



منظمة الأغذية
والزراعة
للأمم المتحدة

联合国
粮食及
农业组织

Food
and
Agriculture
Organization
of
the
United
Nations

Organisation
des
Nations
Unies
pour
l'alimentation
et
l'agriculture

Продовольственная и
сельскохозяйственная
организация
Объединенных
Наций

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

FINANCE COMMITTEE

Hundred and Thirty-ninth Session

Rome, 30 May – 1 June 2011

Annual Report of the Audit Committee

Queries on the substantive content of this document may be addressed to:

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Audit Committee Chairperson

World Food Programme

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EXECUTIVE SUMMARY

- The WFP Audit Committee is pleased to submit its Annual Report to the FAO Finance Committee.
- The report is intended as a summary of the principal activities and opinions of the Audit Committee from 1 April 2010 to 31 March 2011. The latter date coincides with finalization of the annual financial statements, a prime focus of the Audit Committee.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to endorse WFP's "Annual Report of the Audit Committee" for consideration by the Executive Board.

Draft Advice

In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee advises the WFP Executive Board to take note of the "Annual Report of the Audit Committee".

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Programme
Alimentaire
Mondial

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Programa
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de Alimentos

**Executive Board
Annual Session**

Rome, 6–10 June 2011

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

For consideration



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ANNUAL REPORT OF THE AUDIT COMMITTEE

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NOTE TO THE EXECUTIVE BOARD

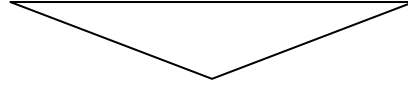
This document is submitted to the Executive Board for consideration

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the focal point indicated below, preferably well in advance of the Board's meeting.

Audit Committee Chairperson: Mr Mirza Qamar Beg <qbmirza@hotmail.com>

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

DRAFT DECISION*



The Board takes note of “Annual Report of the Audit Committee” (WFP/EB.A/2011/6-C/1).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

Annual Report of the WFP Audit Committee

April 2011

To the Executive Director and the Board

The WFP Audit Committee is pleased to submit its Annual Report to the Executive Director as required under the WFP Audit Committee Terms of Reference (WFP/EB.1/2009/6-B/1) for consideration by the Board, as decided at the 2009 First Regular Session.

The report is intended as a summary of the principal activities and opinions of the Audit Committee from 1 April 2010 to 31 March 2011. The latter date coincides with finalization of the annual financial statements, a prime focus of the Audit Committee.

The Audit Committee stands ready to discuss the report with the Executive Director and the Board.

Mirza Qamar Beg
Chair

April 2011

INTRODUCTION AND CONTEXT

1. Until 2004 the WFP Audit Committee (AC) was an entirely internal management committee. It was in July 2004 that the then Executive Director introduced new terms of reference and appointed members who were in the majority external to WFP. Since 2007 the AC has consisted entirely of external members, making WFP the first United Nations agency AC to have such a composition.
2. Following the Executive Board's decision in its February 2009 session, the AC's terms of reference were amended to require it to report to both the Executive Director and the Board. The "purpose" of the AC, as enunciated in its current terms of reference, is to serve in an expert advisory capacity "to assist the World Food Programme Executive Board and the Executive Director in exercising their governance responsibilities for the financial reporting, internal control arrangements, risk management processes and other audit-related matters". The AC does not substitute for the advisory functions provided by the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) or the FAO Finance Committee.
3. The current terms of reference of the AC are attached as Annex I. It has been the intention of the Board to review these terms of reference. To this end, the AC was asked to propose certain amendments that were duly presented during the Annual Session 2010. A final decision on the amended terms of reference is believed to be under consideration.
4. The composition of the current membership is given in Annex II. It will be noted that it reflects appropriate gender and regional balances. The term of two of the members expires in July 2011. Their replacements have already been selected in order to ensure the desired "continuity". Potential conflicts of interest are avoided by appointing independent members only. Further, the members are required to register any possible conflicts of interest at each meeting.
5. This seventh annual report of the AC covers the period from 1 April 2010 through 31 March 2011. It provides an overview of the work of the AC during this period and highlights issues considered to require the attention of the Executive Director and/or the Board. Annex III summarizes the thrust of AC activities during the reporting period.
6. **Recommendation 1:** The revised terms of reference for the AC should be finalized at the Board's earliest convenience.

FUNCTIONING OF THE AUDIT COMMITTEE

7. The AC meets once each quarter for 2–3 days at WFP Headquarters. In addition, the AC, or some of its members, may on occasion be required to assist with a special assignment (for instance, the selection of the External Auditors). Of special significance is the executive session (AC members only) with the Executive Director, on the first and the last day of each quarterly meeting. These sessions focus largely on strategic aspects and help the AC acquire the desired sense of direction inasmuch as it gains insight into WFP priorities and needs. These sessions are also used to share with the Executive Director major concerns of the AC and matters requiring the Executive Director's urgent attention.
8. Since last year the AC has also met with the Executive Board Bureau during its quarterly meetings. This has been of immense value to the AC, which looks upon these meetings as its essential link with the Executive Board. Over time the AC expects these meetings to help it become more responsive to Board priorities and its oversight functions.

9. Meetings of the AC are attended by the relevant Deputy Executive Directors and their officers. There has been a definite improvement in the quality and content of the documents presented to the AC. During the period under review there were some time slippages in the provision of required inputs to the AC, but these were quickly redressed.
10. The AC is provided with invaluable support by the Inspector General (Oversight Office) and his team, who sit through most agenda items. Similar support is extended by the External Auditors. (There has been the inevitable “settling down” period for the new External Auditors but we have no doubt that going forward the AC will receive the same high quality advice and input that it had got used to with their predecessors.)
11. The AC has sought to provide the Executive Director and the Executive Board Bureau with balanced advice and has in turn benefitted from their guidance and inputs. It systematically monitors follow-up on its decisions and recommendations. In addition to its routine advice and assurance responsibilities the AC, in consultation with the Executive Board Bureau, decided to particularly focus on enterprise risk management (ERM), comprehensive review of the WFP Information Network and Global System II (WINGS II), decentralization and change management.
12. During the reporting period it came to the notice of AC that certain cases (falling within AC terms of reference) were submitted to the Board without AC inputs. AC recognizes this was not a wilful lapse and in all probability occasioned by the need to meet timelines. It has now been agreed that AC inputs will be obtained online where time needs so require.
13. The AC is grateful to the Executive Director and her team and the Executive Board Bureau for all the assistance accorded to the AC in the discharge of its duties. It does bear reiteration, though, that the AC can be only as effective as is the Board and management’s “buy-in” to the need and role of an independent audit committee. Because of the newness of this initiative, within the United Nations family there is an understandable lack of clarity on how best to use an audit committee consisting of outside experts. Audit committees, including in the corporate world, are continuously evolving and there is an emerging feeling that the new requirements being imposed on audit committees, which go far beyond examination of financial statements and oversight of the internal audit function, almost render the term audit committee a misnomer. An audit committee is increasingly looked upon as an essential tool to leverage the working of the Board and give top management independent advice on the efficacy and cost-effectiveness of the various policy initiatives.
14. The AC could not secure permission for any field visits, ostensibly for financial reasons. We strongly feel such visits will help AC acquire a better understanding of the working of WFP, and the “disconnects”, if any, in the percolation of policies and initiatives from Headquarters to “where the action is”.
15. **Recommendation 2:** To ensure a better alignment between AC work and Board priorities the Chair of the AC should be invited to each of the Board’s three sessions. This will also help in ensuring that documents being submitted to the Board, which come within the ambit of the AC’s terms of reference, have the requisite advice/views of the AC.
16. **Recommendation 3:** The AC should be encouraged to make field visits. Necessary measures to ensure relevance and rigour of such visits will of course have to be incorporated.

FINANCIAL REPORTING

International Public Sector Accounting Standards

17. WFP was the first United Nations agency to adopt the International Public Sector Accounting Standards (IPSAS). It has been a challenging transition and we are glad to confirm that the IPSAS have been competently mainstreamed. The financial statements for the year 2010 are the third IPSAS-compliant ones. It is heartening to note that WFP is now being sought out for guidance by the other United Nations agencies that are following suit. We expect the Board to be apprised now of the “IPSAS Dividends”, in terms of greater transparency, accountability and improved decision-making.

Financial Statements

18. After proper scrutiny, following the same methodology that was reported to the Board in our last annual report, a comprehensive review of the Executive Director’s draft Letter of Representation, and management responses to its views and advice, the AC found itself in a position to advise that the draft financial statements were appropriate for transmission to the External Auditor for audit finalization.
19. The AC acknowledges the promptitude and professionalism with which the Chief Financial Officer and her team handled the finalization of accounts and AC views.

EFFECTIVENESS OF INTERNAL CONTROLS

20. Throughout the period, the AC reviewed the internal control implications of the major initiatives in WFP and by WFP as a whole. Broadly speaking it did so by reviewing: i) the internal control implications of all audit findings of the Inspector General and Oversight Office (OS) and the External Auditor; ii) management’s annual submission of its Letters of Representation in support of the annual financial statements; and iii) the adequacy of policies that support good internal control. With this information, the AC forms its own views and communicates them to the Executive Director.
21. It is the view of the AC that in general the systems of control are effective, and such weaknesses as are detected are quickly addressed. However particular attention must be paid to food delivery cycles. The AC feels that adequate and timely delivery reports should be implemented for WFP to satisfy itself that food is actually reaching the intended recipients.
22. Although WINGS II has been successful, certain weaknesses persist, for instance its interface with the Commodity Movement Processing and Analysis System (COMPAS) for a more robust inventory control. The AC continues to monitor the review of WINGS II and hopes to have a comprehensive plan of action towards the end of the year.
23. **Recommendation 4:** Fuller disclosure should be made of supplies received by the cooperating partners but not actually distributed.
24. **Recommendation 5:** Last year’s recommendation to add a Statement of Internal Control to the annual financial statements is reiterated. (This is not a requirement under IPSAS but in our view would contribute to improved governance.)

OFFICE OF THE INSPECTOR GENERAL

General

25. Internal Oversight is a regular agenda item at each AC meeting. The AC reviewed the methodology of risk assessment for audit scoping and approved the work plan for 2011. The AC received all audit reports and quarterly reports of the Oversight Office, and where required sought clarification and updates on the implementation of recommendations, especially for the high-risk findings. The AC noted with satisfaction that staff positions in the Oversight Office were filled during the course of the year (2010). The AC encouraged the Oversight Office to prepare a plan to catch up with the backlog of investigation cases.
26. Two major policy initiatives (Policy for Disclosure of Internal Audit Reports to Member States, and Anti-Fraud and Anti-Corruption Policy) were undertaken during 2010 and their Board approval secured.
27. The AC reviewed the Inspector General's annual report (2010) - and after some amendments was happy to endorse its submission to the Board.

Office of Internal Audit

28. The internal audit plan for the year consolidated and enlarged upon its "risk-based" approach, i.e. measuring the risk (of not achieving WFP objectives) of various processes across various organizational entities. Its findings reveal that the average risk rating was highest for IT and governance.
29. During 2010 the Office of Internal Audit (OSA) completed 78 percent of the work planned. While it has overcome the staff shortages that were highlighted in our last report, it is our assessment that OS will continue to face considerable (professional level) staff turnover that will be both costly (higher training costs) and detrimental to quality output.
30. An AC analysis of the various reports made available to it brings out control weaknesses in the case of corporate emergencies and large and complex operations. OS is cognizant of this risk and is seeking the necessary corrective measures.
31. There has been a continued improvement in the implementation of internal audit recommendations. This reflects the growing importance senior management is attaching to audit work. We also feel the renewed focus on the ERM function, which has a clear and strong nexus with internal audit, has been a strong contributing factor. The AC feels reassured by the improved qualitative and quantitative output of OSA.

Office of Inspections and Investigations

32. The AC reviews the annual plan of the Office of Inspections and Investigations (OSI) and reviews on a quarterly basis the report on its activities and the outcomes of its investigations. The AC receives information on high-risk areas that may allow fraud and abuse to take place and on management responses to proven allegations of wrongdoing.
33. With a view to addressing the more systemic issues, the AC proposes taking up a detailed analysis of OSI work next year.
34. **Recommendation 6:** Maintenance of full staffing levels and continuous professional education should be accorded a high priority.
35. **Recommendation 7:** Senior management should consider the desirability of involving OS at early stages of decision-making, on the premise that prevention is better than cure.

ENTERPRISE RISK MANAGEMENT

36. The Performance and Accountability Management Division has done good work in the implementation of risk management throughout WFP. The AC recommended to the Executive Director that the Enterprise Risk Management (ERM) committee track the status of all risks and ensure that mitigation plans are relevant. It was encouraged that the recommendation was taken on board. The AC notes that management periodically updates the Board on the risks facing the organization.
37. Management shares the top ten to fifteen risks with the AC at its quarterly meetings. The AC would like to once again point out that risk is dynamic and the Board should have it as a standing agenda item to evaluate any changes to the status of risk facing WFP. It should satisfy itself that it has considered the risk tolerance and risk appetite that it accepts, and that these do not threaten the sustainability of WFP.
38. The AC has been encouraging the Internal Audit and the External Auditor to ensure greater compatibility of their audit plans, to the extent possible, with the risks identified by the Performance and Accountability Management Division and the risk tolerance parameters defined by the Board.
39. The AC wishes to point out that there is a wide range of risks and that they do not result only in direct financial loss. Risk can be financial, reputational, operational and strategic. A case in point is the Somalia case. What reputational “what if” situation has been considered? WFP is a public organization and there is expectation of more and more transparency. The more open it is about its operations and programmes, the more it can limit reputational risk. The AC encourages transparency at all levels.
40. The AC wishes to draw the Board’s attention to the (unfunded) WFP employee benefit liabilities. Unless appropriately addressed, this could amount to a financial and reputational risk.
41. **Recommendation 8:** Enterprise risk management should be a standard agenda item at each Board meeting. This will help the Board refine the risk tolerance parameters within which it wants WFP to operate.
42. **Recommendation 9:** At the appropriate time the Board should revisit the issue of unfunded staff liabilities.

PERFORMANCE MANAGEMENT

43. Performance management is a key part of what any organization does. It is axiomatic that what you cannot measure you cannot improve. It is therefore crucial for WFP to have the appropriate performance measurement tools.
44. An initiative in this regard has been undertaken by the Performance and Accountability Management Division, and we understand performance indicators are being further refined. This can be a powerful tool of communication to donors on whether WFP is succeeding in its mandate.

DECENTRALIZATION AND CHANGE MANAGEMENT

45. As part of its value added, the AC took upon itself to assess the decentralization initiative that WFP had undertaken. To that end, the AC reviewed various documents and reports which were prepared by WFP management or the External Auditors on the topic of decentralization and consequently submitted various questions to WFP management on this issue. In particular, the AC requested WFP management reactions on the processes put in place to ensure continuous adaptation of human resources to developing needs, on change management plans to support implementation of decentralization, on pooling of facilities with other United Nations organizations in some countries or regions and on ensuring that the decentralization approach did not give place, in some instances, to fragmentation.
46. WFP management gave detailed answers to the questions raised by the AC during its meeting in March 2011. It assured the AC that review work was underway on decentralization and related processes, and that it expects to complete the work within the year. The AC raised the issue of the increase in staff at Headquarters. WFP management gave preliminary responses on that issue and promised detailed analysis at a later stage.

AUDIT COMMITTEE AND THE EXTERNAL AUDITOR

47. The relationship between the AC and the External Auditor is critical. Through the latter the AC relies on there being an integrated assurance on systems of internal control. The relation is that of dependence on each another, without in any way impinging upon the “independence” of either. Hence the request by management for the AC to participate, in an advisory capacity, in the selection of the present External Auditor. However there are some concerns that the AC would like to point out:
- The External Auditor has been reluctant to share reports that it intends to present to the Board, although the reports relate to the AC achieving its mandate within its terms of reference. The External Auditor indicated that no provision in its contract with WFP provides that its reports should be shared with the AC.
 - It is an internationally accepted standard that audit committees have the right to review the External Auditor report and give their comments thereon to the External Auditor before the issuance of the report. These views and recommendations are of an advisory nature and the External Auditor retains full authority and responsibility for the finalization of its report. However, by reviewing the External Auditor report, the AC can comment on it and give the Board its own assessment on its contents.
48. Upon AC request, management has provided (on 15 April 2011) a copy of the External Auditor report on WFP financial statements for the year 2010. The AC noted with satisfaction that the External Auditor gave a clean opinion on the financial statements.
49. With regard to the comments and recommendations made by the External Auditor, the AC proposes discussing them with Management and the External Auditor at its May meeting.

BOARD INPUT TO THE AUDIT COMMITTEE AGENDA

50. The reporting relationships between the AC and the Board are still in their infancy, so the Board should articulate and communicate to the AC any requirements it may have that fall within the technical competence of the AC. The AC will in turn discuss these issues with management and advise the Executive Director and the Board accordingly.

EXTRAORDINARY EVENTS

51. The AC did not make any field visits in the year under review.
52. During its 120th meeting in March, the AC was apprised of the issues concerning the press reports on Somalia. The AC was informed of the steps being taken to address the issue and was disappointed that it was never consulted by the Board on intervention measures. The AC is committed to its duty of ensuring that effective internal controls and risk assessment processes are in place. The involvement of the AC could, arguably, have led to a different approach on how to address the Somali investigations.
53. We draw attention to the fact that two members of our committee will be stepping down, the current Chairman Mirza Qamar Beg and member Libero Milone.

ANNEX I

Terms of Reference for the WFP Audit Committee
(Revised to incorporate Board comments;
confirmed by the Executive Board Bureau on 22 April 2009)

Purpose

1. The Audit Committee serves in an expert advisory capacity to assist the World Food Programme Executive Board and the Executive Director in exercising their governance responsibilities for the financial reporting, internal control arrangements, risk management processes and other audit-related matters with respect to the Programme's operations. The Audit Committee primarily advises on these matters taking into consideration the Financial Rules and Regulations as well as policies and procedures applicable to WFP and its operating environment. It does not substitute for the advisory functions provided to the Executive Board by the United Nations Advisory Committee for Administrative and Budgetary Questions, ACABQ, or the FAO Finance Committee.

Mandate

2. The Audit Committee shall:
 - a) Advise on all issues arising from its activities under these Terms of Reference and make appropriate recommendations to the Executive Director and/or the Executive Board.
 - b) Review and advise on policies significantly affecting accounting and financial reporting issues; and the effectiveness of the Programme's internal controls, internal audit function and operational procedures.
 - c) Review and advise on the Programme's risk management strategy, processes and issues.
 - d) Review and advise on the Programme's financial statements and reports.
 - e) Promote the understanding and effectiveness of the audit function within the Programme, and provide a forum to discuss internal control and risk management issues, operational procedures and matters raised by internal and external audits.
 - f) Provide comments on the work plans of the internal and external audit functions for consideration in their ongoing review.
 - g) Consider all relevant reports by the internal and external auditors, including reports on the Programme's financial statements and management letters. The Programme is responsible for the fair presentation of financial statements including adequate disclosure.
 - h) Consider the risk and control implications of reports from the Office of Inspections and Investigations in terms of its mandate and refer audit issues to the investigations unit as appropriate, with regard to due process and privacy considerations.
 - i) Monitor the implementation by management of internal and external audit recommendations.

- j) Review and advise on the Programme's arrangements for its employees and external parties to raise concerns, in confidence, about allegations of wrongdoing in the management and conduct of operations.
- k) Advise on WFP's fraud prevention policy, code of ethics and whistleblower policy.
- l) Prepare and submit an annual report on its activities for the Executive Director and for presentation to the Executive Board for consideration and discussion.
- m) Provide commentary on the performance of internal and external auditors.
- n) Advise and make recommendations to the Executive Board in relation to the arrangements for the appointment of the External Auditor under the Programme's Financial Regulations.

Access

- 3. The Audit Committee has the authority to:
 - a) Obtain all information and/or documents it considers necessary to perform its mandate including all audit reports and audit work papers produced by internal and external audit.
 - b) Seek any information from any employee or request information generated from the Programme's systems and require all employees to cooperate with any request made by the Audit Committee in performing its mandate.
 - c) Obtain legal or other independent professional advice if it is considered necessary.
- 4. The Audit Committee and the External Auditor will meet annually in private session.

Number of Meetings

- 5. The Audit Committee shall normally meet at least four times a year. The Chairperson, any Member or the External Auditor may request additional meetings.

Convocation of Meetings

- 6. The meetings of the Audit Committee shall be convened by the Chairperson or by the Secretariat on the instruction of the Chairperson. The members of the Audit Committee shall normally be given at least ten working days' notice of meetings.
- 7. The Chairperson will approve a provisional agenda for the meetings that should be circulated together with the invitations.

Membership and Quorum

- 8. The Executive Board shall approve appointment of members of the Audit Committee on the Executive Director's recommendation; the Audit Committee shall comprise five members with recent and relevant financial experience, one or more having some senior level audit experience, and all of whom will be independent of the WFP Secretariat and the Executive Board. Due regard shall be paid to equitable geographic representation in their selection. The appointed Committee members will select their own Chairperson from within their number. Members serve in their personal capacity and cannot be represented by alternate attendees. Three members, one of whom must be the Chairperson, shall constitute a quorum.

9. Former members of Permanent Representations to WFP or the WFP Secretariat shall not be appointed to the Audit Committee within a period of two years following the end of those responsibilities.
10. The term of office shall be three years renewable once after the initial term, phased in so as to provide continuity. Renewal will be subject to a positive assessment of the member's contribution during his or her first term.

Conflicts of Interest

11. A register of interests will be kept to record members' interests in general or on specific matters. Where an actual or potential conflict of interest arises, the interest will be declared and will cause the member/s to either be excused from the discussion or abstain from voting on the matter. In such event, a quorum would be required from the remaining members.

Responsibility and Liability of Members

12. Members shall act in an independent, non-executive capacity while performing their advisory role on the Audit Committee. As such, members shall not be held personally liable for decisions taken by the Audit Committee acting as a whole.

Participation other than in Person

13. It is expected that members will be present for meetings. Members may also participate in a meeting by telephone or video conference link but shall not in such cases be taken into account for the purpose of establishing a quorum.

Attendance

14. The Chairperson may invite members of the Secretariat to attend meetings.
15. The Audit Committee may decide to meet in closed session from time to time as determined by the Committee.

Acting Chairperson

16. If the Chairperson is unable to attend a meeting, the Members will elect an Acting Chair for that meeting from among the members present.

Voting

17. The Audit Committee's decisions are taken by the majority of the members present and voting. Should the votes be equally divided, the Chairperson shall have the casting vote.

Secretariat Function

18. The Secretariat function for the Audit Committee shall be carried out by a member or members of WFP staff designated by the Executive Director who shall not be from the Inspector General and Oversight Services Division and will report directly to the Chairperson on matters relating to the work of the Audit Committee.

Minutes

19. Minutes of meetings will be prepared and kept by the Secretariat. The Audit Committee shall approve the minutes by correspondence, within a month of the meeting.

20. Supporting documents will be prepared by the Chairperson or by the Secretariat on the instruction of the Chair or on their own initiative. Documents may also be submitted by the External Auditor or, with the approval of the Chairman, by other management steering committees, e.g., the Investment Committee.

Confidentiality of Meetings and Minutes

21. The deliberations of the Audit Committee and the minutes of its meetings are confidential unless otherwise decided. The documents and informational material circulated for the consideration of the Audit Committee shall be used solely for that purpose and treated as confidential.

Reporting

22. The Audit Committee shall prepare an annual report on its work for the Executive Director and for presentation to and consideration by the annual session of the Executive Board each year. The report will include an annual performance evaluation of its work. The Committee will then periodically review the adequacy of its terms of reference and mandate, where appropriate, recommending changes to the Executive Board for approval. The Chair of the Audit Committee shall attend the Executive Board to present the annual report.
23. The Chairperson will interact regularly with the Executive Director on the results of Audit Committee deliberations as well as on forthcoming issues relevant to its business.

Indemnity of Members

24. Audit Committee members are indemnified from actions taken against them as a result of activities performed in the course of business of the Audit Committee, so long as such activities were performed in good faith.

Remuneration

25. Members will not be remunerated by WFP for activities undertaken with respect to their membership of the Audit Committee. WFP will reimburse all committee members for any travel and subsistence costs that are necessarily incurred in relation to participation in Committee meetings. Any payment of honoraria shall be a matter for decision by the Executive Board in the light of advice by the Executive Director.

22 April 2009

ANNEX II**COMPOSITION OF AUDIT COMMITTEE**

- Antoine Antoun: independent management consultant and previous Chief Executive Officer of Ernst and Young; a French/Lebanese national. His term is 7 July 2009 until 6 July 2012.
- Mirza Qamar Beg: former Commerce Secretary of Pakistan, currently serving on the Boards of the National School of Public Policy and the Central Bank (where he is also a member of the Audit Committee); a Pakistani national. His term is 29 July 2008 until 29 July 2011.
- Elvira Edith Lazzati: former Chief Financial Officer of JBS Argentina; an Argentinian national. Her term is 9 June 2009 until 8 June 2012.
- Libero Milone: retired Chairman and CEO of Deloitte; an Italian national. His term is 2 May 2008 until 29 July 2011.
- Kholeka Mzondeki: Financial Director at Masana Petroleum Solutions; a South African national. Her term is 10 November 2010 until 9 November 2012.

ANNEX III

| AUDIT COMMITTEE ACTIVITIES | | | | |
|---|-----------------------------|-------------------|------------------|-------------------|
| | JUNE 2010–MARCH 2011 | | | |
| | JUNE 2010 | SEPT. 2010 | DEC. 2010 | MARCH 2011 |
| Executive session with Executive Board Bureau | √ | √ | √ | √ |
| Executive session with Executive Director | √ | | √ | √ |
| Financial framework review | √ | √ | | |
| Operations | √ | √ | √ | √ |
| Decentralization/Change Management | | | √ | √ |
| WINGS II | | | | √ |
| Investment Committee | √ | √ | | √ |
| Oversight matters: | | | | |
| – External Audit | | √ | √ | √ |
| – Internal Audit | √ | √ | √ | √ |
| Risk management | √ | √ | √ | √ |
| Performance management | √ | √ | √ | √ |

ACRONYMS USED IN THE DOCUMENT

| | |
|----------|--|
| AC | Audit Committee |
| ACABQ | Advisory Committee on Administrative and Budgetary Questions |
| ERM | enterprise risk management |
| IPSAS | International Public Sector Accounting Standards |
| OS | Inspector General and Oversight Office |
| OSA | Office of Internal Audit |
| OSI | Office of Inspections and Investigations |
| WINGS II | WFP Information Network and Global System II |