

برنامج
الأغذية
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Programme
Alimentaire
Mondial

World
Food
Programme

Programa
Mundial
de Alimentos

**Executive Board
First Regular Session**

Rome, 13 - 16 February 2001

INFORMATION NOTES

USE OF PRIOR 1996 FUND BALANCES



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This document is printed in a limited number of copies. Executive Board documents are available on WFP's WEB site (http://www.wfp.org/eb_public/EB_Home.html).

1. This document is designed to provide the Executive Board with additional information on the Prior 1996 Fund Balances that came to the knowledge of the Secretariat after the Board's meeting in October 2000, when it approved the use of these funds.
2. When submitting the Audited Financial Statements for the biennium ended 1998–99, the Secretariat reported to the Board the existence, and requested the use of, Prior 1996 unidentified fund balances amounting to US\$86.8 million. The Board approved use of these balances, to fund operations and replenish the Immediate Response Account (IRA), as follows:

	Amount (in million US\$)
Development	20.0
Emergency	29.0
PRRO	28.0
IRA	9.8
Total	86.8

3. In November 2000, the Secretariat discovered that, prior to the end of 1999, US\$12.7 million of these funds had already been assigned to development projects, and of that, US\$4.6 million had been expended as of 31 December 1999. This issue was not detected during the closure of the 1998–99 accounts because the expenditures were charged as 1999 expenditures instead of as direct charges against the pre-1996 fund balances. These charges should have been reflected, below the fund balance line for 1999, in Statement 1 of the financial statements. Therefore, in implementing the Board's decision, the Executive Director reallocated US\$74.1 million (US\$86.8 minus US\$12.7), basing the reallocation closely on the distribution among the programme categories as originally approved by the Board. The revised allocations are detailed as follows:

	Amount (in million US\$)
Development	16.1
Emergency	27.0
PRRO	24.0
IRA	7.0
Total	74.1



4. It is regrettable that this information came to the attention of management only after the Board's meeting in October 2000. However, when it did, the Office of the Executive Director immediately:
 - instructed the Audit Committee to look into this issue;
 - requested the Office of Internal Audit to review and report on the veracity of the information and the supporting documentation, and on the chronology of events that led to the non-disclosure of the information, and to identify the staff responsible; and
 - informed the External Auditor, provided them with the report of the Office of Internal Audit and invited them to do their own review and examination.
5. The External Auditor has informed management that they plan to analyse this issue in detail in April 2001, and to report to the Board, as necessary, the results of their review.
6. The Executive Director also wishes to inform the Board that, in view of WFP's change over to the SAP system, the Secretariat will continue with the detailed analysis and cleaning-up of all financial data to be migrated to this new system. Management will, as necessary, inform the External Auditor and the Board in due course of any further adjustments to the accounting records that may result from this clean-up exercise.

