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Food
Programme

Programa
Mundial
de Alimentos

**Executive Board
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RESOURCE, FINANCIAL AND BUDGETARY MATTERS

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WFP AUDIT COMMITTEE TERMS OF REFERENCE



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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for approval.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).





National Audit Office

The National Audit Office (NAO) provides external audit services to the World Food Programme and other international organisations, working entirely independently of its role as the United Kingdom's Supreme Audit Institution. The NAO has a dedicated team of professionally qualified staff with wide experience of the audit of international organisations.

This paper responds to the Executive Board's request for independent expert advice in relation to the WFP audit committee, to inform future decisions by the Board.

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External Audit Advice Paper to the WFP Executive Board

WFP Audit Committee Terms of Reference

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EXECUTIVE SUMMARY

At the request of the President of the Executive Board, this paper presents independent and best practice advice on the role, mandate and composition of an audit committee for WFP, to inform the EB's decision making process and to support recognition and adoption by the EB of an independent audit committee for the Programme consistent with the requirements of good governance.

1. The integrity of the World Food Programme's financial and governance arrangements - including the quality of WFP's financial stewardship, control and oversight processes - represent an important factor in the Programme's reputation and ability to attract voluntary donations and funding to pursue its humanitarian objectives. The governing body sets and maintains the strategic direction of an organisation and the allocation of its resources; and monitors management and the operation of the entity. In any organisation, good governance requires effective monitoring and oversight of control processes, including internal and external audit, executive management's handling of resources and financial control, and risk management.
2. Audit committees provide an experienced and focussed forum which meets regularly to deal with issues in depth from an expert perspective; and which delivers a level of oversight, challenge to management and assurance to the governing body that the governing body itself does not have the capacity to achieve.
3. Although since July 2004 the World Food Programme has had a fully functioning and effective Audit Committee, consistent with most aspects of good governance arrangements, the present Committee was established by the Executive Director rather than by or under the auspices of the Executive Board; and the Committee has not had a direct relationship with the Board as the Programme's principal governing body, as would be appropriate for consistency with good governance arrangements and to benefit the Executive Board most effectively.
4. In our 2002-2003 External Audit Report on Corporate Governance, we advised WFP of the need to strengthen its governance arrangements by establishing stronger audit committee processes, with the inclusion of non-executive, independent members and better defined reporting to the Executive Director and ultimately to the Executive Board. We recommended that WFP revise the practice and terms of reference of the Audit Committee to include appropriate arrangements for reporting formally to the Executive Director; and consider its (lack of an appropriate) reporting relationship to



the Executive Board. In our 2004-2005 Audit Report, we noted that it is important for the Audit Committee to have an active relationship and dialogue with the organization's governing body and that the Executive Board therefore should receive, and discuss, annual reports from the Committee. We recommended that the Executive Board should explicitly acknowledge the role and mandate of the Audit Committee. These recommendations have not yet been implemented.

5. To reflect best practice in governance arrangements, the Audit Committee should be appointed or endorsed by the Executive Board; and should report to the Board as well as reporting to the Executive Director. Formal reporting by the Audit Committee to both the Executive Director and the Executive Board ensures the necessary independence of the Audit Committee from executive management, and is essential to an effective oversight and governance framework.
6. In December 2007, we were informed by the President of the EB that the Executive Board Bureau had resolved to ask External Audit to prepare a paper that would assist the Board in moving towards a decision on the matter of the Audit Committee. This present paper responds to the Bureau's request by setting out an independent commentary on the key principles and provides terms of reference to enable the Board readily to adopt improved arrangements for the WFP Audit Committee which comply with best practice in governance.
7. **We present recommendations to the Executive Board as follows:**
 - **To endorse the WFP Audit Committee and acknowledge its advisory capacity on governance and oversight matters within the Terms of Reference.**
 - **To review, acknowledge and approve the role and mandate of the Audit Committee consistent with developments in good governance practice in the United Nations system; and to reflect that membership of the Audit Committee will remain wholly independent and external to the Secretariat and the Executive Board, and that the Audit Committee should report annually to the Executive Board in addition to reporting to the Executive Director.**
 - **To establish effective communication with the Audit Committee to ensure a direct relationship with the Committee, through the Committee's annual reporting to the EB and subsequent dialogue on the Committee's report.**

BACKGROUND AND SCOPE OF THE ADVICE PAPER

8. Many governance and oversight failures in the private sector, as well as adverse commentary on the quality of governance and oversight in the public sector (for example in relation to the United Nations Oil-for-Food Programme), have led to significantly greater scrutiny of governance structures. The need to demonstrate good



practice and the high standards required in the public sector have provided new focus on improvement in governance arrangements to make them more effective and more transparent than ever.

9. The improvement of governance arrangements in the United Nations system has been much discussed in recent years and has been the subject of good practice advice in a number of reports, including most notably the Comprehensive Review of Governance and Oversight Within the United Nations and its Funds, Programmes and Specialized Agencies, carried out by an eminent independent steering committee which reported to the General Assembly in mid-2006. WFP has also received advice on appropriate and improved governance arrangements through External Audit Reports and other sources. Most recently, following a seminar on governance issues presented by the Secretariat to Executive Board members in November 2007, the discussion has focussed on the role of audit committees and how the existing Audit Committee might better serve the Executive Board.
10. High standards and good practice in corporate governance are relevant to all organisations, whether in the private or public sector. Successful organisations have clear objectives; a focus on risk management; effective internal control systems; and the reporting of performance with reliability and credibility.
11. Good corporate governance encompasses the fundamental principles of sound accounting and financial management, proper stewardship, accountability and integrity through strong internal controls, risk management and transparency of reporting. For the WFP, strong corporate governance is essential to provide donors, implementing partners and the beneficiaries of humanitarian aid with confidence in the integrity and effectiveness with which the World Food Programme uses its financial and other resources. An audit committee is widely acknowledged as an integral element of good governance, providing an independent source of additional expert oversight and advice to the executive heads and governing bodies of organisations.
12. The National Audit Office (NAO) have always been strong advocates of good corporate governance. In our view, as a matter of good practice, it is important that an audit committee should have an active relationship and dialogue with an organisation's governing body; and that the governing body should receive and discuss reports from the audit committee on an annual basis. The arrangements at WFP have not reflected best practice and in our external audit reports to the Executive Board we have commented a number of times on the need for improvements.
13. At the end of 2007, the Executive Board Bureau resolved that it would be appropriate to ask the NAO as External Auditors to prepare a paper to assist the Board in moving



towards a decision on how the Audit Committee might better serve the Executive Board of WFP; and assist the Board in moving towards a decision on this matter.

14. **The main objectives of the requested review were to address:**

- **the principles of oversight, risk assessment, management and control;**
- **the respective roles of the oversight body and the executive;**
- **relevant practices at other international organisations;**
- **review of relevant elements of terms of reference for audit committees that may exist in other relevant organisations; and**
- **specific suggestions regarding terms of reference for a WFP Audit Committee.**

15. We have drawn on our own expertise in governance and reviewed a wide range of documents, within WFP and outside, including the terms of reference of audit committees at other international and UN bodies. We have considered WFP's present arrangements, as well as papers that have been prepared at different times setting out the rationale for review of the structure of the Audit Committee. We invited comments on our draft findings from the Chair of the Audit Committee, the Executive Director and the Director of Oversight Services Division. Comments were received from the Chair of the Audit Committee and the Director of Oversight Services and we have taken account of these to the extent we consider appropriate.

PRINCIPLES OF OVERSIGHT, RISK MANAGEMENT AND CONTROL

16. Established and generally accepted good practice in governance arrangements - referred to in, for example, the report of the Steering Committee on the Comprehensive Review of Governance and Oversight Within the United Nations and its Funds, Programmes and Specialized Agencies (document A/60/883), the Joint Inspection Unit's report on Oversight Lacunae in the United Nations System (document JIU/REP/2006/2), and in corporate governance arrangements under the United Kingdom Combined Code on Corporate Governance and equivalent arrangements in the United States - recognises that the audit or independent oversight committee is an essential element of good governance. Audit committees are important in assisting the governing body in discharging its oversight responsibilities.
17. The purpose of an audit committee is to provide independent assurance on the adequacy of the organisation's risk management framework and the associated control environment; independent scrutiny of financial and non-financial performance to the extent that it affects exposure to risks and weakens the control environment; oversight of internal and external audit activities and outputs, and management



responses thereto; and oversight of the financial reporting process. The role of the audit committee therefore supports accountability and transparency, and is fundamental to ensuring that organisations function according to good governance and accounting and auditing standards, as well as adopting appropriate risk management arrangements. The audit committee serves in an expert advisory capacity to help the governing body exercise its governance responsibilities with respect to the organisation's various operations.

18. As a matter of good practice, it is important that the audit committee should have an active relationship and dialogue with the governing body; and that the Executive Board should receive, and discuss, annual reports from the WFP Audit Committee.
19. WFP currently has a fully functioning and effective Audit Committee, presently composed of independent members from outside WFP - although this was established by the Executive Director rather than by or under the auspices of the Executive Board; and the Committee has not had a direct relationship with the Executive Board, as would be appropriate for consistency with good governance arrangements. However, the role and activity of the Audit Committee has reflected generally accepted practice in keeping under review the effectiveness of the internal controls system; the nature and results of internal and external audit activities and management's responses thereto; risk management arrangements; and the Programme's governance arrangements generally.
20. During the 2004-2005 biennium and as referred to in our report to the Executive Board on the audit of the financial statements, the Audit Committee actively scrutinised the Programme's risk management procedures; advised the Secretariat on proposed management initiatives, including the hedging of foreign exchange; encouraged the development of a risk-based approach to planning by Internal Audit; considered the outputs of both Internal and External Audit, particularly focussing on control weaknesses; and reviewed the biennial financial statements. The Audit Committee's oversight enhanced corporate governance by drawing on the members' wealth of experience in the management of business operations, financial management and audit.
21. During 2006-2007, the Audit Committee focussed its attention on providing advice on risk management, internal control, and financial reporting issues, as well as reviewing the adequacy of management responses to both internal and external audit recommendations, and ensuring that timely follow up was in place. These core principles and themes were demonstrated in the work undertaken by the Audit Committee during the biennium, which considered the impact of the proposed change to International Public Sector Accounting Standards, significant issues raised by External Audit, crop insurance activities, WFP's risk management, and the WINGS II



upgrade. The Audit Committee also provided oversight of the work programme and output of internal audit and investigations.

22. While the substance of the work carried out by the Audit Committee reflects the good practice principles for an audit or oversight committee, in effect the Committee works in isolation from the Executive Board and therefore WFP is not benefiting from the full contribution to be gained from an effective audit committee serving the Executive Board in an expert advisory capacity.

RESPECTIVE ROLES OF THE OVERSIGHT BODY AND THE EXECUTIVE

23. The role of the governing body of an organisation should include setting and maintaining the strategic direction of the entity; the effective and efficient allocation of resources; and the effective monitoring of management and the operation of the entity. However, members of governing bodies are not necessarily experts in accounting and financial management, financial reporting, audit and oversight, risk management and other technical or specialist aspects on which the effective running of the organisation and the achievement of its objectives depends.
24. Within the framework of the WFP's General Regulations, the Executive Board is responsible for providing intergovernmental support, specific policy direction and supervision of the activities of WFP in accordance with the overall policy guidance of the UN General Assembly, the FAO Conference, the Economic and Social Council and the Council of FAO, and for ensuring that WFP is responsive to the needs and priorities of recipient countries. The EB is responsible for the intergovernmental supervision and direction of the management of WFP including, in particular and amongst other things, direction and guidance to the Executive Director; monitoring the performance of WFP; and reviewing the administration and execution of WFP's activities.
25. The Secretariat of WFP, headed by the Executive Director, is responsible and accountable to the Board for the administration of WFP programmes, projects and other activities. Under the Financial Regulations, the Executive Director is fully responsible and accountable to the Board for the financial management of the activities of WFP; for the establishment of internal controls, including internal audit and investigation, to ensure the effective and efficient use of WFP's resources and the safeguarding of its assets; and for the preparation of the financial statements.
26. The Executive Board, like governing bodies generally, has many issues competing for its attention. One of the challenges faced by governing bodies is knowing whether attention is being given to the right issues with an appropriate degree of focus and



expertise. Assurance is key to addressing this, through an evaluated expert opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework. Assurance helps a governing body to judge whether or not its agenda is focussing on the issues that are most significant in relation to achieving the organisation's objectives and whether best use is being made of resources. The Board also needs to effectively monitor, assess and challenge management in areas that may involve time, judgement, technical matters or aspects requiring expertise that members of the Board may not possess.

27. The Audit Committee can help the Board to formulate its assurance need, and advise on how well the assurance received actually meets the need. It serves in an expert advisory capacity and can assist the Board in exercising its governance responsibilities. The role of the Audit Committee is to support the governing body and the executive head by reviewing the comprehensiveness of assurances in meeting the governing body and executive head's assurance needs and reviewing the reliability and integrity of those assurances. We note five good practice principles for audit committees.
28. **Principle 1 - In relation to the role of the Audit Committee, the Committee should support the Board and the Executive Director by reviewing the comprehensiveness of assurances in meeting the organisation's assurance needs, and reviewing the reliability and integrity of those assurances.** It is advisory only and does not threaten or vary the authority or responsibility of the Executive Board or the Executive Director.
29. **Principle 2 - On membership, independence, objectivity and understanding, the Audit Committee should be independent and objective; and each member should acquire a good understanding of the objectives and priorities of the organisation and of their role as an Audit Committee member.** The Audit Committee should have the capacity to act independently within the context of its mandate and advisory role; and be composed of or include independent members, who can bring fresh and objective judgements and challenge (which representatives of management or the governing body by definition are not well placed to do). Audit Committee members should be paid travel and subsistence expenses and may give their services pro bono but the payment of honoraria may reinforce responsibility and commitment, and help attract the right calibre of member.
30. **Principle 3 - In relation to skills, the Audit Committee should corporately own an appropriate skills mix to allow it to carry out its overall function.** The Audit Committee is not another layer of audit and does not have to be composed solely of auditors or those with audit experience. Given the importance of financial management and financial reporting to every organisation, the Committee should



include members with recent and relevant business and financial management experience (one or more members can have some senior level audit experience), to provide expertise and business challenge to management.

31. **Principle 4 - The scope of the Audit Committee's work should be defined in its Terms of Reference and encompass all the assurance needs of the Board and the Executive Director. Within this, the Audit Committee should have particular engagement with the work of Internal Audit, the work of the External Auditor and financial reporting issues.** The Audit Committee adds value – to financial and risk management processes, to oversight, and to governance – and enhances accountability. It ensures the best use of total resources from internal and external audit; and helps to manage and reduce risk, including strategic and operational risks. The Audit Committee does not duplicate any oversight already in place but enhances the quality and effectiveness of governance through oversight of the audit processes (internal and external) and the presentation of challenge to management (the Secretariat). This supports accountability and ensures that audit is effective and yields best value.
32. **Principle 5 - The Audit Committee should have effective communication with the Executive Board, as well as the Executive Director, the head of Internal Audit and oversight, the External Auditor and other stakeholders.** The Audit Committee offers an expert forum through which the Executive Board can gain assurance and advice. Governing body members tend not to be financial experts. It is important that the Audit Committee has a direct relationship with the EB, through annual reporting and dialogue. An AC is usually between 3 and 7 in number and should be “lean and mean”, to provide challenge and support without being mired in the bureaucratic or executive processes of the organisation.
33. The principle functions of an audit or oversight committee are in essence:
- To acquire an understanding of the objectives and strategy of the organisation;
 - To understand the systems of internal control and risk management and oversee compliance with those systems against the organisation's policies and regulations;
 - To review and advise on policies significantly affecting financial management and reporting, and the effectiveness of systems of internal control and accountability;
 - To review and advise on the financial statements and reports prior to finalisation;
 - To review the budgets, coverage and work plans of the internal oversight services;
 - To consider reports and outputs of the internal audit and oversight services, and monitor the implementation by management of audit recommendations;
 - To consider reports and outputs of the external audit process and monitor the implementation by management of audit recommendations;
 - To advise on risk management strategy, processes and issues;



- To comment to the governing body on the performance of both internal and external auditors and provide advice when a change of external auditors is in prospect.

RELEVANT PRACTICES AT OTHER INTERNATIONAL ORGANISATIONS

34. In 2006, the report of the Steering Committee on the Comprehensive Review of Governance and Oversight Within the United Nations and its Funds, Programmes and Specialized Agencies (document A/60/883) documented a wide and detailed review of all aspects of governance principles and current practices, including a gap analysis of current arrangements in the UN system, against the reference frame of identified best practice. The United Nations system has begun to move towards the establishment of independent audit committees reporting to the governing bodies in line with accepted good practice.
35. An Independent Audit Advisory Committee is now in place for the United Nations (at present covering the Secretariat but not the funds and programmes) to assist the General Assembly. Audit committees are in place in an increasingly large number of entities of the UN system, though not always with arrangements that reflect best practice, for example in relation to appointment by the governing body and independence of membership.
36. In October 2007, the Representatives of Internal Audit Services (RIAS) of the United Nations Organisations and Multilateral Financial Institutions issued a position statement on the audit committee in the United Nations system. RIAS recommended the establishment of effective and independent audit committees with written charters approved by their governing bodies and composed of independent, objective, experienced and competent members.

SPECIFIC SUGGESTIONS REGARDING AUDIT COMMITTEE TERMS OF REFERENCE

37. The existing arrangements for WFP's Audit Committee reflect many aspects of accepted good governance in relation to the membership, role and activity of the Committee. However, three key aspects of best practice not properly reflected in WFP's present arrangements are that the audit committee should be recognised, endorsed or appointed by the entity's governing body; should include or preferably be



composed entirely of independent members, external to the Secretariat and the governing body; and should report to the Executive Board.

38. Firstly, the present Audit Committee is appointed by the Executive Director, which compromises its independence from management, a factor criticised by the UN Advisory Committee on Administrative and Budgetary Questions, ACABQ. Secondly, the current Terms of Reference make provision for two members of the Audit Committee to be staff members of WFP, which would dilute further the independent and external representation that has recently been in place. Thirdly, the Audit Committee has never had any effective relationship with, or recognition or approval by, the Executive Board. It is not fully independent of management and reports to the Executive Director and does not formally report to the Executive Board.
39. We believe it is very much in WFP's interests to reflect best practice in matters of financial integrity, accountability, transparency and good governance if the Programme is to retain the confidence of governments and donors. To facilitate appropriate decisions by the Executive Board to this end, **Annex 1** sets out proposed terms of reference for the WFP Audit Committee, which draw on the Committee's existing terms of reference where these are satisfactory and include improvements to reflect best practice.

RECOMMENDATIONS

Recommendation 1: *We recommend that the Executive Board endorse the WFP Audit Committee and acknowledge its advisory capacity on governance and oversight matters within Terms of Reference approved by the Board.*

Recommendation 2: *We recommend that, consistent with developments in the principles and practice of good governance in the United Nations system, the Executive Board review, acknowledge and approve the role and mandate of the Audit Committee; and confirm that membership of the Audit Committee should remain wholly independent and external to the Secretariat and the Executive Board, and that the Audit Committee should report annually to the Executive Board in addition to reporting to the Executive Director.*

Recommendation 3: *We recommend that the Executive Board establish effective communication with the Audit Committee, to ensure a direct relationship with the Committee through annual reporting by the Committee to the EB and subsequent dialogue on the Committee's report.*



Annex 1

Proposed Terms of Reference for the WFP Audit Committee

Purpose

- 1) The Audit Committee serves in an expert advisory capacity to assist the World Food Programme Executive Board and the Executive Director in exercising their governance responsibilities for the financial reporting, use of resources, internal control arrangements, risk management processes and other audit-related matters with respect to the Programme's operations. The Audit Committee primarily advises on these matters taking into consideration the Financial Rules and Regulations as well as policies and procedures applicable to WFP and its operating environment. It does not substitute for the advisory functions provided to the Executive Board by the United Nations Advisory Committee for Administrative and Budgetary Questions, ACABQ, or the FAO Finance Committee.

Mandate

- 2) The Audit Committee shall:
 - a) Advise on all issues arising from its activities under these Terms of Reference and make appropriate recommendations to the Executive Director and/or the Executive Board.
 - b) Review and advise on policies significantly affecting accounting and financial reporting issues; the use of resources; and the effectiveness of the Programme's internal controls, internal audit function and operational procedures.
 - c) Review and advise on the Programme's risk management strategy, processes and issues.
 - d) Review and advise on the Programme's financial statements and reports.
 - e) Promote the understanding and effectiveness of the audit function within the Programme, and provide a forum to discuss internal control and risk management issues, operational procedures and matters raised by internal and external audits.
 - f) Provide comments on the work plans of the internal and external audit functions for consideration in their ongoing review.
 - g) Consider all relevant reports by the internal and external auditors, including reports on the Programme's financial statements and management letters. The Programme is responsible for the fair presentation of financial statements including adequate disclosure.



- h) Consider the risk and control implications of reports from OSDI in terms of its mandate and refer audit issues to the investigations unit as appropriate, with regard to due process and privacy considerations.
- i) Monitor the implementation by management of internal and external audit recommendations.
- j) Review and advise on the Programme's arrangements for its employees and external parties to raise concerns, in confidence, about allegations of wrongdoing in the management and conduct of operations.
- k) Advise on WFP's fraud prevention policy, code of ethics and whistleblower policy.
- l) Prepare and submit an annual report on its activities for the Executive Director and for presentation to the Executive Board for consideration and discussion.
- m) Provide commentary on the performance of internal and external auditors.
- n) Advise and make recommendations to the Executive Board in relation to the arrangements for the appointment of the External Auditor under the Programme's Financial Regulations.

Access

- 3) The Audit Committee has the authority to:
 - a) Obtain all information and/or documents it considers necessary to perform its mandate including all audit reports and audit work papers produced by internal audit.
 - b) Seek any information from any employee or request information generated from the Programme's systems and require all employees to cooperate with any request made by the Audit Committee in performing its mandate.
 - c) Obtain legal or other independent professional advice if it is considered necessary.
- 4) The Audit Committee and the External Auditor will meet annually in private session.

Number of meetings

- 5) The Audit Committee shall normally meet at least four times a year. The Chairperson, any Member or the External Auditor may request additional meetings.



Convocation of meetings

- 6) The meetings of the Audit Committee shall be convened by the Chairperson or by the Secretariat on the instruction of the Chairperson. The members of the Audit Committee shall normally be given at least ten working days' notice of meetings.
- 7) The Chairperson will approve a provisional agenda for the meetings that should be circulated together with the invitations.

Membership and quorum

- 8) The Audit Committee shall be appointed or endorsed by the Executive Board on the Executive Director's recommendation and shall comprise five members with recent and relevant financial experience, all of whom will be independent of the WFP Secretariat and the Executive Board. The appointed Committee members will select their own Chairperson from within their number. Members serve in their personal capacity and cannot be represented by alternate attendees. Any three members shall constitute a quorum.
- 9) The term of office shall be three years renewable once and after the initial term, phased so as to provide continuity.

Conflicts of interest

- 10) A register of interests will be kept to record members' interests in general or on specific matters. Where an actual or potential conflict of interest arises, the interest will be declared and will cause the member/s to either be excused from the discussion or abstain from voting on the matter. In such event, a quorum would be required from the remaining members.

Responsibility and liability of members

- 11) Members shall act in an independent, non-executive capacity while performing their advisory role on the Audit Committee. As such, members shall not be held personally liable for decisions taken by the Audit Committee acting as a whole.

Participation other than in person

- 12) It is expected that members will be present for meetings. Members may also attend by video conference. However, should a member attend by telephone, they will not be taken into account for the purposes of establishing a quorum.

Attendance

- 13) The Executive Director is invited to attend all meetings. The External Auditor, the Deputy Executive Director (Chief Operating Officer), the Chief Financial Officer, the Director of Oversight Services Division and the Director of the Office of Internal Audit shall also normally attend.



- 14) The Audit Committee may decide to meet in closed session from time to time as determined by the Committee.

Acting Chairperson

- 15) If the Chairperson is unable to attend a meeting, the Members will elect an Acting Chair for that meeting from among the members present.

Voting

- 16) The Audit Committee's decisions are taken by the majority of the members present and voting. Should the votes be equally divided, the Chairperson shall have the casting vote.

Secretariat function

- 17) The Secretariat function for the Audit Committee shall be carried out by a member or members of the Programme's staff designated by the Executive Director, and will report directly to the Chairperson on matters relating to the work of the Audit Committee.

Minutes

- 18) Minutes of meetings will be prepared and kept by the Secretariat. The Audit Committee shall approve the minutes by correspondence, within a month of the meeting.
- 19) Supporting documents will be prepared by the Chairperson or by the Secretariat on the instruction of the Chair or on their own initiative. Documents may also be submitted by the External Auditor or, with the approval of the Chairman, by other management steering committees e.g. the Investment Committee.

Confidentiality of meetings and minutes

- 20) The deliberations of the Audit Committee and the minutes of its meetings are confidential unless otherwise decided. The documents and informational material circulated for the consideration of the Audit Committee shall be used solely for that purpose and treated as confidential.

Reporting

- 21) The Audit Committee shall prepare an annual report on its work for the Executive Director and for presentation to and consideration by the annual session of the Executive Board each year. The report will include an annual performance evaluation of its work; and the Committee will periodically review the adequacy of its terms of reference and mandate, where appropriate recommending changes to the Executive Board for approval. The Chair of the Audit Committee shall attend the Executive Board to present the annual report.



- 22) The Chairperson will interact regularly with the Executive Director on the results of Audit Committee deliberations as well as on forthcoming issues relevant to its business.

Indemnity of Members

- 23) Audit Committee members are indemnified from actions taken against them as a result of activities performed in the course of business of the Audit Committee, so long as such activities were performed in good faith.

Remuneration

- 24) Members will not be remunerated by WFP for activities undertaken with respect to their membership of the Audit Committee. WFP will reimburse all committee members for any travel and subsistence costs that are necessarily incurred in relation to participation in Committee meetings. Any payment of honoraria shall be a matter for decision by the Executive Board in the light of advice by the Executive Director.