



23 January 2020

WFP Supply Chain Management comments to the Internal Audit of Food Safety and Quality as a Corporate Risk

WFP Management appreciates and welcomes the observations and opportunities for improvement raised by the Office of the Inspector General (OIG) in the Internal Audit Report of Food Safety and Quality as a Corporate Risk in WFP (AR/19/20), covering the period between 1 January 2018 and 30 June 2019.

Management appreciates the auditors' recognition of positive measures including, inter alia, a well-coordinated governance structure and more streamlined reporting lines.

Food Safety and Quality has become an area of interest in the recent past given the increasing number of food-related incidents and their severity with potential major impacts on both WFP's beneficiaries and the organization's reputation. With ever-changing and complex food-related hazards and risks, there is a clear need to streamline procedures, enhance food safety standards and continue to strengthen and consolidate a Food Safety and Quality Management System within the organization.

As WFP recognizes that Food Safety and Quality is a major risk for the organization, important steps have recently been taken to strengthen it. An internal funding mechanism was approved and implemented in 2019, allowing the Food Safety and Quality unit to guarantee minimum programs and human resources are maintained to support operations. This funding has also allowed for the development of key tools to enhance Food Safety and Quality systems, such as an IT system developed to capture all test results carried out by WFP-appointed surveyors in one database, thus allowing immediate identification of deviations and inconsistencies; contractors and suppliers performance; recording of food incidents and development of baseline data; and the first edition of the Food Safety and Quality Manual, which is under development and expected to be completed by mid-2020. Ultimately, the discrepancy among staffing and food safety and quality assurance practices verified among regions will be tackled through the creation of a specific function to ensure that Regional Food Safety and Quality Assurance Officers are present in each regional bureau, ensuring a uniform and focused implementation of core risk mitigation programmes and systems.

Lessons learned from recent large food-related incidents include the enhancement of WFP's requirements for suppliers, updated and streamlined product specifications and improvement of internal controls, including a comprehensive product compliance testing plan. Partnerships with the private sector, WHO and FAO were strengthened and have proven to be very beneficial as WFP has been able to benefit from their vast technical knowledge on food safety-related matters to improve WFP's standards and programs. The first Global Food



Safety Incident Management protocol was issued in 2019 and was followed by the creation of Food Incident Management committees and training worldwide.

The internal audit was conducted with two lines of enquiry:

- i. Are processes for identifying, formulating and monitoring corporate food safety and quality risks fit for purpose?
- ii. Are mitigating actions relevant and effective in addressing and informing corporate food safety and quality risks?

The audit highlighted five high priority and three medium priority observations. WFP Supply Chain management recognizes the value of the report's observations and concurs with the action points and overall result of "*Partially Satisfactory/ Major improvement needed.*"

The agreed corrective actions are an opportunity to strengthen Food Safety and Quality risk mitigation processes within WFP operations. Management is committed to addressing the issues raised and developing solutions to mitigate risks according to timelines agreed.

Particular focus will be given to addressing the five high priority observations:

1. Governance and Managing Change – Management commits to generate a clear plan with milestones for the modernization of Food Safety and Quality Systems, with a focus on quality management rather than quality control. A technical gap assessment has been conducted by external Food Safety and Quality experts and implementation of opportunities identified are treated as priorities.
2. Stakeholder Engagement – Supply Chain management commits to enforce food incident management protocols and reporting procedures, as well as to create a cohesive and focused expert structure across the regions to focus on mitigating major food safety and quality-related risks.
3. Risk Appetite and Positioning – Clarification of the functional Food Safety and Quality risk appetite statement to identify and address bottom-up issues. Food Safety and Quality structures and reporting lines were reviewed to ensure related risks and mitigation measures are prioritized.
4. Measuring and Monitoring Food Safety and Quality Risks – Mapping of the Food Safety and Quality processes end-to end and definition of relevant Key Risk Indicators (KRIs) along with generation of data to enable corporate measuring and monitoring of risks.
5. Emerging and unmitigated Food Safety and Quality risks – Incorporation of Food Safety and Quality *lessons learned* into emergency preparedness activities. As well as a review of procurement processes for Safe and Nutritious Foods, including assessment of production costs and revision of contracts to mitigate risks of food fraud and food safety and quality related incidents.



WFP Management appreciates the valuable observations proposed by the OIG to build and strengthen Food Safety and Quality systems and mitigate related risks, and is committed to implement the agreed actions within the agreed timeframe.