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Programme

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de Alimentos

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PROPOSED FINANCIAL REGULATIONS OF WFP

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Current Financial Regulations

I: DEFINITIONS

Regulation 1.1: For the purposes of these Regulations, the following definitions shall apply:

“ACABQ” shall mean the United Nations Advisory Committee on Administrative and Budgetary Questions.

“Administrative budget” shall mean the biennial budget for programme support and administrative services.

“Allocation” shall mean a financial authorization issued by the Executive Director to an official to enter into obligations and incur expenditures within specific limits and during a specified time, in respect of Programme activities other than those funded by the administrative budget.

“Allotment” shall mean a financial authorization issued by the Executive Director, pursuant to appropriations voted, to an official to incur obligations for specific purposes within the administrative budget, within specified limits and during a specified time.

“Appropriation” shall mean an amount approved by the Committee for specified purposes within the administrative budget.

“Committee” shall mean, wherever not otherwise specified, the Committee on Food Aid Policies and Programmes.

“Contribution” shall mean a donation of appropriate commodities, related non-food items, acceptable services or cash made in accordance with procedures set out in these Regulations.

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I: Definitions

Regulation 1.1: For the purposes of these Regulations, and the rules promulgated thereto, the following definitions shall apply:

“Account” shall mean a formal record of an asset, liability, revenue or expense for which the effects of transactions are indicated in terms of money or other unit of measurement.

“Administrative budget” shall mean the biennial budget for programme support and administrative services.

“Allotment” shall mean a financial authorization issued by the Executive Director, to an official to incur obligations for specific purposes within approved budgets, within specified limits and during a specified time.

“Appropriation” shall mean an amount approved by the Board for specified purposes for a financial period, against which obligations may be incurred for those purposes up to the amounts approved.

“Bilateral contribution” shall mean a contribution directed by the donor to be used to support an activity not initiated by WFP.

“Contribution” shall mean a donation of appropriate commodities, non-food items, acceptable services or cash made in accordance with procedures set out in these Regulations. A contribution may be Multilateral, Directed Multilateral or Bilateral.

“Directed Multilateral Contribution” shall mean a contribution, other than a response to an appeal made by WFP for a specific emergency operation, which a donor requests WFP to direct to a specific activity or activities initiated by WFP or to a specific Country Programme or Country Programmes.

“Direct support cost” shall mean expenditures which can be directly linked with the provision of support to an operation and which would not be incurred should that activity cease.

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“Executive Director” shall mean the Executive Director of the World Food Programme, or the official to whom the Executive Director has delegated authority and responsibility for the matter in question.

“Ex gratia payment” shall mean a payment made when there is no legal liability, but the moral obligation is such as to make payment desirable.

“Finance Committee” shall mean the Finance Committee of FAO.

“Financial period” shall mean a two-year period starting on 1 January of each even-numbered year.

“FAO” shall mean the Food and Agriculture Organization of the United Nations.

“Fund” shall mean the World Food Programme Trust Fund which was established by the Director-General of FAO under FAO Financial Regulation 6.7.

“General Regulations” shall mean the revised General Regulations of the World Food Programme, as approved by the General Assembly of the United Nations and the Conference of FAO.

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“Executive Director” shall mean the Executive Director of the World Food Programme, or the official to whom the Executive Director has delegated authority and responsibility for the matter in question.

“Ex gratia payment” shall mean a payment made when there is no legal liability, but the moral obligation is such as to make payment desirable.

“Finance Committee” shall mean the Finance Committee of FAO.

“Financial period” shall mean a two-year period starting on 1 January of each even-numbered year.

“Financial Regulations” shall mean regulations established by the Board governing the financial and budgetary administration of WFP.

“Financial Rules” shall mean detailed rules established by or on behalf of the Executive Director, based on the Financial Regulations.

“Financial Statements” shall mean Formal presentation of financial information showing the value of appropriations and income and expenditure for a given period and assets and liabilities at the end of that period, including notes, which form an integral part thereof.

“FAO” shall mean the Food and Agriculture Organization of the United Nations.

“Full-cost recovery” shall mean that donors contributing commodities, non-food items, or services will be responsible for related transportation costs, including the cost of land transportation, as well as all associated operational and support costs.

“Fund” shall mean an accounting entity with a self-balancing set of accounts recording cash and other financial and non-financial resources, together with related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

“General Fund” shall mean the accounting entity established for the purpose of maintaining financial records of contributions and miscellaneous income received which are not designated to a specific programme category, project or a bilateral project.

“General Regulations” shall mean the prevalent General Regulations of the World Food Programme, as approved by the General Assembly of the United Nations and the Conference of FAO.

“General Rules” shall mean the prevalent General Rules of the World Food Programme, as approved by its Executive Board.

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“IEFR” shall mean the International Emergency Food Reserve.

“Obligation” shall mean a written commitment of funds resulting in a liability against approved allocations or allotments.

“Pledge” shall mean a promise to make a contribution.

“Programme” shall mean the World Food Programme.

“Programme support and administrative services” shall mean the activities undertaken by the Programme to provide management, technical, administrative, financial and logistic support to its activities.

“Project” shall mean a separately identified undertaking executed with the assistance of the Programme.

“Project agreement” shall mean a document, which may also be termed “letter of understanding” or “plan of operations”, executed in accordance with the provisions of General Regulation 22.

“Special account” shall mean an identifiable subdivision of the Fund, established by the Executive Director in order to account for a special contribution or for funds especially earmarked.

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“IEFR” shall mean the International Emergency Food Reserve.

“Indirect support cost” shall mean expenditures which are necessary for the execution of an operation but cannot be directly linked with its implementation.

“IRA” shall mean the Immediate Response Account of WFP.

“Multilateral contribution” shall mean a contribution, for which WFP determines the Country Programme or WFP project in which the contribution will be used and how it will be used, or a contribution made in response to an appeal made by WFP for a specific operation. In such cases, the donor will accept reports submitted to the Board as sufficient to meet the requirements of the donor.

“Obligation” shall mean amounts of orders placed, contracts awarded, value of services received and other transactions which involve a charge against the resources of the current financial period and which will require payment during the same or a future financial period.

“Operational reserve” shall mean monies maintained within the General Fund to be used to ensure continuity of operations in the event of a temporary shortfall of resources.

“Pledge” shall mean a promise to make a contribution.

“Programme Category” shall mean the classification of WFP activities as determined by the Executive Board.

“Programme category funds” shall mean a accounting entities established by the Board for the purposes of accounting for contributions, income and expenditures for each Programme Category.

“Programme support and administrative services” shall mean the activities undertaken by WFP to provide management, technical, administrative, financial and logistic support to its activities.

“Project” shall mean a separately identified undertaking within a Programme Category.

“Project Agreement” shall mean a document, which may also be termed “letter of understanding” or “plan of operations”, executed in accordance with the provisions of General Regulation 11.

“Special account” shall mean an identifiable subdivision of the Fund, established by the Executive Director in order to account for a special contribution or for funds especially earmarked.

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"Trust Fund" shall mean an identifiable subdivision of the Fund, established by the Executive Director in order to account for a special contribution of which the purpose, scope and reporting procedures have been agreed with the donor.

II. APPLICABILITY

Regulation 2.1: These Regulations shall govern the financial management of the Programme. They are enacted pursuant to General Regulation 29(e), in terms of which the Committee shall establish Financial Regulations to govern the management of the Fund.

Regulation 2.2: The Executive Director shall establish Financial Rules, consistent with these Regulations, to ensure effective financial administration and the exercise of economy. He/She shall circulate those Rules for information to the Committee, the ACABQ and the Finance Committee.

III: ACCOUNTABILITY

Regulation 3.1: The Executive Director shall be fully responsible and accountable to the Committee for the financial management of the activities of the Programme.

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"Trust Fund" shall mean an identifiable subdivision of the WFP Fund, established by the Executive Director in order to account for a special contribution of which the purpose, scope and reporting procedures have been agreed with the donor.

"WFP Fund" shall mean the World Food Programme Fund established in accordance with General Regulation 14.1 and is comprised of the General Fund, the Programme Category funds and trust funds.

II. Applicability

Regulation 2.1: These Regulations shall govern the financial management of WFP and shall, unless otherwise provided by the Board and except as specified in these Regulations, apply *mutatis mutandis* to all of the financial resources administered by WFP. They are enacted pursuant to General Regulation 14.5 in terms of which the Board shall establish Financial Regulations to govern the management of the WFP Fund.

Regulation 2.2: The Executive Director shall establish Financial Rules, consistent with these Regulations, to ensure effective financial administration and the exercise of economy. The Executive Director shall circulate those Rules for information to the Board, the ACABQ and the Finance Committee.

III: Accountability

Regulation 3.1: The Executive Director shall be fully responsible and accountable to the Board for the financial management of the activities of WFP.

IV: Financial Resources

Regulation 4.1: The financial resources of WFP shall consist of:

- a) Contributions made for the implementation of programmes and projects;
- b) Miscellaneous income, including interest on investments, and
- c) Contributions received in trust as set forth in article V.

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IV: Resources

Regulation 4.1: All contributions to the Programme shall be on a voluntary basis. They shall generally be pledged at conferences convened jointly by the Secretary-General of the United Nations and the Director-General of FAO before the commencement of the pledging period to which they relate and shall aim at such total as may from time to time be set by the General Assembly of the United Nations and the FAO Conference, based on the recommendation of the Committee, for such pledging periods as may be determined by those bodies.

Regulation 4.2: Contributions may be pledged by countries in the form of appropriate commodities, acceptable services (including transport and other services) and cash, aiming at a cash-and-services component amounting in the aggregate to at least one third of the total contributions.

Regulation 4.3: The Executive Director may also accept contributions in commodities, services and cash from intergovernmental bodies, other public sources and appropriate non-governmental sources.

Regulation 4.4:

In addition to regular pledges:

- a) Contributions may be made for the purpose of emergency food assistance to the IEFER. Countries participating in the IEFER should indicate to the Programme, over and above their regular pledges to the Programme, availabilities of primarily food commodities or of cash contributions which might be called upon for emergency food aid purposes, in accordance with United Nations General Assembly

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Regulation 4.2: Pursuant to General Regulation 14.1, all contributions to WFP shall be on a voluntary basis. These should be pledged at biennial pledging conferences as described in the in the General Regulations.

Regulation 4.3: Annual Resource consultations will be conducted in conjunction with a session of the Board to supplement the biennial pledging conference.

Regulation 4.4: WFP will accept contributions in the form of commodity-only from developing countries, provided that another donor meets all related non-food costs; WFP will, when possible, assist in identifying donors interested in meeting such costs. The non-food requirements associated with commodity contributions made by International Development Association (IDA) eligible countries may be met, in exceptional circumstances, from the General Fund.

Regulation 4.5:

- a) Contributions to WFP will consist of contributions to:
 - i) Development programmes and projects;
 - ii) The IEFER and the IRA;
 - iii) PRO programmes and projects;

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resolution 3362 (s-VII). Developing countries not in a position to make contributions in cash or in kind to the IEFER should, where possible, indicate their willingness to make interest-free loans of commodities to be used by the Programme.

- b) Contributions may also be made for such other purposes, including assistance to refugees and displaced persons, as may be identified by the Committee.

Regulation 4.5: Donors shall be responsible for all costs of their commodity contribution up to and including delivery free on board at the export port or, where appropriate, free on rail at a recognized exit point of the country concerned.

Regulation 4.6: In addition to the costs referred to in Regulation 4.5, donors contributing commodities or non-food items to protracted refugee or IEFER operations shall normally be responsible for related transportation costs, including the cost of internal transportation, storage and handling in the country of destination.

Regulation 4.7: Cash contributions to the Programme shall be made in convertible currencies. In exceptional circumstances, however, developing countries may, with the agreement of the Executive Director, make cash contributions in non-convertible currencies.

Regulation 4.8: Having regard to the circumstances of the project or projects concerned, the Executive Director, under guidelines established by the Committee and in consultation with the donor and the recipient country, may sell commodities for cash if in his/her opinion such cash will contribute more effectively to the objectives of the project or projects in question. The Executive Director shall retain responsibility for the financial management of the resources so generated.

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- iv) Special Operations;
- v) the General Fund; and
- vi) other activities and Programme Categories as determined, from time to time.
- b) Developing countries not in a position to make contributions in cash or in kind to the IEFER should, where possible, indicate their willingness to make interest-free loans of commodities to be used by WFP.
- c) The Board will establish a target level for the IRA for each financial period. The target level should be maintained by annual replenishment contributions from donors and, when possible, by repayment of advances made for specific emergencies. [Contributions for food and food-related costs will be distinguished clearly from contributions for non-related costs to enable reporting to the Food Aid Committee of the International Grains Council.]

Regulation 4.6: Donors shall be responsible for all costs of their commodity contribution up to and including delivery free on board at the export port or, where appropriate, free on rail at a recognized exit point of the country concerned, as well as all associated operational and support costs.

Regulation 4.7: Donors contributing commodities or non-food items shall be responsible for related transportation costs, including the cost of land transportation, storage and handling in the country of destination, as well as all associated operational and support costs.

Regulation 4.8: Cash contributions to WFP shall be made in convertible currencies. In exceptional circumstances, however, developing countries may, with the agreement of the Executive Director, make cash contributions in non-convertible currencies.

Regulation 4.9: Having regard to the circumstances of the Country Programmes or projects concerned, the Executive Director, under guidelines established by the Board and in consultation with the donor and the recipient country, may sell commodities for cash if in the Executive Director's opinion such cash will contribute more effectively to the objectives of the Country Programmes or projects in question. The Executive Director shall retain responsibility for the financial management of the resources so generated through audit requirements or other measures. The responsibility of managing the generated financial resources will rest with the title holder of the commodities when sold. When it is in the best interest of the project for WFP to manage the generated financial resources belonging to the recipient government, WFP will enter into a trust fund

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Regulation 4.9: Governments of recipient countries are expected to contribute a substantial portion of the costs of the Programme's country offices, in kind and in cash. The extent of this contribution shall be set out in an agreement between the Programme and the government concerned. On the recommendation of the Executive Director, the Committee may exempt specific countries from this Regulation.

[Regulation 6.2 [SHOWN HERE FOR COMPARISON PURPOSES]: The Executive Director shall submit to the Committee, at its of each financial period, a Strategic Financial Plan that will highlight such main features of the proposed programme of work for the ensuing financial period as are likely to have a significant impact upon the related

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arrangement with the government.

Regulation 4.10: Governments of recipient countries are expected to contribute a substantial portion of the costs of WFP's country offices, in kind and in cash. The extent of this contribution shall be set out in an agreement between WFP's and the government concerned. On the recommendation of the Executive Director, the Board may exempt specific countries from this Regulation.

V: Trust Funds

Regulation 5.1: Trust Funds may be established by the Executive Director for specified purposes consistent with the policies, aims and activities of WFP.

Regulation 5.2: The purpose and limits of each trust fund shall be clearly defined and contributions thereto shall be on a full cost recovery basis.

Regulation 5.3: Contributions, other than those identified under article IV, which are accepted for purposes specified by a donor shall be treated as trust funds. The Executive Director shall report all such contributions or donations to the Board.

VI: Financial Periods

Regulation 6.1: To provide for continuity in the programming and implementation of WFP assistance to Country Programmes and Projects, the financial period for the purpose of the proposed utilization of resources and of the entering into commitments in respect of programme activities shall be the duration of each Country Programme or Project as provided for in Article XII.

Regulation 6.2: For the purpose of accounting for expenditures incurred and resources received in respect of the biennial budget, as provided for in Article XIII, the financial period shall consist of two consecutive calendar years, the first of which shall be an even year.

VII: Strategic and Financial Plan

Regulation 7.1: The Executive Director shall submit to the Board, at its annual meeting in odd-numbered years of each financial period, a Strategic and Financial Plan that will highlight such main features of the proposed programme of work for the ensuing financial period. The Executive Director shall forward copies of the Strategic and Financial Plan to

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resources required for that period. He/ shall forward copies of the Strategic Financial Plan to the ACABQ and the Finance Committee for their review and comment and shall submit to the Committee any such comments.]

V: PROJECT ACTIVITIES

Regulation 5.1: Food aid projects shall be requested by governments, and reviewed by the Executive Director, in accordance with the procedures set out in General Regulation 20.

Regulation 5.2: The Committee shall from time to time determine the level up to which the Executive Director is authorized to approve projects.

Regulation 5.3: After review, and bearing in mind the level referred to in Regulation 5.2, the Executive Director shall either decide on the project or submit project proposals, together with a recommendation, to the Committee. The Executive Director shall ensure that projects approved, or submitted for approval, can be implemented within available resources. Resource availability for this purpose shall take into account pledges and contributions that can be applied to the current financial period, as well as resources reasonably expected to be contributed during the two subsequent financial periods.

Regulation 5.4: Approval of a project constitutes authority for the Executive Director to incur obligations and expend funds for the project, subject to the preparation and signature of the project agreement referred to in Regulation 5.5.

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the ACABQ and the Finance Committee for their review and comment and shall submit to the Board any such comments.

Regulation 7.2: The Strategic and Financial Plan shall cover a four-year period and shall be prepared every two years on a rolling basis.

VIII: Country Programmes or Project Activities

Regulation 8.1: Within the framework of the Strategic and Financial plan, the Executive Director shall submit to the Board for review and approval multi-year country programme recommendations for the activities to be undertaken by WFP in the countries with which WFP co-operates.

Regulation 8.2: The Committee shall from time to time determine the level up to which the Executive Director is authorized to approve projects.

Regulation 8.3: After review, and bearing in mind the level referred to in Regulation 8.2, the Executive Director shall either decide on the project or submit project proposals, together with a recommendation, to the Board. The Executive Director shall ensure that projects approved, or submitted for approval, can be implemented within available resources. Resource availability for this purpose shall take into account pledges and contributions that can be applied to the current financial period, as well as resources reasonably expected to be contributed during the two subsequent financial periods.

Regulation 8.4: Approval of a Country Programme or project constitutes authority for the Executive Director to allocate funds, to issue allotments, incur obligations and expend resources for the Country Programme or project, subject to the preparation and signature of the Country Programme or project agreement.

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Regulation 5.5: Upon approval of a project by the Committee, or by the Executive Director on its behalf, the Executive Director shall prepare a project agreement, in consultation with the government concerned, and in accordance with the procedures set out in General Regulation 22.

Regulation 5.6: The primary responsibility for project execution shall rest with the recipient country, in accordance with the provisions of the project agreement. The Executive Director shall, however, be responsible for supervision and assistance in execution, shall take the necessary measures for this purpose and shall utilize the services of the United Nations and FAO and, where appropriate, other organizations, under such arrangements as may be agreed upon.

Regulation 5.7: Emergency operations shall be initiated, approved and implemented in accordance with the procedures set out in General Regulations 21, 23 and 25. All such operations shall be reported to the Committee at the earliest possible time after they have been approved.

Regulation 5.8: Transfers between project budgets may be effected by the Executive Director, who will report thereon to the Committee.

Regulation 5.9: Except as may be specifically agreed with donors, the financial administration of activities funded by special accounts or trust funds shall *mutatis mutandis* be governed by the provisions of this chapter and the Regulations and Rules.

Regulation 5.10: The Executive Director shall make arrangements for the evaluation of projects.

VI: THE PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET

Regulation 6.1: The Executive Director shall prepare proposed biennial budgets for programme support and administrative services.

Regulation 6.2: The Executive Director shall submit to the Committee, at its first regular session in the second year of each financial period, a Strategic Financial Plan that will highlight such main features of the proposed programme of work for the ensuing financial period as are likely to have a significant impact upon the related resources required for that period. He/She shall forward copies of the Strategic Financial Plan to the ACABQ and the Finance Committee for their review and comment and shall submit to the Committee any such comments.

Regulation 6.3: The Executive Director shall submit to the Committee, at its second regular session in the second year of each financial period, the proposed biennial budget for the following financial period. The budget document shall be circulated to members of

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Regulation 8.5: Transfers within Country Programmes and between project budgets may be effected by the Executive Director, who will report thereon to the Board.

Regulation 8.6: Except as may be specifically agreed with donors, the financial administration of activities financed by special accounts or trust funds shall *mutatis mutandis* be governed by the provisions of this chapter and the Regulations and rules.

Regulation 8.7: The Executive Director shall make arrangements for the evaluation of programmes or projects.

IX: The Programme Support and Administrative Budget

Regulation 9.1: The Executive Director shall prepare proposed biennial WFP budgets for programme support and administrative services for each financial period.

Regulation 9.2: The Executive Director shall submit to the Board, at its second regular session in the second year of each financial period, the proposed biennial budget for the following financial period. The budget document shall be circulated to members of the

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the Committee not later than 60 days before the session. He/She shall forward copies of the proposed budget to the ACABQ and the Finance Committee for their review and comment.

Regulation 6.4: The proposed budget shall show the estimated costs of the Programme in such separate main appropriation lines as may be decided by the Committee.

Regulation 6.5: The proposed budget will contain:

- a) comparative tables showing appropriations approved for the current financial period and estimates proposed for the following period;
- b) Such statistical data, information annexes and explanatory statements, including staffing tables, as may be requested by the Committee or considered appropriate by the Executive Director.

Regulation 6.6: The Committee shall consider the proposed budget and the related reports of the ACABQ and the Finance Committee, and shall adopt the budget prior to the financial period covered by the budget.

Regulation 6.7: Approval of the budget by the Committee shall constitute an authorization to the Executive Director to incur obligations and make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

Regulation 6.8: The Executive Director may make transfers within each of the main appropriation lines of the approved budget, as defined by the Committee pursuant to Regulation 6.4. He/She may also make transfers between such appropriation lines up to limits the Committee may specifically set.

Regulation 6.9: The Executive Director may prepare supplementary estimates in a form consistent with the budget for the financial period. Such estimates shall be submitted to the Committee with the related comments of the ACABQ and the Finance Committee.

Regulation 6.10: Appropriations shall remain available for twelve months following the end of the biennium to which they relate, to the extent that they are required to discharge any outstanding legal obligation of the biennium. At the end of that twelve-month period, the remaining balance of any appropriation shall revert to the Fund. Any unliquidated obligations shall at that time be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.

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Committee not later than 60 days before the session. The Executive Director shall forward copies of the proposed budget to the ACABQ and the Finance Committee for their review and comment.

Regulation 9.3: The proposed budget shall show the estimated costs of WFP in such separate main appropriation lines as may be decided by the Board.

Regulation 9.4: The proposed budget will contain:

- a) comparative tables showing appropriations approved for the current financial period and estimates proposed for the following period;
- b) Such statistical data, information annexes and explanatory statements, including staffing tables, as may be requested by the Board or considered appropriate by the Executive Director.

Regulation 9.5: The Board shall consider the proposed budget and the related reports of the ACABQ and the Finance Committee, and shall adopt the budget prior to the financial period covered by the budget.

Regulation 9.6: Approval of the budget by the Board shall constitute an authorization to the Executive Director to allocate funds, to issue allotments and make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

Regulation 9.7: The Executive Director may make transfers within each of the main appropriation lines of the approved budget, as defined by the Board pursuant to Regulation 9.3. The Executive Director may also make transfers between appropriation lines up to limits the Board may specifically set.

Regulation 9.8: The Executive Director may prepare supplementary estimates in a form consistent with the budget for the financial period.

Regulation 9.9: Appropriations shall remain available for twelve months following the end of the biennium to which they relate, to the extent that they are required to discharge any outstanding legal obligations of the biennium. At the end of that twelve-month period, the remaining balance of any appropriation shall revert to the relevant Fund. Any unliquidated obligations shall at that time be cancelled or, where the obligations remain a valid charge, transferred as obligations against current appropriations.

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VII: THE FUND

Regulation 7.1: All contributions and pledges to the Programme shall be credited to the Fund and all expenditures of the Programme shall be charged to the Fund.

Regulation 7.2: Pledges and contributions shall normally be made without limitation as to their purpose or use. The Executive Director may, however, accept contributions in cash or in kind for special purposes, provided these are consistent with the objectives and policies of the Programme, and provided further that any related additional costs to the Programme are paid for by the donor. He/She shall report all such contributions to the Committee.

Regulation 7.3: In respect of each special contribution accepted under Regulation 7.2, the Executive Director shall establish, as appropriate, a trust fund or special account within the Fund.

Regulation 7.4: Within the Fund, there shall be maintained an operational reserve at a level to be determined from time to time by the Committee, on the recommendation of the Executive Director after consultation with the ACABQ and the Finance Committee. The purpose of the operational reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. The Committee shall establish guidelines for the use of the operational reserve.

Regulation 7.5: Drawdowns from the operational reserves shall be restored from cash contributions as soon as possible.

Regulation 7.6: The Committee may establish other reserve funds as required.

Regulation 7.7: The resources of the Fund shall be used exclusively for the operational and administrative expenses of the Programme. A portion of the resources of the Fund shall be reserved each year for meeting emergency food needs in accordance with the procedures set out in General Regulation 5(a).

Regulation 7.8: The cash portion of the resources of the Fund shall be used for:

- a) the transport and related expenses necessary for project and emergency

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X: The WFP Fund

Regulation 10.1: The WFP fund shall be subdivided into a General Fund, Programme Category Funds, Trust Funds, and such other funds as the Board has established or may establish from time to time. The Executive Director may establish accounts within the WFP Fund as shall be necessary to implement these Regulations.

Regulation 10.2: All contributions to WFP shall be credited to the relevant Programme Category Fund or to the General Fund, and all expenditures shall be charged to the relevant Fund.

Regulation 10.3: All contributions will be classified as Multilateral, Directed Multilateral, or Bilateral. The Executive Director may accept Bilateral contributions only if they are for activities consistent with the objectives and policies of the with WFP's mission statement. The Executive Director shall report all contributions to the Board.

Regulation 10.4: In respect of each bilateral contribution accepted under Regulation 10.3, the Executive Director shall establish a trust fund.

Regulation 10.5: Within the WFP Fund, there shall be maintained an operational reserve at a level to be determined from time to time by the Board, on the recommendation of the Executive Director after consultation with the ACABQ and the Finance Committee. The purpose of the operational reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. The Board shall establish guidelines for the use of the operational reserve.

Regulation 10.6: Drawdowns from the operational reserve shall be restored from cash contributions as soon as possible.

Regulation 10.7: The Board may establish other reserves as required.

Regulation 10.8: The resources of the WFP Fund shall be used exclusively for the operational and support expenses of WFP.

Regulation 10.9: The cash portion of the resources of the WFP Fund shall be used for:

- a) Operational Costs;

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operations;

- b) programme support and administrative costs;
- c) The purchase of commodities, to the maximum extent possible from developing countries, and
- d) any other purpose authorized by the Committee.

Regulation 7.9: Except for contributions, direct refunds of expenditure, and investment return credited to the related special account under Regulation 8.3, all income shall be credited to the Fund as miscellaneous income.

VIII: MANAGEMENT OF FUNDS

Regulation 8.1: The Executive Director shall designate the bank or banks in which the monies of the Fund will be kept.

Regulation 8.2: Monies not required immediately may be invested by the Executive Director, bearing in mind the need for safety, liquidity and profitability. Any resulting income shall accrue to the Fund.

Regulation 8.3: Income from investments shall, where applicable, be credited to the related special account, and in all other cases to miscellaneous income. Unless otherwise authorized by the Executive Director, interest accrued on donor funds administered by the Programme for bilateral services shall also be credited to miscellaneous income.

IX: INTERNAL CONTROL

Regulation 9.1: The Executive Director shall establish internal controls, including internal audit, to ensure the effective and efficient use of the resources of the Programme and the safeguarding of its assets. Such internal controls shall take into account best prevailing practices of governmental and commercial management and shall, *inter alia*, ensure:

- a) that all payments are made on the basis of supporting vouchers or other documents which ensure that the services or goods have been received and that payments have not previously been made;
- b) the regularity of the receipt, custody and disposal of all resources of the

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- b) Direct and Indirect Support Costs;

- c) The purchase of commodities, to the maximum extent possible from developing countries; and
- d) any other purpose authorized by the Board.

Regulation 10.10: All income, except for contributions, and direct refunds of expenditure, and investment income shall be credited to the General Fund, as miscellaneous income unless otherwise agreed by the contributing donor.

XI: Management of Financial Resources

Regulation 11.1: The Executive Director shall designate the bank or banks in which the cash portion of the WFP Fund will be kept.

Regulation 11.2: Monies not required immediately may be invested by the Executive Director, bearing in mind the need for safety, liquidity and profitability.

Regulation 11.3: Income from investments shall be credited to the General Fund unless otherwise unless other provided in the agreement with the donor.

XII: Internal Control

Regulation 12.1: The Executive Director shall establish internal controls, including internal audit and investigation, to ensure the effective and efficient use of the resources of WFP and the safeguarding of its assets. Such internal controls shall take into account the best prevailing practices of governmental and commercial management and shall, *inter alia*, ensure:

- a) that all payments are made on the basis of supporting vouchers or other documents which ensure that the services or goods have been received and that payments have not previously been made;

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- c) the conformity of expenditures and obligations with the appropriations, allocations or other authorizations approved as the case may be by the Committee, or by the Executive Director.

Regulation 9.2: Obligations and commitments, regardless of the source of funds, shall be incurred only after the relevant allocations, staffing authorizations or other authorizations have been made in writing by or under the authority of the Executive Director. (See also Rule 105.3 and 106.1)

Regulation 9.3: The Executive Director may make such *ex gratia* payments as he/she deems necessary in the interest of the Programme. He/She shall report all such payments to the Committee with the accounts.

Regulation 9.4: The Executive Director may, after full investigation, authorize the writing-off of losses of cash, commodities and other assets, provided that a statement of all amounts written off shall be submitted to the External Auditor with the accounts.

Regulation 9.5: Competitive tenders for commodities, transport, equipment, supplies and other requirements shall be invited by means of formal invitations to bid, advertisements or requests for proposals, except where the Executive Director takes a documented decision that a departure from the Regulation is necessary in the interest of the Programme.

X: THE ACCOUNTS

Regulation 10.1: The Executive Director shall submit to the Committee biennial accounts in respect of the Fund, including all trust funds and special accounts established under Regulation 7.3. These accounts shall be prepared in accordance with generally accepted international accounting standards. The format of the accounts shall be such as may be appropriate to clearly show the financial position of the Programme and meet the managerial requirements of the Committee and of the Executive Director.

Regulation 10.2: The accounts shall be presented in United States dollars. Accounting records may also be kept in such other currencies as the Executive Director may deem necessary.

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- b) the regularity of the receipt, custody and disposal of all resources of WFP;
- c) the conformity of expenditures and obligations with the appropriations, allotments or other authorizations approved, as the case may be, by the Board, or by the Executive Director.

Regulation 12.2: Obligations regardless of the source or purpose of the funds, shall be incurred only after the relevant allotments, staffing authorizations or other authorizations have been made in writing by or under the authority of the Executive Director.

Regulation 12.3: The Executive Director may make such *ex gratia* payments as the Executive Director deems necessary in the interest of WFP. The Executive Director shall report all such payments to the Board with the accounts.

Regulation 12.4: The Executive Director may, after full investigation, authorize the writing-off of losses of cash, commodities and other assets, provided that a statement of all amounts written off shall be submitted to the External Auditor with the accounts.

Regulation 12.5: Competitive tenders for commodities, transport, equipment, supplies and other requirements shall be invited by means of formal invitations to bid, advertisements or requests for proposals, except where the Executive Director takes a documented decision that a departure from the Regulation is necessary.

XIII: The Accounts

Regulation 13.1: The Executive Director shall submit to the Board for its approval biennial financial statements in respect of the WFP Fund, including all trust funds established under Regulation 10.4. These financial statements shall be prepared in accordance with the UN Common Accounting Standards except when the nature of WFP's operation so requires different internationally accepted accounting standards. The format of the accounts shall be such as may be appropriate to clearly show the financial position of WFP and meet the managerial requirements of the Board and of the Executive Director.

Regulation 13.2: The financial statements shall be presented in United States dollars. Accounting records may also be kept in such other currencies as the Executive Director may deem necessary.

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Regulation 10.3: The accounts of the Programme shall be certified by the Executive Director, and submitted by him/her, not later than 31 March following the end of each financial period, to the External Auditor for examination and opinion.

XI: EXTERNAL AUDIT

Regulation 11.1: The Committee shall appoint an External Auditor to perform the audit of the accounts of the Programme. The External Auditor shall be the Auditor-General (or official holding the equivalent title) of a State Member of the United Nations or FAO.

Regulation 11.2: The External Auditor shall be appointed for a four-year term which shall commence on 1 July of the first year of a financial period. He or she may be reappointed for only one further four-year term.

Regulation 11.3: The audit shall be conducted in accordance with generally accepted auditing standards and in accordance with the additional terms of reference set out in the Annex to these Regulations.

Regulation 11.4: The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Programme.

Regulation 11.5: The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

Regulation 11.6: The Committee may request the External Auditor to perform specific examinations and issue separate reports thereon.

Regulation 11.7: The Executive Director shall provide the External Auditor with the facilities he or she may require in the performance of the audit.

Regulation 11.8: The External Auditor shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts of the financial period, which shall include such information as the External Auditor deems necessary with regard to the matters referred to in Regulation 11.4 and in the Additional Terms of Reference.

Regulation 11.9: The Executive Director shall transmit the report of the External Auditor together with the audited financial statements, to the Committee through the ACABQ and the FAO Finance Committee, and in accordance with any directions given to the Committee. The Executive Director shall also forward to the Committee the related comments of the ACABQ and the FAO Finance Committee.

Regulation 11.10: After its review, the Committee shall forward the report of the External

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Regulation 13.3: The financial statements of WFP shall be certified by the Executive Director, and submitted by the Executive Director, not later than 31 March following the end of each financial period, to the External Auditor for examination and opinion.

XIV: External Audit

Regulation 14.1: The Board shall appoint an External Auditor to perform the audit of the accounts of WFP. The External Auditor shall be the Auditor-General (or official holding the equivalent title) of a State Member of the United Nations or FAO.

Regulation 14.2: The External Auditor shall be appointed for a four-year term which shall commence on 1 July of the first year of a financial period. He or she may be reappointed for only one further four-year term.

Regulation 14.3: The audit shall be conducted in accordance with Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the Atomic Energy Agency and in accordance with the additional terms of reference set out in the Annex to these Regulations.

Regulation 14.4: The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Programme.

Regulation 14.5: The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

Regulation 14.6: The Board may request the External Auditor to perform specific examinations and issue separate reports thereon.

Regulation 14.7: The Executive Director shall provide the External Auditor with the facilities he or she may require in the performance of the audit.

Regulation 14.8: The External Auditor shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts of the financial period, which shall include such information as the External Auditor deems necessary with regard to the matters referred to in Regulation 14.4 and in the additional terms of reference.

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Auditor and the audited financial statements to the United Nations General Assembly and the FAO Conference, together with the comments thereon of the ACABQ, the Finance Committee and the Committee itself.

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Regulation 14.9: External audits will be conducted exclusively by the External Auditor appointed by the Board.

