



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board - Sixty-Fourth Session
Rome, 9-10 September 1998

REPORT OF THE AUDIT COMMITTEE

1. The Audit Committee held its Sixty-Third Meeting on 8 September 1998 and has the following matters to report to the Executive Board.

Revised Terms of Reference and Rules of Procedure of the Audit Committee

2. The Committee decided to postpone its consideration of this issue pending further discussions with management about the scope of the Committee's mandate. A draft will be provided to the Executive Board at its Sixty-Fifth Session.

Status Report on the Implementation of Recommendations Contained in PricewaterhouseCoopers' Report on the Review of Investment Management Activities (issued January 1998)

3. A briefing note on the status of the implementation of the External Auditor's recommendations was discussed. The Committee took note of the progress achieved so far and urged that maximum effort be made to complete implementation in the shortest time possible, and certainly by the end of 1998.

4. Reports on investment portfolio activities are currently provided to the Executive Board twice a year. The Committee expressed the hope that management would make available quarterly reports on investment activities and that a procedure be devised whereby the Audit Committee is kept abreast of events more frequently during periods of market instability.

The External Auditor's Memorandum on Internal Control and Accounting Procedures and the President's Draft Reply Thereto

5. The Secretariat informed committee members that management was in agreement with the priority and timescale of each of the PricewaterhouseCoopers (formerly Price Waterhouse) recommendations contained in the annual Memorandum arising from the 1997 Audit. The Committee noted with satisfaction management's responses to the recommendations.

6. The Committee held a private session with representatives of PricewaterhouseCoopers to discuss their approach to the external audit of the 1998 Financial Statements.



7. The Committee reviewed a list of follow-up items from its previous meetings and noted the action taken.

8. The Committee is required by its terms of reference to review the effectiveness of the internal audit system. It decided to conduct such a review at its December 1998 meeting and annually thereafter.