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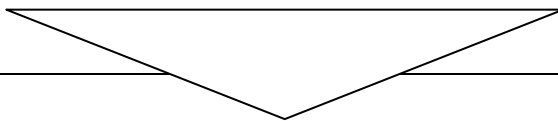
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APPOINTMENT OF THE EXTERNAL AUDITOR



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NOTE TO THE EXECUTIVE BOARD



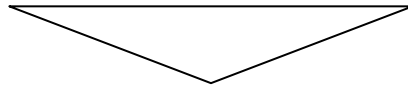
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DRAFT DECISION*



Under the provisions of Financial Regulations 14.1 and 14.2, the Board re-appoints the Comptroller and Auditor General of the United Kingdom as External Auditor of WFP for a second four-year term from 1 July 2006 to 30 June 2010.

* 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.



INTRODUCTION

1. This paper presents to the Board, for approval, the recommendation of the Executive Board Bureau that the current External Auditor, the United Kingdom Comptroller and Auditor General, be re-appointed for a second four-year term from 1 July 2006 until 30 June 2010, as provided for in Financial Regulations 14.1 and 14.2:
 - **Financial Regulation 14.1:** The Board shall appoint an External Auditor to perform the audit of the accounts of WFP. The External Auditor shall be the Auditor-General (or official holding the equivalent title) of a State member of the United Nations or FAO.
 - **Financial Regulation 14.2:** The External Auditor shall be appointed for a four-year period covering two financial periods. He or she may be re-appointed for only one further four-year term.

BACKGROUND

2. In the past, the External Auditor of WFP was appointed through a competitive process initiated by FAO. The selected External Auditor thus became the External Auditor for both FAO and WFP. The previous External Auditor of WFP were the French auditors, la court des comptes. They were selected through the same competitive process initiated by FAO. After a satisfactory four-year period (1994/95 and 1996/97), they were re-appointed by the Executive Board for a second term (1998/99 and 2000/01) without launching a tender procedure as WFP had no procedures of its own in place for selecting and appointing the WFP External Auditor.
3. In 1998, the Executive Board approved newly established WFP procedures for the selection and appointment of the WFP External Auditor (WFP/EB.1/98/4-A).
4. Based on these procedures, in 2001 the Board appointed, through a competitive process, the United Kingdom Comptroller and Auditor General, as the new External Auditor of WFP for four years from 1 July 2002 to 30 June 2006.
5. As the term of this External Auditor is expiring shortly, in mid-2005 the WFP Secretariat sought the opinion of the Executive Board Bureau on the way forward. The Bureau of the Board suggested that the appointment be done through a tender, but advised that the Secretariat seek the opinion of the Legal Services Division on the interpretation of Financial regulation 14.2 and make a proposal for its consideration on the appointment of the External Auditor for the period 2006-2010.
6. The Legal services Division articulated the following points:
 - The appointment of the WFP External Auditor is solely a Board matter.
 - The procedures that apply to the selection and appointment of the WFP External Auditor state that a competitive process should be followed for the appointment. No specific mention of competitive process is highlighted in the case of re-appointment.



- The competitive selection involving the formal launching of a tender procedure does not seem to apply in cases of re-appointment of the External Auditor. This is in accordance both with previous WFP practice and a strict interpretation of the relevant WFP rules and regulations. Therefore, according to the opinion of the Legal Services, if the Board finds that the performance of the current External Auditor has been satisfactory over the past two-biennia, the re-appointment could be effected without a tender procedure.
7. Based on the legal advice the Executive Board Bureau recommends the re-appointment of the United Kingdom Comptroller and Auditor General for a second four-year term.
 8. At the same time, the Executive Board Bureau will continue the process of studying the issue with a view to drafting more specific guidelines that could be used to facilitate future re-appointments.

