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FINANCE COMMITTEE

Hundred and Fifty-third Session

Rome, 12 - 14 May 2014

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 her reports to the Executive Board.
- The report presents the progress made by WFP to implement recommendations that were outstanding at the last reporting date, the Annual Session of the Board in 2013, and the recommendations made by the External Auditor since that date.
- The External Auditor has given her views 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".**

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**Executive Board
Annual Session**

Rome, 3–6 June 2014

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

For consideration



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REPORT ON THE IMPLEMENTATION OF THE EXTERNAL AUDITOR RECOMMENDATIONS



NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for consideration.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

Assistant Executive Director, RM* and Mr M. Juneja tel.: 066513-2885
Chief Financial Officer:

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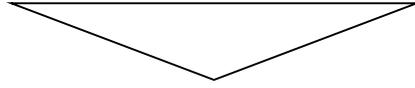
Should you have any questions regarding availability of documentation for the Executive Board, please contact the Conference Servicing Unit (tel.: 066513-2645).

* Resource Management and Accountability Department

** Finance and Treasury Division

*** General Accounts Branch

DRAFT DECISION*



The Board takes note of “Report on the Implementation of the External Auditor Recommendations” (WFP/EB.A/2014/6-I/1).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

1. This report sets out WFP's progress in implementing the recommendations made by the External Auditor in reports to the Board. It includes recommendations outstanding at the Board's 2013 Annual Session (WFP/EB.A/2013/6-H/1) and those in:
 - Report of the External Auditor on Working with Cooperating Partners (WFP/EB.A/2013/6-F/1);
 - Report of the External Auditor on the Use of Cash and Vouchers (WFP/EB.A/2013/6-G/1); and
 - Audited Annual Accounts, 2013 (WFP/EB.A/2014/6-A/1).
2. The table below shows progress in implementing the External Auditor's recommendations during the reporting period. The matrix following the table includes the External Auditor's comments on all recommendations that WFP has implemented.

IMPLEMENTATION OF THE RECOMMENDATIONS OF THE EXTERNAL AUDITOR, 2010–2014					
Audit report	Date	Outstanding audit recommendations in the previous report	Recommendations completed to date	Recommendations incomplete to date	% complete
Report of the External Auditor on the Strategic Planning and Reporting at a WFP Country Office – Uganda	February 2010	1	-	1	-
Audited Annual Accounts, 2010	June 2011	1	-	1	-
Report of the External Auditor on WFP Operations in Somalia	January 2011	1	1	-	100
Report of the External Auditor on Procurement of Landside Transport, Storage and Handling Contracts	October 2011	1	1	-	100
Report of the External Auditor on Management of Projects	October 2011	7	5	2	71
Audited Annual Accounts, 2011	June 2012	3	3	-	100
Report of the External Auditor on Emergency Preparedness for IT Support in WFP	June 2012	1	1	-	100
Report of the External Auditor on Management of Human Resources	June 2012	15	7	8	47
Audited Annual Accounts, 2012	June 2013	5	5	-	100
Report of the External Auditor on Working with Cooperating Partners	June 2013	10	6	4	60
Report of the External Auditor on the use of Cash and Vouchers	June 2013	11	2	9	18
Audited Annual Accounts, 2013	June 2014	5	-	5	-
TOTAL		61	31	30	51



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
Report of the External Auditor on the Strategic Planning and Reporting at a WFP Country Office – Uganda (WFP/EB.1/2010/6-D/1)					
1.	<p>Recommendation 8</p> <p>Establish cost-effective, consistent and reliable methodologies for measuring and validating the number of individuals assisted by projects.</p>	<p>Actions to implement this recommendation are:</p> <p>i) development of the corporate monitoring and evaluation (M&E) strategy for 2012–2014, which will clarify the link between needs assessment and beneficiary targeting; guidance on beneficiary counting is being revised. Through this process, reliable registration methods will be made available to country offices; ii) the automated tool for managing project design and implementation – Country Office Monitoring and Evaluation Tool (COMET) – will provide a streamlined and centrally managed process for measuring and validating the number of individuals assisted by projects. With the launch of an Information Technology (IT) system for cash and voucher (C&V) transfer modalities, which will interface with COMET, WFP will be able to systematically improve its measurement of and reporting on all assisted individuals assisted on an annual basis; and</p> <p>iii) augmentation of the capacity of WFP's monitoring staff at all levels to implement both the conceptual and IT aspects, based on the training conducted using the new tools.</p> <p>Systems and guidance will be rolled out in 2013 and 2014; the earliest expected date for completion is 31 December 2014.</p>	<p>The task force on beneficiary counting and costing is improving methods for measuring and validating numbers of direct and indirect beneficiaries and is finalizing a work plan outlining deliverables, responsibilities and timelines.</p> <p>The COMET implementation module, including a streamlined process for beneficiary counting, will be piloted in mid-2014 in one region and is expected to go live by December.</p> <p>See also the response to Recommendation 9 of "Report of the External Auditor on Management of Projects".</p>	December 2014	<p>We note the setting up of task force on beneficiary counting and work in progress on COMET, as steps towards establishing more reliable methodology for beneficiary counting.</p>
Audited Annual Accounts, 2010 (WFP/EB.A/2011/6-A/1)					
2.	<p>Recommendation 7</p> <p>WFP may implement the Information Security Management System for WINGS II. A definite timeframe may also be fixed for operationalization of the Logistics</p>	<p>Information Security Management System (ISMS): Work in progress to develop the scope and applicability of ISMS includes assessment of cloud computing, access controls and application security. Finalization is expected by the end of the first quarter of 2013, when the Information Technology Division (OST) will review the ISMS Statement of Applicability (SOA) and publish an updated framework master document that</p>	<p>ISMS</p> <p>The Inspector General's internal audit report on baseline security in WFP's Enterprise Resource Planning (ERP) system, issued in November 2013, addresses ISMS domains. As recommended in the report, policies and control functions comprising a governance framework for WFP Information Network and Global System (WINGS) will be regulated by an IT governance</p>	December 2014	<p>We acknowledge the actions underway for implementation of ISMS.</p> <p>We acknowledge the implementation plan for LESS in</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
	<p>Execution Support System (LESS) and the associated phase out of the SAP-COMPAS Interface.</p>	<p>includes the new elements. OST will continue to work on the design and implementation of ISMS during 2013.</p> <p>LESS: Subject to the evaluation of the business plan and the availability of funding, LESS will be introduced in phases and expanded to more offices as the Commodity Movement Processing and Analysis System (COMPAS) is phased out. This process will start in 2013 and end in 2015.</p>	<p>body. Full implementation is expected by the end of 2014. The IT Division and the Management Information System Steering Committee will take into account internal and external audit recommendations with a view to finalizing an ERP security framework by the end of 2014.</p> <p>LESS The Executive Director has endorsed the implementation of LESS and it is included in the Management Plan (2014–2016); roll out is expected to be completed by 2016.</p>	<p>Implemented</p>	<p>Management Plan 2014–2016 and the detailed roll-out plan in various countries, as endorsed by the Steering Committee.</p>
<p>Report of the External Auditor on WFP Operations in Somalia (WFP/EB.1/2011/5-B/1)</p>					
<p>Strategic Issues</p>					
<p>3.</p>	<p>Recommendation 15 a) Headquarters must prepare a standardized checklist for each functional area, based on Operations Services Department inspection checklist, and all future oversight missions of the Regional Bureaux must be undertaken according to the approved checklist.</p>	<p>WFP has opted to develop functional area checklists as part of its range of internal control self-assessment questionnaires. These questionnaires were issued to all staff in October 2011, and were available for use by the regional bureaux during compliance missions in 2012 as appropriate.</p> <p>Information is gathered on the use of the checklists for functional areas as part of the annual Statement on Internal Control process. The checklists are available to the regional bureaux and all staff through WFPgo.</p> <p>Implementation of recommendation 15(a) is in progress.</p>	<p>Functional area checklists are available to regional bureaux and all staff on the WFP internal website. The Operations Management Department has reminded regional bureaux and Country Directors to ensure adherence to the checklists for oversight missions and the production of oversight mission reports including recommendations for country office action and regional bureau follow-up.</p>	<p>Implemented</p>	<p>We recognise oversight missions in regional bureaux (RBs) being largely based on HQ standard check lists, after making the necessary adaptations to meet the field requirements.</p> <p>However, HQ may continuously review these check lists, in co-ordination with the RBs, as some of the RBs also observe the need to update these checklists to reflect the changing needs.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
<p>b) All mission reports of the regional bureaux should be in writing so that the documentation of work undertaken by the mission and their findings are available for future reference.</p>	<p>Implementation of recommendation 15(b) is in progress.</p>	<p>See the response to recommendation 15, part a, above. 15 b) is completed.</p>	<p>Implemented</p>	<p>We recognise submission of written oversight mission reports by the RBs.</p>	
<p>Report of the External Auditor on Procurement of Laneside Transport, Storage and Handling Contracts (WFP/EB.2/2011/5-C/1)</p>					
<p>4.</p>	<p>Recommendation 7 Actionable points in the Compliance Mission Review Reports may be identified and monitored and the report submitted to the Committee on Commodities, Transport and Insurance.</p>	<p>The Secretariat has taken the following steps to institute monitoring of compliance mission reports:</p> <ul style="list-style-type: none"> ➤ Regional logistics officers are requested to inform the Logistics and Transport Service (OSLT) of the compliance missions planned for a calendar year. ➤ Compliance mission reports will include a section listing all recommendations pertaining to critical findings of the compliance missions, action taken to implement such recommendations and a timeframe for implementation. ➤ Regional logistics officers will monitor implementation of the recommendations and follow up as necessary; OSLT will be kept informed. ➤ Every six months OSLT will prepare an overview of the oversight missions and the status of implementation of the recommendations. <p>These steps will be reflected in the <i>Transport Manual</i>. Implementation of the recommendation is in progress.</p>	<p>The OSLT has established a platform to monitor the action points raised by compliance missions. In line with the update at EB.A/2013, regional logistics officers will monitor implementation; the Logistics Division will prepare an overview every six months and follow up as necessary.</p>	<p>Implemented</p>	<p>We acknowledge putting a system in place to monitor actionable points in the compliance mission review reports.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
Report of the External Auditor on Management of Projects (WFP/EB.2/2011/5-D/1)					
<p>5.</p>	<p>Recommendation 1</p> <p>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>	<p>Delays in the recruitment of a Chief of Performance Monitoring – who began work in November 2012 – also delayed implementation of the M&E strategy. Corporate efforts to strengthen M&E, including by addressing this issue, have been invigorated with the transfer of M&E to a newly created Performance Monitoring Unit in the Performance Management and Monitoring Division, which will be responsible for follow-up on all aspects of WFP's M&E strategy. An outcome measurement strategy is being prepared, for which specified funding will be sought. Earmarking of funds for M&E within the projects is being encouraged during the project review process.</p> <p>Implementation of the recommendation is in progress.</p>	<p>The draft M&E strategy for 2014–2017 was completed and circulated in December 2013. The strategy includes proposals for “ring fencing” project funds for M&E and for additional corporate funding to support M&E work such as baseline studies and evaluation.</p>	<p>December 2014</p>	<p>We recognise the steps underway to address the issue of corporate funding for baseline studies, needs assessment and evaluation of projects and will await further action.</p>
<p>6.</p>	<p>Recommendation 2</p> <p>In view of the time and cost-intensive nature of baseline studies, we recommend an assessment of the extent to which they have informed the decisions on project designs.</p>	<p>The Chief of Performance Monitoring started work in November 2012; additional M&E staff are being recruited by regional bureaux and Headquarters units</p> <p>An outcome measurement strategy encompassing establishment of quality baseline values for outcome indicators is being developed. COMET will strengthen guidance and tools to measure baseline and validate WFP's food assistance for beneficiaries. As of January 2013, the Design Module (COMET basic) had been developed, tested and launched. Full COMET roll-out, with field guidance and improved reporting tools, will be completed by the end of 2014.</p> <p>Implementation of recommendation 2 is in progress.</p>	<p>The business rules in the Strategic Results Framework (SRF) provide for the establishment of project baselines within three months of project initiation. The standard operating procedures (SOPs) for M&E issued in December 2013 prescribe the uses of such data.</p> <p>From January 2014, projects will use the COMET design module to enter baseline values and follow up on progress toward the targets.</p> <p>With the implementation of the measures described above and additional funding for baseline studies, the establishment and monitoring of baselines will be improved. See also the management response to Recommendation 8 from “Report of the External Auditor on the Strategic Planning and Reporting at a WFP Country Office – Uganda” and the management response to Recommendation 1 from “Report of the External Auditor on Management of Projects”.</p>	<p>Implemented</p>	<p>We recognise actions taken to strengthen establishment and monitoring of baseline studies.</p> <p>We would urge management to further timely implement other related recommendations, which would enhance performance on baseline values.</p>



External Auditor's recommendations		WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
7.	<p>Recommendation 4</p> <p>The processes and the delegation of authority be reviewed to identify any bottlenecks that prevent timely project review and approvals.</p>	<p>The review of the delegations of authority with the aim of reducing unnecessary bottlenecks is currently on going as part of the programme management cycle work within the organizational strengthening work stream Scoping Business Process Review.</p> <p>Implementation of recommendation 4 is in progress.</p>	<p>The structure of the Project Review Committee and delegations of authority for project approval have been reviewed; changes in procedures and levels of delegations of authority for project approval, within the limits established by the Board, will be proposed to the Executive Management Group by April 2014.</p>	Implemented	<p>We recognise the review of delegations of authority to identify bottlenecks in timely approval of projects and would expect that these would now reduce unwarranted delays in project review/approvals.</p>
8.	<p>Recommendation 7</p> <p>We recommend that WFP revisit the norms for the use of Emerging Donors Matching Fund (EDMF) to align it to the current levels of need.</p>	<p>The use of the EDMF is included in the corporate review by the Partnership and Governance Services Department (PG), Resource Management and Accountability Department (RM) and Operations Management Department of twinning arrangements. A concept note on twinning is being considered for submission to the Board in 2013.</p> <p>Implementation of recommendation 7 is in progress.</p>	<p>Use of the EDMF and twinning were considered at informal consultations, in meetings with donors and at the Board's finance seminar in 2013. The Secretariat's review of the norms outlined in Directive FD2007/002 found them to be appropriate, particularly in that the reduced balance would prevent annual usage above the established threshold. The Fund is almost exhausted; replenishment options are being considered.</p>	Implemented	<p>We acknowledge the action taken to review norms for EDMF.</p>
9.	<p>Recommendation 8</p> <p>We recommend that good practices be used as a starting point to prepare broad guidelines for multiple-scenario prioritization at the regional or Headquarters level, as found suitable.</p>	<p>Progress is as previously reported.</p> <p>Implementation of recommendation 8 is in progress.</p>	<p>Project-level operational monthly planning (pipeline management) has been refined based on good practices from the field in project planning, and capitalizing on the global needs prioritization model implemented in the context of the Management Plan (2014–2016). A new tool for country offices supports multiple-scenario prioritization on a rolling basis. Using the tool, country offices establish an implementation plan that takes into account constraints to planned needs-based food assistance as per the approved project document. Depending on the constraints, each month beneficiary numbers, ration sizes and/or feeding days may be adjusted. In addition, guidance has been finalized which is planned to be released as corporate policy to establish good practices in the area of pipeline management, including scenario pipeline planning.</p>	Implemented	<p>We recognise action taken by HQ to roll out the new corporate pipeline tool which supports multiple scenario budgeting. We would also encourage the HQ to release the corporate guidance document on priority to the field to improve prioritization in project planning and implementation.</p>



External Auditor's recommendations		WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
10.	<p>Recommendation 9</p> <p>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>	<p>COMET module B has been designed to include an assistance calendar to track meal days; roll-out should be complete by the end of 2014. Implementation of recommendation 9 is in progress.</p>	<p>The COMET implementation module, which the Secretariat plans to roll out by the end of 2015, will include ration planning, assistance days and beneficiary counts, and thus will enable tracking and reporting on feeding days.</p> <p>There has been a phased approach to testing the COMET implementation model. Phase I covered selected country offices that had M&E databases in place. In Phase II the system was tested; adjustments are being made based on the results. The system will be piloted in one region in 2014, with roll-out to the same region expected by the end of 2014. A task force (see response to recommendation 8) is developing improved methods for counting direct and indirect beneficiaries, with rules governing minimum feeding days and rations for beneficiary status.</p>	December 2015	We await tracking of beneficiary assistance in terms of meal days as a more realistic basis for determining project outcomes.
11.	<p>Recommendation 11</p> <p>We recommend that the timeline for monitoring and evaluation of projects be closely integrated to the project implementation in order to provide an opportunity for mid-term corrections as well provide inputs at the design stage of future projects.</p>	<p>The Chief of Performance Monitoring started work in November 2012. The strategy being developed for outcome measurement will include timelines for the monitoring of indicators. Implementation of this strategy will be dovetailed with the roll-out of the new strategic plan and in accordance with the use and application of the updated SRF.</p> <p>The evaluation policy establishes that projects must be evaluated at least once during their duration. An approach has been developed by the Office of Evaluation (OEV) to enable the scaling up of operational evaluations, provided funding is available.</p> <p>Implementation of recommendation 11 is in progress.</p>	<p>The frequency of monitoring for each indicator is described in the SRF and the Indicator Compendium, which is being updated. Centralized evaluations of operations – 12 in 2013, 24 in 2014 and 30 in 2015 – inform the design of future projects; evaluations of country programmes and development projects inform mid-term corrections.</p>	Implemented	<p>We acknowledge the action taken to integrate timelines for project monitoring in the project implementation, as per the indicators in Strategic Results Framework.</p> <p>Conducting of project evaluations to inform mid-term corrections is also acknowledged.</p>

External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
Audited Annual Accounts, 2011 (WFP/EB.A/2012/6-A/1)					
12.	<p>Recommendation 2</p> <p>WFP should consider the integration of a resource plan into the planning processes, including Management Plan, and potentially project planning.</p>	<p>RM is studying the feasibility of integrating a resource plan into the planning process and will submit a proposal to senior managers. Subject to approval, the Management Plan (2014–2016) will reflect the steps needed to fully integrate the resource plan into the various elements of the Management Plan, and the project planning process.</p> <p>Implementation of recommendation 2 is in progress.</p>	<p>The outcome of the planning prioritization exercise is reflected in the Management Plan (2014–2016). Pipeline management was upgraded in 2013, with country offices required to define an implementation plan that takes into consideration constraints that may impede full implementation of planned assistance.</p>	<p>Implemented</p>	<p>We acknowledge steps taken by the management to integrate resource plan in planning processes in the Management Plan and project planning.</p> <p>We would urge the management to ensure utilisation of the tool by the RBs/country offices to improve project planning.</p>
13.	<p>Recommendation 4</p> <p>WFP should lay down a clearly articulated policy for accounting of undistributed food with government partners that also distribute food. This policy should be consistent with the policy on expensing of aid (food, cash and vouchers).</p>	<p>In 2012, the Secretariat reviewed and documented a clearly articulated policy for accounting of undistributed food with those government partners that also distribute food. Pursuant to this review, a note for the record – “Application of Accounting Policy: Expense Recognition (Delivery of Food, Cash and Vouchers)” – was issued in August 2012.</p> <p>The Secretariat will review the expense policy for C&V when distributing to partners.</p> <p>Implementation of recommendation 4 is in progress.</p>	<p>A review of the expense policy for C&V when distributing to partners showed that it is in line with the policy on expensing of aid, as documented in a policy note addressing both the expense policies for food aid (including accounting of undistributed food with government partners) and for C&V aid.</p>	<p>Implemented</p>	<p>We recognise review of expense policy of C&V and appropriate disclosure of expensing of C&V aid in the accounts.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
<p>14.</p>	<p>Recommendation 5 We recommend a consolidation to capture and catalogue on one platform all the recommendations flowing from the different streams – internal audit, external audit and evaluation reports.</p>	<p>RM has developed a preliminary database of more than 1,200 oversight recommendations. The catalogue includes External Auditor and Joint Inspection Unit recommendations from reports dating back to 2005; evaluation recommendations dating back to 2008; and Internal Audit recommendations from reports posted on the WFP public website beginning in January 2013. RM and the web development team are currently considering how to enable users to search the catalogue from the WFP intranet site.</p> <p>Implementation of recommendation 5 is in progress.</p>	<p>RM has developed and regularly updates a database of recommendations issued by the Office of Internal Audit, the External Auditor and the Joint Inspection Unit (JIU). The database includes all External Auditor and JIU recommendations issued since 2005, and internal audit recommendations from reports posted on the WFP public website since January 2013. The database is user-friendly and allows navigation using text search and field filters. The catalogue is available to all WFP staff on the "Oversight is an Opportunity" internal website which serves as a source of oversight-related information such as reports, programmes of work, and reports to the Board on recommendation implementation.</p> <p>The "Oversight is an Opportunity" site also provides a full catalogue of evaluation recommendations dating back to 2008.</p>	<p>Implemented</p>	<p>We are pleased to note action taken by the management to have a consolidated database of recommendations flowing from different streams - internal audit, external audit and evaluation reports.</p>
<p>Report of the External Auditor on Emergency Preparedness for IT Support in WFP (WFP/EB.A/2012/6-G/1)</p>					
<p>15.</p>	<p>Recommendation 6 FITTEST should be equipped with an accounting system which generates statements of financial performance and cash flow that would facilitate planned and accurate compliance with the Cost Recovery Directive. These statements should replace the Budget tracking.</p>	<p>An evaluation identified a system for managing cost recovery in Fast Information Technology and Telecommunications Emergency Support Team (FITTEST). Customization of WINGS to provide a solution would have been expensive, so a combination of WINGS and an upgraded version of Great Plains was adopted that supports project management as well as warehouse management.</p> <p>Implementation is now complete. WINGS is used for accounting and procurement, and Great Plains is used for FITTEST business processes that WINGS does not support – customer management, sales and inventory and warehouse management. A financial reporting and forecasting tool developed with the Boston Consulting Group, which sources data from WINGS and Great Plains, has replaced the current budget tracking system.</p> <p>Implementation of recommendation 6 is in progress.</p>	<p>The Executive Director Decision Memorandum of 22 April 2013 included the calculation of FITTEST consultancy rates in the cost-recovery framework.</p>	<p>Implemented</p>	<p>We recognize issuance of the ED Directive to include FITTEST consultancy rates in the MRC framework.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
Report of the External Auditor on Management of Human Resources (WFP/EB.A/2012/6-F/1)					
Workforce Planning					
16.	Recommendation 1 The Structure and Staffing Review (SSR) must be integrated with the 5-year country strategy and with the staffing projections across individual project plans. Comprehensive SSRs encompassing non-staff requirements (including consultants) should guide the overall deployment in the field offices.	The review of the plan for implementing the recommendation continues, in line with the Fit for Purpose initiative; the results will be reflected in a new human resources (HR) strategy document. Implementation of recommendation 1 is in progress.	As part of the review of Service Contracts, WFP offices will undertake SSRs with a view to gradually establishing national fixed-term contracts as appropriate. International positions (professional, short-term, and consultant) will be reviewed with a view to a cost-neutral transition. After a pilot in two country offices, the Executive Management Group (EMG) will launch SSRs in all WFP offices. The Human Resources Division (HRM) will review the SSR toolkit, in consultation with the Union of General Service Staff and the Professional Staff Association to ensure that it is adapted to WFP's changing needs. The SSRs will take into consideration country strategies, projects and programmes.	December 2014	We noted the action underway to integrate SSRs into five year Country Strategy, to make these comprehensive to include non-staff requirements (including consultants), and use these as a basis for deployment in the field.
17.	Recommendation 2 The regional bureaux should be equipped with the knowledge and skills to support the country offices in the SSRs and to assist the HR Division in periodically feeding the outcomes of SSRs into corporate HR planning through a structured mechanism.	The HRM Field Support Branch will ask regional HR officers to submit regular information regarding planned SSRs, and to report on the results of SSRs upon completion of the exercise. The review of the plan for implementing the recommendation continues, in line with the Fit for Purpose initiative; the results will be reflected in a new HR strategy document. Implementation of recommendation 2 is in progress.	HR units in the regional bureaux support SSRs in the country offices. The Field Support Branch provides support as requested if capacity is lacking, such as when multiple SSRs are conducted simultaneously. HRM provides additional support as required, such as desk SSRs, and senior HR officer deployments to supplement capacity. The Business Process Review (BPR) proposed a review of regional HR positions, grades and delegations of authority with a view to decentralizing some Headquarters-based business processes. The Executive Management Group will review BPR projects for prioritization in the coming weeks.	Implemented	We recognise action taken to strengthen the support role of RBs to the country offices in conducting SSRs.



External Auditor's recommendations		WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
18.	<p>Recommendation 3</p> <p>Corporate workforce plan must be supported by an assessment on the benefits and risks of high dependence on short-term contracts in relation to funding trends in country offices over a multi-year period. The controls that mitigate the risks should also be identified.</p>	<p>The review of the plan for implementing the recommendation continues, in line with the Fit for Purpose initiative; the results will be reflected in a new HR strategy document.</p> <p>Implementation of recommendation 3 is in progress.</p>	<p>WFP's workforce planning strategy is part of the People Strategy submitted at EB.A/2014, following an informal consultation in March 2014.</p>	June 2014	<p>Action underway is noted. We await further action on assessment of risks of high dependence on short-term contracts as part of corporate workforce planning.</p>
19.	<p>Recommendation 4</p> <p>WFP should set in place oversight to provide an assurance that the position grades approved in each project conform to the standard classification and that the decisions are not driven by funding projections alone.</p>	<p>The classification of senior-level positions was reviewed as part of the recent senior-level reassignments, which resulted in changes to the grade levels of several positions.</p> <p>The review of the plan for implementing the recommendation continues, in line with the Fit for Purpose initiative; the results will be reflected in a new HR strategy document.</p> <p>Implementation of recommendation 4 is in progress.</p>	<p>The Hay Group is assisting the HRM Division in a review of generic job profiles to ensure that they are relevant and correctly graded, with benchmarks to facilitate selection of profiles and reinforce accountability.</p>	October 2014	<p>Noted. We await further action on review of generic job profiles to get an assurance that position grades approved in each project conformed to the standard classification.</p>

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<p>20.</p>	<p>Recommendation 5 Human Resources Division should establish key performance indicators (KPIs) on the health of HR management in the field offices and establish a threshold above which an on-site review would be conducted. A process to periodically inform the top management on the results thereon should also be put in place.</p>	<p>This issue will be considered by the EMG. The review of the plan for implementing the recommendation continues, in line with the Fit for Purpose initiative; the results will be reflected in a new HR strategy document. Implementation of recommendation 5 is in progress.</p>	<p>The HRM Division's annual work plan includes KPIs that are incorporated into country and regional work plans. The KPIs are being revised in line with the People Strategy.</p>	<p>June 2014</p>	<p>Noted. We await further action on review of KPIs and putting in place a system for reporting on these to the top management.</p>
<p>21.</p>	<p>Recommendation 6 A time-bound plan for expeditious completion of the corporate workforce plan and its implementation must be prepared.</p>	<p>The corporate workforce planning/skills audit project with PricewaterhouseCoopers to identify the skills needed by professional staff in the future is complete, and PricewaterhouseCoopers has reported on actions required to align skills with anticipated needs. HRM will consider the reported recommendations with the review of HR processes with a view to developing the next HR strategy, which will focus on capacity development, planning and human-capital management. The review of the plan for implementing the recommendation continues, in line with the Fit for Purpose initiative; the results will be reflected in a new HR strategy document. Implementation of recommendation 6 is in progress.</p>	<p>A new approach to the corporate workforce plan is being developed in line with the People Strategy.</p>	<p>December 2014</p>	<p>We note action underway on completion of the revised corporate workforce plan and urge HQ for its expeditious completion.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
Staffing decision					
22.	<p>Recommendation 7</p> <p>Clear documentation that provides a trail, including justification for deviations, must support HR decisions.</p>	<p>As presented at EB.A/2012</p> <p>Agreed.</p> <p>As noted by the External Auditor, the revised career framework provides greater rigour and robust, standardized documentation to support staffing decisions. The Secretariat notes that the External Auditor's findings concerning the sufficiency of documentation relate to the mid-year regular Staffing Committee meeting of 2009. The External Auditor has acknowledged that the recently introduced reassignment matrix offers a "user-friendly tool to arrive at reassignment decisions". Use of the reassignment matrix is expected to address this recommendation.</p> <p>As presented at EB.A/2013</p> <p>Recommendation 7 is deemed complete.</p>	<p>The reassignment process is as follows:</p> <p>i) A detailed matrix is prepared for each advertised position to guide discussion in the Reassignment Committee.</p> <p>ii) Staffing coordinators present the positions for their functional areas, details on applicants' qualifications and suitability and recommendations to the committee. The committee makes its recommendations in cooperation with the relevant director.</p> <p>iii) The Chair and HRM separately record the discussion and decisions. Both versions are cross-checked and used to prepare the decision memoranda prepared after each Reassignment Committee meeting.</p> <p>In 2014, the staffing coordinators met to review the mid-year reassignment process, lessons learned, and their own role in the process.</p>	Implemented	<p>We acknowledge the detailed process put in place to ensure documentation of HR decisions, including deviations. We would urge the management to strictly adhere to the same (in particular step 3 of the process), to ensure transparency and provide a justification for deviations in future HR decisions.</p>
23.	<p>Recommendation 8</p> <p>WFP should recognize the risks of following a closed loop in recruitment and identify the controls to mitigate the risks.</p>	<p>As presented at EB.A/2012</p> <p>Agreed.</p> <p>In the 2008 human resources strategy, the Secretariat highlighted the risks that might arise from a closed system of recruitment. By issuing the revised career framework, the Secretariat has introduced additional elements into the recruitment process, to widen the pool of candidates. Under the revised career framework, all vacancies are advertised externally and sourced from external as well as internal candidates. This measure is expected to mitigate the risks identified by the External Auditor.</p> <p>While recognizing the risks of using an internal pool of candidates, the Secretariat notes that recruitment of individuals with WFP experience may also provide a career path for national staff applying for international positions.</p> <p>As presented at EB.A/2013</p> <p>Recommendation 8 is deemed complete.</p>	Completed	Implemented	<p>We acknowledge action taken to mitigate the risks in the system of closed recruitments.</p>



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<p>24.</p>	<p>Recommendation 9 We recommend that the Performance and Competency Enhancement (PACE) reports form the primary basis for identifying the pool of staff that must be considered by the Professional Promotion Panel. This, in turn, will enhance the value of PACE, the quality of PACE evaluations and aid adherence to time schedules.</p>	<p>As presented at EB.A/2012 Partially agreed. The panel already uses PACE reports as the basis for evaluating staff for promotion. An analysis of percentages of PACE completion found the highest completion among staff eligible for promotion. The PACE is now used in the reassignment as well as the promotion exercise. The PACE is used to measure performance at the staff member's current level during the past year. The Secretariat does not agree that the PACE should also be used for nominating staff for future promotions. Consideration for promotion needs to take into account the manager's consideration of ability to perform at a higher level. Using the PACE for this purpose may dilute the extent to which the PACE provides a useful assessment of past performance. The promotion portfolio of a staff member comprises previous performance reports, the staff member's curriculum vitae and self-assessment, and the nominations of the staff member's current line and functional managers, which indicate the staff member's potential for higher-level roles. As presented at EB.A/2013 Recommendation 9 is deemed complete.</p>	<p>Completed</p>	<p>Implemented</p>	<p>We note the action taken to use PACE as a basis for staff reassignment and promotion.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
<p>25.</p>	<p>Recommendation 10 A structured framework for feedback to staff on HR decisions will enhance the credibility of the process.</p>	<p>As presented at EB.A/2012 Agreed. As noted by the External Auditor, systematic feedback is part of the promotion exercise. For reassignment decisions, staffing coordinators provide feedback on request, but the nature of the information used to reach reassignment decisions – which may involve family/personal/medical considerations related to other staff members – limits the ability to provide a similar level of feedback for reassignment decisions.</p> <p>As presented at EB.A/2013 Recommendation 10 is deemed complete.</p>	<p>WFP has recently improved the promotion process and performance management in general by enhancing the feedback provided to staff. This included:</p> <p>i) integrating obligatory feedback to ensure that all staff receive feedback regardless of the promotion decision:</p> <ul style="list-style-type: none"> - Staffing Committee members consulted candidates and provided feedback before the promotion decisions were made. - Staff members recommended for promotion by immediate supervisors, but not second-level supervisors or the Promotion Committee received individual feedback from a senior manager. <p>ii) improving communication at all levels through:</p> <ul style="list-style-type: none"> - staff updates by e-mail, the internal website and information sessions with senior management; - regular communications from the Executive Director emphasizing that improvements in performance management are a corporate priority. <p>iii) Training, supporting and guiding managers and staff:</p> <ul style="list-style-type: none"> - HRM provided on-demand support and an on-line tool for goal setting and performance planning. - Written guidance included briefing packs and FAQs. - the Director of Human Resources and the AEDs facilitated video-link workshops on feedback for all staff. <p>With regard to reassignment, the HR Division communicates decisions to staff; staffing coordinators give detailed feedback as requested, which is especially important when a staff member is reassigned to a position for which s/he did not indicate a preference.</p>	<p>Implemented</p>	<p>We acknowledge the initiatives taken to have a structured framework for staff feedback on HR decisions.</p>



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Performance Evaluation					
26.	<p>Recommendation 11 We re-iterate recommendation no. 17 of our Report on Somalia Operations on timeliness and quality of PACE evaluations.</p>	<p>As presented at EB.A/2012 Agreed. The Secretariat agrees that the timeliness and quality of PACE evaluations are important. The Human Resources Division has made efforts to promote use of the PACE tool and to encourage compliance. In connection with recommendation no. 17 of the External Auditor's report on Somalia operations, the Secretariat continues to enhance controls in the PACE system and encourage further compliance by supervisors and supervisees. The PACE form introduced in 2012 brings improvements to: i) the use of e-mail to provide updates and to prompt required actions through automated messages; and ii) the ability to monitor and report compliance rates by region/office, with division directors being able to review the compliance rates and status of individual PACE assessments for staff members within their division. As noted in response to recommendation 5, Country Directors are now required to provide assurance concerning PACE completion in their annual assurance statements. Introduction of the revised career framework, which emphasizes PACE reports as inputs in reassignment and promotion decisions, is expected to increase staff's awareness of the importance of timely, quality PACE evaluations.</p> <p>As presented at EB.A/2013 Recommendation 11 is deemed complete.</p>	<p>In 2012 and 2013, the quality and timeliness of performance management were improved. The target date for 2013 PACE reports was extended to allow for additional training and to accommodate the many staff temporarily assigned to one of the four Level 3 emergencies. By 28 February 2013, 94 percent of staff had finalized PACE, 44 percent more than in 2011 and the highest rate to date. The Secretariat is committed to the goal of full PACE completion by the end of the 2014 cycle.</p>	<p>Implemented</p>	<p>We recognise the improvements made in PACE compliance and would encourage the management to ensure achievement of the goal of 2013 PACE completion by the end of 2014 cycle.</p>



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27.	<p>Recommendation 12</p> <p>A 360-degree review which includes feedback from subordinates, should be included in the annual performance evaluation of executive level staff.</p>	<p>The review of the plan for implementing the recommendation continues, in line with the Fit for Purpose initiative; the results will be reflected in a new HR strategy document.</p> <p>Implementation of recommendation 12 is in progress.</p>	<p>The Human Resources Deputy Director recruited in late 2013 is responsible for performance management. A 360-degree review of executive staff was piloted in 2013 and extended in January 2014 to include EMG members.</p>	<p>Implemented</p>	<p>We recognise the action taken to include 360-degree review in the annual performance evaluation of executive-level staff.</p>
Capacity-Building					
28.	<p>Recommendation 13</p> <p>WFP must develop a learning policy for continuous capacity-building of staff and its integration with work processes.</p>	<p>As stated previously, capacity development is central to aligning skills with requirements under the workforce planning/skills audit project. HRM has developed an interactive analytical tool to map current capacities against anticipated requirements identified in the project. This analysis presents an overview of the workforce strengths and areas for skill development by functional areas; hence, will facilitate business functions coordinating their capacity development priorities and integrate them with work processes.</p> <p>The issue will be reviewed in connection with the new HR strategy.</p> <p>Actions related to this recommendation will be considered by incoming HR leaders in line with the Fit for Purpose initiative.</p> <p>Implementation of recommendation 13 is in progress.</p>	<p>The Women's Development Leadership Programme started in late 2013. The Capability Framework is in the design phase and is expected in late 2014.</p>	<p>December 2014</p>	<p>Noted. We await further action on developing a learning policy for capacity-building of staff.</p>

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29.	<p>Recommendation 14</p> <p>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.</p>	<p>As presented at EB.A/2013</p> <p>An instruction on the hand-over of files has been included in standard communications related to reassignment and retirement.</p> <p>Implementation of the recommendation is in progress.</p>	Progress as previously reported.	June 2014	We await further action on developing a knowledge management system in WFP.
30.	<p>Recommendation 15</p> <p>Training Modules of all functional areas and offices should be linked to the Learning Management Systems (LMS).</p>	<p>A system agreed with the Goods and Services Procurement Branch and Food Safety and Quality Assurance Unit is in place to ensure that requests for training are cleared by the Learning and Performance Branch before release to ensure that trainees are enrolled through LMS.</p> <p>Offices/units contacting the branch directly regarding training activities in their respective areas are also advised/reminded of the enrolment through LMS.</p> <p>The review of the plan for implementing the recommendation continues, in line with the Fit for Purpose initiative; the results will be reflected in a new HR strategy document.</p> <p>Implementation of recommendation 15 is in progress.</p>	The LMS has been expanded to include division-specific learning and training in support of the People Strategy; the implementation timeline is accordingly extended to early 2015.	March 2015	We acknowledge the action underway to implement LMS and await further action on the same.



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Audited Annual Accounts, 2012 (WFP/EB.A/2013/6-A/1)					
31.	<p>Recommendation 1</p> <p>As differences in inventory between WINGS and COMPAS continue and Logistics Execution Support System (LESS) is currently under review for full roll-out, it is essential that reasons for "Posting error logs", in particular, are examined critically and specific rectificatory steps (backed by training and close monitoring) at the country office/HQ level are taken. This would improve the quality of inventory reporting in Financial Statements.</p>	<p>The SAP-COMPAS interface for food commodity management was introduced in 2009 as an interim solution and significant resources have been allocated since then to address misalignments between the two systems. Capacity development through on-the-job training of field staff in country offices that handle high volumes of food commodities is a prioritized target for 2013.</p> <p>The LESS business plan is being reviewed with a view to gradual roll-out from mid-2013. LESS is expected to address the shortcomings of the interim solution.</p> <p>Implementation of recommendation 1 is in progress.</p>	<p>The 2009 SAP-COMPAS interface was an interim solution. Because SAP and COMPAS have different data-validation rules, misalignments will continue until the single system solution, LESS, is implemented.</p> <p>The following actions are designed to minimize misalignments:</p> <p>i) A commodity accounting team at Headquarters reviews SAP-COMPAS interface posting errors or rejected transactions daily.</p> <p>ii) An updated directive on project closure and resource transfer was issued in 2013, emphasizing project closure steps and timelines which should help reduce misalignments.</p> <p>iii) Quarterly and annual reconciliations match SAP, COMPAS and the physical inventory at the reporting date, and adjustments are made to account for misalignments including "posting error logs"; this adjustment ensures the quality of inventory reporting in the Financial Statements.</p>	Implemented	We acknowledge roll-out map of LESS and also recognise the decrease in "Posting error logs" between inventory accounting in SAP and COMPAS due to the actions taken by the management.
32.	<p>Recommendation 2</p> <p>We recommend that a system may be put in place to ensure that Post-Delivery Losses are recorded in the year to which they pertain.</p>	<p>Agreed. The existing processes and procedures on the timely recording of transactions will be reviewed and strengthened.</p>	<p>The procedures have been reviewed.</p> <p>Under LESS, losses will be reported at the time of occurrence, rather than when the commodity is disposed of, ensuring prompt recording. Until LESS is rolled out, timely recording is ensured by regularly accruing post-delivery losses to ensure that they will be recorded in the year in which they occur.</p>	Implemented	We acknowledge the steps taken by the management to reduce the errors in timely recording of post-delivery losses. We would encourage management to continue to closely monitor these at all levels.



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33.	<p>Recommendation 3</p> <p>Efforts may be made to strengthen the existing system of recording receipt of food commodities on time by monitoring the timelines at appropriate levels, both in country offices/regional bureaux and WFP HQ.</p>	<p>Agreed. The existing processes and procedures on the timely recording of transactions will be reviewed and strengthened.</p> <p>Improvements to the system of recording receipt of food commodities include: i) regular communication to country offices and guidance to reinforce timely recording and ii) regular period-end accruals.</p> <p>The timeliness of reporting improved in 2013.</p>	Implemented	<p>We acknowledge the improvement in recording of receipt of food commodities on time in country offices/regional bureaux and WFP HQ.</p>
34.	<p>Recommendation 4</p> <p>External Audit had made a recommendation during the financial audit 2011 for enhancing the quality of reconciliation of data on undistributed food lying with the partners. We would again recommend that there is need for further improvement in reconciliation of food stock lying with the cooperating partners for the purpose of disclosure. The matter may be reviewed by WFP HQ and responsibility centres identified for ensuring stricter monitoring of quality of reconciliation.</p>	<p>Agreed. The existing process will be improved and new procedures introduced with a view to enhancing the timeliness of cooperating partner reporting and data reconciliation.</p> <p>The process and procedures for reporting by cooperating partners were reviewed, with a view to enhancing the timeliness and quality of cooperating partner data. Improvements were effected with guidance for country offices and non-governmental organizations (NGOs), including:</p> <ul style="list-style-type: none"> i) a new field-level agreement (FLA) template incorporating a defined reporting period and outlining reporting requirements; ii) an internal memo for all country offices reinforcing cooperating partner reporting requirements and country offices' responsibility for data management; iii) an updated project closure and resource transfer directive emphasizing cooperating partner reporting requirements; and iv) information sessions held during NGOs workshops. <p>The Secretariat expects these steps to strengthen cooperating partner reporting, including reporting on undistributed food held by partners.</p>	Implemented	<p>We acknowledge the steps, taken by the management regarding reconciliation of data on undistributed food lying with the partners.</p>



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<p>35. Recommendation 5 We recommend that WFP review the status of all discrepancies/omissions between the Asset Management Database and WINGS-Asset Master Record through a "time bound action plan", and start with a "clean" database in Global Equipment Management System (GEMS) project, eliminating avoidable data migration issues.</p>	<p>A data cleansing exercise within the GEMS project has been implemented to ensure that the data is accurate and free of inconsistencies for the migration, in accordance with the GEMS project timeline. Implementation of recommendation 5 is deemed complete.</p>	<p>Data cleansing is an integral part of GEMS roll-out. The Asset Management Unit has established a data cleaning process that is a precondition for migration. Guidance has been issued, and four Headquarters staff are assigned to support country offices during roll-out. The process has been validated through successful roll-out at Headquarters and selected country and regional offices.</p>	<p>Implemented</p>	<p>We acknowledge the steps taken by the management to rectify the discrepancies/omissions between the Asset Management Database and WINGS-Asset Master Record.</p>
<p>Report of the External Auditor on Working with Cooperating Partners (WFP/EB.A/2014/6-I/1)</p>				
<p>36. Recommendation 1 WFP HQ needs to have a single centre of responsibility, for managing information related to all its partners (governments, NGOs, Red Cross and Red Crescent Movement and UN Agencies), which could ensure that all information/data on them is readily available and accessible, as and when required by the Executive Board/Senior Management.</p>	<p>Agreed. As part of a review of business processes, the Secretariat will assess the potential for consolidating information-management responsibilities for all cooperating partners and government-managed activities within a single unit.</p>	<p>With alignment of WFP office reporting lines and the transfer of the NGO Office, PG will be established as the centre of responsibility for all partners. The changes were confirmed in the Management Plan (2014–2016), approved by the Board in November 2013, and are currently underway.</p>	<p>June 2014</p>	<p>We acknowledge action underway to have all partners under one single centre of responsibility to manage information related to all partners.</p>



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<p>37.</p>	<p>Recommendation 2</p> <p>As an online system was already in place to collect information on NGO partnerships from the country offices. WFP HQ needs to review its reporting requirements and management information structure to ensure that the data is collected on all partners and the same is comprehensive and of value for decision-making by management at various levels.</p>	<p>Agreed.</p> <p>The Secretariat supports a review of reporting requirements and its management information structure to ensure that the data collected are comprehensive and valuable to managers – including regional bureau and country office managers – for making decisions.</p>	<p>The COMET partnership segment will include the information required and will be readily accessible. The key elements of the segment were established in consultation with regional bureaux and country offices, the NGO Partnerships Office and the Rome-Based Agencies Unit. COMET will be managed by the Performance Management and Monitoring Division.</p> <p>The COMET implementation module will be piloted in one region in April 2014, with full implementation by the end of 2015.</p>	<p>Implemented</p>	<p>We recognise the review done of reporting requirements to capture in COMET relevant information on all partners which will aid the management for decision making at various levels.</p> <p>As the Secretariat has identified PG as the single centre of responsibility for all partners including governments, NGOs, civil society and United Nations agencies, we would look forward for PG to continue to review the comprehensiveness and value of these reports for decision-making on all its partners.</p>



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<p>38.</p>	<p>Recommendation 3</p> <p>We recommend that WFP continue to closely monitor compliance to the action plan to improve its working with NGO partners. WFP may consider the feasibility of having similar consultative arrangements for government partners, to ensure compliance and strengthen operational relationships.</p>	<p>Agreed.</p> <p>The 2012 Annual Partnership Consultations (APC) Action Plan on NGO Partnerships has been approved by the Executive Management Group. Four teams were assigned to follow up; monthly update meetings will be held until the 2013 APC.</p> <p>The Secretariat, in consultation with the Board, will assess the feasibility of a consultative framework for implementing activities with non-NGO partners.</p>	<p>The 2012 APC Action Plan has been implemented in full. The implementation and results were reported on and discussed at the 2013 APC. For example, the APC covered WFP's investment in a Programme Partners' Innovation Fund, with implementation of winning proposals planned for 2014.</p> <p>The Secretariat will present a comprehensive Corporate Partnership Strategy to the Board at EB.A/2014 and considers the Quadrennial Comprehensive Policy Review (QCPR) as the appropriate consultative framework that will among other things discuss government partnership activities. The Secretariat pursues bilateral consultations with government partners on all joint activities which are held at the country-office level. Updates on QCPR progress will be provided in the Annual Performance Report (APR).</p>	<p>Implemented</p>	<p>We recognise the implementation of the Action Plan on NGO partnerships and take note of management's approach on consultative framework for government partners.</p>
<p>39.</p>	<p>Recommendation 4</p> <p>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 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.</p>	<p>Agreed.</p> <p>WFP will expedite review of its position with regard to Global MOUs with NGOs. While the criteria for signing Global MOUs with NGOs should be flexible, Global MOUs should also be strategic and therefore limited in number. Existing MOUs will also be reviewed as part of this process and amended as needed.</p>	<p>The review of existing MOUs is ongoing. New partnership models were explored at the 2013 APC . The Secretariat has consulted NGOs on the Corporate Partnership Strategy for submission at EB.A/2014; the Secretariat will subsequently review global MOUs.</p>	<p>December 2014</p>	<p>We recognise the action underway and await completion of review of existing MOUs with NGOs and establishing of transparent criteria for establishing Global MOUs with international NGOs.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
<p>40. Recommendation 5</p> <p>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.</p>	<p>Agreed.</p> <p>The corporate M&E tool COMET will enable country offices to register cooperating partners. The Secretariat believes that it could be useful for each country office to maintain a roster of international and national NGOs working in the country. Headquarters will provide guidance on the roster format and updating procedures.</p>	<p>WFP is mapping partnering practices in 20 country offices as part of a review of guidance on partnering with NGOs with a view to adopting best practices and closing gaps; completion is expected by December 2014. This "in depth" exercise will facilitate development of better corporate guidance across the partnering cycle, including by identifying best practices for management of partner data at the country office level.</p> <p>COMET – to be rolled out by December 2015 – will be a better tool for country offices for collecting and maintaining partner data; the use of COMET will be integrated into the guidance.</p> <p>Guidance will be updated following Board consideration of the Corporate Partnership Strategy in June 2014.</p>	<p>December 2014</p>	<p>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.</p>



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<p>41. Recommendation 6</p> <p>We recommend that all COs have documented SOPs for selection of cooperating partners. Although the document <i>Working with NGOs</i> provides a broad framework for cooperating partner selection, WFP may consider issuing a directive to ensure compliance by the COs to the minimum criteria outlined in the <i>Programme Guidance Manual</i> and provide additional optional criteria that may be used for cooperating partner selection. The directive may also include minimum documentation requirements for the selection process with the overall aim of having a fair and transparent selection mechanism. WFP may consider a greater oversight role for RBs and its HQ in cooperating partner selection by COs to ensure that all controls are in place to reduce all risks to acceptable levels.</p>	<p>Agreed.</p> <p>WFP agrees that guidance for country offices is critical and that the selection of cooperating partners must be transparent and based on clear criteria. WFP will issue a directive to augment the criteria outlined in the "Working with NGOs" section of the <i>Programme Guidance Manual</i>. WFP will also consider issuing additional guidance on the documentation required for selecting NGOs.</p> <p>In line with Fit for Purpose principles and core functions outlined in the 2013–2015 Management Plan, regional bureaux have an increasing role in overseeing country office performance.</p>	<p>In November 2013 new guidance was issued to country offices on FLAs, the principles of NGO engagement and reinforcing compliance with the criteria in the <i>Programme Guidance Manual</i>. The guidance also includes a list of frequently asked questions and specific guidance on the FLA budget. Country offices will accordingly document their SOPs for NGO partnerships. The guidance package will also help the regional bureaux to oversee country offices (see recommendation 10).</p> <p>The Secretariat will continue to follow up to reinforce compliance and provide support as needed.</p>	<p>Implemented</p>	<p>We acknowledge that HQ has issued new guidance to country offices on selection of cooperating partners, to make the process fair and transparent.</p> <p>HQ may now ensure that all country offices have documented SOPs for cooperating partner selection and RBs oversee this process of cooperating partner selection in the country offices in their oversight missions.</p>



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<p>42. Recommendation 7</p> <p>We recommend that WFP ensure that all provisions of Guidelines for Preparation of NGO Budgets in Support of WFP Operations are followed by the NGOs and WFP. Guidelines may be reviewed to consider the obligations of the government partners.</p>	<p>Agreed.</p> <p>The FLA guidance covers preparation of NGO budgets that support WFP operations; these are available to WFP staff and NGO cooperating partners. With the roll-out of the new FLA templates at the beginning of 2013, WFP will revise FLA guidance as necessary and will consider issuing a directive on the templates and procedures for signing FLAs.</p> <p>As noted in above, the Secretariat – in consultation with the Board – will assess the feasibility of establishing a consultative framework for implementing activities with non-NGO partners.</p>	<p>The Secretariat has issued new guidance promoting a more efficient and transparent budget preparation process. The guidance package includes a guidance note on the FLA budget that explains how WFP's new FLA budget template is structured and filled in, how payments to cooperating partners are calculated and how WFP's cost categories are associated with the different cost items in the FLS budget. The guidance was shared both internally and externally, including with country offices and regional bureaux.</p> <p>Internal control procedures, including regional bureau monitoring visits and the appointment of compliance officers in some country offices, are designed to ensure that procedures – including with the guidance on NGO budgeting – are followed.</p> <p>Within the context of the implementation of QCPR recommendations and in relation, among other things, to partnering with governments, WFP has started to work in December 2013 with the High-Level Committee on Management Finance and Budget Network to review operating costs and a common and standardized system of cost control. Updates on QCPR progress will be provided in the APR.</p>	<p>Implemented</p>	<p>We recognise action taken to strengthen budget preparation and compliance process for the NGO partners by issuance of new guidance. We also take note of the review initiated to have a standard system of cost control for working with government partners.</p>
<p>43. Recommendation 8</p> <p>We recommend that WFP strengthen mechanisms with respect to the entire process of signing FLAs to ensure that all of WFP's programmes are implemented, as outlined in the FLAs, in an efficient and effective manner.</p>	<p>Agreed.</p> <p>WFP has committed to implementing the FLA and associated guidance in all WFP operations. A memorandum reinforcing this commitment with NGOs was issued to all Country Directors in January 2007. As outlined above, WFP will revise guidance and issue a directive as necessary.</p>	<p>In addition to the enhanced guidance described in recommendations 6 and 7, the Secretariat has developed standard terms of reference for cooperating partner committees to ensure that NGO partnerships are transparent and efficient.</p>	<p>Implemented</p>	<p>We recognise action taken to strengthen guidance on FLA implementation by the country offices and setting up of cooperating partner committees in the country offices to oversee cooperating partner management.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
<p>44.</p>	<p>Recommendation 9 We recommend that WFP HQ consider issuing directive to COs for developing SOPs for cooperating partner monitoring and evaluation (M&E) and may also prescribe minimum essential monitoring mechanisms for compulsory compliance.</p>	<p>Agreed. As part of the implementation of its M&E strategy, WFP will develop guidance on M&E and will consider issuing a directive to country offices so that they develop Standard Operating Procedures in line with the guidance. This guidance could include minimal M&E requirements to be met by country offices and standards for assessing cooperating partner compliance with WFP's M&E requirements.</p>	<p>Corporate SOPs for M&E adaptable at the country level were issued in December 2013. Minimum monitoring requirements for country offices will be completed by May 2014.</p>	<p>May 2014</p>	<p>We acknowledge issue of corporate SOPs for Project M&E for adaptation at the CO level. HQ may ensure that based on corporate guidance, country offices develop SOPs specifically for CP monitoring and evaluation. We also recognise action underway by HQ to develop minimum essential monitoring mechanisms and would urge the management to issue these to country offices on priority and also ensure their compliance.</p>

External Auditor's recommendations		WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
45.	<p>Recommendation 10</p> <p>We recommend that WFP RBs play a larger role in oversight over COs. In particular, oversight missions, to evaluate the performance of COs in managing their cooperating partners, must be planned and executed.</p>	<p>Agreed.</p> <p>In line with the 2013–2015 Management Plan, regional bureaux are responsible for oversight of country office performance and for conducting oversight missions.</p>	<p>The Management Plan (2014–2016) allocated additional PSA resources to the regional bureaux to support their oversight role and to fill gaps.</p> <p>The WFP guidance package covers the principles governing FLAs, frequently asked questions and the FLA budget (see recommendations 6 and 7 above).</p> <p>The Secretariat will continue to follow up to reinforce compliance and provide support as needed.</p>	Implemented	<p>We recognise that HQ has taken steps to facilitate increase oversight by the RBs on the performance of country offices in managing their cooperating partners.</p> <p>HQ may also continuously ensure that RBs oversee the functioning of country offices in cooperating partner management, as part of their oversight missions.</p>
<p>Report of the External Auditor on the Use of Cash and Vouchers (WFP/EB.A/2014/6-I/1)</p>					
46.	<p>Recommendation 1</p> <p>a) To fully scale up the use of C&V interventions, WFP should develop corporate tools to compare the cost efficiency and effectiveness of different transfer modalities based on predetermined criteria and standards, at the earliest possible.</p> <p>b) Comparative cost-efficiency and effectiveness analysis of C&V transfer modalities need to be completed in COs for selection of</p>	<p>Agreed.</p> <p>The cost efficiency and effectiveness of response options should be analysed.</p> <p>a) The Cash for Change Unit (OSZIC) has developed new corporate processes and indicators for analysing and comparing the <i>ex ante</i> cost efficiency and effectiveness of cash, in-kind and voucher transfers.</p> <p>b) OSZIC and regional C&V programme officers will support country offices in applying and rolling out the new corporate tools.</p> <p>c) Corporate tools for sectoral capacity assessments have been developed and tested. Their use by country offices is gradually expanding as staff capacity and experience are enhanced.</p>	<p>a) Processes and indicators for analyses of cost efficiency and effectiveness are in place: they were favourably reviewed by Cornell University and the methodology published in the <i>World Development Journal</i>.</p> <p>b) By December 2014 all projects for Project Review Committee review must have completed cost efficiency and effectiveness analyses. The regional bureaux have dedicated C&V officers supported by the OSZIC and RM ; country offices are supported by the OSZIC , RM , other Headquarters offices and the regional bureaux. The Project Review Committee reinforces compliance with efficiency and effectiveness analysis requirements prior to project approval.</p> <p>c) Country offices use the corporate sectoral capacity tools systematically, with support from the OSZIC , RM and regional C&V focal points for programme, finance, IT, security, logistics and procurement; further training will take place in 2014.</p>	<p>Part a): Implemented</p> <p>Part b): December 2014</p> <p>Part c): Implemented</p>	<p>a) We recognise action taken for the development of corporate tools for comparing cost efficiency and effectiveness of different transfer modalities.</p> <p>b) We urge HQ to ensure completion of comparative cost-efficiency and effectiveness analysis of C&V transfer modalities in country offices.</p> <p>c) We recognise action taken to ensure use of corporate tools by</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
<p>appropriate transfer modality.</p> <p>c) The COs should use the corporate tools to assess the sectoral capacity (retail, financial, IT and security) to select the most appropriate transfer modality.</p>				<p>the country offices in assessing sectoral capacity and would encourage further training to country offices in this direction as envisaged.</p>
<p>47. Recommendation 2</p> <p>a) WFP needs to finalize guidelines for selection of cooperating partners working on C&V projects, particularly for cash distribution and monetizing vouchers, by adopting objective and well documented criteria such as their capacity and skills.</p> <p>b) COs should maintain the cooperating partners roster and also have a proper system of evaluation of cooperating partners for C&V projects in each CO, which can be used for follow-up and subsequent engagement in a programme.</p>	<p>Agreed.</p> <p>In most cases, financial institutions or other service providers will be responsible for delivering cash or vouchers. However:</p> <p>a) When WFP contracts a cooperating partner to deliver cash to beneficiaries or to monetize vouchers at the retailer level, further assessment of the partner's capacity and experience will be required. OSZIC is preparing a training module on the programming of WFP C&V transfers by partners.</p> <p>Guidelines for selecting cooperating partners are to be incorporated in the Joint Directive on C&V to be issued by the Finance and Treasury Division and the Policy, Programme and Innovation Division, which calls for assessment of partner financial capacity based on the harmonized approach to cash transfers criteria (Section 4.1.3).</p> <p>b) The availability and capacity of cooperating partners working on C&V projects depend on the context. WFP agrees that rosters of partners must be maintained, and evaluation should be improved. Corporate guidance on M&E is being developed. Please refer to the management response to recommendation 9 of the "Report of the External Auditor on Working with Cooperating Partners" (WFP/EB.A/2013/6-F/1).</p>	<p>a) The Operations Services/Resource Management and Accountability Directive (OS2013/003 and RM2013/005) includes criteria for cooperating partner selection and reflects action taken under recommendation 6 of "Working with Cooperating Partners".</p> <p>b) The roster will be finalized by mid-2014. The response to recommendation 9 from "Working with Cooperating Partners" addresses the evaluation element.</p>	<p>Implemented</p> <p>December 2014</p>	<p>a) We acknowledge action taken to develop guidelines for CP selection working on C&V projects, as part of joint OS/RM Directive issued.</p> <p>b) We await action for developing rosters for CPs working on C&V projects.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
<p>48. Recommendation 3</p> <p>a) WFP should increasingly use financial service providers (FSPs) for financial transfers in C&V-based projects, so as to tap their financial skills and infrastructure, wherever reliable service providers are available and in contexts where their engagement is feasible.</p> <p>b) Corporate guidelines for FSP fee negotiations should be finalized.</p> <p>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.</p>	<p>Agreed.</p> <p>Management agrees that WFP should draw on the financial skills and infrastructure of FSPs, and should base contracts on assessment of FSP capacity to support WFP interventions. New tools and guidance are being disseminated to country offices, including templates for requests for proposals from FSPs and for legal agreements.</p>	<p>a) and b): WFP's increasing experience in fee negotiations will be reflected in guidelines to be issued by the end of 2014.</p> <p>c) Standard contract templates will be developed in conjunction with the Legal Office in 2014, along with guidelines for ex-post evaluation of FSPs .</p>	<p>December 2014</p>	<p>a) We await action for corporate guidelines on engagement of FSPs and finalising their fee.</p> <p>b) We await action for standardised contract templates for engaging FSPs and also guidelines to assess their performance.</p>



External Auditor's recommendations		WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
49.	<p>Recommendation 4</p> <p>WFP should factor in the gender specific priorities, while introducing C&V modalities.</p>	<p>Agreed.</p> <p>WFP's gender policy must be applied in C&V activities. To improve understanding of possible gender issues in C&V interventions, WFP and the Office of the United Nations High Commissioner for Refugees jointly studied the impact of C&V transfers on gender, protection and social dynamics. WFP has agreed on elements to be taken into account when designing interventions. In 2014, WFP will carry out a C&V thematic evaluation that will provide further information on gender aspects and include recommendations (see also recommendation 11).</p>	<p>The Project Review Committee reviews the gender markers in all project proposals prior to approval: gender is one of the most critical factors in deciding whether to use C&V modalities. The C&V manual to be issued in mid-2014, prepared in consultation with the Gender Office, provides guidance for country offices on integrating gender specific priorities.</p>	Implemented	<p>We acknowledge the action to ensure factoring of gender priorities in C&V modalities and would urge the HQ to issue on priority the new C&V Manual, which will further provide guidance to country offices on integrating gender specific priorities in C&V based projects.</p>
50.	<p>Recommendation 5</p> <p>Pipeline management of C&V modalities should be done to ensure adequate and timely availability of resources for smooth implementation of C&V projects.</p>	<p>Agreed.</p> <p>Country office management of the pipeline for C&V activities is similar to that for food distributions. Pipeline management tools are being enhanced, with standardized templates expected in 2013–2014. However, it should be noted that pipeline management cannot fully address inadequate or delayed resources; the root cause is not lack of planning but rather lack of predictable resources.</p> <p>Pipeline information – received monthly from country offices and consolidated by regional bureaux – is one of the elements considered by the Strategic Resource Allocation Committee to guide resource prioritization and allocation, and is also available to the Government Partnerships Division and the Private Sector Partnerships Division.</p>	<p>The new standard pipeline template for all corporate tools was rolled out in all country offices by the end of 2013.</p>	Implemented	<p>We acknowledge action taken to roll out corporate standard pipeline tool to the country offices, for better pipeline management of all projects, including those using C&V modalities.</p>



External Auditor's recommendations		WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
51.	<p>Recommendation 6</p> <p>SOPs should be put in place to provide for pre-defined alternate mechanisms to address operational issues, which could delay timely disbursement of C&V to beneficiaries.</p>	<p>Agreed.</p> <p>The implementation delays in several pilot C&V projects resulted from lack of experience with cash transfers or voucher monetization – payment of retailers. Learning from this experience, country offices are now able to avoid likely implementation constraints, and contingency measures are being incorporated into SOPs.</p>	<p>SOPs are being developed on the basis of WFP's experience with C&V and the experience of private-sector partners.</p> <p>The Business Development and C&V Unit and stakeholders such as the OSZIC and IT Division are developing the SOPs for the transfer mechanism.</p>	December 2014	<p>We note action underway to develop SOPs to provide for pre-defined alternate mechanisms to address operational issues, which could delay timely disbursement of C&V to beneficiaries.</p>
52.	<p>Recommendation 7</p> <p>a) Post-distribution monitoring, food security and market monitoring needs to be strengthened in the COs with focus on outputs and outcomes.</p> <p>b) WFP needs to roll out on priority, the Corporate Beneficiary Management System to register, manage and monitor beneficiaries in all COs, with the ultimate objective of facilitating comprehensive and timely reporting on beneficiary assistance.</p>	<p>Agreed.</p> <p>a) Implementation monitoring and programme M&E are critical processes in C&V interventions.</p> <p>b) A corporate system for cash operations is being piloted in the Democratic Republic of the Congo, Kenya, Somalia and the Sudan.</p>	<p>a) The new SRF includes three output-level indicators to monitor beneficiary numbers and the value of planned and actual C&V transfers. The Framework also tracks performance with outcome indicators. WFP is updating its M&E strategy and improving outcome monitoring, post-distribution monitoring and food security monitoring. WFP has introduced SOPs for project-level monitoring at the output and outcome levels.</p> <p>WFP continues to enhance its Food Security Monitoring System to help country offices to develop capacity for regular reporting. It is piloting innovative data-collection methods such as remote monitoring using mobile telephones.</p> <p>b) The System for Cash Operations (SCOpe), which is being rolled out in Kenya and Malawi, is the standard beneficiary and transfer management system for C&V interventions; it includes beneficiary identification, intervention and distribution planning and cash-transfer support. It currently supports 80,000 households with in-kind and cash-based interventions.</p> <p>The IT Division has developed technology, planning, training and support services to support the roll-out; 20 countries are targeted for 2014 with roll-out continuing in 2015 as resources allow.</p>	<p>a): Implemented</p> <p>b): December 2014</p>	<p>a) We acknowledge the various measures taken to strengthen post distribution monitoring and also food security and market monitoring both at output and outcome levels for the C&V transfers.</p> <p>b) We note the action initiated for deploying the corporate beneficiary management system in two country offices and urge the HQ for further action for its roll out in other country offices, to facilitate comprehensive and timely reporting on C&V beneficiaries.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
<p>53. Recommendation 8</p> <p>a) The RBs are required to build capacities at the level of COs through their newly appointed technical experts and play a stronger role in providing technical support to the COs.</p> <p>b) The RBs, in collaboration with HQ, need to prepare checklists for the oversight of C&V-based projects and ensure appropriate oversight mechanism, in the context of their enhanced responsibility in the new organizational design (Fit for Purpose).</p>	<p>Agreed.</p> <p>Providing technical support to country offices is the responsibility of regional bureaux. However, more investment in capacity development is needed, including the hiring of external staff with experience of C&V implementation, to support regional bureaux in fulfilling this role.</p>	<p>a) Under Fit for Purpose additional PSA resources of USD 8.4 million were allocated for regional bureaux to fill gaps in programmatic areas; regional C&V focal points now support country offices.</p> <p>b) Standard oversight checklists are being developed for C&V.</p>	<p>Implemented</p> <p>December 2014</p>	<p>a) We recognise the strengthening of capacity at RBs with dedicated C&V focal points to provide stronger technical support to country offices.</p> <p>b) We await developing of standardised check lists for use by RBs in their oversight of C&V activities.</p>



External Auditor's recommendations		WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
54.	<p>Recommendation 9</p> <p>As the C&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 proactive 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>Agreed.</p> <p>OSZIC has developed corporate tools and guidance for standardizing C&V activities, including risk assessments at the macro and micro levels, focusing on partner capacity and operational risks.</p>	<p>The macro financial assessment tool covers risks and mitigating actions; guidance will be published in the forthcoming revised C&V manual. Best practices will continue to be identified and assessed based on country office experience and by Office of Evaluation impact evaluations (see recommendation 11a) and internal reviews. The Cash for Change website and quarterly newsletter will disseminate best practices and lessons learned.</p> <p>Ongoing support is provided through support missions; in 2013, Headquarters and the regional bureaux carried out 43 support missions.</p>	June 2015	<p>We note the action taken and also underway to provide corporate guidance for standardisation of C&V modalities. We await further action for dissemination of best practices across all country offices.</p>
55.	<p>Recommendation 10</p> <p>We recommend that WFP issue guidelines for training and capacity-building to be undertaken as part of pre-project activity involving WFP staff at RBs/COs, CPs 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.</p>	<p>Agreed.</p> <p>Following face-to-face training in 2012, e-learning and other web-based capacity development programmes are being considered, to reach as many staff as possible. There is need to invest more in capacity development, including by hiring external staff with experience of C&V implementation.</p> <p>OSZIC is also preparing a training module for CPs to address the specific needs of designing and implementing C&V.</p>	<p>Tools being developed to support capacity development in the field include a revised C&V manual and a website for information and knowledge sharing. Additional training modules will be rolled out to country offices by the end of 2014.</p>	December 2014	<p>We recognise action underway for developing tools for capacity-building and training of WFP staff/CPs etc. in use of C&V modalities.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
<p>56. Recommendation 11</p> <p>a) Impact analysis on C&V projects needs to be performed on a periodic basis.</p> <p>b) WFP needs to draw up a set of guidelines for impact evaluation of C&V modalities, with clearly defined key focus areas such as beneficiary identification, performance of CPs/FSPs, interaction with local government, gender-related issues, entry and exit strategy, short-term impact on hunger food insecurity, mid-term impact on restoring livelihoods and the long-term impact on countries abilities to look after its citizens. Depending on the situation on the ground, the impact evaluation could expand the research on some of the areas but reporting on all would be required to have a complete view of the usefulness of C&V modality.</p>	<p>Agreed.</p> <p>a) OEV will conduct an evaluation of the C&V policy in 2014, to assess the results so far. Depending on the quality of evidence generated by this and the evaluations mentioned under point b), OEV will consider conducting a series of impact evaluations.</p> <p>b) Guidance and tools for <i>ex post</i> project/operation evaluations are being developed, including criteria for evaluating impact.</p> <p>WFP is also contributing to the wider community of practice with four country studies comparing the impacts of food, C&V transfers in enhancing beneficiary food security.</p>	<p>a) The OEV will conduct a C&V policy evaluation in 2014. In progress.</p> <p>b) Guidance and tools for end-of-project evaluations – both self-evaluation and external evaluation – are included in the revised C&V manual.</p>	<p>December 2014 Implemented</p>	<p>a) Noted.</p> <p>b) We recognise action underway for developing of guidance for impact evaluation of C&V projects, as part of C&V manual and urge the HQ to ensure its early release to the field.</p>



External Auditor's recommendations	WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments	
Audited Annual Accounts, 2013 (WFP/EB.A/2014/6-A/1)					
57.	Recommendation 1 We recommend that the information on actual funds available during the year may be suitably disclosed to improve understanding and usability of the Budget.		Agreed. The review is under way, with completion expected in 2014.	December 2014	
58.	Recommendation 2 We recommend that stronger system of procedural checks and accounting controls be instituted to a) improve timely recording, including improving accuracy of closing accrual adjustments and b) improve accuracy of data in the document date field.		Agreed. The Secretariat will assess and undertake necessary action to improve timely recording of expenses and the accuracy of accrual adjustment and posting date for posted transactions.	December 2014	
59.	Recommendation 3 We recommend that the process of reconciliation carried out between SAP and COMPAS system needs to be strengthened, particularly in relation to the reconciling items arising from closed projects.		Agreed. The Secretariat agrees that it is important to strengthen the process of reconciliation between SAP and COMPAS and confirms that further efforts will be made to strengthen this process in order to reduce the SAP/COMPAS misalignments, in particular reconciling items arising from closed projects. It is to be noted misalignments between the two systems will continue until the single system solution is in place (LESS), for which the Secretariat records a closing adjusting entry to ensure inventory is accurately reported in the financial statement.	December 2014	



External Auditor's recommendations		WFP response/actions taken as at last reporting date	WFP response/actions taken as at present reporting period	Timeframe	External Auditor's comments
60.	<p>Recommendation 4</p> <p>We recommend that in respect of asset management, controls surrounding the a) asset class determination, b) adherence to the fixed asset capitalization threshold and c) accuracy of data entered in the depreciation date field should be strengthened.</p>		<p>Agreed.</p> <p>The error rate, highlighted from the audit, was not significant. The Secretariat, however, agrees to review its controls surrounding these areas to see if there are cost-feasible improvements that can be made.</p>	December 2014	
61.	<p>Recommendation 5</p> <p>We recommend that the management of Trust Funds in the RBs and COs needs to be streamlined and standardised under corporate guidance.</p>		<p>Agreed.</p> <p>As part of a review of business processes, the Secretariat will standardize and strengthen existing procedures for country-specific trust funds.</p>	December 2014	

ACRONYMS USED IN THE DOCUMENT

APC	Annual Partnership Consultation
APR	Annual Performance Report
BPR	Business Process Review
C&V	cash and vouchers
CO	country office
COMET	Country Office Monitoring and Evaluation Tool
COMPAS	Commodity Movement Processing and Analysis System
EDMF	Emerging Donors Matching Fund
EMG	Executive Management Group
ERP	enterprise resource planning
FITTEST	Fast Information Technology and Telecommunications Emergency Support Team
FLA	field-level agreement
FSP	financial service provider
GEMS	Global Equipment Management System
HRM	Human Resources Division
ISMS	Information Security Management System
IT	information technology
JIU	Joint Inspection Unit
KPI	key performance indicators
LESS	Logistics Execution Support System
LMS	Learning Management System
M&E	monitoring and evaluation
MOU	Memorandum of Understanding
NGO	non-governmental organization
OEV	Office of Evaluation
OSLT	Logistics and Transport Service
OSR	NGO Partnership Office
OST	Information Technology Division
OSZIC	Cash for Change Unit
PACE	Performance and Competency Enhancement
PG	Partnership and Governance Services Department
QCPR	Quadrennial Comprehensive Policy Review

RB	regional bureaux
RM	Resource Management and Accountability Department
SOP	standard operating procedure
SRF	Strategic Results Framework
SSR	structure and staffing review
WINGS	WFP Information Network and Global System