

برنامج
الأغذية
العالمي



Programme
Alimentaire
Mondial

World
Food
Programme

Programa
Mundial
de Alimentos

**Executive Board
First Regular Session**

Rome, 19–21 February 2007

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

For approval

E

Distribution: GENERAL
WFP/EB.1/2007/6-E
19 February 2007
ORIGINAL: ENGLISH

EXTERNAL AUDIT OF FUNDS AND PROGRAMMES INVOLVED IN THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

This document is printed in a limited number of copies. Executive Board documents are available on WFP's WEB site (<http://www.wfp.org/eb>).

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.

Director, OSD*:

Mr. A. Khan

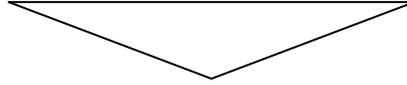
tel.: 066513-2029

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).

* Inspector General and Oversight Services Division



DRAFT DECISION*



Noting the Secretary General's proposal, the Executive Board decides to request the WFP External Auditor to carry out a special audit of the WFP operations in the Democratic People's Republic of Korea as a matter of priority and report its findings to the Board. The WFP External Auditor might wish to consult and coordinate with the United Nations Board of Auditors which may be undertaking a special audit of United Nations organizations in the Democratic People's Republic of Korea, including the United Nations Funds and Programmes which fall within its mandate.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document (document WFP/EB.1/2007/16) issued at the end of the session.



INTRODUCTION

1. In response to questions raised regarding United Nations operations in the Democratic People's Republic of Korea (DPRK), the Secretary-General proposed that an external audit of the Funds and Programmes involved in DPRK should be carried out. This paper outlines the implication of the Secretary-General's proposal for the World Food Programme (WFP).

BACKGROUND

2. WFP has conducted food assistance operations in the DPRK since 1995. A new PRRO 10488.0 for two years (2006–2007) was approved by the WFP Executive Board at its First Regular Session, 2006 (2006/EB.1/16) and began in June 2006 following the signing of a Letter of Understanding (LOU) by WFP and DPRK on 10 May 2006. The Executive Board was briefed on the status of the operations at its sessions in June and November 2006. WFP's DPRK operations have been audited by its External Auditor in 1999 and in 2005.

SECRETARY-GENERAL'S PROPOSAL

3. Opting to use the existing procedures within the United Nations System, the Secretary-General requested the Advisory Committee on Administrative and Budgetary Questions (ACABQ) under its authority in Article VII of the United Nations Financial Regulations and Rules, to request the United Nations Board of Auditors, to perform specific examination of the operations of any and all United Nations organizations, including the United Nations Funds and Programmes, which fall within the mandate of the Board of Auditors. The scope of the work should focus on past and current compliance with the applicable Financial Regulations and Rules, accountability frameworks and other directives as well as to ensure that money expended in DPRK went to the intended recipients. The areas to be reviewed should include foreign currency transactions, staff hiring, access to reviewing local projects and their outputs, and direct payments for National Execution (NEX) projects. The proposed period of review would be from 1998 to the present. It is also proposed that the Board of Auditors' review be conducted within a time frame of 90 days.
4. The ACABQ, after considering the Secretary-General's proposal, has requested the United Nations Board of Auditors to carry out a special audit of the operations of United Nations organizations in the DPRK, including the United Nations Funds and Programmes which fall within the Board's mandate, as a matter of priority, and report its findings to the Advisory Committee. Recognizing United Nations Development Programme (UNDP) as the lead agency in the DPRK, the ACABQ has suggested that the United Nations Board of Auditors may also wish to consult the auditors of other United Nations entities.

WFP'S FINANCIAL REGULATIONS

5. WFP does not fall within the mandate of the United Nations Board of Auditors. Sir John Bourne, the Controller and Auditor General of the United Kingdom, is currently



the WFP External Auditor. Financial Regulation 14.5 stipulates that ‘the External Auditor shall be completely independent and solely responsible for the conduct of the audit’. Furthermore, Financial Regulation 14.6 states that ‘the Board may request the External Auditor to perform specific examinations and issue separate reports thereon’.

CONCLUSION

6. WFP is one of the main United Nations Funds and Programmes operating in the DPRK. The current request of the Secretary-General to the ACABQ does not envisage an audit of WFP operations given that the United Nations Board of Auditors does not have a mandate to audit WFP. However, in public statements the Secretary-General has emphasized a system wide assessment. WFP’s External Auditor can undertake such an engagement either of his own volition by amending his workplan, or as a specific examination on the request of the Executive Board in terms of Financial Regulation 14.6.