



**Executive Board
Annual Session**

Rome, 4–8 June 2012

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6



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REPORT OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (ACABQ)

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

- Audited Annual Accounts, 2011 (WFP/EB.A/2012/6-A/1)
- Forward Purchase Facility (WFP/EB.A/2012/6-B/1)
- Appointment of Members to the Audit Committee (WFP/EB.A/2012/6-C/1)
- Annual Report of the Audit Committee (WFP/EB.A/2012/6-D/1)
- Annual Report of the WFP Inspector General (WFP/EB.A/2012/6-E/1)
- Note by the Executive Director on the Annual Report of the Inspector General (WFP/EB.A/2012/6-E/1/Add.1)
- Report of the External Auditor on Management of Human Resources (WFP/EB.A/2012/6-F/1)
- WFP Management Response to the Recommendations of the Report of the External Auditor on Management of Human Resources (WFP/EB.A/2012/6-F/1/Add.1)
- Report of the External Auditor on Emergency Preparedness for IT Support in WFP (WFP/EB.A/2012/6-G/1)
- WFP Management Response to the Recommendations of the Report of the External Auditor on Emergency Preparedness for IT Support in WFP (WFP/EB.A/2012/6-G/1/Add.1)
- Report on the Implementation of the External Auditor Recommendations (WFP/EB.A/2012/6-H/1)
- Report of the Executive Director on the Utilization of Contributions and Waivers of Costs (General Rules XII.4 and XIII.4 (h)) (WFP/EB.A/2012/6-I/1)

COPY OF LETTER RECEIVED FROM THE UNITED NATIONS — NEW YORK

Reference: AC/1779

Advisory Committee on Administrative
and Budgetary Questions

1 June 2012

Dear Ms. Cousin,

Please find attached a copy of the report of the Advisory Committee on your submissions concerning:

- Audited Annual Accounts, 2011 (WFP/EB.A/2012/6-A/1)
- Forward Purchase Facility (WFP/EB.A/2012/6-B/1)
- Appointment of Members to the Audit Committee (WFP/EB.A/2012/6-C/1)
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- Report of the Executive Director on the Utilization of Contributions and Waivers of Costs (General Rules XII.4 and XIII.4 (h)) (WFP/EB.A/2012/6-I/1)

Ms. Ertharin Cousin
Executive Director
World Food Programme
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Parco dei Medici
00148 Rome, Italy

I should be grateful if you could arrange for the Committee's report to be placed before the Executive Board at its forthcoming session, as a complete and separate document. I would appreciate it if a printed version of the document could be provided to the Advisory Committee at the earliest possible opportunity.

With respect to the proposals for streamlining the process of reviewing financial and administrative documents requiring the approval of the Executive Board, the Advisory Committee expressed its view that WFP Secretariat should continue, in consultation with its Executive Board, to develop proposals with a view to enhancing the effectiveness of interaction with the Advisory Committee, as well as with the other legislative bodies engaged in the process (WFP/EB.2/2011/5(A, B, C, D, E, F)/2, para. 3). The Committee notes that the WFP Audit Committee did not find any reason to object to the proposed optimization of the submission process, as it would result in cost efficiencies for WFP and good corporate governance practice would be secured (WFP/EB.A/2012/6-D/1, paras. 33–35). The Advisory Committee was informed that the Finance Committee of the Food and Agriculture Organization would undertake a review of the proposal and the Advisory Committee awaits further feedback on the final position of the Finance Committee on this matter.

Yours sincerely,

Collen V. Kelapile
Chairman

Encl.

WORLD FOOD PROGRAMME

Resource, Financial and Budgetary Matters

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee has considered the following three reports of the World Food Programme (WFP), presented for approval by the Executive Board:

- (a) Audited annual accounts for 2011 (WFP/EB.A/2012/6-A/1);
- (b) Forward purchase facility (WFP/EB.A/2012/6-B/1); and
- (c) Appointment of members to the Audit Committee (WFP/EB.A/2012/6-C/1).

The Committee also had before it other documents presented for consideration and information, which are contained in Annex I to the present report. During its consideration of the reports, the Advisory Committee met with the Acting Chief Financial Officer and Officer-in-Charge of the Resource Management and Accountability Department, as well as other representatives of WFP, who provided additional information and clarification.

II. Audited annual accounts for 2011

2. The External Auditor of WFP has observed that the financial statements present fairly, in all material respects, the financial position of WFP as at 31 December 2011 and its financial performance for the period 2011. WFP has followed the provisions of International Public Sector Accounting Standards (IPSAS) in preparation and presentation of the financial statements (WFP/EB.A/2012/6-A/1, sect. II). The audited annual accounts for 2011 include five financial statements on WFP's financial position, financial performance, changes in net assets, cash flow and a comparison of budget and actual amounts, as well as notes to the financial statements.

⇒ *IPSAS implementation*

3. WFP adopted IPSAS in 2008 and has since prepared IPSAS-based financial statements (*ibid.*, sect. I, paras.26 – 29). The Advisory Committee notes from the Executive Director's statement that IPSAS accounting standards are regularly updated to reflect best accounting practice and that it remains a priority for WFP to ensure continued compliance with IPSAS. The Committee further notes from the document that WFP has actively supported other United Nations organizations in their efforts to implement IPSAS through the High-Level Committee on Management Task Force on IPSAS, and that WFP remains committed to providing such support in 2012 and beyond. **The Advisory Committee notes with appreciation the support that WFP has provided within the United Nations system.**

⇒ *Statement on Internal Control*

4. The Advisory Committee notes the inclusion, for the first time, of the Statement on Internal Control with the financial statements for 2011, signed by the Executive Director (*ibid.*, sect. I). The Committee recalls that the External Auditor recommended in 2010 that WFP produce such a statement describing the effectiveness of internal controls.¹ According to the Executive Director, the Statement has been prepared based on an organization-wide review of internal controls by its managers, as well as an analysis and validation of the results of that review against the recommendations of its internal and external auditors and evaluation services. WFP has become one of the few United Nations organizations to provide this additional level of assurance to its governing body (*ibid.*, sect. I, paras. 23 and 24). The Advisory Committee further notes that WFP has identified areas for additional improvements in internal control, including enhancing its operational monitoring and evaluation, which, in the view of the Committee, are important functions to measure the results and impact of its operations. **The Advisory Committee welcomes WFP's submission of the Statement on Internal Control and the further improvements proposed therein.**

⇒ *Financial position*

5. The Advisory Committee notes from Statement I of financial position that, while cash and short-term investments increased as at 31 December 2011 (\$659.6 million and \$996.3 million, compared with \$550.5 million and \$778.6 million for 2010, respectively), contributions receivable decreased (\$1,625.7 million, compared with \$2,352.6 million). According to the Executive Director, the increase in cash and short-term investments was mainly due to the collection in 2011 of significant contributions, receivable balances outstanding from 2010 and prior years, and an improvement in the average time taken to receive cash from donors (*ibid.*, sect. I, para. 9).
6. Statement I also presents WFP current and non-current liabilities as at 31 December 2011, including employee benefits which is explained in detail in Note 2.11 (*ibid.*, sect. I, paras. 90 – 109). WFP recognizes the following categories of employee benefits: (a) short-term employee benefits which fall due within 12 months after the end of the accounting period in which employees render the related service; (b) post-employment benefits; and (c) other long-term employee benefits (*ibid.* notes, para. 25). Of the total amount of employee benefit liabilities of \$349.0 million as at 31 December 2011 (the value of which was established based on independent actuaries), \$217.7 million has been funded under relevant funds and projects (*ibid.*, sect. I, para. 37). The balance of \$131.3 million, which has not been yet charged to individual funds and projects, are accounted for as liabilities of the General Fund. At its annual session in 2010, the Executive Board approved a 15-year funding plan with an annual funding of \$7.5 million from the standard staff cost. **The Advisory Committee notes that the funding plan will be periodically reviewed, and recommends that the outcome of future reviews be provided to the Executive Board.**

⇒ *Financial performance*

7. Statement II on financial performance shows total revenue of \$3,736.1 million against total expenses of \$4,016.8 million for 2011, reflecting a deficit of \$280.7 million. The Executive Director of WFP explained the factors contributing to the deficit in paragraph 7 of section I of the audited accounts for 2011. The External Auditor has observed that the

¹ WFP/EB.A/2010/6(A,B,C,D,E,F,G,H,I,J,K)/2, para. 11.

operating deficit of \$280.7 million for 2011, against a surplus of \$28.5 million for 2010, was mainly a consequence of an over 12 percent dip in income in 2011 as compared with 2010, though he has recognized that there is an inherent time-lag between the recognition of income and expenses (*ibid.*, sect. II, paras. 7 to 9). It is explained by the Executive Director that under IPSAS, WFP recognizes its contributions as revenue when contributions are confirmed in writing, and records expenses when goods and services are received and food commodities are delivered. Consequently, expenses in any one year may be higher or lower than the revenue received in that year (*ibid.*, sect. I, para. 4).

8. According to the External Auditor, the deficit of \$280.7 million at the end of 2011 does not currently pose a threat to operations of WFP, as they are backed by an accumulated surplus (fund balances) of \$3,550 million to fund future operations. However, if there is a continuing trend of deficits in future years, it could erode the surplus and jeopardise the flow of operations (*ibid.*, sect. II, para. 14). In this connection, the External Auditor notes a general trend of decline in contributions since 2008. He indicates that WFP faces a challenge in raising resources in the context of the global economic crisis, and recommends that WFP will have to find innovative solutions to enthruse donor support and diversify the donor base (the top 10 donors accounted for 76 percent of the total contributions in 2011) (*ibid.*, sect. II, para. 12). On the sustainability of WFP's operations, the Executive Director has expressed confidence that WFP has adequate resources to continue to operate in the medium-term, based on factors such as the estimated requirements for 2012–2014, the projected contributions in 2012 and the trend in donor support that has been sustaining WFP's mandate since its inception in 1963 (*ibid.*, paras. Sect. I, 38 and 39). **The Advisory Committee reiterates its previous recommendation that WFP should continue its efforts to mobilize voluntary funding and to broaden the donor base. The Advisory Committee expects that implementation of the programmed activities will be regularly assessed against the availability of funds.**²
9. Statement II also shows that food commodities distributed decreased to \$2,061.2 million for 2011 from \$2,254.6 million for 2010, while cash and vouchers distributed increased to \$120.7 million for 2011 from \$60.3 million for 2010. In terms of the volume of food commodities distributed, the reduced expenses for 2011 represented a decrease of 0.8 million metric tons, or 17 percent (3.8 million metric tons in 2011, compared with 4.6 million metric tons in 2010) (*ibid.*, para. 6). The Advisory Committee was informed that the reduced volume of food commodities distributed in 2011 was also attributed to higher global food commodity prices, which showed an increase of 26.5 percent in 2011, compared with those in 2010. The Committee was also informed that the decrease in 1 million of WFP food commodity beneficiaries was partially offset by the increase in the use of new food assistance tools, such as cash and vouchers, and that the remaining decreased beneficiaries was mainly explained by less people affected by emergencies during 2011.

⇒ *Financial risk management*

10. The Executive Director acknowledges that WFP's activities expose it to a variety of financial risks and its financial risk management policies focus on the unpredictability of financial markets and seek to minimize, where feasible, potential adverse effects on its financial performance (*ibid.*, sect. I, paras. 34 – 37). The Advisory Committee notes from the Executive Director's statement that during 2011, WFP completed the first phase of its

² WFP/EB.2/2011/5(A,B,C,D,E,F)/2

treasury management system enhancement, with the implementation of the module for foreign exchange transactions, deposits and money market investments, including an on-line trading platform to obtain competitive prices from banks with a full audit trail. The enhanced treasury business processes allow for significant cost savings, in particular for foreign exchange conversions of donor funds into local currencies to support project implementation. **The Advisory Committee welcomes WFP's initiatives to improve its financial risk management.**

⇒ *Value-added tax receivable*

11. The External Auditor has observed that, as at 31 December 2011, value-added tax (VAT) receivable was around \$53.6 million, for which a provision of \$48.9 million was made for doubtful accounts. In 35 of the 96 countries, WFP pays VAT on goods and services and recovers the VAT from the host governments (*ibid.*, sect. II, para. 23; see also sect. I. para. 69). The Advisory Committee notes that the External Auditor was assured that vigorous efforts were being made to recover the VAT receivables. **The Advisory Committee reiterates its previous recommendation that the Executive Board be kept informed of the concrete measures taken by the WFP Secretariat to resolve all VAT-related issues and of the status of recovery of VAT owed from host governments.**³

⇒ *Recommendations of the External Auditor*

12. The External Auditor has made six recommendations related to management of cash, preparation of a resource plan, collection of distribution reports from co-operating partners, policy for accounting of undistributed food with government partners, consolidation of internal and external audits and evaluations and review of the implementation of the External Auditor's recommendations every six months. The Advisory Committee understands that WFP has accepted all of the recommendations, though its official response and actions are yet to be taken (see WFP/EB.A/2012/6-H/1). **The Advisory Committee recommends that WFP implement the recommendations of the External Auditors as soon as possible.**
13. With respect to the need for a resource plan (recommendation 2), as shown in statement V of comparison of budget and actual amounts, WFP's final budget for 2011 was \$5,988.4 million while the actual expenditure was \$3,753.4 million. The External Auditor has pointed out that the variance is larger, but the comparative analysis does not lend itself for use as a parameter to assess the performance of WFP in utilizing the authorized resources, due to WFP's voluntary funding model and the fact that WFP's budget is essentially a work plan based on identified needs, while implementation of projects depends on the resources available. According to the External Auditor, it is difficult to accurately assess the impact of the funding shortfalls on achievement of its project goals within the current framework. The External Auditor is therefore of the opinion that a resource plan must be prepared along with the work plan to make the budgetary exercise comprehensive and more meaningful (*ibid.*, sect. II, paras. 24 – 29).
14. Under food inventory, the External Auditor has made two recommendations: timely collection of distribution reports from WFP co-operating partners (recommendation 3) and the need to have a clearly articulated policy for accounting of undistributed food with government partners that also distribute food (recommendation 4) (*ibid.*, sect. II, paras. 35 – 40). The External Auditor notes that getting timely distribution reports from co-operating partners has historically been a challenge for WFP and that the controls to

³ WFP/EB.A/2011/6(A,B,C,D,E,F,G,H)/2 WFP/EB.A/2011/5-C/2, para. 9.

ensure accurate reporting of distribution of food would need to be improved. The External Auditor also notes that treatment of undistributed commodities differs and that WFP does not have a clear policy prescribing the key parameters that would identify a host government as a co-operating partner.

15. **The Advisory Committee recommends approval of the audited annual statements for 2011.**

III. Forward purchase facility

16. It is indicated by WFP that advance financing mechanisms improve its operational effectiveness and efficiency, in particular on-time delivery of food to beneficiaries (WFP/EB.A/2012/6-B/1, executive summary). As part of WFP's business process, the advance financing mechanisms, which include the immediate response account and the working capital financing facility, provide funding in anticipation of donor contributions and thereby reduce the delay between identification of a requirement and confirmation of a contribution.
17. It is further indicated by WFP that the working capital financing facility, which has a ceiling of \$557 million, currently provides funding for the traditional advance financing (\$407 million) and forward purchase facility (\$150 million). WFP proposes to increase the allocation of up to \$300 million from the working capital financing facility for the forward purchase facility (with a corresponding decrease from \$407 million to \$257 million for the traditional advance financing). Background, development and constraint of the forward purchase facility are described in paragraphs 15 to 31 of the report. According to WFP, initial findings have shown that on an average, it has gained 56 days of supply lead-time which is usually 4 months.
18. The proposed expansion of the forward purchase facility in 2012 is explained in paragraphs 32 to 42. It is proposed to launch, in September 2012, the first tranche of food to meet the projected demand for three months for a consolidated supply line to offer a maximum supply lead-time gain of four months (ibid., figure 4 and para. 34). To maintain the supply line, two additional months of food would also be purchased so that WFP would have three months of stocks available at any time. WFP believes that the traditional advance financing would not be seriously affected by the reapportionment of the total of \$557 million in the working capital financing facility (ibid., para. 43).
19. According to WFP, the forward purchase facility aims to (a) reduce supply lead-time; (b) improve timeliness of food deliveries; (c) procure food at advantageous times, in developing countries where possible; and (d) reduce response times, particularly in emergencies. Additional benefits may include cost savings through economies of scale and exploitation of opportunities and stimulation of processed food production capacities (ibid., paras. 19 and 20). **The Advisory Committee encourages WFP to explore further savings in the utilization of the forward purchase facility, including costs related to transportation.**
20. The Advisory Committee notes from the report that WFP has conducted an analysis on risks associated with the forward purchase facility and endorsed risk mitigation measures in the areas of price fluctuations, funding availability, food damage and donor conditions (ibid., para. 46). **The Advisory Committee has no objection to the proposed increase of the level of the forward purchase facility up to \$300 million; the Committee understands that other activities funded under the working capital facility will not be adversely affected.**

IV. Appointment of members to the Audit Committee and annual report of the Audit Committee

21. With respect to the appointment of members to the Audit Committee (WFP/EB.A/2012/6-C/1), the Advisory Committee notes that the terms of three members of the Committee will come to an end in June, July and November 2012, respectively. A selection panel, established in accordance with paragraph 19 of the terms of reference, has recommended to the President of the Board and the Executive Director that the three members be renewed for a second and final term, which is submitted for approval by the Executive Board at its annual session in June 2012. Further, taking into account the terms of the current members, a timeframe is also proposed for approval by the Board for selection of future members in 2013, 2014 and 2016. **The Advisory Committee has no objection to the proposals.**
22. The Advisory Committee recalls that, at its first regular session in 2009, the Executive Board endorsed the creation of the WFP Audit Committee as an independent advisory body reporting to the Board and the Executive Director, and decided that the functioning and the terms of reference of the Audit Committee would be reviewed.⁴ The Committee further recalls that the proposed changes to the terms of reference of the Audit Committee were submitted to and approved by the Executive Board at its second regular session in 2011.⁵ With respect to the composition of the selection panel for members of the Audit Committee, the Advisory Committee notes that the amended terms of reference, as contained in Annex I to the annual report of the Audit Committee, reflect the view of the Advisory Committee that the selection panel should have a fair mix of members to guarantee a balanced outcome.⁶
23. The annual report of the Audit Committee (WFP/EB.A/2012/6-D/1), covering the period from 1 April 2011 to 31 March 2012, highlights issues that require the attention of the Executive Board and the Executive Director. The report reflects the responsibilities of the Audit Committee in accordance with paragraph 3 of its amended terms of reference: internal audit, risk management and internal controls, financial statements, accounting, external audit, values and ethics, and allegations of inappropriate activity. With respect to external audit, it is indicated in paragraph 24 that the relationship between the Audit Committee and the External Auditor is critical. The relation is one of mutual dependence, without in any way impinging upon the independence of either. **The Advisory Committee trusts that the independence of the Audit Committee and the External Auditor is maintained.** The comments and recommendations of the Audit Committee with respect to the issues are reflected, where appropriate, in the relevant sections of the present report.

V. Annual report of the Inspector General and note by the Executive Director

24. It is indicated in the annual report of the Inspector General (WFP/EB.A/2012/6-E/1) that the Oversight Office carries out its audit function in compliance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA). The Director of the Office performs the functions of Chief Audit Executive and Inspector General, in accordance with the Charter of the office which was

⁴ WFP/EB.A/2009/6(A,B,C,D,E,F,G,H,I)/2, para. 10.

⁵ WFP/EB.2/2011/5(A,B,C,D,E,F)/2, para. 18.

⁶ WFP/EB.2/2011/5(A,B,C,D,E,F)/2, para. 20.

updated in March 2012 and attached as Annex I to the annual report. The Advisory Committee notes from the annual report that the audit function of the Office underwent an external quality assessment in 2011 and was certified as conforming to the IIA standards at the highest level (*ibid.*, para. 3).

25. The Advisory Committee further notes from the annual report that, although the oversight work performed in 2011 did not disclose any significant weaknesses in the internal control, governance and risk management processes in place across WFP that would have a pervasive effect on the achievement of WFP's objectives, the Inspector General has proposed further improvements including (a) strengthening governance throughout WFP; (b) improving the internal organization and management function; and (c) improving human resource management at all levels (*ibid.*, paras. 14 – 16). The comments of the Executive Director on the proposed improvements are reflected in paragraphs 7 to 10 of a note by the Executive Director on the annual report of the Inspector General (WFP/EB.A/2012/6-E/1/Add.1), which is issued for the first time to enhance accountability.
26. The Inspector General has reported that only 125 (51 percent) of the 247 internal audit recommendations made in 2010 were implemented by the end of 2011, despite the fact that managers are expected to implement accepted recommendations within an agreed timeframe, which is generally 12 months (*ibid.*, para. 38). The implementation status of audit recommendations is provided in table 8 of the report. Upon enquiry, the Advisory Committee was informed that, of the 14 high risk and 380 medium risk recommendations outstanding as at 31 December 2011, the Inspector General's Office closed 7 high risk and 105 medium risk recommendations in the first quarter of 2012. According to estimates by the WFP management, as at 4 May 2012, WFP would have achieved 69 percent of the implementation rate, which is to be confirmed by the Inspector General's Office.
27. With respect to investigation, the Advisory Committee notes that complaints relating to information technology, sexual harassment and abuse of power remained at similar levels, while complaints relating to food diversions decreased by 45 percent in 2011 compared with 2010 (*ibid.*, para. 46). The numbers of complaints and cases during the period 2007 to 2011 is provided in figure 1. **The Advisory Committee shares the view of the WFP Audit Committee that investigation cases outstanding for more than six months have to be resolved sooner, where appropriate, and should be closely monitored** (WFP/EB.A/2012/6-D/1, para.30).

VI. Other reports of the External Auditor and follow-up actions by WFP

⇒ *Management of human resources*

28. The External Auditor conducted an audit on the management of human resources in WFP, with the main objective of assessing whether the human resources policies of the Programme are aligned to its dynamic staffing needs and are supported by credible and transparent processes that build trust among the staff (WFP/EB.A/2012/6-F/1, executive summary). The audit covered the WFP Headquarters in Rome, seven country offices and four regional bureaux. The report of the External Auditor contains 15 recommendations, covering the areas of workforce planning, staffing decisions, performance evaluation and capacity development. Annexes I to IV to the report contain information related to the number and categories of WFP employees, the gender and geographical representation of its international Professional staff, and documents used for criteria in testing compliance.

29. Document WFP/EB.A/2012/6-F/1/Add.1 contains the WFP management response to the recommendations of the Report of the External Auditor on Management of Human Resources. The Advisory Committee notes that WFP management has agreed to all of the 15 recommendations, with two recommendations to which it has partially agreed. In recommendation 8, the External Auditor points out the risks of following a closed loop in recruitment and recommends that WFP identify the controls to mitigate the risks. The Advisory Committee notes from the response that WFP has introduced additional elements into the recruitment process, to widen the pool of candidates. Under its revised career framework, all vacancies of WFP are advertised externally and sourced from external as well as internal candidates. With respect to performance evaluation, the External Auditor found tardiness in completion of WFP's Performance and Competency Enhancement (PACE) reports. **The Advisory Committee is of the view that WFP management should ensure timely completion of PACE reports.**

⇒ *Emergency preparedness for IT support in WFP*

30. The report of the External Auditor on emergency preparedness for IT support in WFP (WFP/EB.A/2012/6-G/1) provides findings of a performance audit conducted on WFP's Fast Information Technology and Telecommunications Emergency Support Team (FITTEST), which provides services to all United Nations humanitarian operations. The 10 recommendations proposed include measurable performance indicators, risk register, an accounting system, the full cost recovery model and service rates, among others. Document WFP/EB.A/2012/6-G/1/Add.1 contains the WFP management response to the recommendations of the report of the External Auditor. The Advisory Committee notes that, of the 10 recommendations, WFP has accepted 9 and has partially agreed to 1 recommendation. With 2 recommendations implemented already, WFP intends to complete the implementation of the recommendations during 2012.

⇒ *Implementation of prior recommendations*

31. The report on the implementation of the External Auditor recommendations (WFP/EB.A/2012/6-H/1) provides progress made since the Executive Board annual session held in 2011, including updates on the prior recommendations and new recommendations issued. A summary of implementation and completion rate is provided in table 1. The Advisory Committee notes from the table that implementation status of those recommendations made prior to 2012 vary to some extent. For example, while all the two recommendations issued in June 2010 for the audited annual accounts for 2009 have been completed (100 percent), only one of the two recommendations issued in February 2010 for WFP country office in Uganda has been implemented (50 percent). **The Advisory Committee recommends that WFP management implement the recommendations of the External Auditor as soon as possible.**

VII. Other matters

32. The Advisory Committee enquired as to how WFP implemented General Assembly resolution 65/248 with respect to the harmonization of conditions of service of staff of the organizations of the United Nations common system serving in non-family duty stations, as well as any impact of the implementation on WFP operations. The Committee was informed that WFP had adopted the transitional measure provided for in the resolution, which allowed for a gradual transition over a five year period from 1 July 2011 to 30 June 2016. WFP promulgated its new policies in 2011, outlining the changes mandated by the General Assembly and the transitional measures adopted by the Programme. The Committee was also informed that it was too early to assess the impact on WFP's operations, given that it had adopted the transitional approach and the implementation was still within the first year. **The Advisory Committee requests that WFP reports to the Executive Board on its compliance with the decisions of the General Assembly on the harmonization of the conditions of service.**

ANNEX I**Other reports presented to the Advisory Committee****For consideration:**

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For information

- Report of the Executive Director on the Utilization of Contributions and Waivers of Costs (General Rules XII.4 and XIII.4 (h)) (WFP/EB.A/2012/6-I/1)