

28th Meeting of the Board of Trustees
9 - 14 March 2008

Minutes of the 27th Meeting of the Audit Committee
Tuesday, 20 March 2007

Present:	Remi Pochat, Chair Mary Mokwunye	Bamba Gué Gaston Grenier, ex officio
Invited:	Getachew Engida Papa A. Seck Jean-François Albrecht, Ernst and Young Dramane Gon Coulibaly, Ernst and Young	
WARDA staff:	Koen Geerts, Assistant Director General, Corporate Services George M. Maina, Head of Finance Kola Olatifede, Budget & Planning Manager Abdou Mouhidiny, Internal Auditor John Mwangi, Associate Director, CGIAR Internal Audit Unit	
Observers	Eric Tollens, EPMR panel Chair Pammi Sachdeva, EPMR panel member	
Secretary:	Samuel Bruce-Oliver	

Summary and Conclusions

The minutes of the 26th meeting of the Audit Committee were approved and it is noted that most of the recommendations were implemented. Implementation of the remaining recommendations is on course either because they are linked to the

alignment with IITA or because they could benefit from the comments of the EPMR panel.

As concerns the report of the Internal Auditor presented in collaboration with John Mwangi, Associate Director of the CG Internal Auditing Unit, the following recommendations were proposed:

Recommendation 1 – The Internal Auditor must not only behave as an investigator but his function should be to mainly audit the different procedures and suggest improvements where necessary.

Recommendation 2 – The control procedures, especially those of a financial nature, must be examined as a matter of priority to better ensure compliance with legal requirements on the one hand and the timeliness of controls on the other hand.

The importance of developing procedures to better manage research data as well as the progress made in better determining the costs of projects have been noted.

Several issues are considered priority for 2007 including the above recommendations. They are i) the out stations and remote sites, ii) to put in place a regular follow up of the inventory and to reflect on the indicators that could be used in the assessment of the progress of audit exercises.

The External Auditors presented their report from which the Audit Committee was able to make the following recommendations:

Recommendation 3 – The Audit Committee recommends that the report of the External Auditors for 2006 is approved by the Board.

There were no comments made to call into the question the reliability of the accounts.

The Management Letter contained little in the way of recommendations and the responses from management were satisfactory. However, two issues need to be highlighted.

It is difficult to assess the reliability of the figures for the outstanding restricted funds to be received.

Recommendation 4 – WARDA must study the different ways and means to better mitigate against risks due to foreign currency exposure. A document must be submitted to the next EFC meeting on this point.

A closed session of the Audit Committee and the External Auditors made it possible to raise the following points:

- Ensure the regular review of procedures and their implementation (the Internal Auditor's 2007 workplan is to be reviewed).
- All kinds of risks need to be taken into account and not only financial risks.
- Recommend improvements in the system of internal controls and application of procedures.

The External Auditors felt that some senior managers suffered from lack of enough information, which could be resolved by the preparation of operating reports containing all information they considered as critical.

Plans for the 2007 – 2011 External Audit

Following proposals made by WARDA and an ensuing long discussion by the Audit Committee, the following recommendations were made:

Recommendation 5 – Inclusion of an article in the text of the Letter of Agreement with IITA referring to the wish to share the same external auditors.

Recommendation 6 – Launch a common call for submission of tenders for the audit of the two Centers.

- An expenditure report on the Ivorian crisis has been submitted and accepted as showing the total expenditure incurred for this purpose. Between September 2002 and 31 December 2006, expenditure was recorded as US\$3,694,413.

Closure of the 2006 budget and audit of the financial statement:

Following a favorable report by the External Auditors and the explanations provided by WARDA:

Recommendation 7 – The Audit Committee recommends that the final 2006 budget is approved.

The results have been positive. The CGIAR Performance Management Indicators show that good progress has been achieved, financial management has been good but financial stability should not be achieved to the detriment of the Center's activities.

2007 Budget

Receipts have been well explained and adequately taken into account to ensure that research activities do not suffer.

Recommendation 8 – The Audit Committee recommends that draft 2007 budget is approved.

Recommendation 9 – The Audit Committee recognizes that a portion of the expected contributions from member states could also be included in this budget.

The Audit Committee also noted a major improvement in the allocation of costs previously charged as indirect costs such that indirect costs have been reduced from 43 to 27%.

With respect to future recruitments, the Committee recommends:

Recommendation 10 – The strategic vision of the research programs and competencies should be discussed by the Program Committee

APPENDIX I

Africa Rice Center (WARDA)

27th Meeting of the Board of Trustees
18 – 23 March 2007
Cotonou, Benin

Agenda of the 27th Meeting of the Audit Committee, Tuesday, 20 March 2007

1. Chairman's Remarks
2. Adoption of Agenda
3. Review of minutes of Previous Audit Committee Meeting
4. Action Item and Matters Arising
5. Workplan and Report of the Internal Auditor
6. Report of 2006 External Audit
7. Plans for 2007 – 2011 External Audit
8. 2006 Closing and Audited Financial Statements
9. 2007 Working Budget
10. Other matters
11. Summary and Conclusions