E

October 2012

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 Alimentación y la Agricultura

FINANCE COMMITTEE

Hundred and Forty-sixth Session

Rome, 29 - 30 October 2012

Increased Fee for the External Auditor

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

Ms Alka Rehani Bhardwaj

Director of External Audit

World Food Programme

Tel: +3906 6513 3071

This document is printed in limited numbers to minimize the environmental impact of FAO's processes and contribute to climate neutrality. Delegates and observers are kindly requested to bring their copies to meetings and to avoid asking for additional copies. Most FAO meeting documents are available on the Internet at www.fao.org

EXECUTIVE SUMMARY

- The Comptroller and Auditor General of India presents a proposal for an increased fee for the External Auditor. The increase amounts to US$15,400 per annum, effective from April 2012, in order to cover an increase in costs, as provided for in the contract.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to review the proposed increased audit fee of the External Auditor and to endorse it for approval of 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 approve the increased fee for the External Auditor effective from April 2012 onwards.**

برنامج الأغذية العالمي

Programme Alimentaire Mondial

World Food Programme

Programa Mundial de Alimentos

Executive Board
Second Regular Session

Rome, 12–14 November 2012

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

For approval

INCREASED FEE FOR THE EXTERNAL AUDITOR

Distribution: GENERAL
WFP/EB.2/2012/5-B/1
11 October 2012
ORIGINAL: ENGLISH

This document is printed in a limited number of copies. Executive Board documents are available on WFP's Website (http://executiveboard.wfp.org).

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 point indicated below, preferably well in advance of the Board's meeting.

Director of External Audit: Ms A. Bhardwaj tel.: 066513-3071

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

DRAFT DECISION*

The Board approves a 4 percent increase in the audit fee payable to the External Auditor, involving a total increase of US$15,400, on grounds of an increase in daily subsistence allowance, staff costs and airfare. This increase will apply from April 2012.

* 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.

The Comptroller and Auditor General of India (CAG) was appointed as the external auditor for the period from July 2010 to June 2016 of the World Food Programme (WFP).

CAG's audit aims to provide independent assurance to the Executive Board of the World Food Programme and to add value to WFP's management by making constructive recommendations.

For further information please contact:

Ms. Alka Rehani Bhardwaj
Director of External Audit
World Food Programme
Via Cesare Giulio Viola, 68/70
00148 Rome,
Italy.
Tel : 0039-06-65133071
Email: alka.bhardwaj@wfp.org

Increased Fee for the External Auditor

World Food Programme

COMPTROLLER AND AUDITOR GENERAL OF INDIA

Introduction

1. This document presents the External Auditor's proposal for a first time increase in audit fee involving a total increase of US$15,400 per annum from April 2012 onwards.

Background

2. The Comptroller and Auditor General of India has been appointed by the Executive Board as the External Auditor for WFP for the term 1 July 2010 to 30 June 2016 at a total annual remuneration of US$385,000.

Proposal

3. The Comptroller and Auditor General of India has proposed an increase of 4 percent over its annual remuneration of US$385,000, with effect from April 2012, in view of the following:

- There has been a net increase of 13 percent in the audit cost under components of daily subsistence allowance (DSA), staff costs and airfare at Rome over the last two years. Details are given in Annexure A.
- The Agreement with WFP under Article 6 (d) – Remuneration, and the Board Document WFP/EB.A/2010/6-B/1, Para 16 enumerate that the External Auditor may request limited increases in relation to services to be provided after the first year of the term of the agreement, due to variations in the cost of air travel, staff costs and rates of daily subsistence allowance, which shall not, over the term of its office, exceed a cumulative total of 8 percent of the total annual remuneration.
- Adopting a conservative and modest approach, we have proposed an overall increase of 4 percent.
- The increase is not for any additional tasks or work outside the original scope, which as per the Contract/Board document would be the object of discussion with WFP.

4. In view of the above justifications, we seek the Executive Board's prior authorization for a 4 percent increase in audit fee for the External Auditor, involving a total increase of US$15,400 from April 2012 onwards.

Annexure A

Details of cost increase between November 2009 (as in bid) and March 2012

Cost component	Weightage in total cost (%)	Increase (%)	Net increase in audit cost (%)
DSA at Rome	48	4	1.92
Airfare for Rome (to and fro)	18	17	3.06
Staff cost	34	25	8.50
Net increase in cost			**13.48**