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Programme
Alimentaire
Mondial

World
Food
Programme

Programa
Mundial
de Alimentos

**Executive Board
Second Regular Session**

Rome, 6–10 November 2006

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 5



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REPORT OF THE FAO FINANCE COMMITTEE

The Executive Director is pleased to submit herewith the report of the FAO Finance Committee pertaining to WFP. The report covers the following agenda items:

- Third Progress Report on the Implementation of International Public Sector Accounting Standards (WFP/EB.2/2006/5-A/1)
- Progress Report on Implementation of the External Auditor Recommendations on 2004–2005 Operations (WFP/EB.2/2006/5-D/1)
- Programme of Work of the External Auditor for the Biennium 2006–2007 (WFP/EB.2/2006/5-E/1)
- Progress Report on the WINGS II Project and Funding Approach (WFP/EB.2/2006/5-F/1)
- Update on the WFP Management Plan (2006–2007) (WFP/EB.2/2006/5-G/1)
- Status of Implementation of the Business Process Review Model (WFP/EB.2/2006/5-H/1)
- Report on Changes in WFP's Investment Policy (WFP/EB.2/2006/5-I/1)

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October 2006



منظمة الأغذية
والزراعة
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Nations
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pour
l'alimentation
et
l'agriculture

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

COUNCIL

Hundred and Thirty-first Session

Rome, 20 – 25 November 2006

**Report of the 116th Session of the Finance Committee
Rome, 20 October 2006**



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REPORT OF THE HUNDRED AND SIXTEENTH SESSION OF THE FINANCE COMMITTEE

20 October 2006

Introduction

1. The Committee submitted to the Council the following report of its Hundred and Sixteenth Session, which had been convened at the request of the World Food Programme (WFP) to review financial issues that would be presented to the upcoming session of the WFP Executive Board.
2. The following representatives were present:

Chairperson:	Mr Aamir Khawaja (Pakistan)
Vice-Chairperson:	Mr Augusto Zodda (Italy)
Members:	Mr Søren Skafte (Denmark)
	Mr Eckhard W. Hein (Germany)
	Mr Seiichi Yokoi (Japan)
	Ms Ana María Baiardi Quesnel (Paraguay)
	Mr Roberto Seminario (Peru)
	Mr Ahmed I. Al-Abdulla (Qatar)
	Mr Lee Brudvig (United States of America)
	H. E. Mary M. Muchada (Zimbabwe)
3. The Committee noted that Mr Aboubakar Bakayoko (Côte d'Ivoire) had been unable to attend this 116th Session of the Finance Committee. The Committee also noted that Her Excellency Mary Muchada had been designated to replace Mrs Verónica Mutiro Takaendesá as the representative of Zimbabwe at this session of the Finance Committee.

World Food Programme Matters

THIRD PROGRESS REPORT ON THE IMPLEMENTATION OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

4. The Secretariat presented the third progress report informing the Committee that the main focus of the report was to propose changes to the WFP General Regulations, General Rules and Financial Regulations required to allow for the implementation of IPSAS on 1 January 2008.
5. The Committee welcomed the progress being made by WFP in implementing IPSAS and endorsed the proposals contained in the report. The Committee noted that the proposals of the Secretariat were focused on the adoption of IPSAS for financial reporting and that a review of the budgetary cycle would be considered at a possible second stage. Having regard to questions raised by some members, the Committee noted the Secretariat's intention to consider the possibility of moving to an annual budgetary cycle.



6. The Committee also noted that its endorsement of the proposed changes to rules and regulations should not be seen as a precedent for other organizations not to consider introducing annual budgets.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE EXTERNAL AUDITOR RECOMMENDATIONS ON 2004-2005 OPERATIONS

7. The Secretariat briefly introduced the progress report informing the Committee that such reports were submitted to all sessions of the Board providing the status of the implementation of the External Auditor's recommendations.
8. The Committee took note of the Report and comments of the External Auditor in response to questions raised by the Committee. The Committee recommended, in future reports starting with the report to the First Regular Session of the Board in 2007, that the External Auditor assign priorities to the recommendations and that the report include the observations of the External Auditor, in particular as to whether the completed status had been verified and accepted by the External Auditor.
9. The Committee further noted the undertaking made again by the Secretariat that the Finance Committee would be notified beforehand of informal consultations on financial issues.

PROGRAMME OF WORK OF THE EXTERNAL AUDITOR FOR THE BIENNIUM 2006-2007

10. The Committee took note of the information provided in the *Programme of Work of the External Auditor for the Biennium 2006-2007*.

PROGRESS REPORT ON THE WINGS II PROJECT AND THE FUNDING APPROACH

11. The Committee took note of the information provided in the *Progress Report on the WINGS II Project and the Funding Approach*.

UPDATE ON THE WFP MANAGEMENT PLAN

12. In response to questions of the Committee regarding document WFP/EB.2/2006/5-G/1, the Secretariat provided additional information on the Additional PSA Requirements (ref. paragraphs 19 to 24) and the Other Cost Considerations (ref. paragraphs 25 to 29).
13. The Secretariat also recognized that the intention to extend the carry-over allotments into 2007, as indicated in paragraph 11, was not in compliance with the related Executive Board decision. It was agreed that these amounts should be utilized in 2006 in order to comply with the decision.

STATUS OF IMPLEMENTATION OF THE BUSINESS PROCESS REVIEW MODEL

14. The Committee took note of the information provided in the *Status of Implementation of the Business Process Review Model*.



REPORT ON CHANGES IN WFP'S INVESTMENT POLICY

15. The Committee took note of the proposed changes in WFP's Investment Policy.

Other Matters

DATE AND PLACE OF THE HUNDRED AND SEVENTEENTH SESSION

16. The Committee was informed that the 117th Session was tentatively scheduled to be held in Rome from 21 to 25 May 2007. The final dates of the session would be decided in consultation with the Chairperson.

ANY OTHER MATTERS

17. Further to the discussions of the Joint Meeting of the Ninety-sixth Session of the Programme Committee and the Hundred and Fifteenth Session of the Finance Committee on the importance of exploring further joint action to achieve efficiencies and effectiveness of the Rome-based United Nations organizations, the Committee recognized that progress was being made, but indicated that more could be achieved. In particular, the Committee stressed the need to identify and pursue practical ways and areas for the Rome-based organizations to work together.
18. With reference to its mandate to advise on financial issues, efficiency gains and savings, the Committee would appreciate being informed of relevant documents prepared for the Executive Board regarding co-operation between WFP, FAO and IFAD.