



**World Food
Programme**

**Programme
Alimentaire
Mondial**

**Programa
Mundial de
Alimentos**

**برنامج الأغذية
العالمي**

28 February 2017

Internal Audit of WFP CBT Retailer Implementation in Jordan and Lebanon (AR-17/03)

Management Response

WFP Management appreciates and welcomes the observations made by the Office of Inspector General in its audit report on WFP operations on CBT retailers implementation in Lebanon and Jordan from the period 1 October 2015 till 31 October 2016.

WFP Management notes the Office of the Inspector General's recognition of positive practices and initiatives in Jordan and Lebanon Country Offices (COs) particularly in relation to: (a) the development of comprehensive Standard Operating Procedures (SOPs) to guide shop selection and contracting and monitoring in both countries; (b) the planned profiling and assessment of shops to better understand the risks associated with WFPs programme implementation through partner shops in Jordan; (c) the successful implementation of beneficiary identification through biometrics in camps with resulting cost efficiencies; (d) plans to provide training and capacity building for shop owners and staff to improve shop management and business practices to ensure sustainability of those businesses; (e) corporate retail strategy which addresses key aspects of the CBT retailer implementation such as pricing and competition, and retailers training and capacity building; (f) the significant efforts in price monitoring under the retail strategy, done by calculating internal price index and incrementally to market price index with the aim of bringing prices in the contracted shops to average price or lower; (g) the design by Lebanon CO of a shop management structure which aims at ensuring beneficiary access to quality and affordable food, assessing strategic priorities for WFP's engagement with shops and ensuring an adequate and harmonized compliance mechanism; this also clarifies roles and responsibilities at CO and Sub Office level; (h) the development by Lebanon CO of a comprehensive risk matrix relating to shop implementation.

Management acknowledges the overall conclusions and areas of improvement identified by the audit. Implementation of the agreed actions is underway and includes:

(a) Manual analysis of itemized sales data, including developing a link between the analysis on bank data in a financial analytics system called "Actual Real Time Information Feedback" (ARIF) to better identify areas of programmatic risks in Lebanon.

(b) Lebanon CO increased the itemized sales data collection from 15% shops to 25% shops and will collect the data from nearly 80% shops by end of December 2017.

(c) Jordan CO is developing and institutionalizing data trend analysis tools that will help flag anomalies and suspicious actions, thereby strengthening WFP fraud prevention and limiting risk exposure.

(d) The Supply Chain Division (OSC) will develop guidance on data analysis based on risk and scenario assessments, to provide COs with a reference point in designing country specific detective controls.

WFP Management thanks the Office of the Inspector General for its support and it is committed to ensuring the continuous improvement and strengthening of COs internal controls and risk management practices.