strategic Planning and Reporting at a WFP Country Office – Uganda (EB.1/2010)	8	1	0	1
Audited Annual Accounts, 2010 (EB.A/2011)	7	1	1	0
Management of Projects (EB.2/2011)	11	2	1	1
Management of Human Resources (EB.A/2012)	15	3	2	1
Working with Cooperating Partners (EB.A/2013)	10	2	0	2
Use of Cash and Vouchers (EB.A/2013)	11	3	3	0
Audited Annual Accounts, 2013 (EB.A/2014)	5	2	2	0
Food Procurement in WFP (EB.A/2014)	9	9	1	8
United Nations Humanitarian Response Depot (EB.A/2014)	12	8	5	3
Audited Annual Accounts, 2014 (EB.A/2015)	2	2	2	0
Management of Corporate Emergencies (EB.A/2015)	7	7	6	1
Warehouse Management (EB.A/2015)	10	10	0	10
Audited Annual Accounts, 2015 (EB.A/2016)	4	n/a	0	4
<b>TOTAL</b>	<b>111</b>	<b>50</b>	<b>23</b>	<b>31</b>

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

<b>Report Session issued</b>	<b>Recommendation</b>	<b>WFP response/actions</b>	<b>Timeframe</b>	<b>External Auditor's comments (EB.A/2016)</b>
<b>Strategic Planning and Reporting at a WFP Country Office – Uganda</b> EB.1/2010	<b>Recommendation 8</b> Establish cost-effective, consistent and reliable methodologies for measuring and validating the number of individuals assisted by projects.	COMET* will provide rapid centrally managed counts and validation of beneficiary numbers. The COMET implementation module is being used in the Johannesburg, Nairobi and Cairo regional bureaux; roll-out to the other regional bureaux is in progress. In progress.	June 2016	We note that COMET is being rolled out as a step towards a fully reliable method for beneficiary counting.
<b>Audited Annual Accounts, 2010</b> EB.A/2011	<b>Recommendation 7</b> WFP may implement the Information Security Management System for WINGS. A definite timeframe may also be fixed for operationalization of the Logistics Execution Support System (LESS) and the associated phase out of the SAP-COMPAS Interface.	In June 2015, the Management Information Systems Steering Committee (MISSC) endorsed the memorandum and terms of reference establishing the Business Critical Information Systems Security Working Group (BCISS), the governing body for WINGS security. The BCISS will convene in alignment with the MISSC schedule. Complete.	Implemented	We acknowledge that a governing body for WINGS security, BCISS Working Group, has been established.

\* Country Office Tool for Managing Effectively

<b>TABLE 2: UPDATE ON OUTSTANDING RECOMMENDATIONS, WITH EXTERNAL AUDITOR'S COMMENTS</b>				
<b>Report Session issued</b>	<b>Recommendation</b>	<b>WFP response/actions</b>	<b>Timeframe</b>	<b>External Auditor's comments (EB.A/2016)</b>
<b>Management of Projects</b> EB.2/2011	<b>Recommendation 1</b> Funds for baseline studies, needs assessment and evaluation, should be set aside and mandatorily utilized. Where felt necessary, corporate funding not linked to project funds, should be provided for these activities.	<p>In November 2014, the Executive Management Group (EMG) established a task force to ensure sustainable financing of the assessment, monitoring and evaluation of the 2014–2017 monitoring and evaluation strategy at the Headquarters, regional and country levels. The work of the task force is part of the wider discussion of a new financial framework for WFP.</p> <p>In line with the response to the Peer Review of the Evaluation Function at WFP (WFP/EB.A/2014/7-D), which identified sustainable financing of evaluation as a priority, WFP is committed to assigning 0.8 percent of contribution income to the evaluation function; the target will be met progressively over the life of the WFP Evaluation Policy (2016–2021).</p> <p>As an interim measure, the Performance Management and Monitoring Division (RMP) continues to provide nominal financial support through the regional bureaux to support baseline studies.</p> <p>In progress.</p>	December 2016	We recognize the steps under way to address the issue of corporate funding for baseline studies, needs assessment and evaluation of projects and will await further action.
<b>Management of Projects</b> EB.2/2011	<b>Recommendation 9</b> The method of beneficiary counting should also include measurement of beneficiary days or meal days, which together will provide a sounder basis for determining outcomes and achievements.	<p>Following the method set out in the Management Plan for 2015, WFP retroactively assessed distributions to determine a notional cost per ration for 2014; this was reported in the 2014 Annual Performance Report (APR). A more representative sample was used for the 2015 APR.</p> <p>Complete.</p>	Implemented	We acknowledge that a more representative sample was used for APR 2015 to determine the cost per ration, based on the number of rations distributed per project.

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<b>Management of Human Resources</b> EB.A/2012	<b>Recommendation 6</b> A time-bound plan for expeditious completion of the corporate workforce plan and its implementation must be prepared.	Following Board approval of WFP's People Strategy in November 2014, workforce planning is being developed through initiatives aimed at ensuring that WFP has suitable staffing levels and composition in the medium and long terms. These measures include the launch of career frameworks, strengthened talent acquisition measures such as e-recruitment, efforts to improve diversity and inclusion, staffing structure reviews carried out in country offices and enhanced corporate emergency deployment mechanisms. WFP is also assessing how volatility in funding affects workforce planning. In progress.	December 2016	We note that action is under way for completion of the revised corporate workforce plan and urge Headquarters to complete it as soon as possible.
<b>Management of Human Resources</b> EB.A/2012	<b>Recommendation 13</b> WFP must develop a learning policy for continuous capacity-building of staff and its integration with work processes.	Various Human Resources Division (HRM) learning and development initiatives are in place to enable WFP to position suitably skilled staff where they are needed and to support employees' career development. The initiatives build on the career-management framework and the skills required to enable WFP to achieve its Strategic Objectives.  In 2015, WFP enhanced the Learning Management System by creating "individual learning journeys", thereby increasing WFP's ability to build skills in the workforce. The enhanced system makes learning more accessible, especially for national staff in the field, and enables employees to take ownership of their learning journey. Complete.	Implemented	We acknowledge that HRM has carried out a set of learning and development initiatives to enable WFP to position people with required skills where they are needed, while supporting employees.

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<b>Management of Human Resources</b> EB.A/2012	<b>Recommendation 14</b> A knowledge management system will help WFP harness the knowledge that resides in disparate reports and in different divisions of the organization. Handing over of hard and soft copy of files should form an important item in the checklist before an employee moves out on reassignment/retirement.	The Information Technology Division (RMT) has implemented the SharePoint TeamWorks Space environment, which enables units and workgroups to manage information and documents more comprehensively. The environment includes access security levels to enable confidentiality when required. Complete.	Implemented	We acknowledge that SharePoint TeamWorks Space environment has been implemented enabling the functional units and workgroups to manage their information and documents in a comprehensive manner.
<b>Working with Cooperating Partners</b> EB.A/2013	<b>Recommendation 4</b> We appreciate that WFP is in the process of reviewing its approach vis-à-vis global Memoranda of Understanding (MOUs), including criteria for concluding MOUs with non-governmental organizations (NGOs). We recommend that WFP should hasten the process of review of existing MOUs and evolve transparent criteria for establishing global MOUs. A periodic review of International NGOs may also be done with a view to establishing Global MOUs, where appropriate, in future.	The EMG considered the Overseas Development Institute's June 2015 options paper on WFP's future engagement with NGOs, and discussed the perceptions that WFP's global MOUs may be seen as conferring "preferred status" on cooperating partners. The Leadership Group will determine whether WFP will continue to use global MOUs. In progress.	December 2016	We recognize that action is under way and await completion of review of existing MOUs with NGOs and establishing of transparent criteria for establishing global MOUs with international NGOs.

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

<b>Report Session issued</b>	<b>Recommendation</b>	<b>WFP response/actions</b>	<b>Timeframe</b>	<b>External Auditor's comments (EB.A/2016)</b>
<b>Working with Cooperating Partners</b> EB.A/2013	<b>Recommendation 5</b> We recommend that the country offices (COs) maintain a databank/register of potential cooperating partners, in order to be able to identify suitable potential cooperating partners for implementing a particular project. The databank should contain the detailed institutional profile of the cooperating partners, which includes their financial capacity, core competencies, manpower profile, past experience, etc. and should be periodically updated. WFP HQ may design a standard format for the databank/register and issue directives for its periodic updation.	The COMET implementation module is being used in the Johannesburg, Nairobi, and Cairo regional bureaux; roll-out to the other regional bureaux is in progress.  In progress.	June 2016	We acknowledge the steps initiated and will await further action on developing corporate guidance for a databank in the country offices on potential cooperating partners.
<b>Use of Cash and Vouchers</b> EB.A/2013	<b>Recommendation 3</b> c) Financial Service Providers should be selected on the basis of their accountability and performance capacity and their contracts should invariably contain penal provision for deficiency in performance.	Standard contract templates are now available for use in country offices.  Complete.	Implemented	We note that standard contract templates are developed and available for use.

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<p><b>Use of Cash and Vouchers</b> EB.A/2013</p>	<p><b>Recommendation 9</b> As the cash and vouchers (C&amp;V) delivery modalities are in the process of being scaled up, we recommend that corporate guidance and tools for standardization and risk mitigation be developed, as a priority. A more pro-active oversight role by WFP HQ needs to be considered for rolling out these modalities at an accelerated pace and to collect best practices and disseminating these across all COs.</p>	<p>WFP carried out a major exercise aimed at building staff cash-based transfer (CBT) programming, and in 2014 published standard guidance, tools and processes in the second version of the CBT manual. Corporate multi-functional training includes an e-learning course and a five-day face-to-face training session. The manual, e-learning course and training materials are available in French and Spanish. To date:</p> <ul style="list-style-type: none"> <li>• 140 CBT trainers have been trained;</li> <li>• 13 multi-functional training teams have been formed, 12 in the regions and 1 in Rome;</li> <li>• staff in 63 country offices have been trained, and staff in 4 more are expected in the next 2 months;</li> <li>• 2,035 staff have participated in face-to-face training sessions; and</li> <li>• 2,153 staff have completed 3,255 CBT e-learning modules.</li> </ul> <p>Complete.</p>	<p>Implemented</p>	<p>We note the action taken to provide corporate guidance for standardization of C&amp;V modalities. We also note action taken for dissemination of best practices across all country offices.</p>

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<b>Use of Cash and Vouchers</b> EB.A/2013	<b>Recommendation 10</b> We recommend that WFP issue guidelines for training and capacity-building to be undertaken as part of pre-project activity involving WFP staff at regional bureaux (RBs)/COs, cooperating partners and local communities. More thrust needs to be placed on capacity-building, including a review of the existing in-house staff expertise in C&V implementation and roping in external specialists, if required.	WFP has adapted the training programme described in the response to recommendation 9 to build cooperating partner capacity. This programme included three-day training sessions in: i) Burundi, for 60 participants from United Nations organizations, governments, NGOs and donors; and ii) Peru for government counterparts, NGOs and the Office for the Coordination of Humanitarian Affairs. The lessons learned will be used to improve the training offered to the work partners.  WFP has created an internal CBT talent pool and has joined the inter-agency CashCap group, which maintains a roster of CBT experts, facilitates information exchange, develops common standards and builds capacity.  Complete.	Implemented	We acknowledge action initiated for capacity-building and training of WFP personnel/cooperating partners, etc. in use of C&V modalities.

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<b>Audited Annual Accounts, 2013</b> EB.A/2014	<b>Recommendation 1</b> We recommend that the information on actual funds available during the year may be suitably disclosed to improve understanding and usability of the Budget.	Since 2015, Statement V – Comparison of Budget and Actual Amounts – has included a new column called “Prioritized Plan” that gives a prioritized plan of work, taking into account WFP’s voluntarily funded status and the corresponding dependence of its operations and financial management on the level of funding received.  The column encompasses: i) a direct cost element – the Provisional Prioritized Plan of Work based on estimated forecast contributions at the project level based on information gathered from donors, which are mapped to project activities; and ii) an indirect cost element derived from the budgeted regular Programme Support and Administrative (PSA) costs and critical corporate initiatives as detailed in the Management Plan.  Complete.	Implemented	We note that a separate column has been added to Statement V entitled “Prioritized Plan”.
<b>Audited Annual Accounts, 2013</b> EB.A/2014	<b>Recommendation 5</b> We recommend that the management of Trust Funds in the RBs and COs needs to be streamlined and standardized under corporate guidance.	The Executive Director’s circular on the management of trust funds was updated based on feedback from the EMG.  Complete.	Implemented	We note that the Executive Director’s circular on management of trust funds has been updated.

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<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 1</b> WFP needs to formulate an integrated 'Procurement planning framework' based on a supply chain approach applicable to Headquarters (HQ), RBs and COs. The framework should inter alia contain guidance on identifying inputs required for devising a sourcing and supply strategy; make it mandatory for all entities (HQ, RBs, COs) to prepare an annual procurement plan; contain a standard template for procurement plan; define Key Performance Indicators of the procurement process; and define reporting requirements regarding periodic monitoring and evaluation of the procurement process.	The restructuring of the Supply Chain Division (OSC) was completed in November 2015. The processes and tools under development in the restructuring are aimed at improving procurement planning and supply chain integration, in accordance with the audit observation. OSC has recruited commodity experts to prepare sourcing strategies for key WFP commodities, starting in mid-2016. In progress.	December 2016	We recognize action is under way for the formulation of an integrated procurement planning framework based on a supply-chain approach applicable at all levels.
<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 2</b> a) WFP may consider carrying out an assessment of the effectiveness and outcome measurement (impact assessment) of the Forward Purchase Facility (FPF).	The cost-efficiency analysis on savings and lead times is complete; key performance indicators for FPF cost efficiency were presented in the 2014 APR. An impact assessment covering 2012–2016 will be considered for the 2017 APR. In progress.	December 2016	We note that action is under way to carry out assessments of the effectiveness and impact of the FPF.

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<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 2</b> b) WFP may consider formulating a comprehensive Purchase for Progress (P4P) governance guidance applicable to HQ, RBs and COs. This guidance could be designed with the overarching aim of integrating P4P with WFP's overall procurement plan at HQ, RB and CO levels and addressing the identified risks so as to make P4P initiative effective.	The final evaluation of the P4P pilot was presented at EB.1/2015. OSC is reviewing draft guidance, which it expects to issue by mid-2016, on purchases from smallholder farmers.  In progress.	June 2016	We note that action is under way in the formulation of comprehensive P4P guidance applicable to Headquarters.
<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 3</b> b) Compliance mechanism to ensure adherence to the laid down procurement policy and guidelines may also be strengthened.	The Procurement Division and Internal Audit reviewed the sampling method used to verify compliance with procurement policies and guidelines and made changes to reflect the new delegations of authority to country offices and regional bureaux.  Complete.	Implemented	We note that action is taken to strengthen adherence to the procurement policy and guidelines to verify compliance with procurement policy and guidelines.
<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 4</b> b) Food Purchase Committee at HQ and COs may be provided information on vendor's prior performance with regard to quality and timeliness of delivery to enable the committee to make a more informed decision.	OSC has appointed an officer to lead a global approach to vendor management, including system improvements, guidelines and policies.  In progress.	December 2016	We note that a vendor-management officer has been appointed and will lead implementation of a new vendor-management system.

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<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 5</b> b) Gaps in the WFP Information Network and Global System II (WINGS) related to vendor performance, contractual delivery date, details of default and food quality, etc. need to be addressed for more effective control over the procurement process. This would make information about vendor performance easily extractable and available as an essential input in selection of vendors.	OSC has appointed an officer to lead a global approach to vendor management, including system improvements, guidelines and policies. In progress.	December 2016	We note that a vendor-management officer has been appointed and will lead in designing a new vendor-management system that will address gaps in WINGS related to issues such as vendor performance, contracted delivery dates, defaults and food quality.

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<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 6</b> WFP needs to implement a robust vendor management system at HQ, RB and COs, which should inter alia ensure a) adherence to registration guidelines for all new vendors; b) completeness of vendor database for all the commodities and updating of database at regular intervals; c) expansion of vendor base to ensure greater competition and best value for money; d) standardizing the time given to vendors for submission of their offers; and e) strengthening the processes of levy of penalty due to quality or late delivery issues by the vendors.	OSC has appointed an officer to lead a global approach to vendor management, including system improvements, guidelines and policies. In progress.	December 2016	We note that a vendor-management officer has been appointed and will lead in implementation of a new vendor-management system.
<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 7</b> Requested Time of Arrival (RTA) needs to be fixed keeping in mind the lead times and the shipping period. Adherence to RTA so fixed needs to be ensured by appropriate monitoring.	A review of RTAs is under way; new guidelines will be rolled out in mid-2016. In progress.	June 2016	We note that action is under way to improve RTAs, with attention to lead times and shipping periods.
<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 8</b> a) WFP needs to put together existing policies and manuals to formulate and document a corporate food quality and safety policy based on a supply chain approach.	The integrated supply chain structure includes the Food Safety and Quality Assurance Unit (OSPFQ), which will revise the quality strategy to reflect the new organizational structure and approach. In progress.	June 2016	We note that a corporate food quality and safety policy is being formulated and documented.

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<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 8</b> d) WFP may take necessary steps to set up food quality committees in all COs to address safety and quality issues at the CO level.	OSPFQ will ensure that food quality issues are addressed at the country office and regional bureau levels, taking into consideration operational needs and capacity. Their capacity is being progressively reinforced with dedicated food quality staff. With the support of OSPFQ, food technologists in the regional bureaux and country offices will lead improvements in quality management across the supply chain, working through existing committees and other mechanisms. Complete.	Implemented	We note that to strengthen food safety and quality, the regional bureau capacity is being progressively reinforced with dedicated food-quality staff.
<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 9</b> a) Role of Committee on Commodities, Transport and Insurance (CCTI) needs to be reviewed and systems put in place in COs/RBs to ensure stronger oversight of the procurement process.	The Procurement Division and Internal Audit reviewed the sampling method used to verify compliance with procurement policies and guidelines and made changes to reflect the new delegations of authority to country offices and regional bureaux. Complete.	Implemented	We note that a review has been carried out in order to put in place a mechanism to ensure stronger oversight of procurement processes.
<b>Food Procurement in WFP</b> EB.A/2014	<b>Recommendation 9</b> b) With WFP moving into new modes of procurement, it is important to ensure that available resources and skills match, so that procurement activities are carried out effectively and efficiently.	WFP has recruited three procurement specialists for WFP's main commodities; they are expected to be in post by mid-2016. The Procurement Division and senior management are considering alternative investment mechanisms for the function in order to enhance skills and provide stable funding for the function. In progress.	December 2016	We note that action is under way to enhance skills so that the procurement activities are carried out effectively and efficiently.

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Report Session issued	Recommendation	WFP response/actions	Timeframe	External Auditor's comments (EB.A/2016)
<p><b>United Nations Humanitarian Response Depot</b> EB.A/2014</p>	<p><b>Recommendation 1</b> b) The United Nations Humanitarian Response Depot (UNHRD) needs to have a system-based reporting functionality to capture in real time, the operational support it renders to various emergencies, for assessing its performance and serving as a Management Information System for a cost–benefit analysis of the quality of its services. This would also facilitate more donor visibility and sensitization of its role to the various stakeholders.</p>	<p>UNHRD is rolling out the barcode system under the warehouse optimization initiative; roll-out is complete in Dubai and has started in Accra following receipt of funding in December 2015 with completion expected by December 2016.</p> <p>The UNHRD dashboard is now available online.</p> <p>In progress.</p>	December 2016	<p>We await the full implementation of the barcoding system that includes warehouse mapping to improve efficiency and accountability and provide partners with immediate information about their stock and other operational matters.</p>
<p><b>United Nations Humanitarian Response Depot</b> EB.A/2014</p>	<p><b>Recommendation 3</b> a) The funding strategy for the Las Palmas hub, beyond the donor-committed period, needs to be worked out.</p>	<p>UNHRD has completed the Las Palmas strategy, which considers funding, supply chain and stockpiling, hub optimization and support for WFP's shipping operations.</p> <p>UNHRD Las Palmas will continue to seek funds for its operations to supplement the host Government's funding of facility and utility costs.</p> <p>Complete.</p>	Implemented	<p>We note that the funding strategy for Las Palmas has been finalized.</p>
<p><b>United Nations Humanitarian Response Depot</b> EB.A/2014</p>	<p><b>Recommendation 4</b> b) The procedural delays in generating Service Confirmation Forms and raising Debit Notes should be reviewed and minimized, with clear lines of accountability, for improving its operations and efficiency of services.</p>	<p>Customer-service teams at each hub use the web-based UNHRD dashboard to prepare service-confirmation forms based on information from WINGS. UNHRD prepares debit notes upon receipt of documentation from the finance unit, which reports on lead times to hub managers and customer-service teams each week.</p> <p>Complete.</p>	Implemented	<p>We acknowledge the implementation of the weekly status of service-confirmation forms.</p>

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<b>United Nations Humanitarian Response Depot</b> EB.A/2014	<b>Recommendation 5</b> a) UNHRD may persuade its partners to regularly monitor their respective stocks lying with the hubs and withdraw the over-age and outdated items occupying space. Wherever warranted, action as per Standard Operating Procedures needs to be taken.	The UNHRD approach is to focus on partners' stock held for 24 months without rotation: it monitors the level and composition of the stocks, and has a procedure whereby partners are requested each year to deal with over-age stock. Complete.	Implemented	We note that UNHRD has established a procedure to address over-age stocks held annually by UNHRD partners to optimize the allocation of storage space.
<b>United Nations Humanitarian Response Depot</b> EB.A/2014	<b>Recommendation 5</b> b) UNHRD may formulate a policy for allotting space to partners in the hubs on the basis of some criteria or benchmark, as deemed fit.	UNHRD is reviewing the allocation of warehouse space by hub and partner, taking into consideration new partners, additional space and discussions with governments interested in the hub approach. In progress.	June 2016	We note that UNHRD is studying the allocation of warehouse space by partner and hub. We await the findings of the report.
<b>United Nations Humanitarian Response Depot</b> EB.A/2014	<b>Recommendation 5</b> c) As the Corporate Response Stocks are of strategic significance, UNHRD needs to closely work with WFP for review and appropriate action of these over-age stocks and their replenishment.	The new UNHRD supply-chain officer is responsible for reviewing corporate-response stock ceilings in accordance with the "WFP Corporate Response Stocks and the UNHRD Network" memo. UNHRD has circulated a note for the record on disposal of obsolete stock for the Management Services, Field Security and Human Resources divisions and the Aviation Service. Complete.	Implemented	We note that action has been taken on disposal of obsolete stocks.

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<b>United Nations Humanitarian Response Depot</b> EB.A/2014	<b>Recommendation 5</b> d) UNHRD needs to actively engage with WFP Aviation Service, to initiate action for their items, which were kept in the hub against zero value.	UNHRD has circulated a note for the record on disposal of obsolete aviation items in accordance with established procedures (see recommendation 5c). Complete.	Implemented	We acknowledge action has been taken for the disposal of WFP Aviation Service items, which are kept in the hub at zero value.
<b>United Nations Humanitarian Response Depot</b> EB.A/2014	<b>Recommendation 6</b> a) WFP needs to periodically revisit the policy of procuring and pre-positioning the high-energy biscuits in UNHRD hubs, taking into account their acceptability to the targeted beneficiaries, responses from the country offices, and their current as well as future relevance.	UNHRD and the relevant WFP units are drafting guidance on the handling and pre-positioning of high-energy biscuits. In progress.	December 2016	We acknowledge that a policy for managing and pre-positioning stocks of high-energy biscuits is being established.
<b>United Nations Humanitarian Response Depot</b> EB.A/2014	<b>Recommendation 7</b> There is a need for greater transparency and promptness in the procurement of items. Inadequacies in the number of trained personnel in this field need to be addressed through appropriate capacity-building.	UNHRD procurement staff are now certified by the Chartered Institute of Purchasing and Supply (CIPS). Procurement is prompt, transparent and in accordance with WFP's policies. Complete.	Implemented	We note action has been taken for procurement planning to ensure greater transparency and promptness in the procurement process.

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<b>United Nations Humanitarian Response Depot</b> EB.A/2014	<b>Recommendation 11</b> UNHRD needs to devise the common, network-wide reporting system, within a scheduled time frame, for better reporting standards and useful Management Information System.	The new UNHRD online dashboard is used to monitor service provision daily; managers use it for performance monitoring and reporting, and identification of risks related to long-outstanding items. Complete.	Implemented	We note the roll-out of a web-based operational dashboard designed to support business analysis and financial and operational performance monitoring.
<b>United Nations Humanitarian Response Depot</b> EB.A/2014	<b>Recommendation 12</b> UNHRD needs to closely interact with all users and partners to appreciate their concerns and accordingly offer economic and efficient services to them.	Forty organizations took part in the UNHRD Global Partners Meeting in June 2015, reflecting increasing recognition of the role of the UNHRDs. An earlier survey of partners showed that 94 percent were fairly satisfied, satisfied or very satisfied with UNHRD services. Respondents appreciated UNHRD's operational expertise, but suggested that it could improve the handling of specific requests, response times and the resolution of issues. UNHRD intends to enhance its services accordingly. Complete.	Implemented	We acknowledge that action is taken by UNHRD to interact with users to improve customer services.

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<b>Audited Annual Accounts, 2014</b> EB.A/2015	<b>Recommendation 1</b> We reiterate that the monitoring system to record capitalization of assets above the threshold limit of USD 5,000 and for asset classification may be strengthened.	In 2015 the Asset Management Unit, General Accounts Branch (RMFG) and the Contributions and Project Accounts Branch collaborated to: <ul style="list-style-type: none"> <li>• review capitalized assets periodically;</li> <li>• validate the data on asset master records;</li> <li>• refine the 2014 monitoring report; and</li> <li>• improve asset visibility and reporting by implementing the Global Equipment Management System.</li> </ul> Complete.	Implemented	We note that all adjustments were made, data validation was done in accordance with the accounting policy as a result of this, and accounting entry has been passed in 2015.
<b>Audited Annual Accounts, 2014</b> EB.A/2015	<b>Recommendation 2</b> WFP may continue to strengthen its mechanism for timely recording of data in the system to reduce post closure adjustment and delayed entries.	The Secretariat strengthened its mechanism for timely recording through enhanced communication and oversight, resulting in a reduction in post/closure adjustments in 2015 compared with 2014. The importance of timely recording was highlighted at meetings of the EMG and regional finance officers, and reinforced in communications from the Assistant Executive Director and the Chief Financial Officer. Oversight was enhanced by the transfer of responsibility for reporting accruals to the regional bureaux with a view to facilitating follow-up. Complete.	Implemented	We note that effective actions have been taken to minimize such data recording errors.

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<b>Management of Corporate Emergencies</b> EB.A/2015	<b>Recommendation 1</b> We encourage WFP to strengthen its mechanism of conducting and documenting detailed analysis of the five criteria prior to declaration of a Level 3 emergency in line with the practice it has followed in respect of Iraq and the Ebola situation.	WFP analyses the five criteria required for Level 3 emergency response declarations in an options paper matrix. WFP conducts the analysis for system-wide emergency declarations, for WFP declarations and in advance of inter-agency discussions on the extension of system-wide emergency responses, to ensure that conditions justify a continued Level 3 response. Complete.	Implemented	We note that analyses of the five criteria required for Level 3 emergency have been followed.
<b>Management of Corporate Emergencies</b> EB.A/2015	<b>Recommendation 2</b> WFP may strive to make the Strategic Task Force (STF) system more effective by having in place a formal follow-up mechanism to implement the decisions taken in the STF meetings and monitor the progress made thereof.	Action points from the STF are recorded and followed up by special assistants to the Executive Director, Deputy Executive Director and Assistant Executive Directors to ensure that appropriate action is taken. The Emergency Preparedness and Support Response Division (OSE) will continue to promote systematic follow-up of agreed action points. Complete.	Implemented	We acknowledge a formal follow-up mechanism to implement the decisions taken in STF meetings and monitor the progress is in place.
<b>Management of Corporate Emergencies</b> EB.A/2015	<b>Recommendation 3</b> WFP may endeavour to adhere to the prescribed time schedule for finalizing the lessons learned reports and organizing a separate lessons-learned exercise focused on leadership aspects during the Level 3 response.	Executive Director's circular OED2015/014 revised the timeframes for lessons-learned exercises to require reviews during protracted crises, and empowers the STF to commission separate lessons-learned exercises on leadership aspects of Level 3 responses. Comprehensive lessons-learned exercises for Level 3 emergencies will be commissioned in the time specified in the circular. Complete.	Implemented	We note the circular released which states that STF may commission separate lessons-learned exercises on leadership aspects of Level 3 responses.

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<b>Management of Corporate Emergencies</b> EB.A/2015	<b>Recommendation 4</b> WFP may continue the efforts of updating OPweb to ensure that it emerges as a comprehensive site combining the relevant information of all divisions.	<p>OSE has enhanced the OPweb platform in light of a user survey to include:</p> <ul style="list-style-type: none"> <li>• WFP media messages;</li> <li>• food security assessments;</li> <li>• delegations of authority for logistics;</li> <li>• UNHRD reports;</li> <li>• country office contacts;</li> <li>• a lessons-learned database; and</li> <li>• daily Executive Director operational briefs.</li> </ul> <p>The document management features, such as layout, search functions and the crisis document matrix, have also been improved.</p> <p>Complete.</p>	Implemented	We note that the OPweb has enhanced incorporation of data/information relating to various divisions relevant to Level 3 emergencies.

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<b>Management of Corporate Emergencies</b> EB.A/2015	<b>Recommendation 5</b> WFP may consider the possibility of presenting the financial information (including expenditure incurred) on projects related to Level 3 response.	<p>A team of budget, general accounts, financial systems and performance-management staff has reviewed reporting on financial information in projects related to Level 3 responses.</p> <p>With regard to external reporting. WFP will continue to provide financial information in the Standard Project Reports, which include a section on corporate emergencies.</p> <p>With regard to internal reporting, the Secretariat has developed an application that portrays financial information related to Level 3 responses to support their task forces, identify needs and facilitate the preparation of information for reviews required by the Board or other stakeholders.</p> <p>Complete.</p>	Implemented	We acknowledge that action has been taken to present the information on financial information relating to projects on L3 response.

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<b>Management of Corporate Emergencies</b> EB.A/2015	<b>Recommendation 6</b> We encourage WFP to continue its efforts to engage both traditional and non-traditional donors for the mobilization of global resources.	<p>As noted in the June 2015 update to the Board, regular training in resource mobilization took place in the third quarter of 2015. WFP issued some external advocacy materials in 2015 to stimulate funding from traditional and non-traditional donors included the Immediate Response Account Newsletter, the annual multilateral contribution report, the Operational Resourcing Update and the Partnerships with Host Governments factsheet.</p> <p>Donors enable WFP to address emergency needs with generous contributions, which reached a record USD 5.4 billion in 2014. Despite the unfavourable exchange rate in 2015, fundraising and advocacy with partners raised USD 4.8 billion – 55 percent of the USD 8.65 billion required for operations.</p> <p>In 2015, WFP also expanded the donor base with host governments' funding, mainly through in-kind contributions and pass-through arrangements with financial institutions. Host governments allocated USD 220 million in 2015, the second highest level since 2010.</p> <p>Complete.</p>	Implemented	We note the continued efforts of WFP to engage donors for mobilization of resources by further expanding its donor base.

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<b>Management of Corporate Emergencies</b> EB.A/2015	<b>Recommendation 7</b> WFP may expedite the process of addressing the risks identified in the Corporate Risk Register of 2014 in respect of "WFP overextended in multi emergencies" for early completion.	WFP has updated its emergency protocols and will consult partners to ensure that they are aligned with inter-agency protocols. WFP is discussing the benchmarking of emergency protocols with the Inter-Agency Standing Committee (IASC) Emergency Directors Group for adoption by the IASC Principals.  In progress.	June 2016	We note that a process has been initiated to address the risks identified in the Corporate Risk Register of 2014 in respect of "WFP over-extended in multi emergencies".
<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 1</b> WFP may formulate an overarching Global Guidance on Warehouse Management.	OSC is reviewing the guidelines for management of foods purchased through the Global Commodity Management Facility (GCMF), and is preparing a high-level overview of the rules and best practices for warehouse management.  In progress.	June 2016	We note that OSC is preparing a high-level overview of the rules, regulations and best practices pertinent to warehouse management.
<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 2</b> WFP may establish a work plan and sub-plan for its warehouse management at the levels of Headquarters, regional bureaux and country offices.	Following the Board's approval of the Management Plan (2016–2018), the Budget and Programming Division (RMB) compiled a demand plan for 2016 in order to provide a strategic overview and facilitate supply-chain planning. RMB will compile an updated demand plan based on pipeline reports in 2016.  A mission by OSC and RMB to the Dakar regional bureau will establish a regional supply-chain plan to feed into the global plan.  In progress.	December 2016	We note that RMB will compile a demand plan based on updated pipeline reports in early 2016, and await preparation of a global plan.

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<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 3</b> WFP may revise the Transport Manual, Food Storage Manual and Warehouse Management Handbook, after considering feedback from relevant parties and stakeholders.	OSC updated the Transport Manual section on operational risk management in November 2015. With regard to the section on food storage, OSC is consulting the relevant units with a view to updating guidelines on managing specialized nutritious foods; internal audit is expected to issue an advisory assignment on the risks associated with them in 2016. OSC is reviewing the warehouse management section in light of the ongoing implementation of LESS. In progress.	June 2016	We acknowledge that work is under way to revise the Food Storage Manual and manuals on warehouse management.
<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 4</b> WFP may review its oversight mechanism for space planning and stock layout.	The food storage and warehouse management manuals provide guidance on space planning and stock layout. OSC will reinforce its oversight mechanisms, and will clarify the roles of country offices, regional bureaux and Headquarters in the warehouse management document in light of the findings of the 2016 Inspector General and Oversight Office (OIG) advisory assignment on oversight by regional bureaux. In progress.	December 2016	We acknowledge that OSC will address the issue of reinforcing the oversight mechanisms and clarify the roles of its various levels of offices.

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<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 5</b> WFP may ensure that the guidelines prescribed for regular inspection of warehouses may be complied with by all country offices to ensure the quality of food commodities kept in the warehouses.	The Transport Manual requires quarterly physical inventories of WFP-managed warehouses and stocks, and recommends monthly stock quality and quantity checks. Monitoring, reconciliation and timely documentation are key control activities carried out by the Funds Analysis and Commodity Accounting and Support Branch.  OSC will review the responsibilities for monitoring warehouse inspections with a view to improving documentation and oversight as part of the action described in the responses to recommendations 1 and 4.  In progress.	December 2016	We await the finding on review of roles and responsibilities for monitoring warehouse inspection visits for improving oversight and documentation.
<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 6</b> WFP may review the measures taken to ensure fire safety and also look at the insurance policy to safeguard against loss of stored items.	OSC updated the Transport Manual section on operational risk management to clarify responsibilities with regard to risk mitigation and loss recoveries, and to emphasize the importance of recovering losses from the responsible parties.  Discussions with internal stakeholders on systematic insurance for non-food items are ongoing.  In progress.	June 2016	We note that OSC is working to put appropriate mechanisms in place to improve safety in the warehouses.
<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 7</b> WFP may ensure early disposal of damaged/spoilt items, following the required procedures, processes and formalities.	The review of options for reinforcing the compliance and oversight mechanisms for disposal is being carried out as part of the action described in the responses to recommendations 1, 4 and 5.  In progress.	December 2016	We acknowledge that a review of options for reinforcing the compliance and oversight mechanisms for disposal is being carried out.

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<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 8</b> WFP may ensure monthly reconciliation of the stock position as reported by the cooperating partners with the Commodity Movement, Processing and Analysis System (COMPAS) so as to assess whether there is any loss, wastage or misappropriation.	With LESS and COMET in operation by the end of 2016, the reported stocks held by cooperating partners will be systematically reconciled with information about stocks delivered. In progress.	December 2016	We note that with LESS and COMET in operation, the reconciliation of stock will be captured accurately.
<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 9</b> WFP may ensure that Learning Management System reflects the true status of warehouse management training.	Following the recent update to WFP's Learning Management System, country offices are now able to upload training directly. OSC is liaising with HRM to include warehouse management training in the system, with records of the dates and locations of local warehouse management training and the participants. In progress.	September 2016	We acknowledge that a process has been initiated to adapt the Learning Management System to reflect the status of warehouse management training.
<b>Warehouse Management</b> EB.A/2015	<b>Recommendation 10</b> WFP may develop a suitable management information system (MIS) relating to warehouse management which may, <i>inter alia</i> , contain details of the number of warehouses, capacity and utilization thereof, legal cases, etc. in a centralized manner.	The warehouse management system in LESS will provide more comprehensive information than the current system. LESS is expected to be rolled out to all country offices by the end of 2016. In progress.	December 2016	We note that a management information system (MIS) relating to warehouse management will be provided in LESS after its roll out to all country offices.

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<b>Audited Annual Accounts, 2015</b> EB.A/2016	<b>Recommendation 1</b> WFP may strengthen its systems and procedures for collecting the details of cash-based transfers handed over to the cooperating partners and service providers on or before 31 December but remain to be distributed at 31 December, and fully account them in the Financial Statements as a receivable at year end with corresponding credit to expense.	Agreed. The Secretariat will review and strengthen its systems and procedures for collecting details of CBT handed over to cooperating partners and service providers on or before 31 December but that remain to be distributed at that date, and will account for them accordingly. In progress.	December 2016	
<b>Audited Annual Accounts, 2015</b> EB.A/2016	<b>Recommendation 2</b> WFP may strengthen the process of reconciliation between WING II and the COMPAS/LESS inventory system and physical counts of inventory.	Agreed. The Secretariat confirms that further efforts will be made to strengthen the process of reconciliation between WINGS and COMPAS/LESS. In progress.	December 2016	
<b>Audited Annual Accounts, 2015</b> EB.A/2016	<b>Recommendation 3</b> WFP may analyse potential impact of financially closed projects for making allowances for write-down and provision for refunds as on 31 December.	Agreed. The Secretariat will consider the potential impact of financially closed projects when estimating year-end allowances for write-downs and provisions for refunds. In progress	December 2016	

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<b>Audited Annual Accounts, 2015</b> EB.A/2016	<b>Recommendation 4</b> WFP may review the Financial Regulation 12.4 to ascertain whether the Executive Director's approval for write-off of the food commodities losses is required.	Agreed. The Secretariat will review the write-off procedures. The Secretariat currently reports to the Board annually the post-delivery losses through the "Report on Post-Delivery Losses for the Period". This report provides information on post-delivery losses in value and quantity, by location and with reasons for the loss. It also reports on recoveries thereon. Section 2 of the report looks at WFP's measures and systems for preventing and reducing post-delivery losses and improving loss management.  In progress	December 2016	

## Acronyms Used in the Document

APR	Annual Performance Report
BCISS	Business Critical Information Systems Security Working Group
C&V	cash and vouchers
CBT	cash-based transfer
CO	country office
COMPAS	Commodity Movement, Processing and Analysis System
EMG	Executive Management Group
FPF	Forward Purchase Facility
HQ	Headquarters
HRM	Human Resources Division
IASC	Inter-Agency Standing Committee
LESS	Logistics Execution Support System
MIS	management information system
MISSC	Management Information Systems Steering Committee
MOU	Memorandum of Understanding
NGO	non-governmental organization
OSC	Supply Chain Division
OSE	Emergency Preparedness and Support Response Division
OSPFQ	Food Safety and Quality Assurance Unit
P4P	Purchase for Progress
RB	regional bureau
RMB	Budget and Programming Division
RTA	Requested Time of Arrival
STF	Strategic Task Force
UNHRD	United Nations Humanitarian Response Depot
WINGS	WFP Information Network and Global System