



**World Food
Programme**

**Programme
Alimentaire
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Mundial de
Alimentos**

**برنامج الأغذية
العالمي**

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Internal Audit of Cash and Voucher modalities in the Field (AR/15/02 and AR/15/03)

Management Comments

WFP Management welcomes the Internal Audit of Cash and Voucher Modalities in the Field, Audit Reports AR/15/02 and AR/15/03. The reports are a timely reflection on the current state of organizational change.

Between 2009 and 2014, WFP scaled up cash and voucher-based activities from US\$40 million in approved transfer value in 19 countries to US\$1.37 billion in 56 countries. In this context, Management agrees that having articulated a normative system earlier and more comprehensively than that of comparator organizations¹, WFP must continuously enhance corporate tools, systems, and implementation support.

Aligned with this overall theme emerging from the audit reports, though subsequent to the period covered by the audit, WFP has updated its Business Process Model for the selection, design, implementation, and monitoring of cash and voucher transfer modalities. In December 2014, WFP updated the manual guiding the appropriate implementation of cash or voucher transfer modalities in the field. WFP also launched extensive cross-functional corporate training to further equip staff at country, regional and corporate levels to choose and implement the transfer modalities that best fit the programme context and objectives, including cash and voucher transfers. WFP has trained more than 120 C&V trainers from the main functional areas (e.g., Programme, Finance, Logistics, ICT, Procurement, etc.) and established 11 multifunctional trainer teams at the Regional Bureau level, which will provide cash and voucher skills and knowledge to nearly 3,000 WFP staff members and partners across all regions in the course of 2015.

In AR/15/02, there were two high-risk observations presented, neither unique to cash or voucher transfer modalities. The first observation related to possibilities to improve controls on beneficiary registration and verification. Management agrees with the audit that measures to digitize and link registration with biometric indicators could potentially enhance efficiencies. WFP approaches such issues with a beneficiary dignity and protection stance, and expects to endorse a corporate approach to digital registration and verification upon endorsement of a currently draft corporate policy on data protection and privacy.

The second high-risk observation noted in AR/15/02 related to the lack of clarity between donations of services by partners and procurement of services from providers. WFP has instituted 'rules of engagement' and related guidance for managing private sector

¹ As noted in the independent external evaluation of WFP's Cash and Voucher policy presented to the WFP Executive Board. *Summary Evaluation Report of WFP's Cash and Voucher Policy (2008-2014)*. WFP/EB.1/2015/5-A.

partnerships, and agrees to further promote adherence to updated corporate standards and policies.

AR/15/03 noted one high-risk observation that beneficiaries might exchange received transfers, post-distribution, for cash. The audit observed that beneficiaries exchange food for cash more frequently than exchanging vouchers for cash. The audit also noted that beneficiaries are most likely to exchange food or vouchers for cash when non-food needs are great and non-food assistance is weakest. Operational experience and evidence suggest that tighter controls on distribution cycle is not the most effective approach to empower beneficiaries while managing risks of transfer-exchange. In agreement with the observation, WFP will update the decision tools for initial programme design to enhance attention to non-food needs and dynamics when selecting transfer modalities to achieve programme results most cost effectively.

Resources permitting, WFP intends to action all the identified internal process enhancements on the schedule proposed in each report.