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FINANCE COMMITTEE

Hundred and Fifty-third Session

Rome, 12 - 14 May 2014

**Report of the External Auditor on United Nations Humanitarian
Response Depot**

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EXECUTIVE SUMMARY

- This report presents the results of the Comptroller and Auditor General of India's audit of the World Food Programme (WFP) with regard to its performance on "United Nations Humanitarian Response Depot (UNHRD)". WFP is the manager and one of the users of UNHRD.
- The main objective of our audit was to assess whether UNHRD's stated objective of strengthening the capacity and response to emergencies and promoting inter-agency cooperation was achieved. We covered the period 2011–2013 (up to July 2013) in our Performance Audit, spanning the WFP Headquarters in Rome, and UNHRD hubs at Dubai and Brindisi (including the Support office) in the report. The key issues noted are as follows:
- We recognize the unique position of UNHRD being an inter-agency emergency preparedness and response facility and observe the need for it to adopt a more proactive approach in addressing emergencies, assisted by an effective Management Information System.
- There were other strategic issues such as the need to ensure sustainability of the network based on alternative sources of funding and greater advocacy of its role with the donors. Financial management needed improvement as we noted outstanding payables and receivables, and procedural delays in generating Service Confirmation Forms after rendering the service and also in raising Debit Notes both for internal and external customers. This delay in service was also noted as a cause of concern by many users and partners.
- Regarding warehouse and inventory management, we noted that both the hubs had stocks which had not moved for three to four years. There was also no policy on space utilization devised by UNHRD. Corporate Response Stocks needed to be reviewed for overage and usability as these were the critical stocks supplied to the personnel, who were deployed for emergency operations. Due to low demand from the country offices, High-Energy Biscuits (HEBs) stored in the two warehouses had become time expired and were destroyed causing reputational risk to WFP and also a review of its policy on HEBs.
- There were some gaps in timely transportation of emergency relief material and in the regulation of Long-Term Agreements, attributable to the lack of trained personnel in this field and also in service delivery. Human Resource Management was an area that needed attention and a Structure and Staffing Review for all hubs needed to be conducted.
- As per the circular of the Executive Director in May 2011, the Directors of Logistics, Budget and Procurement had to issue a joint directive providing detailed instructions and guidelines on the handling, accounting and reporting procedures for the UNHRD network Special Account, which was yet to be done. There was scope for improvement in the control mechanisms currently in use, as there was no network-wise reporting.
- We sought responses in a questionnaire from users and noted their concerns about the quality of various services rendered by UNHRD.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to consider the document "Report of the External Auditor on United Nations Humanitarian Response Depot" and provide comments for consideration by the Executive Board.

Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee considered the document "Report of the External Auditor on United Nations Humanitarian Response Depot" and made comments to the Executive Board in the report of its 153rd Session.**