RESOURCE AND FINANCIAL MATTERS

Agenda item 4 a)

PROCEDURES FOR THE SELECTION AND APPOINTMENT OF THE WFP EXTERNAL AUDITOR
NOTE TO THE EXECUTIVE BOARD

This document contains recommendations for review and approval by the Executive Board.

Pursuant to the decisions taken on the methods of work by the Executive Board at its First Regular Session of 1996, the documentation prepared by the Secretariat for the Board has been kept brief and decision-oriented. The meetings of the Executive Board are to be conducted in a business-like manner, with increased dialogue and exchanges between delegations and the Secretariat. Efforts to promote these guiding principles will continue to be pursued by the Secretariat.

The Secretariat therefore invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff member(s) listed below, preferably well in advance of the Board's meeting. This procedure is designed to facilitate the Board's consideration of the document in the plenary.

The WFP focal point for this document is:

Director, OEDA: Jessie Rose Degala-Mabutas tel.: 6513-2469

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Documentation and Meetings Clerk (tel.: 6513-2641).
1. At its Third Regular Session of 1997, the Executive Board (decision 1997/EB.3/7, as per recommendation 2 a) of document WFP/EB.3.97/4-D) directed its Bureau to establish procedures and criteria (including work plan, fees, etc.) to be used in the competitive selection and appointment of the External Auditor beyond 2001, and present these to the Board at its First Regular Session of 1998. This paper sets out the procedures and criteria for selection and appointment, as recommended by the Bureau.

## RELEVANT PROVISIONS IN THE FINANCIAL REGULATIONS

2. The Financial Regulations of WFP relevant to the appointment of the External Auditor are the following:

   **Financial 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.”

   **Financial Regulation 14.2:** “The External Auditor shall be appointed for a four-year term covering two financial periods. He or she may be re-appointed for only one further four-year term.”

## GENERAL POLICIES

3. When considering the selection and appointment of the External Auditor of WFP beyond 2001, the Board formulated the following policies:

   a) Selection will be competitive, made from proposals of eligible external auditors, and governed by procedures and criteria (including work plan, fees, etc.) established by the Board.

   b) The Bureau of the Board will initiate and oversee the competitive selection process; evaluate all proposals received, taking into consideration the comments of the FAO Finance Committee and the Advisory Committee on Administrative and Budgetary Questions (ACABQ); and present to the Board the results of its evaluation, together with its recommendation.

   c) The Board will make the appointment by consensus or, failing that, by secret ballot.

4. The field of competition for the appointment will be drawn widely and developing countries in particular will be encouraged to bid.

## PROCEDURES FOR THE SELECTION AND APPOINTMENT

5. The process for the selection will commence in the year preceding the two biennia to which the appointment relates. It will comprise the following stages:

   **Stage 1 - Invitation**

   The Bureau of the Board will invite eligible external auditors to submit technical and financial proposals for the audit of WFP’s financial statements for two biennia. The external auditors eligible are the Auditors-General or officials holding an equivalent title.
of States Members of the United Nations or FAO. The range of selection will be drawn widely from States Members of the United Nations or FAO.

Stage 2 - Receipt and opening of proposals

The receipt and opening of proposals will be performed in accordance with existing WFP tender receipt and opening procedures. Once the proposals are opened, these are to be turned over to the Bureau of the Board.

Stage 3 - Evaluation of proposals

The Bureau of the Board will constitute itself into an Evaluation Panel to short-list valid proposals. It may draw upon the WFP Secretariat to assist in the evaluation process.

Stage 4 - Solicitation of comments from FAO Finance Committee and the ACABQ

Results of the short-listed proposals will be submitted to the FAO Finance Committee and the ACABQ for their comments. Auditors-General or their representatives who have been short-listed may be requested to make an oral presentation to the Bureau of the Board of their proposals, if appropriate. Taking into consideration the comments of the FAO Finance Committee and the ACABQ, the Bureau of the Board will present its report and recommendation to the Board.

Stage 5 - Appointment

On the basis of the evaluation and recommendation of its Bureau, the Board will decide upon the appointment and approve it, by consensus or secret ballot.

6. The Bureau of the Board may further prepare detailed procedures to be followed in selection and evaluation.

CRITERIA FOR EVALUATION

7. The criteria for the selection and appointment of the WFP External Auditor will be:

a) Independence - demonstrated autonomy from other institutions of the government, integrity, objectivity in the discharge of duties and responsibilities, ability to self-determine scope of audit.

b) Qualifications of officials and staff - conformity to the auditing standards of the United Nations Panel of External Auditors and ethics governing their work; professional qualifications, skills, and size of work force; membership in internationally recognized accounting or auditing bodies such as the International Organization of the Supreme Audit Institutions (INTOSAI), the International Federation of Accountants (IFAC), etc.; and proficiency in at least two WFP official languages.

c) Training and experience - existence of a programme for a continuing professional education for staff; experience in the audit of United Nations organizations or other national or international non-governmental organizations; and staff adequately trained in modern trends of auditing and with extensive audit experience.

d) Audit approach and strategy - comprehensive work plans to ensure adequate audit coverage of all WFP resources; performance of financial and compliance audits as well as economy, efficiency and value-for-money audits; and collaboration with WFP’s internal audit to optimize the use of limited audit resources.
e) Audit reports - timely communication of audit results presented to management through comprehensive management letters and audit reports. The audit reports should be accurate, complete, balanced, fair and constructive.

f) Cost - most competitive fees.

**RECOMMENDATION**

8. It is recommended that the Board approve the procedures and criteria for the selection and appointment of the WFP External Auditor beyond 2001, as set out in paragraphs 5 to 7 above.