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Executive Board
Third Regular Session

Rome, 10 - 23 October 1997

FINANCIAL AND BUDGETARY MATTERS

Agenda item 4 b)

COVERING NOTE TO THE REPORT OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (ACABQ)

The Executive Director is submitting herewith for consideration by the Executive Board, an excerpt of the report of the ACABQ.

The enclosed section of the report (paragraph 21 (a) to (h)) relates to the proposed WFP Financial Regulations.

The report in its entirety may be found in document
WFP/EB.A/97/4-A/Add.2; WFP/EB.A/97/4-B/Add.2;
WFP/EB.A/97/4-C/Add.2; WFP/EB.A/97/4-D/Add.2;
WFP/EB.A/97/4-E/Add.2; WFP/EB.A/97/4-F/Add.2.

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WORLD FOOD PROGRAMME

Report of the Advisory Committee on Administrative
and Budgetary Questions

Proposed WFP financial regulations

21. The Advisory Committee recommends that the Executive Board approve the proposed WFP financial regulations as submitted, subject to the following clarifications:

(a) Definitions: The definition of multilateral contribution should indicate that the donor will "undertake to accept reports" submitted to the Board as sufficient to meet its requirements. This means that the donor will agree in advance that the submission of such reports will be acceptable.

(b) Proposed Financial Regulation 4.6: Instead of the last sentence, it should be stated that "the Board shall establish guidelines to delineate the respective responsibilities of the WFP, the donor, and the recipient government in the management of the Funds."

(c) Proposed Financial Regulation 4.7: The text should be replaced with "The Government shall contribute to the costs of WFP country offices in a manner agreed between it and WFP."

(d) Proposed Financial Regulation 7.1: Add "and recommendations" to the end of the text.



(e) Proposed Financial Regulation 9.1: Add "and submit it to the Advisory Committee on Administrative and Budgetary Questions and the FAO Finance Committee in accordance with the General Regulations of WFP."

(f) Proposed Financial Regulation 9.6. The Committee is not convinced that part (a) of the regulation is truly necessary. The Committee is of the opinion that, as formulated, this regulation is potentially misleading.

(g) Proposed Financial Regulation 13.1: Clarification is needed as to who determines when it is necessary to depart from UN Common Accounting Standards.

(h) Proposed Financial Regulation 14.1 and 14.2: The Committee endorses these proposals which represent current Financial Regulation 11.1 and 11.2 without change. In this connection, the Advisory Committee points out that although, up to now, WFP and FAO have both utilized the same external auditor, this need not be a requirement. The Advisory Committee understands that there has been discussion of broadening the field for the selection of External Auditors to include the private sector. The Advisory Committee recommends against any change of the current procedure. In the opinion of the Advisory Committee, to audit a public institution like WFP and in order to respond to the concerns of Member States, it is most appropriate to continue to use the External Auditors of State Members of the UN or FAO. Moreover, the Advisory Committee points out that recourse to the private sector will likely prove more costly, since it is the experience of the Advisory Committee that the contribution of audit resources by Member States is often far in excess of the amount of reimbursement that they receive.

