

Executive Board Third Regular Session

Rome, 22-26 October 2001

FINANCIAL AND BUDGETARY MATTERS

Agenda item 5



Distribution: GENERAL WFP/EB.3/2001/5(A,B,C,D)/3

9 October 2001 ORIGINAL: ENGLISH

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 different agenda items as follows:

- Item 5 a)—Second Progress Report on the Implementation of Recommendations in the 1998–1999 Report of the External Auditor
- Item 5 b)—Appointment of the External Auditor of WFP for 2002–2005: Final Report of the Evaluation Panel
- Item 5 c)—The WFP Biennial Budget for the Period 2002–2003
- Item 5 d)—WFP Information Network and Global System (WINGS) for Cost Analysis and Cost Containment

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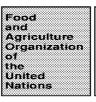
FC 97/WFP Report

September 2001









Organisation des Nations Unies pour l'alimentation et l'agriculture Organización de las Naciones Unidas para la Agricultura y la Alimentación

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FINANCE COMMITTEE

Ninety-seventh Session

Rome, 17–22 September 2001

Final Report—World Food Programme

I. SECOND PROGRESS REPORT ON IMPLEMENTATION OF THE 1998–1999 AUDIT REPORT OF THE WFP EXTERNAL AUDITOR

1. The Finance Committee reviewed the document FC 97/18, Second Progress Report on the Implementation of the 1998–1999 External Auditor's Recommendations. The Committee requested comments from the External Auditor, who responded that WFP's implementations of recommendation were, in general, satisfactory, and that they looked forward to a complete evaluation of decentralization initiative and the full implementation of these recommendations with WINGS. The Committee inquired and received explanation from the Executive Director, Ms Catherine Bertini, on how WFP had successfully achieved its goals on gender and geographic balance in its human resources. The Committee noted with appreciation WFP's implementation of the External Auditor's recommendations and resolved to advise the Executive Board that the External Auditors be requested in future to prioritize their recommendations and the secretariat to prepare a time-frame for their implementation.

II. WFP BIENNIAL BUDGET FOR THE PERIOD 2002–2003

- 2. The Committee considered the document (WFP/EB.3/2001/5-C/1) submitted to it for discussion and recommendations to be presented to the Executive Board at its Third Regular Session in October 2001.
- 3. The Executive Director introduced the WFP budget for 2002–2003 and explained that the projections were in line with the estimates contained in the Strategic and Financial Plan (SFP) 2002–2005. The Committee expressed its appreciation of the effort to project the level of relief operations in the coming biennium in light of uncertainties.
- 4. Members of the Committee expressed their appreciation and thanks to the Programme and to Ms. Bertini, in particular, for the leadership she had provided to the Programme.



- 5. The Committee commended the Programme for its concentrated and concise document. It noted the effectiveness of WFP's decentralization efforts, and congratulated the Programme's successful implementation of WINGS, WFP's new corporate information system. The Committee took particular note of how WFP had effectively used technology in doing its business with the usage of video/teleconferencing, e-mail system and website. The Committee also commended WFP on progress made in implementing a results-based management approach and looked forward to the management plan as part of the governance initiative of the Board. The Committee appreciated the Executive Director's suggestion to the Committee to continuously look into the cost containment efforts, and noted that WFP's total support costs as a percentage of turnover continued to decline and believed that this was the right direction for the Programme.
- 6. The Executive Director stressed that the security of staff, both in headquarters and the field should be taken seriously by the UN and adequately funded. The issues discussed in this regard included the cost sharing methodology, funding mechanisms, security resources level and the on-going dialogue with other UN agencies that concerned the current and future global situation.
- 7. The Committee sought clarification on a number of issues to which the representatives of the Programme responded, including cost recovery, carryover funds, staff salary increases and exchange rate assumptions.
- 8. Based on the review of the document and the responses put forward by the Programme, the Committee decided to recommend to the Executive Board to approve the WFP 2002–2003 Budget document.

III. MANAGEMENT AND ACCOUNTING OF FULL COST RECOVERY IN THE WFP INFORMATION NETWORK AND GLOBAL SYSTEM (WINGS)

9. The Committee received the document FC 97/21, WFP Information Network and Global System (WINGS) for Cost Analysis and Cost Containment and noted the information contained therein.

IV. APPOINTMENT OF THE WFP EXTERNAL AUDITOR FOR 2002-2005

- 10. The Committee reviewed doc. FC 97/20, the final report of the Evaluation Panel for the selection of the External Auditor of WFP for 2002–2005, submitted to it for comments and advice to be provided to the Executive Board.
- 11. The Chairperson of the Evaluation Panel, H.E. Ambassador M.S. Nouri-Naeeni of Iran, presented the report.
- 12. The Committee requested, and the Chairperson of the Evaluation Panel provided information on the following issues: having two different external auditors in FAO and in WFP, having a very small score difference between the first and second candidates, relative costs of the audit, and the procedures followed by the Evaluation Panel and its confidentiality.



