

**PROGRESS/ACTIVITY REPORTS PRESENTED AT
FIFTY-NINTH SESSION OF THE EXECUTIVE COUNCIL**

(unedited)

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AGENDA ITEM 4(1) - REPORTS OF SESSIONS OF CONSTITUENT BODIES**REPORT OF THE FOURTEENTH SESSION OF RA I****EC-LIX/Rep. 4(1)****Introduction**

1. At the kind invitation of the Government of Burkina Faso, Regional Association I (Africa) held its fourteenth session in Ouagadougou, Burkina Faso, from 14 to 23 February 2007. The Association approved a total of 24 resolutions and a number of decisions, which are recorded in the general summary of the abridged final report of the session. The Association elected Dr Mamadou L. Bah (Guinea) and Dr Amos Makarau (Zimbabwe) president and vice-president of RA I respectively.

Major outcomes of the fourteenth session of Regional Association I (Africa)

2. Five Working Groups on: Planning and Implementation of the WWW; Tropical Cyclone Committee for the South-West Indian Ocean; Climate Matters; Agricultural Meteorology; Hydrology and Water Resources were re-established and two new Working Groups on Natural Disaster Prevention and Mitigation and Education and Training were established. The Advisory Working Group of RA I was also re-established, a Task Team on WIS formed and 29 Rapporteurs appointed and a Regional Focal Point for Gender designated.

3. With respect to the WWW Programme, the Association:

- (a) Urged Members, as a high priority, to maintain and upgrade the national surface component of the RSN and RBCN as well as rehabilitation of observing sites in critical locations through deployment of AWSs;
- (b) Expressed its appreciation to the development of WMO Information System (WIS) and adopted a resolution to set up a WIS Task Team for RA I;
- (c) Urged WMO to organize workshops in the Region on ensemble forecasting products and recommended the formation of Task Team for the development of NWP in Africa;
- (d) Recommended a survey be conducted to assess the contribution of AMDAR to the improvement of upper-air in the Region.

4. Strategic Plan for the Development of NMS in RA I:

- (a) The Association highlighted as a matter of highest priority, the development of a Strategic Plan for RA I in alignment with WMO Strategic Plan 2008-2011;
- (b) The Association agreed on development of a broader-based Strategy and requested the RA I Advisory Working Group to take lead and the Secretary-General to provide necessary support.

5. The Association noted that CLIPS project goals are key components in the sustainable development framework for the NMHSs in the Region and urged the Secretary-General to fully develop a permanent CLIPS training programme and to continue organizing CLIPS workshops for the Members. The Association appointed regional CLIPS focal points.

6. The Association noted that the ETR programme continued to contribute significantly in the human resource development in the Region. In this regard the Association:

- (a) Urged the Secretary-General to increase long-term fellowships and also place more

emphasis on specialized education, crosscutting issues such as management skills, marketing and planning;

- (b) The Association recognized the importance of monitoring and evaluation of fellowship activities and took note of the efforts made by the Secretary-General in this respect. The Association urged Members to comply and support the Secretariat for the efficient utilization of WMO Fellowships;
- (c) In view of the importance of ETRP to the Region, the Association decided to establish a Working Group on Education and Training.

7. The Association noted that there were several regional initiatives in the Region with relevance to the development of NMHSs. Some of these initiatives included: AMESD by European Union and EUMETSAT, Climate for Development in Africa (ClimDev) by African Union and UN-ECA among others. The Association requested the Secretary-General to monitor closely the developments of these programmes and ensure the inclusion of the NMHSs at all levels.

8. Following a presentation by the Secretary-General, Mr M. Jarraud, the Association took note and supported the measures that have been initiated to streamline the internal structures of WMO for transparency, effective control and efficient delivery of services to Members. The Association took advantage of the presence of the Secretary-General to discuss internal issues of WMO of concern to Members of the Region.

9. A brainstorming session was held to identify and discuss the special concerns of the Region, in particular, the ways for enhancement of regional cooperation towards efficiency in delivery of services and optimization in use of resources. The session highlighted the regional priorities that would be included in the Regional Strategic Plan. Further, the session noted that there was need to re-think the organization of the sessions of regional associations so that they are more interactive, have optimum documentation and address real current issues of relevance to the Region. The session recommended the re-launching of the African Meteorological Society.

10. The Association expressed appreciation to the support and services provided by the various Technical Programmes of WMO. In particular, it noted the important role played by the Development Cooperation and Regional Activities Department (DCR), Regional Office for Africa and the two WMO Offices for Africa. The Association urged the Secretary-General to find ways to strengthen these Offices, especially in the Region.

11. The Association took note of the importance of the WMO Disaster, Prevention and Mitigation Programme and the WMO Programme for Least Developed Countries. Considering that majority of LDCs are in Africa, and they are most vulnerable to impacts of natural disasters, the Association expressed its support to these programmes and urged the Secretary-General to seek ways of strengthening them.

AGENDA ITEM 4(2) - REPORTS OF SESSIONS OF CONSTITUENT BODIES

REPORT OF THE FOURTEENTH SESSION OF THE COMMISSION FOR INSTRUMENTS AND METHODS OF OBSERVATION

EC-LIX/Rep. 4(2)

1. The fourteenth session of the Commission for Instruments and Methods of Observation (CIMO) was held at the WMO Headquarters in Geneva, Switzerland, from 7 to 14 December 2006. The Commission conducted its business only in plenary meetings, which was proven effective and efficient for the organization of work.

2. The Commission elected Dr J. Nash (United Kingdom) as president of the Commission and Mr R. Dombrowsky (USA) as vice-president.
3. The Commission reviewed achievements and developments since its last session, noted that CIMO had considerably expanded its activities in all areas with significant achievements in standardization, capacity building and training.
4. Seventeen technical reports relating to standardization of instruments and observing methods and the use and maintenance of instruments and systems were published during the intersessional period. Members can use these reports in the routine operation of their observation networks to improve the performance and sustainability of their networks.
5. The 7th edition of the *Guide to Meteorological Instruments and Methods of Observation (CIMO Guide)* was prepared through the effort of 42 experts from 17 countries and adopted by CIMO-XIV. Through these and past efforts the *CIMO Guide* now has a wider recognition and use by both Members and instrument manufacturers.
6. CIMO addressed the problem of worldwide traceability of measurements to System International (SI) standards. Many Members either do not regularly calibrate their field instruments or do not link their working standards with international standards. There is a significant risk that measurements from such networks can degrade the quality of data assimilation into NWP models and, in turn, the quality of NWP forecasts. Also, research studies attempting to identify weak climate change signals and variability signals based on these measurements are jeopardized.
7. A major step forward was accomplished in the strengthening of Regional Instrument and Regional Radiation Centres (RICs, RRCs). According to new concept and revised Terms of Reference, the RICs and RRCs must have the necessary facilities and laboratory equipment to perform the functions necessary for the calibration of meteorological and related environmental instruments. They must also maintain a set of meteorological standard instruments, establish traceability of measurement standards and measuring instruments to the SI, apply quality assurance procedures and international standards applicable to calibration laboratories and must be regularly assessed by a recognized authority. RICs and RRCs should provide calibration services to those Members who cannot afford to build their own calibration laboratories at a cost marginal to those charged by National Metrology Institutes, if one exists on national level. A mechanism of funding services rendered by RICs/RRCs to Members in need should be developed. The RICs and RRCs have a critical role to play in guaranteeing traceability of data to SI.
8. Instrument intercomparisons are a unique and cost-effective tool for establishing a link between measurements of instruments from different manufacturers. This has a significant implication on data compatibility and accuracy which can affect weather forecast and warning accuracies and climate monitoring (both variability and change). Through instrument intercomparisons hidden flaws and faults in design and reading of instruments can be identified and corrected, thus improving sensor performance and, in turn, data quality, which affects quality of products and services provided by Members to users. The problems identified can often be rectified with little additional expenditure, so quality is improved without a substantial increase in the long-term costs of the equipment.
9. Three instrument intercomparisons were conducted during the intersessional period: (a) WMO Laboratory Intercomparison of Rainfall Intensity (RI) Gauges, (The Netherlands, Italy, France; September 2004-September 2005); (b) WMO Intercomparison of High Quality Radiosonde Systems, Vacoas, Mauritius, 2-25 February 2005; and (c) The Tenth International Pyrheliometer Comparison and conjointly organized Regional Pyrheliometer Comparisons, Davos, Switzerland, 26 September–14 October 2005. Preparations were made for holding WMO Field Intercomparison on RI Instruments (Vigna di Valle, Italy, 2007/2008); and WMO Combined Intercomparison of

Thermometer Screens/Shields in conjunction with Humidity Measuring Instruments (Ghardaïa, Algeria, 2007/2008). CIMO-XIV agreed on a preliminary list of urgently needed instrument intercomparison to be implemented in collaboration with other interested parties in the next period.

10. CIMO recognized that the future integration of observation technologies is a necessary prerequisite for a WMO Integrated Global Observing System. It, therefore, recommended that intercomparison efforts be extended to "test-bed" observing system evaluations where mixes of ground-based in-situ and remote-sensing systems can be evaluated. This would result in identifying user requirements for increased temporal and spatial resolution of upper-air measurements that could be met more effectively;

11. Significant achievements were accomplished in areas of training of instrument specialists. During the intersessional period 235 persons were trained through 10 training workshops on instruments and observing methods in the areas of upper-air observations, metrology and calibration.

12. The Commission adopted 3 Resolutions and 13 Recommendations.

AGENDA ITEM 4(3) - REPORTS OF SESSIONS OF CONSTITUENT BODIES

PROGRESS/ACTIVITY REPORT OF THE FOURTEETH SESSION OF THE COMMISSION FOR AGRICULTURAL METEOROLOGY

EC-LIX/Rep. 4(3)

Reorganization of the Commission

At its thirteenth session, the Commission adopted a new working structure to improve the efficiency and effectiveness of the Commission. The Commission needed to contribute effectively to the Agricultural Meteorology Programme with a 21st Century outlook in a cost-effective manner.

There are three main programme areas:

1. Agrometeorological Services for Agricultural Production, focusing on operational and research activities that promote agricultural production;
2. Support Systems for Agrometeorological Services, concentrating on network observations, data and information management, and technological developments needed to advance the production of services; and,
3. Climate Change/Variability and Natural Disasters in Agriculture, dealing with priority issues affecting agriculture.

CAGM Management Group

Two meetings of the Management Group of CAGM were held (Washington DC, June 2003 and Guaruja, March-April 2005) during the intersessional period. Regrettably, the passing of Dr. Wolfgang Baier was a deep loss to the Management Group.

Expert Team Publication Deliverables:

The Expert Team members met their goals of producing quality presentations and contributions to the terms of reference of their respective ETs. The scientific and technical

contributions presented at a number of these meetings led to quality publications including the following:

- (a) Two books published by Springer entitled “Natural Disasters and Extreme Events in Agriculture”, and “Climate Prediction and Agriculture: Advances and Challenges”;
- (b) Special issue of the Meteorological Applications Journal, published by the Royal Meteorological Society;
- (c) Special issue of Agricultural and Forest Meteorology Journal;
- (d) Special issue of the Australian Journal of Agricultural Research;
- (e) Special issue of Climate Research Journal.

Pilot Project Activities

Pilot projects were identified for regional implementation by all the ICTs. For example, three pilot projects have been identified for development by ICT 3: Assessment of Natural Disaster Impacts on Agriculture (ANADIA); Contribution of Agriculture to the State of Climate (CONASTAC); and Climate Forecasts for User Communities. Each pilot project focuses cases studies in different regions that are appropriately unique to that region. Some progress has been made in developing concept notes, project plans, and identifying initial donor support for some of these pilot projects.

Working Groups on Agricultural Meteorology of regional associations

During the intersessional period, the following meetings of the Working Groups on Agricultural Meteorology of regional associations were held:

- RA II (15-17 December 2003, Jeddah, Saudi Arabia)
- RA VI (17-19 December 2003, Braunschweig, Germany)
- RA III (30 November-3 December 2004, Lima, Peru)
- RA IV (14-17 December 2004, Christ Church, Barbados)
- RA V (6-9 March 2006, Bukittingi, Indonesia)
- RA I (7-9 August 2006, Tripoli, Libya)

AGENDA ITEM 4(4) - REPORTS OF SESSIONS OF CONSTITUENT BODIES

REPORT OF THE FOURTEENTH SESSION OF RA III

EC-LIX/Rep. 4(4)

1. At the kind invitation of the Government of Peru, Regional Association III (South America) held its fourteenth session in Lima, from 7 to 13 September 2007. The Association approved a total of 18 resolutions and a number of decisions, which are recorded in the general summary of the abridged final report of the session. The Association elected Gen. Ramon Viñas-Garcia (Venezuela) and Dr Carlos Costa-Posada (Colombia) president and vice-president of RA III, respectively.

2. Five Working Groups on: Planning and Implementation of the WWW; Climate Matters; Agricultural Meteorology; Hydrology and Water Resources; Natural Disaster Prevention and Mitigation in Region III were established. The Working Group on Internal Matters was also re-

established and 8 Rapporteurs were also appointed and a Regional Information and Public Affairs Focal Point was also designated.

3. There was an active participation of the Members of the Association in seminars, workshops and other events organized or sponsored by WMO in the Region:
 12. Meeting of the Conference of Directors of NMHSs of Ibero-American countries in Buenos Aires, Argentina in November 2006, which discussed and approved the work programme of activities for 2007 under the Cooperation Programme for meteorology and hydrology for NMHSs of Ibero-American countries. The work programme for 2007 includes, assistance on training, operational meteorology, formulation of projects for the development of NMHSs, and other relevant areas aimed at strengthening the NMHSs of the Ibero-American region in a context of regional integration;
 13. Regional Technical Conference, organized jointly with RA IV on Social and Economic Benefits of Weather, Climate and Water Services, in preparation for the Global Conference in Madrid in 2007 on the same subject (Brasilia, Brazil, 12-14 July 2006);
 14. Technical Seminar on Disaster Prevention and Mitigation, with the participation of NMHSs, civil protection agencies and development and funding agencies in the region (Lima, Peru, 4-6 September 2006);
 15. Conference on Climate Change and Natural Disasters with participation of NMHSs, civil protection agencies and climate change offices of Ibero-American countries (Guayaquil, Ecuador, 7-9 June 2006);
 16. Signature of a MoU between WMO and the Government of Brazil for the establishment of a Project office in Brasilia at INMET facilities to support the development and implementation of projects in Brazil, in particular the INMET project, which continues its implementation successfully with the support by WMO.
4. The Association noted regional issues that are relevant and important to the development of the NMHSs in the South American Region. Some of these include:
 - (a) The increasing demand of meteorological information by end-users such as the public and private sectors asking NMHSs to provide a larger amount and better quality data and products. However, these requirements are not fully met because of the limitations in human and material resources experienced by some NMHSs;
 - (b) The lack of well-trained human resources is still a subject of concern in the Region; in spite of the efforts made, the results obtained are yet to be improved;
 - (c) The highest priority should be given to the development and maintenance of the Basic Systems of Meteorological Observations, Telecommunications and Data Processing Facilities in the Region;
 - (d) The establishment of an effective strategy on more successful involvement of NMHSs in the framework of sustainable development activities. More efforts should be made to take into account socio-economic issues in the provision of various meteorological and hydrological services;
 - (e) Climate change and related environmental issues are subjects of concern to NMHSs and the governments in the Region;

(f) The reduction and mitigation of the effects caused by natural disasters is a prior activity that should be integrated in a rational and urgent manner in the Region.

5. A brainstorming session was held to identify and discuss the special concerns of the Region, in particular, the ways for enhancement of regional cooperation towards efficiency in delivery of services and optimization in use of resources. The session highlighted the regional priorities that would be included in the Strategic Development Plan and Action Plan for RA III. The Association highlighted as a matter of highest priority, the development of a Strategic Development Plan and Action Plan for RA III in alignment with the WMO Strategic Plan 2008-2011. Issues that Members in the Region are most concerned include the following:

- (a) The Strategic Development Plan (SDP) for RA III, which should have a clear vision to the future, should take into account the need for horizontal cooperation, be creative and include feasible, specific and practical activities;
- (b) SDP should recognize existing differences and gaps between NMHSs in the Region and design strategies for reducing such gaps;
- (c) SDP should consider adequate allocation of budgetary resources (WMO and national funds) to ensure implementation of selected priorities;
- (d) The Action Plan should include, among others, a time frame for implementing the activities and performance indicators to facilitate efficient and effective monitoring;
- (e) SDP should enhance the integration in the Region;
- (f) SDP should be linked and consistent with the WMO's Strategic Plan and with allocation of specific funding for priority projects;
- (g) The SDP should address the need for enhancement of WMO's advocacy activities at national level aimed at assisting NMHSs in the development of projects and initiatives as requested by Members.

6. The Association expressed appreciation to the support and services provided by the various Technical Programmes of WMO. In particular, it noted the important role played by the Development Cooperation and Regional Activities Department (DCR), Regional Office for the Americas and the WMO Office for South America.

AGENDA ITEM 4(5) - REPORTS OF SESSIONS OF CONSTITUENT BODIES

REPORT OF THE THIRTEENTH SESSION OF THE COMMISSION FOR AERONAUTICAL METEOROLOGY (CAeM)

EC-LIX/Rep. 4(5)

1. Experts and Secretariat staff took an active part in meetings of ICAO study and operations groups as well as regional implementation groups. The main areas of progress were the planned transition to new formats of WAFS data, transition to the second generation of SADIS using the GRIB2 format, automated observations and the 74th amendment to ICAO Annex 3/WMO Technical Regulations [C.3.1]. The regional implementation groups for Europe, Asia/Pacific and South America are promoting improved compliance with data exchange and quality standards, the implementation of quality management procedures and special implementation and pilot projects to improve service provision.

2. WMO involvement in projects of restructuring air space and air traffic management in some regions such as Europe and North America was assured by nominating focal points, participation in meetings and involvement of key players in WMO Expert Teams. The tendency towards larger functional blocks of air space requires early involvement of WMO in order to ensure that the interest of Members and the efficiency and integrity of the system are safeguarded in the process. Eurocontrol is about to employ a meteorologist with the remit to coordinate these activities, and continued cooperation with WMO is seen as essential.

3. The new president, vice-president and some core members of the management team of CAeM held a brief, informal meeting at the end of the CAeM session and agreed on the need for a planning meeting during 2007 in order to lay the ground work for the coming intersessional period. The three expert teams have already started to plan their kick-off meetings with a well-defined agenda defining targets and milestones.

4. During the intersessional period 2002-2006, CAeM successfully addressed the following issues:

- (a) Extra funds provided at the request of Fourteenth Congress were used to hold a series of training events as is listed below with a visible improvement demonstrated by the results of two consecutive Members' surveys;
- (b) On the issue of cost recovery for aeronautical meteorological service provision, it was further noted that ICAO's policy to charge Members requesting assistance in implementing cost recovery prevented some Members from pursuing cost recovery altogether, and a dialogue between the heads of both organizations was initiated;
- (c) The Commission decided to put strong emphasis, in coordination with ICAO, air navigation service providers, airlines, pilots and airports, in developing new and targeted forecast products for the wider Terminal Area of Aerodromes and formed a new Expert Team to deal with this;
- (d) To facilitate the adaptation to new airspace structures planned by Air Traffic Management organizations, regional associations together with CAeM need to develop strategies for such cooperation amongst neighboring NMHS's;
- (e) Concerning aircraft observations, the addition of humidity data would turn AMDAR data into a data source with the potential for substantial savings in conventional upper-air observations, providing comparable quality, precision and vertical resolution to these for the troposphere. Investment for introduction of these sensors could be overcompensated by large savings in the context of a Global Observing System.

5. Training

The Commission supported the continuing efforts in training in four key areas and noted that important events had been held for each of these key areas, which are:

- **Quality Management**

The ICAO Recommended Practice that Aviation Meteorological Service Providers should install recognized Quality Management systems has focused Members on the need to become certified under ISO 9001. Consequently, seminars were held in Hong Kong, China in November 2005, Nairobi, Kenya in May 2006 and Santo Domingo, Dominican Republic in December 2006.

- **Cost Recovery**

In view of continuing budgetary problems in many countries, the recovery of costs for aeronautical meteorological services has become imperative for Members. This was reflected by the fact that five such seminars were organized in the Kingdom of Tonga in 2004, Nairobi, Kenya in 2004, Moscow, Russian Federation in 2006, Dakar, Senegal in November 2006 and Santo Domingo, Dominican Republic in December 2006.

- **AMDAR**

The use of AMDAR data to supplement sparse and costly radiosonde data has become a vital tool in the aeronautical meteorological forecasting activities of many Members. Consequently, AMDAR workshops and meetings were held in 6 locations (Budapest, Sofia, Beijing, Dubai, Johannesburg and Dakar.

- **Scientific lectures**

Scientific and technical workshops to ensure that forecasters are informed of modern methodologies are a prerequisite for achieving the required high standards of quality and service in aeronautical meteorology. Such workshops and seminars were held in Canada, France, the United Kingdom and the United States of America.

6. In the light of the proposed change to GRIB2 in the distribution of WAFS data from December 2008, EC-LVIII had recommended the creation of a Trust Fund for LDC Members for supporting them in acquiring the most appropriate means to provide WAFS products to aviation in future. CAeM-XIII has adopted the Terms of Reference of this Trust Fund and encouraged Members to contribute to it. To maximize benefits from this Trust Fund, an LDC Member unable to obtain the necessary funding through cost recovery may be able to apply for support from this Fund. Accessing the data could be by a satellite receiver and workstation combination or by means of an FTP transfer in cases where the Internet is fast and stable enough to assure a reliable service.

7. Considering the important role of aviation in the evacuation and recovery phases of natural disasters, the AEMP has taken an active role in the cross-cutting Disaster Prevention and Mitigation programme of WMO, with an initial focus on an early warning mechanism for aviation in tropical cyclones areas in RA II with Hong Kong, China leading a Pilot Project, and the participation in an ICAO Special Implementation Project for Small Island Developing States, where the objective is to harden the infrastructure, provide training and guidance for service provision to aviation in emergency situations.

AGENDA ITEM 4(6) - REPORTS OF SESSIONS OF CONSTITUENT BODIES**REPORT OF THE EXTRAORDINARY SESSION (2006) OF THE COMMISSION FOR BASIC SYSTEMS****EC-LIX/Rep. 4(6)****The extraordinary session (2006) of the Commission for Basic Systems**

1. The extraordinary session of CBS was held in Seoul, Republic of Korea, from 9 to 16 November 2006. CBS-Ext.(06) reviewed activities of the Commission and elaborated decisions and recommendations on the following areas: Integrated Observing Systems (IOS), Information Systems and Services (ISS), Data Processing and Forecasting System (DPFS), including emergency response activities, Public Weather Services (PWS), Operational Information Service (OIS), System Support Activities, including technical cooperation. The Commission also reviewed the status of the WMO Space Programme and other cross-cutting programmes and activities relevant to CBS, including Group on Earth Observations (GEO), Disaster Prevention and Mitigation (DPM), Quality Management Framework (QMF), THORPEX and the International Polar Year (IPY). CBS considered WMO long-term planning goals and objectives and endorsed its future work programme.

2. CBS-Ext.(06) when reviewing the operation of the surface-based and space-based observing sub-systems, reiterated the importance of sustainable performance of the GOS, especially in Developing and Least Developed Countries. It further encouraged a continued optimization of observing elements, to include development and deployment of an advanced composite system. With respect to ISS, the session further enhanced the guidance on Information and Communication Technology for GTS and use of Internet by NMHSs; procedures for more effective exchange messages, digital information, files, with emphasis on procedures for exchange of data related to Tsunami warning. It further produced agreement on WMO core Metadata standard based on ISO standard for all WMO Programmes, and actions for further development, including increased interaction with ISO. It agreed to review the strategy for migration to table-driven code forms, and enhanced coordination with other programmes and Organizations, especially CAeM and ICAO. With respect to WIS, the session resulted in agreement on fundamental WIS services and phased implementation, and supported the WIS trust fund for facilitating additional financial and human resources. It also produced agreement on governance principles and procedures for designation of WIS centres (GISCs and DCPCs) and agreement on needed actions, priorities and resources to move WIS implementation forward. The session also developed strategy for the World Radio-communication Conference 2007 (Oct-Nov 2007). With regard to Data Processing and Forecast Systems, the session indicated a high degree of support for the Severe Weather Forecast Demonstration Project, especially from RA I and discussed linking it to a broader capacity building initiative to increase the access to and use of NWP in Developing and Least Developed Countries.

3. The Commission considered changes and developments in operations of basic WWW components and recommended appropriate amendments to the regulatory material contained in the *Manual on the GTS*, *Manual on GDPFS*, *Manual on Codes*, *Guide on the GOS* (see Recommendations 2-6 (CBS-Ext.(06))). It also recommended the adoption of a positioning reference system for meteorological applications (Recommendation 1 (CBS-Ext.(06))) and Designation of Global Producing Centres for Long-range Forecasts (Recommendation 8 (CBS-Ext.(06))). Further details of the Commission's deliberations are contained in the Abridged Final Report which is available as WMO-No. 1017.

4. The CBS Technical Conference on the WMO Information System (TECO-WIS) preceded (6-8 November 2006) the extraordinary session of CBS-Ext.(06). More than 120 people attended

the Technical Conference, including representatives from the private sector. Fifty-three participants were funded by WMO. General presentations of technical solutions and prototypes were made, and a live demonstration of services was provided by the European Global Centre (VGISC) project. Members and participants expressed general support for WIS objectives and enhanced services for all WMO Programmes; it was stressed that WIS will build on the GTS, not replace it, and include the further improved GTS as core component.

AGENDA ITEM 4(7) - REPORTS OF SESSIONS OF CONSTITUENT BODIES

COORDINATION BETWEEN PRESIDENTS OF REGIONAL ASSOCIATIONS AND TECHNICAL COMMISSIONS

EC-LIX/Rep. 4(7)

SUMMARY REPORT OF THE 2007 JOINT MEETING OF THE PRESIDENTS OF REGIONAL ASSOCIATIONS AND TECHNICAL COMMISSIONS

Introduction

1. The meeting was held on 24 May 2007 in Room 6 (CICG) and chaired by Dr A.I. Bedritsky, President of WMO who welcomed the participants and referred to the agenda of the meeting to be centred on the overall coordination between Regional Associations and Technical Commissions, particularly in relation to the Disaster Management Programme (DPM) and on volunteerism.

Mechanism for strengthening linkages between RAs and TCs

2. The meeting noted that RAs and TCs have established various coordination mechanisms to improve the implementation of more responsive Programmes at regional level. These include:

- Exchange of correspondence and regular communication;
- Tropical Cyclone/Hurricane Committees and related side meetings on disaster preparedness, on RCCs and other relevant matters, particularly in RA IV;
- Implementation of pilot projects of new products particularly in RA II and RA V;
- Demonstration projects in severe weather forecasting for disaster risk reduction in RA I and RA III, in heat wave, flash flood forecasting and cross-cutting projects on drought;
- Regional representation/interest in TCs Management Groups and Implementation Coordination Teams;
- Exchange of lists of WGs and Rapporteurs and harmonization of the names of experts in the respective bodies;
- Designation of focal points for DPM and CLIPS in RAs and TCs;
- Participation of chairpersons of regional Working Groups or rapporteurs in the sessions of relevant TCs.

3. The meeting recognized that the Secretariat should play a key role through various Departments which serve as important links between RAs and TCs for the definition of priorities and other relevant coordination issues, including the establishment of the WMO Country Profile Database.

4. The meeting further discussed the possibility of the participation of the presidents of TCs to the sessions of RAs and agreed that such participation should not be systematic, but could be implemented in a cost-effective manner and in a case by case system. The meeting encouraged the presidents of TCs to be included in their respective national delegations to Regional Association sessions.

5. While noting with appreciation the increasing number of good practices in the coordination between RAs and TCs, the meeting stressed the need to devote more time in EC session to find out a stronger mechanism to ensure continuity in priority issues.

Volunteerism in the work of the Technical Commissions and Regional Associations

6. The meeting noted that the volunteerism is an important issue related to the need for recognition and incentive for membership in TCs and RAs subsidiary bodies. It was raised in the Meeting of Presidents of TCs and RAs and during Fifteenth Congress under agenda item 7.4 in Cg-XV/Doc. 7.4(1).

7. The meeting was informed for some existing practices including:

- Certificates issued to eminent persons by TCs;
- Letters of appreciation of the work of some experts addressed to the concerned Members;
- Special credit to the staff of the Miami Hurricane Centre
- GCOS Certificates issues to stations for their good work

8. The meeting requested the presidents of RAs and TCs to draw the attention of the concerned PRs on the status of participation of their experts in the work of RAs and TCs and the need to consider the work time of these experts as Members' contribution to WMO.

9. Considering that the issue of volunteerism should be adequately addressed at NMHSs level; the meeting decided to further discuss it during the EC session.

AGENDA ITEM 5(1) - REPORTS OF SESSIONS OF PANELS AND WORKING GROUPS REPORTING TO THE EXECUTIVE COUNCIL

REPORT OF THE NINTH SESSION OF THE EC WORKING GROUP ON ANTARCTIC METEOROLOGY

EC-LIX/Rep. 5(1)

PROGRESS/ACTIVITY REPORT FOR THE PERIOD NOVEMBER 2002–NOVEMBER 2006

WMO Antarctic Activities

1. The Executive Council, in adopting Resolution 10 (EC-LI), had decided to maintain its Working Group on Antarctic Meteorology (WG AM) with appropriate terms of reference. The composition of the working group had been amended and at present it comprised representatives of 23 WMO Members which were Antarctic Treaty countries.

2. Since its eighth session (Geneva, 25-27 November 2002), in accordance with its terms of reference, the activities of the WG AM were mainly concentrated on issues related to acquisition and exchange of meteorological and other environmental data from the Antarctic, monitoring of climate change and of the ozone layer over this region. Major results of WMO Antarctic Activities were reported to the Fifteenth Congress under a separate document (Cg-XV/Doc. 3.1.7).

3. During the intersessional period, the Coordination Meeting on Antarctic Meteorology and Related IPY Activities (St. Petersburg, Russian Federation, November 2005) was held, where the

status and major results of the planning and implementation activities in the Antarctic were reviewed. The meeting was attended by experts from Argentina, Australia, Chile, Italy, Russian Federation and UK. The final report of the meeting is available at <http://www.wmo.int/web/www/CBS-Reports/ECWGAM-index.html>

4. WG AM continued its coordinating activities largely by correspondence via the Internet. Members of the working group maintained active contacts with other groups or bodies, such as the Antarctic Treaty Consultative Meetings (ATCM), the Scientific Committee on Antarctic Research (SCAR), the Joint Scientific Committee (JSC) of WCRP, the Council of Managers of National Antarctic Programmes (COMNAP), and the Intergovernmental Oceanographic Commission (IOC). In accordance with the guidance given by Congress and Executive Council, WG AM contributed to the Intercommission Task Group on the International Polar Year (IPY).

5. WG AM held its ninth session in St Petersburg, from 28 to 30 November 2006. It reviewed the status of WMO activities in the Antarctic and elaborated appropriate recommendations and proposals to be considered by Congress and the Executive Council. Taking into account that there is a continuing need for meteorological and other environmental data from the Antarctic for the implementation of the WWW, for monitoring climate change and the ozone layer over the Antarctic, it was recommended to Congress to consider and adopt a special resolution on the WMO Antarctic Activities. WG AM also reviewed its terms of reference and recommended the EC to continue its authorization.

6. WG AM reviewed the status of the Observing System in the Antarctic Region, and adopted a number of recommendations for the EC related to the composition of the Antarctic Basic Synoptic Network and the Antarctic Basic Climatological Network, observations from ships and aircraft, further development of the GOS in the Antarctic, maintenance of staffed meteorological and climatological stations and support to the International Programme for Antarctic Buoys. The working group also reviewed the content of the *Manual on the GOS –Volume II- Regional Aspects* and recommended the EC to endorse appropriate amendments reflecting developments and changes in observing programmes in the Antarctic.

7. Considering the telecommunications issues within the Antarctic Region, WG AM adopted arrangements for the collection of data from 99 Antarctic stations which form the ABSN/ABCN. In support of these arrangements, the Working Group recommended the EC to endorse Amendments to the *Manual on the Global Telecommunication System – Volume II*.

8. The WG AM discussed the current status of the preparation of the International Polar Year (IPY) 2007-2008. It noted with satisfaction the substantial progress made in IPY preparation as well as the significant contributions in terms of funding and in-kind donations provided by WMO Members to the IPY. WG AM endorsed the IPY data exchange policy that is in compliance with WMO resolutions and encouraged all IPY projects to exchange observational data via the GTS in near-real time to support activities carried out in the Antarctic within WMO Programmes. WG AM decided that the WG should actively participate in IPY projects related to atmospheric science and observations and assist IPY projects in provision of logistic support and hydrometeorological services if required for their implementation through national and international facilities. Detailed deliberations of the ninth session of the WG AM is available at <http://www.wmo.int/web/www/CBS-Reports/ECWGAM-index.html>

**AGENDA ITEM 5(2) - REPORTS OF SESSIONS OF PANELS AND WORKING GROUPS
REPORTING TO THE EXECUTIVE COUNCIL**

WORLD CLIMATE RESEARCH PROGRAMME

EC-LIX/Rep. 5(2)

**BRIEF SUMMARY OF THE TWENTY-EIGHTH SESSION OF THE
JOINT SCIENTIFIC COMMITTEE FOR WCRP
(Zanzibar, Tanzania, 26-30 March 2007)**

The JSC Chair, Dr J. Church, opened the 28th session of the JSC at 13:00 on 26 March 2007. It was held at the Zanzibar Beach Resort Hotel, Zanzibar, Tanzania, and was hosted by the Tanzania Meteorological Agency.

The JSC session focused its attention on ways of implementing the WCRP's Strategic Framework 2005-2015. It also reviewed preparations needed to ensure a successful ICSU review of WCRP (& ESSP) in 2007-2008.

One full day (Wednesday 28 March) of the JSC was dedicated to "Climate Research in Africa" co-hosted by START and WCP. This day actively involved young researchers from all over Africa as well as experienced speakers and a Minister of the Tanzanian government. The WCRP plans to base its future outreach to WMO Region I on this very successful event.

The JSC agreed that there would be no uniform way of addressing the current challenges facing WCRP. Projects have been and will continue to be central to WCRP's basic science work and in achieving the desired outcomes of most of crosscuts, together with JSC. Core projects have support from countries hosting IPOs and have behind them wide communities of the WCRP scientists. They have their "sunset" year but they may evolve into a new project like WOCE and TOGA evolved into CLIVAR and ACSYS evolved into CliC. Most of the WCRP crosscutting activities fall naturally in one or two projects. Past WCRP structure had gaps, e.g. in atmospheric chemistry, and a major problem was lack of work on visibility of WCRP and lack of acknowledgement of its achievements. Crosscutting activities are capable of integrating the work of projects, filling the gaps and producing tangible results in the realm of societal needs of end users. Crosscutting activities should be goal-oriented and take finite (but maybe different) time to achieve their goals. Most of proposed crosscuts have clear plans, schedule, and expected deliverables. Some crosscuts can evolve into future projects.

The JSC recommends that WCRP should focus on limited number of key climate science issues where only WCRP and its projects can do the work (examples of such achievements in past and recent past are WOCE and WCRP Archive of IPCC model runs). It was proposed to fully utilize the potential of the WMO, its regional activities, the World Climate Programme and START in addressing the needs, interests and building capacity in developing countries. High priority should be given to regional climate predictions and the ability to produce them by individual nations, especially by developing countries. The La Plata Basin and AMMA projects can serve as examples of successful initiatives.

AGENDA ITEM 7.1 - FIFTY-SECOND INTERNATIONAL METEOROLOGICAL ORGANIZATION (IMO) PRIZE

EC-LIX/Rep. 7.1

BACKGROUND INFORMATION

1. In conformity with Resolution 38 (Cg-II), the Executive Council decided, at its seventh session, to award an International Meteorological Organization (IMO) Prize. The first award was made to Dr T. Hesselberg, at the Council's seventh session, and subsequent annual awards were made to Professor C.G. Rossby, Mr E. Gold, Professor J. Bjerknes, Professor J. Van Mieghem, Professor K.R. Ramanathan, Dr A.K. Angström, Dr R.C. Sutcliffe, Dr F.W. Reichelderfer, Professor S. Peterson, Professor T. Bergeron, Professor K.J. Kondratyev, Sir Graham Sutton, Professor E. Palmen, Professor R. Scherhag, Professor Jule G. Charney, Academician V.A. Bugaev, Dr C.H.B. Priestly and Mr J.S. Sawyer (both of them for the eighteenth prize), Professor J. Smagorinsky, Dr W.L. Godson, Academician E.K. Federov, Dr G.P. Cressman, Dr A. Nyberg, Professor H.E. Landsberg, Dr R.M. White, Professor B. Bolin, Dr W.J. Gibbs, Professor J.J. Burgos and Mr M.F. Taha (both for the twenty-eighth prize), Professor T. Malone, Sir Arthur Davies, Dr H. Flohn, Professor M.I. Budyko, Dr F. Kenneth Hare, Professor P.R. Pisharoty, Dr R.E. Hallgren, Professor R. Fjortoft, Professor Ju. A. Izrael, Professor W.E. Suomi, Dr J.P. Bruce, Dr R.L. Kintanar, Professor T.N. Krishnamurti, Professor Mariano A. Estoque, Sir John Houghton, Professor James C.I. Dooge, Professor-Emeritus E.N. Lorenz, Dr Mohammad H. Ganji, Dr Joanne Simpson, Professor Ye Duzheng, Dr Bennert Machenhauer, Dr John W. Zillman and Professor Lennart Bengtsson.
2. Eighth Congress decided that the Prize shall be awarded "for outstanding work in the field of meteorology or any other field referred to in Article 2 of the WMO Convention.
3. In accordance with the relevant procedure, the Secretary-General invited Members of WMO, by circular letter No. WMO-1283 dated 28 August 2006, to submit nominations for the award of the fifty-second IMO Prize.
4. The Selection Committee for the award of the IMO Prize will submit to members of the Executive Council, as a confidential document, a list of not more than five names selected from the candidates proposed by Members.
5. The composition of the Selection Committee will be determined by the Council at its fifty-ninth session.
6. The general conditions governing the award of the IMO Prize are set out:
 - (a) In paragraph 92 of the general summary of EC-VIII, which reads as follows:

"In the selection of a recipient, both scientific eminence and the record of work done in the field of international meteorology should be taken into consideration;"
 - (b) Rule 17 of the Rules of Procedure of the Executive Council, which stipulates that members of the Executive Council, as electors, are not eligible for the award during their term of office as members of the Executive Council. This rule also indicates that the Prize may not be awarded to a person proposed posthumously.
7. The award of the IMO Prize is a decision of the Executive Council which, according to Article 16 of the Convention, shall be "by two-thirds majority of the votes cast for and against". In order to arrive at a definite proposal containing the name of only one candidate, Rule 14 of the

Rules of Procedure of the Executive Council refers to a special procedure called "Indication of preference". (see Regulation 198 of General Regulations)

8. The Executive Council has decided that the statements on the qualifications and merits of the candidates, who are chosen by the Selection Committee for final decision on the recipient of the IMO Prize, shall be made available to all members of the Executive Council prior to the vote for selecting the recipient. This provision appears in Rule 18 of the Rules of Procedure of the Executive Council.

9. The Prize consists of:

- (a) A gold medal;
- (b) A sum of money (SFR 10,000), financed from the IMO fund;
- (c) A certificate giving the citation of the award and bearing the signature of the President of the Organization and that of the Secretary-General, as well as the official seal of WMO.

10. The capital of the Fund at 1 January 2006 stood at CHF 287,790 including the reserve for the IMO lecture and the IMO Prize. After opening adjustments and expenses relating to the fiftieth and fifty-first prize totalling CHF 35,764, the amount of CHF 252,026 is available as of 1 January 2007.

11. The cost of the fifty-second IMO Prize to be awarded in 2007 is estimated as follows:

Award	CHF	10,000
Cost of medal	CHF	9,600
Citation	CHF	600
Contingencies	CHF	5,400
TOTAL	CHF	25,600
		=====

AGENDA ITEM 7.4 - WORLD METEOROLOGICAL DAY, THEME FOR 2009

EC-LIX/Rep. 7.4

BACKGROUND INFORMATION

The themes selected for World Meteorological Days from 1961 to 2007 were as follows:

- 1961 Meteorology - general themes
- 1962 Contribution of meteorology to agriculture and food production
- 1963 Transport and meteorology (in particular, application of meteorology to aviation)
- 1964 Meteorology as a factor of economic development
- 1965 International cooperation in meteorology
- 1966 World Weather Watch
- 1967 Weather and water
- 1968 Meteorology and agriculture
- 1969 The economic value of meteorological services
- 1970 Meteorological education and training
- 1971 Meteorology and human environment
- 1972 Meteorology and human environment

1973	One hundred years of international cooperation in meteorology
1974	Meteorology and tourism
1975	Meteorology and telecommunications
1976	Weather and food
1977	Weather and water
1978	Meteorology and research for the future
1979	Meteorology and energy
1980	Man and climatic variability
1981	World Weather Watch as a tool for development
1982	Observing the weather from space
1983	The Weather observer
1984	Meteorology aids food production
1985	Meteorology and public safety
1986	Climate variations, drought and desertification
1987	Meteorology: a model of international cooperation
1988	Meteorology and the media
1989	Meteorology in the service of aviation
1990	Natural disaster reduction: how Meteorological and Hydrological Services can help
1991	The atmosphere of the living planet Earth
1992	Weather and climate services for sustainable development
1993	Meteorology and the transfer of technology
1994	Observing the weather and climate
1995	Public weather services
1996	Meteorology in the service of sports
1997	Weather and water in cities
1998	Weather, oceans and human activity
1999	Weather, climate and health
2000	The World Meteorological Organization - 50 years of service
2001	Volunteers for Weather, Climate and Water
2002	Reducing Vulnerability to Weather and Climate Extremes
2003	Our Future Climate
2004	Weather, Climate and Water in the Information Age
2005	Weather, Climate, Water and Sustainable Development
2006	Preventing and mitigating natural disasters
2007	Polar Meteorology; Understanding Global Impacts
2008	Observing our planet for a better future

AGENDA ITEM 7.5(1) - STAFF MATTERS

AMENDMENTS TO STAFF RULES

EC-LIX/Rep. 7.5(1)

AMENDMENTS INTRODUCED TO STAFF RULES SINCE THE FIFTY-EIGHTH SESSION OF THE EXECUTIVE COUNCIL

As required in Article 12.2 of the WMO Staff Regulations, this report provides the details of amendments made to the Staff Rules applicable to the Secretariat Staff since the fifty-eighth session of the Executive Council. These amendments have been made in accordance with the guidelines provided at the fifty-eighth Executive Council session, pursuant to corresponding amendments made by the United Nations and/or decisions or recommendations of the International Civil Service Commission and in keeping with good management practice. This

Appendix provides the background and the justification as well as the financial implications, if any, for each of the amendments introduced while Appendix B provides the actual textual changes introduced to the Staff Rules compared to those that existed prior to the introduction of the changes.

Pensionable remuneration for staff in the Professional category and above (Staff Rule 131.1, Appendix A.1)

Introduction of a revised scale of pensionable remuneration (as a result of an increase in the net remuneration of staff in the Professional and higher categories in New York by 2.14% on 1 September 2006), in accordance with the provisions of Article 54 (b) of the Regulations of the United Nations Joint Staff Pension Fund.

Date of implementation: with retroactive effect from 1 September 2006. This amendment involves an increase of expenditure of US\$ 6,200 for one year.

Revision of base/floor salary scale applicable to Professional and higher categories of staff (Staff Rule (Staff Rule 131.1, Appendix A.1)

Introduction of a revised salary scale to reflect an increase of 4.57 per cent over the current scale in conjunction with a consolidation of 4.57 per cent of post adjustment, on a no-gain no-loss basis with effect from 1 January 2007.

Date of implementation: with effect from 1 January 2007. This amendment involves only an increase of expenditures in relation to separation payments, which should not exceed US\$ 2,500 for one year.

Dependency allowances for staff in the Professional category and above (Staff Rule 134.1)

Introduction of revised (lower) dependency allowances payable in respect of children (US\$ 1,780 per annum) and secondary dependants (US\$ 637 per annum). The revised rates will be payable to staff eligible to receive dependency allowances for new dependants acquired on or after 1 January 2007. However, the former higher allowances (US\$ 1,936 per annum per child) and (US\$ 693 per annum for a secondary dependant) will continue to be paid to staff in respect of dependants already recognized prior to 1 January 2007. Related local currency amounts applicable to certain duty stations have also been modified in the same proportion. This amendment is unlikely to result in significant decrease of expenditures for the coming year.

Education grant – Level (Staff Rule 134.2)

The International Civil Service Commission (ICSC) recommended to the United Nations General Assembly to allow for the education grant to continue up to the end of the year in which the child completes four years of post-secondary, even if a first degree is attained after three years. However, students are still subject to the age limit of 25 years. The United Nations General Assembly endorsed this recommendation and consequently Staff Rule 134.2 has been amended with effect from 1 January 2007. Furthermore an increase in the level of maximum admissible expenses and maximum reimbursable levels has been approved for several countries including the United States. This modification is applicable as from the scholastic in progress on 1 January 2007.

Salary scales for staff in the National Officer and General Service categories in the Regional and Subregional Offices.

- a) Introduction of revised salary scales for staff in the National Officer and General Services categories in the Sub-regional Office for West Africa, Lagos/Abuja, Nigeria.

Date of implementation: with retroactive effect from 1 May 2006. This amendment involves an increase of expenditure of US\$ 26,900 for one year.

- b) Introduction of revised salary scales for staff in the National Officer and General Service categories in the WMO Regional Office in Asuncion, Paraguay.

Date of implementation: with retroactive effect from 1 November 2006. This amendment involves an increase of expenditure of US\$ 9,700 for one year.

- c) Introduction of revised salary scales for staff in the National Officer and General Services categories in WMO office in Nairobi, Kenya.

Date of implementation: with retroactive effect from 1 November 2006. This amendment involves an increase of expenditure of US\$ 3,800 for one year.

- d) Introduction of revised salary scales for staff in the National Officer and General Services categories in the WMO Sub-regional office in San José, Costa Rica.

Date of implementation with retroactive effect from 1 July 2006. This amendment involves an increase of expenditures of US\$ 3,800 for one year.

COMPARISON OF TEXTUAL CHANGES INTRODUCED TO STAFF RULES COMPARED TO THOSE THAT EXISTED PRIOR TO CHANGE	
OLD TEXT	NEW TEXT
<p>Rule 134.2: Dependency allowances</p> <p>(a) Staff members in the Professional category or above shall be entitled to receive dependency allowances as follows:</p> <p>(i) US\$ 1,936 per year for each dependent child, except that the allowance shall not be paid in respect of the first dependent child if the staff member has no dependent spouse, in which case the staff member shall be entitled to the dependency rate of staff assessment under sub-paragraph (i) of paragraph (a) of Rule 132.1;</p> <p>(ii) US\$ 3,872 per year in respect of each dependent child, when determined to be physically or mentally disabled, either permanently or for a period expected to be of long duration. If the child is a dependent in respect of whom the staff member is entitled to the dependency rate of staff assessment, an allowance of US\$ 1,936 per year, shall be payable;</p> <p>(iii) Where there is no dependent spouse, a single annual allowance of US\$ 693 per year, for either a dependent parent, a dependent brother or a dependent sister;</p> <p>(iv) The amount of the allowance payable in local currency at any duty station shall not be less than the local currency equivalent of the dollar amount at the time it was established or last revised. A list of countries for which the allowances are specified in local currency is shown in Appendix A.4.</p>	<p style="text-align: center;">Rule 134.2: Dependency allowances</p> <p>(a) Staff members in the Professional category or above shall be entitled to receive dependency allowances as follows:</p> <p>(i) US\$ 1,780 per year for each dependent child, except that the allowance shall not be paid in respect of the first dependent child if the staff member has no dependent spouse, in which case the staff member shall be entitled to the dependency rate of staff assessment under sub-paragraph (i) of paragraph (a) of Rule 132.1;</p> <p>(ii) US\$ 3,560 per year in respect of each dependent child, when determined to be physically or mentally disabled, either permanently or for a period expected to be of long duration. If the child is a dependent in respect of whom the staff member is entitled to the dependency rate of staff assessment, an allowance of US\$ 1,936 per year, shall be payable;</p> <p>(iii) Where there is no dependent spouse, a single annual allowance of US\$ 637 per year, for either a dependent parent, a dependent brother or a dependent sister;</p> <p>(iv) The amount of the allowance payable in local currency at any duty station shall not be less than the local currency equivalent of the dollar amount at the time it was established or last revised. A list of countries for which the allowances are specified in local currency is shown in Appendix A.4.</p> <ol style="list-style-type: none"> 1. For staff members who are in receipt of an allowance for an already recognized child prior to 1 January 2007: US\$ 1,936 per year for each dependant child. 2. For staff members who are in receipt of an allowance for an already recognized child prior to 1 January 2007: US\$ 3,872 per year for each dependant child. If in receipt of dependency rate of staff assessment an allowance of US\$ 1 936 per year. 3. For staff members who are in receipt of an allowance for an already recognized secondary dependant prior to 1 January 2007: US\$ 693 per year.

AGENDA ITEM 7.6(1) - FINANCIAL MATTERS**CONSIDERATION OF THE ACCOUNTS FOR 2006, INCLUDING THE REPORT OF THE EXTERNAL AUDITOR****EC-LIX/Rep. 7.6(1)****Financial Report for the year ended 31 December 2006****1. Introduction**

1.1 The financial situation of World Meteorological Organization (WMO) remained sound as indicated in the Financial Statements of the Organization for the year ended 31 December 2006, including the status of appropriations as of that date. Total income for 2006 amounted to CHF 87.2 million and expenditure to CHF 103.1 million. Of the total expenditure, 70 percent related to the General Fund and 30 percent to extrabudgetary resources. Arrears in Members' contributions increased in 2006 by an amount of CHF 3 million. Cash balances and reserves are considered appropriate in view of the specific programme situation and operating principles.

1.2 The implementation of the regular budget for the financial period 2004 to 2007 proceeded in accordance with the approval provided by Members and within available resources. For 2006, income under the General Fund amounted to CHF 63.7 million and expenditure to CHF 72.1 million. Income under extrabudgetary funds amounted to CHF 23.5 million in 2006 (CHF 30.0 million in 2005) and expenditure to CHF 31.0 million (CHF 27.0 million in 2005).

1.3 Available surplus at the end of 2006 amounted to CHF 5.5 million as indicated in Table 2. This also reflects an increase of CHF 3.0 million in arrears of contributions. As shown in Table 3, the cash balance under the General Fund amounted to CHF 18.9 million. This

Table 1: Key Figures – Comparative¹

(In millions of Swiss Francs)

	2006	2005
1. General fund income	63.7	64.9
2. Extrabudgetary income	23.5	30.0
3. Total income	87.2	94.9
4. Regular budget expenditure	72.1	65.7
5. Extrabudgetary expenditure	31.0	27.0
6. Total expenditure	103.1	92.7
7. (Increase) decrease in arrears	(3.0)	2.1

Table 2: Key Figures – Surplus at 31 December 2006²

¹ For figures 1 to 3 and 5 to 7, see Statement I and for figure 4, see Statement IV of the audited financial statements

reflects the approved expenditure of part of the surplus from 2005 and the increase in arrears of CHF 3.0 million. The cash balance of CHF 34.7 million for extrabudgetary funds reflects the WMO policy to engage in expenditure only after the extrabudgetary project contribution has been received. The Operating Reserve had decreased to CHF 5.0 million by the end of 2006, from CHF 6.5 million in 2005 mainly reflecting the liquidation of remaining obligations for the construction of the WMO Headquarters building and the cost of improvements to the office building.

(In millions of Swiss Francs)		
1.	Surplus and unobligated appropriation, 31 December 2005	
1.1	Surplus from 13 th Financial Period	7.2
1.2	Surplus from 2004-2005	5.7
1.3	Unobligated appropriations of 2004-2005	5.6
1.4	Total surplus and unobligated appropriation at 31 December 2005	18.5
2.	Income during 2006	63.7
3.	Savings from cancellation of obligations	0.6
4.	Adjustment of surplus	(1.2)
5.	Total surplus and income	81.6
6.	Less expenditure and losses during 2006:	
6.1	Programmes expenditures	72.9
6.2	Increase in arrears of contributions	3.0
6.3	Other losses	0.2
6.4	Total expenditure and losses	76.1
7.	Surplus at 31 December 2006	5.5

1.4 The WMO operates a system of fund accounting. This includes the General Fund under which assessed contributions and regular budget expenditure are administered. The General Fund includes the Operating Reserve and the Working Capital Fund finances temporary cash shortfalls under the General Fund. In addition, WMO maintains a number of extrabudgetary funds supported by voluntary contributions.

1.5 The Financial Report includes four statements, a number of supporting schedules and notes. This includes the statement of income and expenditure (Statement I), assets, liabilities, reserves and fund balances (Statement II), cash flow (Statement III) and status of appropriation (Statement IV) for the biennium 2006-2007. The statements have been prepared in accordance with the Financial Regulations, Financial Rules, resolutions and directives of Congress and the Executive Council, and comply with the United Nations System Accounting Standards.

1.6 Consistent with other United Nations system organizations it is intended to introduce International Public Sector Accounting Standards (IPSAS) for the biennium 2010-2011. The key changes of IPSAS include reporting expenditure when goods are received or services rendered rather than when commitments are made, providing for full post-retirement service benefits, and depreciating capitalized fixed assets.

2. General Fund

Income

2.1 The WMO's source of income for the General Fund is assessed contributions from its Members according to the scale of assessments determined by Congress. Contributions are

Table 3: Key Figures - Year-end 2006 and 2005³

(In millions of Swiss Francs)		
	2006	2005
1. General Fund cash	18.9	35.8
2. Extrabudgetary cash	34.7	36.8
3. Working Capital Fund	5.0	5.0
4. Contributions receivable	21.1	18.1
5. Operating reserves	5.0	6.5

2 For figures 1.4 to 4 and 6 to 7, see Statement I

3 See Statement II of the audited financial statements. For figures 1 to 3, cash balance is equal to the sum of cash and term deposits, investments, and inter-fund balances receivable, minus inter-fund balances payable. Excludes funds held in trust for Group on Earth Observations (GEO), amounting to CHF 2.3 million.

considered as due and payable in full within thirty days of the receipt of the invoice, or as of the first day of the year to which they relate, whichever is the later. WMO's income from assessed contributions against the 2006 budget totalled CHF 62.5 million (2005: also CHF 62.5 million). Other income of the General Fund, which includes interest income, currency exchange adjustments, miscellaneous income and savings on prior year unliquidated obligations amounted to CHF 1.8 million. WMO received 82 percent of assessed contributions for 2006 by 31 December 2006 (2005: 89 percent). Forty-six percent of arrears had been received by the same date (2005: 44%).

Budget

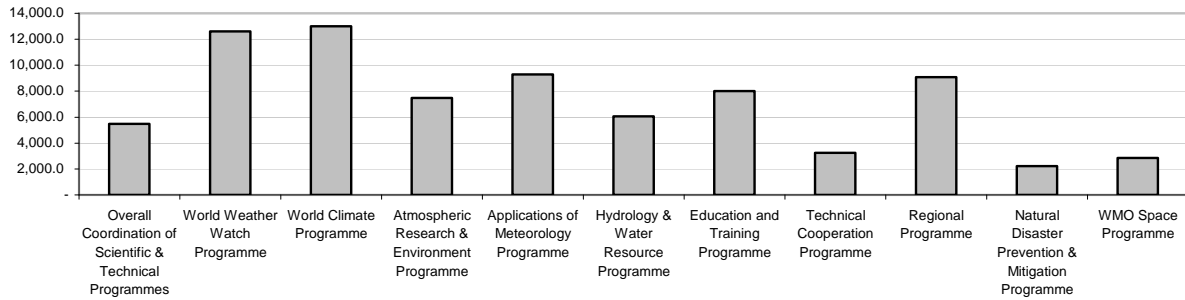
2.2 The 2006-2007 biennium budget was approved under Resolution 13 (EC-LVII) at the fifty-seventh session of the Executive Council to the amount of CHF 126.6 million, including assessed budget of CHF 124.9 million and surplus funding of CHF 1.7 million. A supplementary budget for the high priority activities approved under Resolution 14 (EC-LVII) of the Executive Council amounted to CHF 5.5 million, and an amount of CHF 5.6 million was re-appropriated from the 2004-2005 biennium, resulting in the total budgetary appropriation of CHF 137.7 million. The programme and budget includes Parts, Major Programmes, Programmes together with objectives and expected results, as well as outputs and financial resources required to achieve these for fourteenth financial period. The distribution of budget appropriation by Part is shown in Table 4 below.

Table 4. Approved budget 2006-2007
(In thousands of Swiss Francs)⁴

2.3 The Scientific and Technical Programmes (Part 3) is allocated 57.6 percent of budgetary resources. The budgetary allocation under the eleven Major Programmes of Part 3 is indicated in Chart 1 below.

⁴ See Statement IV of the audited financial statements

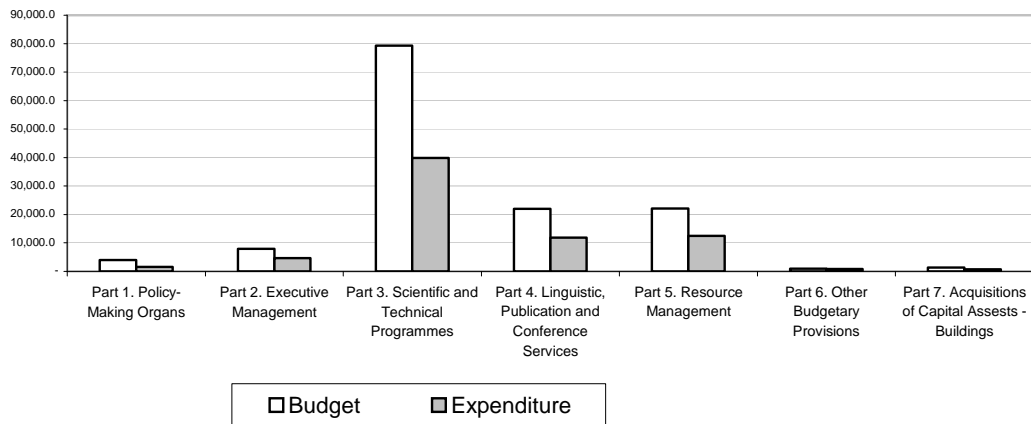
Chart 1. Budget allocation 2006-2007 for the WMO Scientific and Technical Programmes (Part 3 of Budget)⁴



Expenditure

2.4 The regular budget expenditure in 2006 amounted to CHF 72.1 million. Budget utilization was 52.4 per cent. A comparison between budget and expenditure by Part is indicated in Chart 2.

Chart 2. Budget (before transfers, as per Financial Regulations) and Expenditures by Part, 2006-2007 (In thousands of Swiss Francs)⁵



3. Extrabudgetary activities

3.1 Extrabudgetary funds are supported by voluntary contributions, off-budget income and other credits, such as programme support income and income from sales of publications. Voluntary contributions are mainly utilized to support technical cooperation work.

⁵ See Statement IV of audited financial statements

3.2 Extrabudgetary funds received in 2006 amounted to CHF 23.5 million. Extrabudgetary expenditure amounted to CHF 31.0 million. Extrabudgetary expenditure by budget Part is shown in Table 5 below.

Table 5: Extrabudgetary funds, 2006
(in thousands of Swiss Francs)⁶

4. Cash Management

4.1 Cash and bank balances are managed in compliance with the WMO's Financial Regulations. Accordingly, all amounts received from Members against assessed contributions billed are used for the purposes authorised within the relevant year's budget, and any cash surplus is surrendered to Members, in accordance with Financial Regulation 7.4.

4.2 Cash and bank balances as at end 2006 and 2005 are shown in Table 6 below:

	2006	2005
1. General Fund	18.9	35.8
2. Working Capital Fund	5.0	5.0
3. Extrabudgetary funds	34.7	36.8
4. Total	58.6	77.6
5. Add: Funds held in trust for Group on Earth Observations (GEO)	2.2	1.1
6. Total	60.8	78.7
Deposited as follows:		
7. In current accounts	5.2	7.4
8. In call accounts	0.7	4.8
9. In time deposits	54.9	66.5
10. In long-term investments	-	-
11. Total	60.8	78.7

4.3 The primary objective guiding the Secretariat's Treasury is to ensure the efficient and cost-effective management of WMO's financial resources, namely cash and bank balances. Cash is managed centrally in order to safeguard funds, better monitor cash flow and optimize investment income. Treasury is also responsible for developing and implementing instructions and procedures for the safe custody of cash and bank balances.

4.4 In line with Financial Regulation 12.2, short-term investments are made in the form of time deposits of monies not needed for immediate requirements.

5. Management Issues

⁶ Extracted from the WMO financial system

⁷ For figures 1 to 6, see Statement II of audited financial statements. For figures 1 to 3, cash balance is equal to sum of cash and term deposits, investments, and inter-fund balances receivable, minus inter-fund balances payable. Figures 7 to 11 are extracted from the WMO financial system.

5.1 During 2006 the implementation of major management initiatives launched during the biennium 2004-2005 experienced critical and sometimes disruptive progress. This includes initiatives of decentralising decision-making to programme managers, automating administrative processes through the Oracle project, strengthening ethics culture and internal control, outsourcing of administrative services and simplifying organizational processes. Change came at a cost with the temporary disruption of work processes, the need to learn new ways of doing business and additional demands put on staff. WMO completed this difficult period of change better equipped and is on the way to further develop organizational culture towards more openness and critical participation.

5.2 The Oracle Integrated Resource Management Project (IRM) supports many reform initiatives. The project was designed and implemented as a low cost option concentrating on key functions with an overall cost significantly less than that in other United Nations organizations, but also with somewhat more limited functionalities. The new solutions became progressively operational during 2006. Progress in the Oracle IRM project was coupled with rolling out the resource certification function to programme managers under the decentralization effort. The demands put on the staff through implementation of the Oracle IRM project and the decentralization were considerable with the efforts progressing through the critical peak work loads. Once more fully integrated in the work process, resource planning, implementation and control will be improved considerably.

5.3 A new Code of Ethics was adopted for WMO following a process of consultation between Members, staff and management. The approval is accompanied by a training programme which includes all staff. This process is seen to be a cornerstone in further developing organizational culture towards openness and critical participation.

5.4 Improvement of the internal control system were introduced during 2006 through: (i) improved segregation of duties in particular with regard to the maintenance of the fellowships database; (ii) introduction of authorized signatory lists with specimen signatures; and (iii) improved controls in the procure-to-pay process through the implementation of the Oracle system, specifically through the implementation of iProcurement. In addition, a number of weaknesses were addressed. Following the go live of the Oracle IRM projects, delays in the preparation of monthly bank reconciliations were noted during the first three quarters of 2006. Bank reconciliations have subsequently been updated in the context of the closing of the 2006 accounts. Moreover, the target has been established to clear all reconciling items within three months after which the necessary adjustment to the ledger is implemented. Also linked to the period immediately following the go live of the IRM project, budget and financial information were not fully accessible which weakened management control. The weakness has been addressed during the later part of 2006.

5.5 A number of additional management efforts were pursued during 2006. This included the launch of the risk management project and process simplification such as the changes introduced to the travel administration. A major effort constituted the development of a new result-based budget format in close cooperation with the Members. The new format presents resources in accordance to expected results and thereby improves resource transparency and governance. At the same time, the new presentation also improves resource planning and implementation by management with performance indicators capturing the results achieved.

5.6 The Secretary-General is supported in his management task by the Audit Committee. The Committee includes nine members, with three financial experts proposed by the Secretary-General and appointed by the President of WMO. During 2006, the Audit Committee met three times in 28-29 February (5th meeting), 15-16 June (6th meeting) and 13-14 November (7th meeting).

5.7 The management of WMO has concluded 2006 as a stronger organization. For 2007, we will see more clearly the full benefits of the management changes which, in the final analysis, will improve the services which the WMO Secretariat provides to its Members.

OPINION OF THE EXTERNAL AUDITOR**To the Executive Council of the World Meteorological Organization**

I have audited the accompanying financial statements, comprising Statements I to IV, Schedules 1 to 4 and Notes 1 to 38 of the World Meteorological Organization for the financial year ended 31 December 2006.

Respective Responsibilities

These financial statements are the responsibility of the Secretary-General of the World Meteorological Organization. My responsibility is to express an opinion on these financial statements based on my audit performed in accordance with Article 15 of the Financial Regulations and Rules.

Basis of Opinion

I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency and conforming to International Standards on Auditing. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Secretary-General of the World Meteorological Organization, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position as at 31 December 2006 and the results of operations and cash flows for the period then ended in accordance with the United Nations System Accounting Standards and World Meteorological Organization's stated accounting policies set out in Note 2 to the financial statements and schedules. These accounting policies were applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the World Meteorological Organization, which I have tested as part of my audit, have in all significant respects been in accordance with the Financial Regulations and Legislative Authority.

In accordance with Article 15 of the Financial Regulations, I have also issued a long-form Report on my audit of the World Meteorological Organization's financial statements.

**Sir John Bourn
Comptroller and Audit General
External Auditor, United Kingdom**

National Audit Office, London
4th April 2007

Report of the External Auditor 2006

International Audit

The United Kingdom National Audit Office (NAO) provides an external audit service to the World Meteorological Organization (WMO). The External Auditor, Sir John Bourn, has been appointed by the Executive Council in accordance with Article 15 of the Financial Regulations. In addition to certifying the accounts of the WMO, he has authority under the mandate to report to the Executive Council on the economy, efficiency and effectiveness with which the WMO has used its resources.

The NAO provides external audit services to international organisations, working entirely independently of its role as the Supreme Audit Institution of the United Kingdom. The NAO has a dedicated team of professionally qualified staff with wide experience of the audit of international organisations.

The aim of the audit is to provide independent assurance to Members of the Executive Council; to add value to the WMO's financial management and governance; and to support the objectives of the WMO's work.

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Audit of the financial statements of the World Meteorological Organization

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Executive Summary

Our report includes:

- ***The overall results of the audit – an unqualified audit opinion;***
- ***Financial reporting and internal control observations;***
- ***Corporate governance issues, including risk management and internal audit;***
- ***Information Technology matters including a review of the implementation of the Integrated Resource Management project;***
- ***A review of procurement; and***
- ***Follow up to previous audit recommendations.***

Overall results of the audit

1. We have audited the financial statements of the World Meteorological Organization (WMO) in accordance with the financial regulations and in conformity with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency and with International Standards on Auditing.
2. **The audit examination revealed no weaknesses or errors which I considered to be material to the accuracy, completeness and the validity of the financial statements as a whole and I have placed an unqualified audit opinion on the WMO's financial statements for the year ended 31 December 2006.**
3. The scope and approach of the audit were communicated to management in a detailed audit strategy, key aspects of which are set out at Annex B to this report. Observations and recommendations arising from the audit are set out in summary below. A more detailed analysis of key issues is provided in the section of the report entitled Detailed Findings For 2006.

Background and audit context

4. The financial statements have been prepared and audited in accordance with the requirements of the Executive Council (EC LVII-Resolution 10), which requires WMO's financial statements to be prepared and audited on an annual basis. This request is consistent with the financial

regulations and rules. Under the authority provided by the Additional Terms of Reference Governing External Audit appended to the financial regulations, the report of the External Auditor includes specific observations and recommendations directed at improving the financial management and control of WMO. For 2006, our work included a number of observations for improvements in internal control, commentary on corporate governance, and review of information technology and procurement matters.

Financial and Internal Control Matters

5. The External Auditor certified the 2006 WMO Financial Statements in April 2007, more than a month earlier than in the previous year. This positive result to advance the date of certification has been facilitated by the Secretariat carrying out a 'hard close' of their accounting ledgers after eleven months; and preparing financial statements for this period in January 2007. This allowed our audit to be started earlier, with a final audit of the twelfth period thereafter. We have recommended that the Secretariat continue with an eleven month 'hard close' in future years, to maintain this earlier accounts preparation and audit timetable.
6. During 2006, WMO re-implemented their financial information systems in an attempt to provide greater business functionality, particularly with regard to human resources, procurement and payroll. Following re-implementation of the financial systems, we observed some weakening in internal controls, caused primarily by staff lack of familiarity with the new systems and a backlog of work created by the transition process. The main areas in which we have recommended improvements include strengthening the quality of in-year financial information monitored by management; ensuring all main bank accounts are reconciled on a regular basis; enhancing segregation of duties under the new financial system; and reducing significant year-end reclassifications of expenditure by manual journals.
7. We have noted progress made by the Secretariat towards the future adoption of International Public Sector Accounting Standards (IPSAS) as an accounting framework, which we consider will secure more transparent, consistent and useful financial reporting. We worked with the Secretariat during 2006 to identify potential conflicts between the requirements of WMO's existing financial regulations and the requirements of IPSAS. We will continue to work closely with WMO, in our capacity as external auditors, to provide appropriate advice and assistance with the challenging preparations for implementing IPSAS.

Corporate Governance

8. We have recommended that WMO continue to develop their risk management processes. Such risk management processes should be fully integrated with the business planning and management of WMO and involve the engagement of staff and key stakeholders, including the

audit committee, in ongoing dialogue around risks and responses to support effective forward planning.

9. In 2006, the Secretariat made progress towards introducing a Statement on Internal Control as part of future financial statements by performing a dry run of the process and drafting appropriate text for this disclosure. We encourage the inclusion of a Statement on Internal Control with the 2007 financial statements, to provide Members with additional information and assurance on the operation of the internal control arrangements.
10. During the last two years, WMO have taken steps to improve the governance framework of the Organization. This has included the development of a code of ethics, including a policy on financial declarations, a whistle-blowing policy, establishment of a 'hot-line' for reporting of oversight issues and the implementation of fraud prevention and detection training. We consider this has helped WMO to improve its anti-fraud culture. We feel the current approach by WMO to address fraud, although valuable, is somewhat fragmented and would benefit from an overall anti-fraud and corruption policy and strategy.
11. We noted the improved coverage and significant work performed by the Internal Oversight Office (IOO) since April 2006; and the effective use of temporary audit consultants to provide the required levels of skills and resources to deliver this high quality work in a short time span. We consider that the work carried out by IOO from April 2006 provided an adequate level of assurance to assist the Secretary-General to fulfil responsibilities for the maintenance of effective internal control.

Information Technology

12. We have noted progress in the development of an Information Technology and Information Management (IT/IM) Strategy, approved by the Secretary-General in November 2006. We found that the IT/IM strategy appeared to have been produced outside any formal business risk assessment process but ideally would be integrated into the overall risk management strategy for the Organization.
13. As WMO have contracted out the hosting of web and financial systems servers to the United Nations International Computing Centre (UNICC), and the Secretariat intends to rely on the disaster recovery procedures in operation at UNICC, we consider it highly appropriate that WMO obtain a formal standard independent assurance report on the IT arrangements and controls at UNICC.
14. During 2006, we reviewed the implementation of the Integrated Resource Management (IRM) project, which is intended to improve and enhance the financial systems of WMO. We found some reluctance by users to accept the new system and believe that greater end user involvement at the design and testing stage would have reduced some of these implementation

problems. We also consider that the Secretariat underestimated the training and support requirements of IRM users following the implementation of IRM, although we have noted the actions subsequently taken by the Secretariat to address this.

Procurement

15. Finally, our review of procurement at WMO has recommended that the Secretariat develop a procurement strategy that links with the overall strategy and objectives of the Organization. This should be supplemented with a procurement manual that contains up to date policies and operational procedures. In addition we have noted the potential for enhancements to the information contained in procurement monitoring reports and have recommended extending the mandate of the Procurement and Contracts Committee to include the monitoring of these reports. We have also noted the potential for promoting value for money in procurement through the effective use of full electronic procurement procedures and procurement credit cards.

Follow up to Previous Audit Recommendations

16. We review annually the progress by management on implementation of our previous audit recommendations. Our report includes commentary on significant areas where we feel further work is required or where we have additional comments to make. To supplement the commentary in the main body of this report, this year we have prepared a separate annex to the report (Annex A) which lists the responses from the Secretary-General and action taken on each of the recommendations contained in our report for 2005, with our comments on these responses.

Detailed Findings

Financial and Internal Control Matters

Noting:

- *The progress made by WMO in accelerating the preparation of the financial statements by following an early 'hard close' approach;*
- *Review of key internal controls and identified areas for improvement in the financial information monitored by management, bank reconciliations and separation of duties; and*
- *Progress towards adopting International Public Sector Accounting Standards (IPSAS) as the Organization's financial reporting framework.*

Faster Closing of the Financial Accounts

17. Timely and regular financial statements with an unqualified audit opinion provide those charged with governance with important assurance on the material accuracy, completeness and validity of reporting on the financial performance of an organisation. WMO has already demonstrated its commitment to transparent and timely financial reporting by moving to annual audited financial statements. Earlier completion of the financial statements and completion of the external audit process provides greater benefits to the Executive Council, the Secretariat and other key stakeholders concerned with the governance of WMO, including the Audit Committee, through the availability of reliable financial data for decision making while the information is still current and relevant to the activities of the Organization.
18. The External Auditor certified the WMO financial statements for 2006, with an unqualified audit opinion, in April 2007, more than a month earlier than in the previous year. This result is a significant achievement for WMO. In order to support earlier certification, we worked with the Secretariat to establish and deliver an accounts preparation and audit timetable based on an early 'hard close' procedure, where the Organization finalised its accounting data during rather than after the end of the financial period. Such an approach allows external audit to perform the majority of the audit work earlier in the audit cycle and reduce the time required to complete the final audit of the full year financial statements.

19. In accordance with the agreed timetable, WMO delivered financial statements for the period ending 30 November 2006, in effect undertaking a 'hard close' of its accounting data at the end of eleven months. We were able to audit these statements during January 2007 and completed our audit fieldwork on the full year financial statements in March 2007. This approach allowed external audit and Secretariat to work together to resolve audit issues at an earlier stage than previously possible; and to reduce the number of audit adjustments required to the final financial statements.

Recommendation 1: We recommend that WMO continue to follow a 'hard close' approach for the production of the annual financial statements. WMO may wish to consider preparing initial financial statements at an even earlier date, for example at the end of September after the end of nine monthly accounting periods, which would support earlier consideration of financial and audit results by the Audit Committee and the Executive Council.

Internal Financial Controls

20. The requirement for a system of internal control is embedded in the Financial Regulations and Rules of WMO. The framework provides a system through which the Secretary-General can discharge his responsibilities to ensure that funds are used for the purposes intended and that assets are properly safeguarded. The system is based on the application of financial rules and administrative procedures designed to reduce the scope for fraud, irregularity or error.
21. The role of the External Auditor is to review internal control in the context of forming an audit opinion on the financial statements, and where appropriate to make recommendations for improvement which are identified during the audit process. We will make more detailed recommendations to management in our end-of-audit management letter process, the outcome of which will be reviewed by the Audit Committee in the usual way. However, we would highlight the following significant areas of interest arising from our audit.
22. During 2006, WMO re-implemented their financial information systems in an attempt to provide greater functionality, particularly with regard to human resources, procurement and payroll aspects. A separate commentary on this Integrated Resource Management (IRM) project is provided further below. Following the upgrade of the financial systems, we observed the following weakening of internal controls during 2006, which in our opinion arose primarily through the unfamiliarity of staff with the new systems and the backlog of work created by the transition process.

Monitoring of Financial Information by Management

23. Up-to-date financial information is essential to enable the Secretariat to effectively allocate and prioritise the use of resources during the year, and to ensure that resources are not over or under spent due to inadequate financial information. As part of the budget monitoring process in operation at WMO, the Director of the Resource Management Department submits quarterly budget and finance reports to the Secretary-General for consideration by the Financial and Human Resources Review Committee. In addition, programme managers monitor their expenditure against budget using portal reports generated through the financial systems. This devolved approach to budget monitoring encourages programme managers to take responsibility for their individual budgets and to ensure that expenditure remains within the approved amounts; but this is dependant on the availability of reliable information from the financial systems.

24. We identified some weaknesses in the financial information monitored by management during 2006. We found financial information to be incomplete in that it included disbursements but did not include full and up-to-date information on obligated amounts - mainly relating to travel, fellowships and amounts paid through UNDP. This weakness in the completeness and reliability of the financial information was demonstrated by our audit examination, which identified 275 obligations relating to travel, and amounting to CHF 606,000, which we found to be invalid and which duplicated expenditure already recorded in the financial statements. Appropriate adjustments were subsequently made to the financial statements to cancel these obligations. We consider that the backlog of obligations and month end journals meant that the financial information monitored by the Secretariat during 2006 was not sufficiently robust and led to some weakening of internal control during the period.

Recommendation 2: We recommend that WMO strengthen the reliability of financial information monitored by management during the year, so that the information presents an accurate and up-to-date view of requisitions, obligations and disbursements compared to available budgets. Such improvements in the reliability of in-year financial information would also assist earlier closure of the accounts and preparation of the financial statements.

Bank Reconciliations

25. Bank reconciliations are a fundamental control to validate the completeness and accuracy of the accounting records, and are an essential procedure to help management prevent and

detect fraud or error. We found that following the upgrade of the financial information systems, WMO had not completed monthly bank reconciliations for the main bank accounts until October 2006. We note that these bank accounts were subsequently all reconciled for the year ending December 2006 and were sufficient to support our audit opinion.

26. We consider that bank reconciliations should be performed for all bank accounts on a timely and regular basis to confirm that receipts and payments are matched to the financial records and to enable management to investigate any un-reconciled items. The delay in completing bank reconciliation procedures until October 2006 resulted in the absence of a key internal control for ten months of the reporting period. The absence of this control exposes the WMO to a risk of fraud or error remaining undetected for an unacceptably long period of time. We were unable to find other mitigating controls in place to counter this weakness.

Recommendation 3: To ensure that this key control operates effectively throughout the reporting period, we recommend that WMO ensure regular and timely reconciliation of all bank accounts. In the absence of such a key control, the Secretariat should ensure that alternative checking procedures are invoked to mitigate the risk of fraud or error.

Separation of Duties

27. Separation of duties is a basic internal control mechanism to reduce the likelihood of error or irregularity in the normal course of business. The main benefits from separation of duties are that fraud risk is reduced, as it requires collusion of two or more people; and that it is more likely that errors will be detected. At its most basic level, separation of duties means that no single individual should have control over two or more phases of a transaction or operation. Full separation of duties can be difficult to achieve, particularly in smaller entities.
28. Our audit identified a number of examples of lack of consistency in granting access rights to users of the various modules of the IRM system during 2006. We found cases where users had been granted 'super user' status for functions that would compromise normal separation of duty arrangements and lead to potential weakening of internal controls. For example, we found that one user had been established as a 'super user' for both the human resource and payroll modules of IRM, which compromises the usual separation of duties between these business functions. We consider that WMO would benefit from a review of the levels of user responsibilities in order to strengthen internal control arrangements and reduce the risk of fraud or error.

Recommendation 4: We recommend that WMO instigate a full review of user access rights to the IRM system to ensure that there is appropriate separation of duties. In instances where full separation of duties might not be possible, WMO should consider the introduction of mitigating or compensating controls to reduce the risk of error or irregularity.

Implementation of International Public Sector Accounting Standards

29. Under Rule 114.2 of the Financial Regulations and Rules, WMO's financial statements are prepared in accordance with United Nations System Accounting Standards. In November 2005 the UN's High Level Committee on Management recommended International Public Sector Accounting Standards (IPSAS) as the basis for the preparation of UN financial statements from 2010; and in 2006 the General Assembly decided to approve the adoption of IPSAS as the appropriate financial reporting framework for the United Nations.
30. In the External Auditor's report for 2005, we recommended that the Executive Council adopt in principle IPSAS as the accounting framework for WMO; and that the Secretariat develop a plan for implementation of the standards to assess the requirements and resources which will be needed, particularly in relation to the necessary knowledge and skills, and to assess any IT requirements. We recognise the progress made by management in response to this recommendation.
31. Following our audit recommendation, the Executive Council requested the Secretary-General to prepare a report to the Audit Committee on the implementation of IPSAS, including a proposed plan for adoption. We note the subsequent consideration by the Audit Committee of this report during November 2006 and the decision to invite Congress Cg-XV to make a decision in principle on the adoption of IPSAS. Such a decision in principle is important because WMO's financial regulations will require amendment in due course to reflect the financial reporting framework of IPSAS and, under Financial Regulation 1.1, the regulations may only be amended by Congress.
32. We worked with the Secretariat during 2006 to identify potential conflicts between existing Financial Regulations and the requirements of IPSAS, and helped identify potential future amendments to the Financial Regulations. We consider timely attention to the necessary amendments to the Financial Regulations is important. We will continue to work closely with WMO over the coming period to provide appropriate advice and assistance with the challenging preparations for implementing IPSAS.

Recommendation 5: We recommend that WMO continue to proceed with planning and budgeting for the future implementation of IPSAS.

Other Financial Matters

Cases of Fraud or Presumptive Fraud

33. Under the additional terms of reference governing the external audit, contained in the financial regulations, we are required to bring to the notice of the Executive Council any cases of fraud or presumptive fraud. Primary responsibility for the prevention and detection of fraud rests with management. The Secretariat informed us that they had not recorded or investigated any cases of fraud or presumptive fraud during 2006. The Director of the Internal Oversight Office (IOO) also confirmed that no cases of fraud or presumptive fraud came to his attention during 2006. Additionally, our audit has not identified any cases of fraud or presumptive fraud during the year.

34. We have continued to monitor WMO's progress in pursuing the fraud case which arose prior to our appointment as external auditors. We have noted the continued commitment of the Secretariat to recover these funds through the Swiss authorities and are pleased to report that WMO recovered US\$302,926 from the Geneva Cantonal Administration on 3 November 2006.

Losses, Write-Offs and Ex-Gratia Payments

35. In accordance with Financial Regulation 13.5, the Secretary-General notified us of the write-off of CHF 210,664 of receivable balances no longer considered recoverable; and informed us of ex-gratia payments totalling CHF 11,288 in respect of allowances provided to staff seconded to the WMO Regional Office of the Americas and the Sub-regional Office for Western and Central Africa by the respective host governments. We were notified of a loss of petty cash amounting to some CHF 100 during 2006. These matters were reviewed by the Property Survey Board as appropriate and we were satisfied with the action recommended by the Board.

Corporate Governance

In relation to corporate governance matters we have:

- *Recognised the need for WMO to continue to develop systematic risk management processes;*
- *Noted progress made in preparing for a future annual Statement on Internal Control;*
- *Identified the need for an overall WMO Anti-Fraud and Corruption Strategy; and*
- *Recognised progress made in the level of assurance provided by internal audit during 2006.*

36. Sound governance and the systems of internal control that are integral to it are essential to effective financial management, accountability and transparency. Good corporate governance is necessary to support the achievement of any organisation's objectives, and the creation and maintenance of stakeholder confidence on which that achievement depends. We consider effective corporate governance essential to the success of WMO and included audit observations and recommendations in both our 2004 and 2005 reports. We have used this present report to follow up on previous recommendations and provide additional observations to strengthen the WMO's corporate governance framework.

Risk Management

37. The External Auditor's report in 2004 included a recommendation for WMO to develop a comprehensive and considered assessment of business risk, to identify the probability and impact of operational risks and how these can be managed or mitigated. In our 2005 report we undertook to monitor progress and report more fully to Members this year.

38. Following our audit recommendation, the WMO risk management project began in January 2006. For phase one of the project, the Secretariat, using an external consultant, carried out an organizational wide risk assessment based on a generic risk model, to identify specific risk scenarios for the Organization. This was done through interviews with senior managers, including the Secretary-General. Following the interview stage, a workshop was held with interviewees during February 2006 to discuss the combined results of the exercise. The workshop focussed on five risk types – leadership, stakeholder relations, funds availability, human resources and efficiency. After further follow-up interviews, the results were consolidated into a final risk assessment report.

39. The results of the risk management project to date were presented to the Audit Committee in November 2006. Risk management is likely to be much stronger if it is subject to effective accountability arrangements; and audit committees are a key element supporting accountability through a robust constructive challenge process. We believe that the Audit Committee has an important role in providing oversight and practical observation on the effectiveness of risk management systems and we strongly encourage the continued involvement of the Committee with this important project.

40. There are four key stages to risk management:

- Risk identification – reliable and comprehensive information needs to be available to identify short and long term risks.
- Risk assessment – risks are assessed and recorded in terms of their current status, likelihood and potential to have an adverse impact on the organisation.

- Risk response – to ensure that staff have the capability and supporting tools, including contingency plans, to manage risks.
 - Reviewing and reporting – regular reality checks need to ensure that risk assessments remain up to date and reliable, and that risk management remains fit for purpose.
41. We consider that the work performed by WMO on the risk management project during 2006 has started to address the first two of the four key stages of risk management. Each of the four stages should be supported by robust processes. Although we understand that the senior managers selected to participate in the risk assessment project were chosen to be representative of the Organization, we consider that for a risk identification and assessment process to be most effective, all staff and key stakeholders should be engaged in an ongoing dialogue around risks and appropriate responses, to support effective forward planning.
42. For risk management to be strong and effective, staff need to be clear about their responsibilities. Lack of clarity can lead to staff being unduly risk averse for fear of blame if things go wrong, or to excessive risks being taken. Risk needs to be an automatic part of how organizations and people think and act in their jobs and the tasks they carry out. This includes having clear accountability and ownership of risk. For this to work effectively, staff need to have the training and expertise to apply the tools and techniques of risk management to their daily tasks.

Recommendation 6: We recommend that WMO continue to develop their risk management processes, to be fully integrated with the business planning and management of the Organization at strategic, operational and task levels; and involve the engagement of staff and key stakeholders, including the Audit Committee, in ongoing dialogue around risks and responses to support effective forward planning.

Recommendation 7: We recommend that following the identification of key strategic or operational risks, WMO should develop a risk register which identifies the risks, the operational areas affected, mitigating controls in place, risk owners, action to mitigate the risks to an acceptable level, and the milestones for completion.

Statement on Internal Control

43. A Statement on Internal Control (SIC) is a part of the governance and accountability arrangements and addresses the organisation's capacity to handle risk; and the effectiveness of the risk and control framework. The SIC should include information and assurances on the effectiveness of the internal control arrangements and disclosure of any significant internal control weaknesses or emerging issues which affect the control environment.
44. A SIC is a separate statement by the signatories of the financial statements on the effectiveness of the organisation's control environment and is included as part of the audited financial statements, which is now considered best practice for the public and private sectors. We originally recommended in our 2004 report that WMO consider the adoption of an annual SIC; and we followed up on this recommendation in our audit report for 2005 but, following the inadequate internal audit coverage which existed in 2005, we were of the view that that did not represent an appropriate time for the implementation of a meaningful SIC.
45. During 2006, we continued to work with management to offer appropriate assistance on the structure and format of a SIC, based on our experience of supporting other audited bodies in implementing such a statement. Although the financial statements for 2006 do not include a SIC, we have been pleased to note some constructive progress during this reporting period. WMO management prepared a draft SIC for 2006 and sought written confirmation from all WMO programme managers, including the Director of the Internal Oversight Office, on the effectiveness of controls operating in their area of responsibility during 2006. Although the results of this exercise suggested that it was not appropriate to include a SIC as part of the 2006 financial statements, the methodology used was sound.

Recommendation 8: We recommend that WMO include a Statement on Internal Control as part of the 2007 financial statements, using the experience of 2006 to guide the wording and methodology for the preparation of this Statement.

Fraud risk assessment

46. Under International Standards on Auditing, as external auditors we have a responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatements, whether caused by fraud or error. Due to the characteristics of fraud, we are required to maintain an attitude of professional scepticism throughout our audit work. As external auditors to a number of international organisations, as well as to United Kingdom

central government bodies, we have developed a fraud awareness and response assessment tool, which we complete with all our audit clients. The purpose of this exercise is to benchmark the risk of fraud for the organization against our wider knowledge of our audit clients.

47. The assessment provides a structure for management to consider their evaluation of potential fraud risks within the organization. The risks and controls to prevent and detect fraud are considered under three broad aspects: incentives and pressures; opportunities; and attitudes and rationalisations. We completed the assessment with the WMO Secretariat and with the Director of the Internal Oversight Office and in due course will report our detailed conclusions as part of our management letter report to management.
48. During the last two years, WMO have taken steps to establish a culture of ethical conduct and the prevention and detection of fraud. Measures taken include the development of a code of ethics, including a policy on financial declarations; a whistle-blowing policy; establishment of a 'hot-line' for the reporting of oversight issues; and the delivery of training for fraud prevention and detection. We consider that this has helped WMO to improve its anti-fraud culture. At the same time, we feel the current approach to tackle fraud, although valuable, is somewhat fragmented and would benefit from an overall anti-fraud and corruption strategy. Such a strategy could consolidate existing guidance and policy into a single document and focus on the key controls that the Organization currently has in operation (or could strengthen) to prevent, detect and respond to fraud. Although such a strategy cannot guarantee protection against fraud, it can help to strengthen an anti-fraud culture by ensuring that staff are clear about the Organization's approach and attitude to fraud and corruption.

Recommendation 9: We recommend that WMO develop a formal anti fraud and corruption strategy, consolidating existing guidance, and take appropriate steps to embed the process within the organizational culture of WMO.

Internal Audit

49. Effective internal audit is an integral element of good governance. Executive Council LVII requested the strengthening of internal audit following external audit recommendations endorsed by the Audit Committee. As part of the process of strengthening the internal oversight function, the Internal Oversight Office (IOO) was established on 1 February 2006 to replace the Internal Audit and Investigation Service. Although the IOO was fully operational following the appointment of a new Director In February 2006, internal assurance work did not begin fully until April 2006, following the recruitment of appropriate staff and consultants.

50. We have been pleased to note the significant work carried out by IOO since April 2006 and the effective use of temporary audit consultants to provide required levels of skills and resources to deliver quality work in a short time span. We also note the progress made by IOO in recruiting staff on fixed term contracts to establish a core internal audit workforce with an in-depth knowledge of WMO's operations and activities. We consider that the IOO work carried out since April 2006 has provided an adequate level of oversight to assist the Secretary-General to fulfil his responsibilities for the maintenance of effective internal control.
51. As external auditors, we aim to co-operate with IOO to ensure effective and efficient oversight within the different remits and objectives of the internal and external audit functions. For our audit of the 2006 financial statements, we were able to substantively rely on the work of IOO, particularly in the areas of fellowships and administrative expenditure, to avoid duplication of work and increase the efficiency of the audit process.
52. During 2007 we intend to assess the potential for further co-operation between internal and external audit and report the results to the Audit Committee, together with recommendations for improvements.

Audit Committee

53. In previous reports we strongly supported the establishment of the WMO Audit Committee and continued to attend and support the Committee throughout 2006. We consider the Audit Committee is an important element of good governance and constructive challenge to management. We continue to support the inclusion of independent financial experts in the composition of the Committee; and consider in particular that such independent experts can enhance the effectiveness of the Committee by providing assurance over the way in which WMO manages risk.

Information Technology

IT is fundamental to the operations of WMO and the successful achievement of objectives. We have:

- *Recognised the progress made in developing an IT Strategy, and noting areas for further improvement in assigning responsibilities and linking the strategy to business objectives;*
- *Recommended that WMO obtain independent assurance on the security, controls and business continuity arrangements at the United Nations International Computing Centre (UNICC) which hosts the WMO web and financial systems; and*
- *Reviewed progress in implementing the Integrated Resource Management (IRM) system during 2006 and identified areas of weakness in user acceptance testing, training and support.*

54. The nature and operations of WMO require sound and reliable Information Technology (IT) systems to ensure the accuracy of data output, effective data analysis and the availability of timely management information. Sound IT arrangements are also essential in securing proper internal controls and for maintaining adequate books and records as required under the financial regulations and rules. As part of our audit we reviewed IT arrangements to the extent that they impact on financial systems from which the financial statements are prepared.

IT Strategy

55. IT represents a significant investment for any organisation and a sound strategic approach is central to ensuring that IT meets business needs and delivers value for money. In our 2005 report we recommended increased senior management oversight of IT and that the Secretariat should formulate an IT strategy, endorsed by the Executive Council.

56. During 2006, we were pleased to note the re-establishment and quarterly meetings of the Information Systems Strategic Advisory Committee (ISSAC). We welcome the oversight that the ISSAC helps to provide of IT and information management (IM) matters. We have also noted progress in the development of an Information Technology and Information Management (IT/IM) Strategy, which was approved by the Secretary-General in November 2006. The IT/IM Strategy is designed primarily for the use of the Secretariat, although a summary of the main points of the Strategy will be reported to Congress Cg-XV in May 2007. The Strategy recognises that WMO has not made strategic use of IT in the past and aims to focus on

providing Members with better and timelier information; establishing an appropriate knowledge base; and improvement of internal administrative systems.

57. The strategy is supported by a list of 11 key actions and a timeframe is identified for each action. We observed that specific responsibilities have not been defined for each intended action. This is of importance, because some actions depend on areas which might normally fall outside the responsibility of the IT Division. We also noted that the IT/IM strategy appeared to have been produced outside of a formal business risk assessment process.

Recommendation 10: We recommend that the Secretariat integrate the Information Technology and Information Management strategy into the overall risk management strategy for the Organization. The Secretariat should also assign formal responsibilities for the 11 actions set out in the Information Technology and Information Management Strategy, setting appropriate milestones to ensure delivery in the required timeframe.

IT Security

58. Our audit report for 2005 included a recommendation for the Secretariat to formulate an IT security policy and establish a business continuity and disaster recovery plan. We note that the Secretariat prepared a draft IT security policy, although this document has not yet received the Secretary-General's approval. We encourage the Secretariat to formalise this policy as a matter of priority.

59. We note that the Secretariat has not yet established a formal business continuity and disaster recovery plan, although Action 10 (Disaster Recovery) of the IT/IM Strategy is intended to ensure an effective and efficient disaster recovery solution through the use of the UN International Computing Centre (UNICC)), to which WMO has contracted out the hosting of web and financial systems servers. If the Secretariat intends to rely on disaster recovery procedures in operation at UNICC, then we consider it essential that WMO obtain a formal standard independent assurance report on the IT arrangements and controls at UNICC. We understand that the Secretariat has approached the Management Committee of UNICC jointly with other UN bodies currently using UNICC to request such an independent assurance report.

Recommendation 11: We recommend that the Secretariat obtain an independent assurance report on the security, controls and business continuity plans in place at UNICC and proceed with finalising the WMO IT security policy.

Integrated Resource Management (IRM) Project

Introduction

60. WMO's Integrated Resource Management project, based on the Oracle E-business suite, aims to enhance the Organization's financial systems by providing a greater range of functions, particularly in human resources, procurement and payroll. In 2005 we reviewed the status of implementation of the IRM project, including project management and governance, costs and internal assurance processes. This year, we followed up on our previous work and considered how the IRM system developed during 2006.
61. Major change in accounting systems, such as the implementation of the IRM system, presents a significant audit risk. To mitigate this risk, we carried out work with the assistance of an IT audit specialist (a Certified Information Systems Auditor) with wide experience of project implementations and auditing in an Oracle environment. Our work on the IRM system included testing of key IT controls and substantive work to confirm the migration of data from the old to new financial systems. We confirmed that the migration of balances from the legacy system to the IRM system had been materially complete and accurate to support our audit opinion.

Scope of the IRM Project

62. The scope of the IRM project has grown significantly from the original proposal which envisaged the project as a simple upgrade to the existing Oracle financial systems. During 2006, WMO moved from a process of centralised resource control through the Budget Office to distributed resource control by programme managers, leading to decentralization of the budget certification function. Delegation of budget certification to programme managers was approved in Service Note 21/2006 in June 2006.
63. Originally the Secretariat intended that this decentralization process could be implemented using the purchasing module of Oracle. However as project implementation progressed during 2006, it became apparent to the Secretariat that full decentralization of the budget certification process and subsequent monitoring of expenditures and commitments required an additional I-Procurement module and WMO Portal system for online access to data. The main purchasing and accounting systems were implemented in January 2006 but I-Procurement and the WMO Portal did not follow until September 2006. Such a staggered approach might have been avoided if the Secretariat had formulated a clearer expectation of the requirements of the IRM project and linkage to the budget decentralization process before commencing the implementation.

User Acceptance Testing

64. A fundamental element in successful project implementation is user acceptance testing. This helps to ensure that the system meets the specified objectives and users' requirements, as far as possible in a minimally customised system. User acceptance testing involves the engagement of users in detailed testing of the functionality and performance of the system against identified operational requirements established in advance.
65. Although the Secretariat carried out some user acceptance testing, this did not involve the main end users - the programme managers - in the acceptance of I-Procurement. Following the implementation of I-Procurement, we found some reluctance by programme managers to take responsibility for the budget certification process; and at the time of finalisation of this report seven programme managers had not accepted responsibility for this process. Although part of this reluctance can be considered to be due to lack of confidence by programme managers in the reliability of the data in the system, we believe that greater end user involvement at the testing stage would have reduced some of these implementation problems.

User Training and Support

66. The implementation of any new system requires the provision of support and training to users to resolve system problems, maintain confidence and ensure acceptance. The Secretariat did not establish any formal help-desk function to support users with operation of the IRM system or provide sufficient formal training to key users prior to the roll out during 2006. In light of our observations on the reluctance of some programme managers to accept the new system and method of working, we consider that the Secretariat underestimated the training and support requirements of users following the implementation of IRM. We have noted the action subsequently taken by the Secretariat to address these issues through the formulation of an IRM Project Charter, including training and distribution of materials on key processes to WMO staff.

Internal Assurance Processes

67. Our report in 2005 recommended that the Internal Oversight Office undertake a planned review of the IRM control framework. We noted significant progress by IOO with respect to this recommendation. IOO, using a specialist IT auditor, completed two audits covering the modules implemented under Phase 1 and Phase 2 of the IRM project, including implementation of I-Procurement and the WMO Portal. We reviewed the work carried out by IOO in this area and noted that significant recommendations had been made to strengthen the operation of internal controls within the IRM system. We encourage the Secretariat to address

these recommendations on a priority and risk basis. The weakening in internal controls has resulted in the need for us to undertake focussed substantive testing of transactions to obtain sufficient assurance on the accuracy of balances in WMO's financial statements.

Post-Implementation Review

68. In 2005 we recommended that the Secretariat should undertake a formal and objective post implementation review of the IRM project. We consider such a review to be quite distinct from the work performed by IOO to validate the internal controls of the IRM system. We still consider it important that the Secretariat undertakes a review to determine if the IRM system has delivered the intended benefits and to identify areas where further training or support might be required.

69. A major part of an effective post-implementation review would be to assess the extent to which IRM has streamlined and rationalised business processes and produced financial and efficiency gains. A review should include the assessment and identification of key processes; review of the presence and effectiveness of controls; and an assessment of the efficiencies of transaction processing. Such a review would need to recognise the change in scope and functionality of the IRM project to include decentralization, I-procurement and the portal.

Recommendation 12: We recommend that as a matter of good management practice, greater attention is paid to assessing the adequacy of user acceptance testing prior to implementation of future IT projects.

Recommendation 13: We recommend that the Secretariat continue to assess the training and development requirements of users of the IRM system to ensure that sufficient regular and ongoing training is provided in order that the IRM system becomes fully embedded at WMO.

Recommendation 14: We recommend that the Secretariat undertake an objective post implementation review of the IRM project.

Procurement

In reviewing procurement we have:

- *identified the need for WMO to formulate a procurement strategy to link with the overall strategy and objectives of the Organization;*
- *described the potential for enhancements to procurement monitoring reports and to the mandate of the Procurement and Contracts Committee in using such reports; and*

- *noted the potential for promoting value for money through the use of electronic procurement processes and procurement credit cards.*

Introduction

70. Procurement is the whole life-cycle process of acquiring goods and services from third parties, beginning when a potential requirement is identified and ending with the conclusion of a service or delivery of an asset. During 2006, WMO spent in excess of CHF 11 million on the procurement of goods and services. Of this amount, some 51 percent related to procurement of professional services, with the remainder being for goods.

71. Prior to the introduction of the I-Procurement portal in 2006, which allows staff to use an automated procurement requisition and approval procedure on line within the Oracle Integrated Resource Management system, the Organization used a manual approval system where procurement decisions were based on procedures set out in a series of service notes. We carried out a review of procurement procedures to assess how the Organization can consolidate, standardise and implement effective procurement procedures and policies to accommodate I-Procurement.

72. We examined how WMO procures goods and services, with a view to identifying good practices which might be more widely applied. Our work consisted of benchmarking the procurement functions of WMO against good practice elsewhere. As part of our audit review, we tested a sample of procurement transactions and examined the procurement process for those items in detail. In planning and performing our work, we had regard to the results of a review of procurement carried out by IOO in early 2006. Some of the key issues emerging from this review were:

- Changes in procurement processes and delegations being communicated on a piecemeal basis;
- Unclear delineation of responsibilities for the procurement process between key units and divisions;
- A need to streamline procurement procedures;
- Weak performance reporting and monitoring of key elements of procurement functions; and
- The need for clearer definition of management information to derive maximum benefit from Oracle's Integrated Resource Management system.

Procurement Strategy and Handbook

73. As the Organization develops its procurement module in the IRM system and in following up the observations made by IOO in January 2006, we consider that the development of a procurement strategy is important to provide clear direction to fully utilise the Oracle IRM module. Such a strategy should also identify the links between procurement and overall organizational objectives and strategies. WMO does not currently have an overall formal

procurement strategy covering the process of obtaining goods and services from third parties. Under the existing arrangements, WMO procurement policies and procedures are contained in a number of different documents, including financial rules and regulations, standing instructions and service notes.

74. A comprehensive procurement strategy may address: an analysis of the key goods and services, their cost and priority, which the Organization needs to support delivery of its objectives and services; an assessment of the way in which these are purchased; the performance of key suppliers; and the scope to improve value for money and quality of service. To supplement such a strategy, WMO would benefit from a procurement manual which consolidated all current operational guidance on procurement matters and updated existing guidance for recent developments: such as the implementation of I-Procurement, which allows automated requisition and approval of purchases. A manual would allow WMO staff to more effectively ensure that appropriate procedures were followed consistently, in particular by standardising procedures and requirements for tendering, which are at present set out in various service notes.

Recommendation 15: We recommend that the Secretariat develop a procurement strategy that links with the overall strategy and objectives of WMO, supplemented by a comprehensive procurement manual that contains up to date policies and operational procedures.

Use of Procurement Management Information

75. The current Procurement and Contracts Committee (PCC) was created in 2004 by Service Note 23. During 2006 the PCC met regularly to consider and submit advice on major procurement cases for approval to the Secretary-General. The PCC performs an important role in overseeing the initial stages of the procurement process where tendering procedures are followed.
76. The Organization requires reliable and comprehensive management information on procurement to make it easier to identify opportunities to increase value for money and manage expenditure. Such management information can also be used for exception reporting to identify irregularities or deviation from standard procedures.
77. Under the current reporting arrangements, management reports on procurement matters are provided to the Director of Resource Management. Two reports were provided during 2006, the first for the eight months ending August 2006 and the second for the four months ending 31 December 2006. These reports provided information on the value of goods and services procured from various countries. In addition to these reports, an annual procurement report is

submitted to Executive Council as an information document. This report provides a breakdown of procurement activities by source of funding and total values of types of goods and services procured.

78. We believe there is potential to enhance the content and frequency of reporting on procurement matters and also to expand the mandate of the PCC to consider such reports during their regular meetings. As well as providing information on values of goods and services purchased, the reports could capture performance data on ongoing contracts or on the delivery of large equipment purchases, to allow for the evaluation and assessment of suppliers.

Recommendation 16: We recommend that the Secretariat enhance the content and frequency of reporting on procurement transactions, to incorporate data on the performance of key suppliers and contracts. WMO should consider expanding the mandate of the PCC to review these procurement performance reports during their meetings.

E-Commerce - Electronic Procurement

79. Electronic procurement uses electronic networks to simplify and speed up all stages of procurement including tendering, the development of projects, requisitioning, stock management, monitoring delivery or supplier performance, and payment. It has the potential to provide better management information about suppliers, products and prices; and to improve procurement decisions and communication between purchasers. But this may require change in business processes and in the attitude of the people who operate them.
80. We considered the implementation of I-Procurement in 2006 in our review of the IRM system, reported further above in this present report. The Secretariat may wish to consider the merits of adopting a full electronic procurement system to cater the entire procurement process from ordering by end-users through to payment of suppliers, for example by creating electronic links with suppliers. Using the Internet for procurement tendering could help competitive procurement processes through the use of electronic catalogues, which provide details of approved suppliers and their goods and services, and which staff can access and order from electronically. Such an initiative would first require a risk assessment and identification of key risk factors, costs and benefits. We will continue to keep developments in this area under review in future years as the Organization's systems evolve.

Procurement Credit Card

81. We understand that WMO has introduced procurement credit cards for a small number of staff. The introduction of procurement credit cards, the issue of which to designated staff allows them

to order low value goods and services by telephone, fax, written purchase order, in person, or through electronic commerce, offers potential benefits in terms of administrative efficiency. Cardholders use their cards subject to controls agreed between the Organization and their card-issuing bank, with prescribed financial limits on transaction values and monthly and annual spend.

82. Control procedures need to be proportionate and cost-effective, and provide reasonable assurance over the prevention and detection of losses arising from the misuse of these cards. We therefore encourage the Secretariat to review the benefits and associated risks involved in credit card usage, in order to ensure cost-effective safeguards which are proportional to the assessed risks.

Recommendation 17: We recommend that the Secretariat keep under review the potential benefits and risks from implementing full E-Procurement and the wider use of procurement credit cards as methods of improving value for money in procurement.

Follow up to previous audit recommendations

83. We routinely review the implementation of our audit recommendations by management and have noted the emphasis given by the Secretary-General to monitoring and reporting progress through the Audit Committee. The Secretariat has developed a detailed action plan to address the recommendations of the External Auditor, the UN Controller, the Joint Inspection Unit of the United Nations and the Internal Oversight Office, IOO. IOO is responsible for following-up on actions taken by management on all internal oversight recommendations and assessing whether recommendations have been effectively implemented and reported on the action plan.
84. Our previous audit report included recommendations on results based budgeting, information technology issues and financial matters. This present report has included commentary on significant areas where we feel further work is required or where we have significant additional comments to make, for example in the need for continued improvements to the systems of internal control, corporate governance and IT.
85. To supplement the observations reported above, we have this year also provided a separate annex to this report (Annex A) which sets out the responses from the Secretary-General and action taken on each of the recommendations in our 2005 report, together with our own comments thereon.

Acknowledgement

86. We wish to record our appreciation for the co-operation and assistance provided by the Secretary-General and the staff of the World Meteorological Organization during our audit.

**Sir John Bourn
Comptroller and Auditor General, United Kingdom
External Auditor**

Follow up of Audit Recommendations Made in the 2005 Report

Audit Recommendation	Management Response	External Auditor's Comments
<p>Recommendation 1: We recommend that WMO review the current budget cycle and consider the adoption of an annual budget appropriation, approved by Executive Council, within the overall expenditure limits established by Congress</p>	<p>The Secretary-General expresses general support for the recommendation to replace the current biennial with an annual budget cycle and suggests that the Executive Council and the Congress review the recommendation in detail. Annual budgeting is seen to enhance transparency and would match the recently introduced annual auditing of the accounts. Whereas there is some additional workload for the Secretariat for the preparation of annual rather than biennial documentation, additional workload is also anticipated for Members. In particular, additional efforts would be required in connection with an annual review by FINAC and the Executive Council. The introduction of an annual budget cycle will require adjustments of the budget and monitoring concepts currently employed. Since the annual budget would be considerably shorter as compared to the biennial budget cycle, this may include a focus on output-budgeting at the annual level and a result-based approach only for the four-year financial period. The programme and budget for the four-year period may be conceived as a shorter outline document, indicating main programme objectives and expected results as well as a budget ceiling only. This outline document would subsequently be substantiated through four detailed annual programme and budget proposals. Finally, mechanisms will need to be developed to preserve the current programme and budget flexibility of the Secretary-General within an annual budget cycle. Annual budget presentation could be introduced during the financial period 2008-2011 on a temporary basis within the biennial budget</p>	<p>We note the response and decision made by Executive Council. We will continue to monitor developments and the decisions taken by Congress.</p>

	<p>cycle and without revision of the WMO Financial Regulations. On the basis of the experience gained, full implementation could commence as of 2012 on the basis of approval by WMO Congress in 2011.</p> <p>Further Comment in February 2007:</p> <p>Closed: Not taken up by the Executive Council. May be considered in connection with IPSAS implementation. Annual allotment is implemented on the base of an annual budget.</p>	
<p>Recommendation 2: We recommend that the Members of WMO establish clear strategic objectives for the Secretariat as part of the next Long-term Plan, to provide the basis for future expected results and performance indicators. Where possible the link between the existing Long-term Plan and the measures set out in the 2008-2011 Programme and Budget should be clarified.</p>	<p>The Secretary-General suggests that this issue is considered by the Executive Council. Implementation: see memo of 29/08/06 from SG</p> <p>Progress as at February 2007:</p> <p>Completed for Secretary-General. Partially implemented for WMO Members as they need to approve SP and Budget at the 15th Congress.</p>	<p>We note the action taken in response to this recommendation.</p>
<p>Recommendation 3: We recommend that the Secretariat considers the need for more specific, robust and measurable attributes for the performance measures included in the Programme and Budget. Furthermore, we would recommend that the Secretariat identify existing performance and, in consultation with key stakeholders, establish SMART targets to improve and compare performance against established criteria.</p>	<p>The Secretary-General supports the recommendation to improve the definition of performance indicators. Such improvements will be introduced in close cooperation with programme managers, who are best placed to do so. Whereas new performance indicators have been proposed in the context of the proposed programme and budget for 2008-2011, improved definition can also be introduced in the context of programme performance reports for the financial period 2004-2007. Previously, SMART targets (Specific, Measurable, Achievable, Relevant and Time-based) were used for the formulation of expected results relating to the biennium 2002-2003.</p> <p>Further application can build on this initial experience.</p> <p>Finally, the preparation of a first performance report for the biennium 2004-2005 (EC-</p>	<p>We note the action taken in response to this recommendation. We will continue to monitor progress made to fully implement this recommendation.</p>

	<p>LVIII/Doc. 5.1) has provided valuable experience in improving performance measurement.</p> <p>Progress as at February 2007:</p> <p>The issue of SMART targets was extensively discussed at a RBB/RBM seminar for WMO staff held in September 2006. Many senior staff participated in it. The recommendation will be taken into account in preparing the 2004-2007 programme performance report to be submitted to Cg-XV. On 23 February 2007, an informal meeting will be held with participation of British and German experts to discuss performance indicators and expected results in the WMO budget proposal 2008-2011.</p>	
<p>Recommendation 4: We recommend that WMO develop a training strategy to enable WMO staff to identify and establish balanced performance measures and to embed the process within the organisational culture of WMO</p>	<p>The Secretary-General supports the recommendation to conduct training for WMO staff on results-based budgeting and performance measurement. A first training session for programme managers is planned for the second half of 2006, involving outside expertise for facilitation.</p> <p>Progress as at February 2007:</p> <p>The general objectives of the WMO training strategy are being revised within the HR Strategy and its contents will be a core function of the Strategy & Staff Development Unit.</p>	<p>We note the action taken in response to this recommendation. We review the implementation of the HR Strategy in future years.</p>
<p>Recommendation 5: We recommend that the IOO should be involved in validating the Performance Report and the performance indicators and data collection systems which will underpin results based management</p>	<p>The Secretary-General supports the recommendation to involve IOO in validating the Performance Report and the performance indicators and data collection systems to provide assurance to the Secretary-General and Members. The validation would, however, need to be integrated with the risk analysis upon which the IOO Plan of Work is based. Therefore, the Secretariat will explore means whereby such validation could be performed without necessarily involving IOO as the Office solely responsible.</p>	<p>We encourage the Secretariat to address this recommendation during 2007.</p>

	<p>Such validations could also be conducted by the Budget Office or the Strategic Planning Office.</p> <p>Progress as at February 2007:</p> <p>IOO may wish to comment on this recommendation validating the Performance Report and the performance indicators and data collection systems which will underpin results based management.</p>	
<p>Recommendation 6: We recommend that the Secretariat should establish a more frequent and continuous process of performance reporting for internal management purposes and that reports on performance against pre-determined targets should be provided annually to each Executive Council.</p>	<p>The Secretary-General supports the recommendation to provide annual performance reports to the Executive Council. Such an arrangement is seen to be consistent with the recent introduction of annual reviews of the financial accounts and Recommendation 1 on the introduction of an annual budget cycle. Since annual performance reporting is considerably shorter as compared to a biennial cycle, this may include a focus on output-reporting at the annual level and on result-reporting for the four-year financial period. 1st Biennium performance report presented to EC-58 Performance reporting is already contained in all documents submitted to Executive Council and Congress. Performance measures needs to be improved. (08.09.06 - note from ASG)</p> <p>Progress as at February 2007:</p> <ul style="list-style-type: none"> -Finance and HR report quarterly -Process is being expanded to include RDC (Trust funds) and programmes 	<p>We note the progress made in addressing this recommendation and encourage full implementation during 2007.</p>
<p>Recommendation 7: We recommend that the Secretariat should identify the current and additional resources required to facilitate the improvements to results based management and that decisions on future performance indicators and measures are mindful of the resources which will be required to collate and maintain verifiable information.</p>	<p>The Secretary-General supports the recommendation to identify the costs associated with results-based management and make suitable resources available for its effective implementation. This issue has already been identified as a concern in the context of the preparation for the first programme performance report covering the biennium 2004-2005 (EC LVIII/Doc. 5.1).</p>	<p>We note the progress made in addressing this recommendation and encourage full implementation during 2007.</p>

	<p>As indicated in paragraph 1.5 of the document, the need has been identified to establish a cost effective reporting arrangement for programme performance, which takes into account the potential and resource limitations. A decision to move towards annual programme budgeting and annual performance reporting, together with the validation of IOO, will require additional efforts by the Secretariat.</p> <p>Progress as at February 2007:</p> <p>Resources required for the preparation of the programme performance report 2004-2007 are determined. Resource requirement for further training of staff in RBB/RBM will be identified in due course. A training plan with indication of budgetary implications is being prepared.</p>	
<p>Recommendation 8: We recommend that the Secretariat formalises an improved IT Strategy, endorsed by the Executive Council, to identify future IT investments and costs, and that this should be linked clearly to the strategies outlined in the Long Term Plan.</p>	<p>The Secretary-General signed the WMO IT/IM strategy in November 2006. The main points of the strategy are being reported to Cg15.</p>	<p>We note the progress made by the Secretariat in formalising an IT Strategy but refer Members to our commentary and further action required in the main Report.</p>
<p>Recommendation 9: We recommend that the Secretariat create an IT risk assessment to address identified risks and that IOO provides regular assurance to management on IT arrangements.</p>	<p>The Secretary-General supports the recommendation. On the basis of the ICT strategy currently under consideration, an IT risk assessment will be developed for regular review by the internal Information Systems Strategy Advisory Committee (ISSAC). The assurance on IT arrangements will be provided by IOO as part of its overall Plan of Work which is risk-based and, therefore, other considerations come into play when selecting targets for IOO's involvement.</p> <p>Progress as at February 2007:</p> <p>No changes since last reporting.</p>	<p>We note the progress made by the Secretariat in creating an IT Risk Assessment but refer Members to our additional commentary in the main Report</p>
<p>Recommendation 10: We recommend that the Secretariat produces a comprehensive IT</p>	<p>The Secretary-General supports the recommendation. After internal consideration of the</p>	<p>We note the progress made by the Secretariat in creating an IT Security Policy and Business</p>

<p>Security Policy and establishes a Business Continuity and Disaster Recovery plan, to provide for regular testing and review. Furthermore, we recommend that WMO obtain assurance on the security, controls and business continuity plans in place at the UNICC.</p>	<p>ICT Strategy, policies on use of WMO computing resources will be presented to the internal Information Systems Strategy Advisory Committee (ISSAC) and subsequently Standard Operating Procedures will be revised/updated accordingly. The policy will address issues of responsibility and duties versus rights and roles from individual staff member to functional department/units. Standard Operational Procedures will be updated and aligned with the policies. A Business Continuity and Disaster Recovery Plan will be developed, defining what critical operations are to be continued in different scenarios of disaster. This is seen to build on current efforts covering the introduction of risk management into WMO. As of 15 May 2006, UNICC provides Disaster Recovery environments for the production environments of the Oracle E-business suite covering finance, procurement and payroll. UNICC will be requested to provide assurance on the security, control and business continuity plans in place at the UNICC.</p> <p>Progress as at February 2007:</p> <p>A draft security policy is reviewed in relation to the Draft policy for use of WMO computing resources which is being presented to ISSAC on 8 Feb. 2007. UNICC is preparing SLA for non-catalogue items such as the WMO Portal and E-Business suite system.</p>	<p>Continuity Plan but refer Members to our commentary and further action required in the main Report.</p>
<p>Recommendation 11: We recommend that the Secretariat ensure that project budgets provide an indication of the value of indirect staff resources used in any future projects.</p>	<p>The Secretary-General supports the recommendation that project budgets, such as major investments into ICT, provides an indication of the value of indirect staff resources associated with the project. This is seen to provide for a better comparison between project costs and benefits.</p>	<p>We encourage WMO to implement this recommendation.</p>
<p>Recommendation 12: We</p>	<p>The Secretary-General supports</p>	<p>We note the extensive work</p>

<p>recommend that the Internal Oversight Office undertake the planned review of the IRM control framework and systems to provide management with assurance on the effective operation of internal controls.</p>	<p>the recommendation.</p>	<p>performed by IOO in the IRM project.</p>
<p>Recommendation 13: We recommend that the Secretariat should undertake a formal and objective post implementation review of the IRM project, reporting results to the Executive Council</p>	<p>The Secretary-General supports the recommendation and will ensure that a formal and objective post implementation review of the IRM project implementation is carried out. The outcome of this review will be reported to the Executive Council.</p> <p>Progress as at February 2007:</p> <p>REM presented an overview of the IRM project to the WMO Audit Committee in November 2006.</p>	<p>We refer Members to commentary in our main Report.</p>
<p>Recommendation 14: We recommend that Executive Council adopt, in principle, the implementation of International Public Sector Accounting Standards as the accounting framework for WMO. We would further recommend that the Secretariat prepare a plan for potential implementation and to identify any required resources which may be needed.</p>	<p>The Secretary-General suggests that this issue is considered by the Executive Council. Currently, WMO applies the UN Accounting Standards. The introduction of International Public Sector Standards (IPSAS) will introduce key changes: reporting expenditure when goods are received or services rendered rather than when commitments are made, providing for full post-retirement service benefits, and depreciating capitalized fixed assets. It is noted that a number of United Nations system organizations intend to introduce IPSAS for the 2008-2009 biennium. Should the Executive Council decide on the introduction of IPSAS, a plan for implementation would be prepared for introduction of IPSAS in 2008-2008 and submission to the Executive Council.</p> <p>Progress as at February 2007:</p> <p>A proposal was submitted to the 7th session of the Audit Committee (November 2006); their input has been incorporated in the proposal going to Fifteenth</p>	<p>We note the progress made and have provided additional commentary in the main body of this report for 2006.</p>

	Congress. Standards as the accounting framework for WMO.	
Recommendation 15: We recommend that the Secretariat use budget monitoring and procurement planning to ensure that procurement and expenditures are more evenly spread across the financial year and that significant year end-obligations are minimised.	<p>The Secretary-General supports the recommendation to minimize high-level of year end-obligations. Management directives will be issued in this regard through the Comité de Direction to achieve a more evenly spread of expenditure throughout the year, in particular of procurement expenditure.</p> <p>Progress as at February 2007:</p> <p>This is an open recommendation. BO monitors the budget implementation in such a way that the expenditures are spread across the financial year on the understanding that some programme activities might not be able to be spread evenly over the financial year. In order to implement this recommendation, the acquisition planning will formally be implemented for 2007 with regard to ITD, COS, LSP and CPD (including PEP).</p>	We encourage the Secretariat to address this recommendation.
Recommendation 16: We recommend that the Secretariat, as a matter of priority, establishes effective monitoring and oversight processes to ensure that non-expendable equipment is properly safeguarded and controlled.	<p>The Secretary-General supports the recommendation. As a matter of priority and with the assistance of outside expertise, an effective monitoring and oversight process for non-expendable equipment will be established in the second half of 2006.</p> <p>Progress as at February 2007:</p> <p>A full review of inventory procedures is planned during the second half of 2007 with a view to improve asset control and management and to establish an effective monitoring and oversight process for non-expendable equipment. RFP for property and inventory control project issued in July 2006. Due to other priorities, analysis of RFP has been delayed and not yet completed.</p>	The management of inventory records still remains problematic as in previous years. We recommend that the Secretariat address this recommendation.
Recommendation 17: We recommend that the Secretary-General, in consultation with IOO, takes steps to ensure that sufficient	The Secretary-General is committed to ensure that sufficient skills and resources are made available to IOO in	We note the progress made in implementing this recommendation and have provided additional commentary

<p>skills and resources are made available to provide assurance on internal controls in accordance with the risk based planning introduced in 2006</p>	<p>accordance with the recommendation of the External Auditor. The IOO has been established effective 1 February, including 1 D1, 2 P5, 1 P2 and 1 General Service position. In addition, budget resources shall be made available for consulting services and to outsource audit reviews, as appropriate. Vacant positions are currently under recruitment, and arrangements exist for the temporary filling of those positions as well as for the replacement of audit staff on prolonged sick leave.</p> <p>Progress as at February 2007:</p> <p>The new IOO structure in consultation with IOO is in place. Recruitment is completed for all positions except Senior Internal Auditor for which the SSB will meet shortly. In between support was provided in the form of consultants. The SG considers this action completed</p>	<p>in the present report for 2006.</p>
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Scope and Audit Approach

Audit scope

The audit covers the examination of the financial statements of the World Meteorological Organization for the financial year ended 31 December 2006 in accordance with the Financial Regulations.

Audit objectives

The main purpose of the financial audit was to enable us to form an opinion as to whether expenditure recorded in the financial statements for 2006 had been incurred for the purposes approved by the World Meteorological Congress; whether income and expenditure were properly classified and recorded in accordance with the Financial Regulations; and whether the financial statements fairly presented the financial position at 31 December 2006.

Audit standards

Our audit of the WMO's financial statements was carried out in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency, and with International Standards on Auditing. These standards require us to plan the audit so as to obtain reasonable assurance that the WMO's financial statements are free of material misstatement. The WMO Secretariat were responsible for preparing the financial statements and we are responsible for expressing an opinion on them, based on evidence collected in the audit.

Audit approach

The examination was performed on a test basis, in which all areas of the financial statements were subject to substantive testing of the transactions recorded. Finally an examination was carried out to ensure that the financial statements accurately reflected the WMO's accounting records and were fairly presented.

**ACTION TAKEN IN RESPONSE TO THE RECOMMENDATIONS MADE IN THE EXTERNAL AUDITOR'S REPORT
ON THE 2006 ACCOUNTS**

Recommendation	Response from Secretary-General of WMO
Financial and Internal Control Matters	
<p>Recommendation 1: We recommend that WMO continue to follow a 'hard close' approach for the production of annually audited financial statements. WMO may wish to consider preparing hard close financial statements at an earlier date, for example at the end of September after the end of nine accounting periods. Such an approach should allow WMO to further compress the financial reporting and audit timetable.</p>	<p>The Secretary-General supports the recommendation. Hard close financial statements will be prepared as of 30 September 2007 for the year 2007.</p>
<p>Recommendation 2: We recommend that WMO strengthen the reliability of financial information monitored by management during the year so that the information presents an accurate and up to date position of requisitions, obligations and disbursements compared to available budgets. Such improvements in the reliability of in-year financial information should also aid the preparation of hard close and year-end financial statements.</p>	<p>The Secretary-General supports the recommendation. Having cleared the backlog created during the reimplementation of the financial system, the Secretariat is now up to date with data entry. Beginning with April 2007, periods are being closed within three weeks of the end of the reporting month. As a result, quarterly financial reporting to senior management is now timely and reliable.</p>
<p>Recommendation 3: We recommend that, to ensure that a key control is operating effectively throughout the reporting period, WMO ensure regular and timely reconciliation of all bank accounts. Going forward, the Secretariat must ensure that in the absence of such a key control, alternative checking procedures are invoked to mitigate the risk of fraud or error.</p>	<p>The Secretary-General supports the recommendation. Bank reconciliations are up to date as of March 2007 and prompt action is now being taken on reconciling items.</p>
<p>Recommendation 4: We recommend that WMO perform a full review of user access rights to the IRM system to ensure that there is an appropriate separation of duties. In instances where full separation of duties might not be possible, WMO should consider mitigating or compensating controls to reduce the risk of error or irregularities.</p>	<p>The Secretary-General supports the recommendation. The Secretariat has initiated such a review in early 2007. During the second quarter of 2007 the results of the review will be communicated to all relevant Directors for verification and possible amendments according to appropriate control principles.</p>
<p>Recommendation 5: We recommend that WMO continue to proceed with</p>	<p>The Secretary-General supports the recommendation. To this end, the</p>

Recommendation	Response from Secretary-General of WMO
<p>planning and budgeting for the future implementation of the International Public Sector Accounting Standards (IPSAS).</p>	<p>Secretary-General will submit proposals to the Fifteenth Congress for the adoption of IPSAS by WMO. In addition, the Secretariat will further elaborating the technical and budgetary details of the IPSAS implementation project and actively participate in the United Nations interagency working group on IPSAS.</p>

Corporate Governance Matters

<p>Recommendation 6: We recommend that WMO continue to develop their risk management processes. Such risk management should be fully integrated with the business planning and management of WMO at the strategic, operational and task levels and involve the engagement of staff and key stakeholders, including the Audit Committee, in ongoing dialogue around risks and responses to support effective forward planning.</p>	<p>The Secretary-General supports the recommendation. Following completion of the new WMO Strategic Plan 2008-2011, the associated Operational Plan and Budget as well as further efforts to improve on the Risk Assessment performed in 2006 and the experience gained in Avian Influenza risk assessment, risk management will be fully integrated into management planning.</p>
<p>Recommendation 7: We recommend that following the identification of all key risks, the WMO should develop a risk register which details the risk, the business area affected, mitigating controls in place, the name of the risk owner, action planned to mitigate the risk to an acceptable level and the milestones for completion.</p>	<p>The Secretary-General supports the recommendation. This will be done as part of the continuing risk management process as outlined above for recommendation 6. The risk register will be reviewed at regular intervals.</p>
<p>Recommendation 8: We recommend that WMO include a Statement on Internal Control as part of the 2007 Financial Statements, using the results of the 'dry run' performed during 2006 to provide guidance on the wording and methodology for the preparation of this Statement.</p>	<p>The Secretary-General supports the recommendation. A preparatory exercise has been implemented in 2006 involving all Directors and the presentation of a draft statement. The encouraging results during this exercise provide a good starting point for launching the formal process as part of the 2007 Financial Statement.</p>
<p>Recommendation 9: We recommend that WMO develop a formal anti fraud and corruption strategy, consolidating existing guidance, and to embed the process within the organizational culture of WMO.</p>	<p>The Secretary-General supports the recommendation. To a large extent, the development of an anti fraud and corruption strategy will be based on the consolidation of existing Codes, Service Notes, Standing Instructions and Financial Rules and Regulations. In 2007, all staff are being trained on the newly adopted Code of Ethics. Continuous training will embed the process within the organizational culture of WMO.</p>

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Information Technology Matters

<p>Recommendation 10: We recommend that the Secretariat integrate the Information Technology and Information Management Strategy into the overall risk management strategy for the Organization. The Secretariat should also assign formal responsibilities for the 11 actions set out in the Information Technology and Information Management Strategy setting appropriate milestones to ensure delivery in the intended timeframe.</p>	<p>The Secretary-General supports the recommendation. As highlighted in the IT/IM strategy the Secretariat is proceeding with issuing two overall policies which clearly assign responsibility and accountability for information, systems and staff and defines functions, roles and responsibilities. This is fully in line with the External Auditor's recommendation in paragraph 47 that prerequisites for risk management be strong and effective.</p>
<p>Recommendation 11: We recommend that the Secretariat obtain an independent assurance reports on the security, controls and business continuity plans in place at the United Nations International Computing Centre (UNICC) and proceed with finalising the WMO IT Security Policy.</p>	<p>The Secretary-General supports the recommendation. UNICC is upon request of the UNICC Management Committee preparing for being SAS70 compliant. Further, as highlighted in the IT/IM strategy and as mentioned in relation to NAO recommendation 10 above, the Secretariat is ready to issue the IT Security policy upon having assigned clear responsibility and accountability for information, systems and staff and defining roles and responsibility.</p>

Integrated Resource Management (IRM) Project

<p>Recommendation 12: We recommend that as a matter of good management practice, greater attention is paid to assessing the adequacy of user acceptance testing prior to implementation of future IT projects.</p>	<p>The Secretary-General supports the recommendation. As recognized by the External Auditor in paragraph 71, the Secretariat has begun establishing Project Charters that clearly identify responsibility and roles in IT related projects, including acceptance testing by user departments.</p>
<p>Recommendation 13: We recommend that the Secretariat continue to assess the training and development requirements of users of the IRM system to ensure that sufficient regular and ongoing training is provided in order that the IRM system becomes fully embedded at WMO.</p>	<p>The Secretary-General supports the recommendation. The Secretariat recognizes the need for ongoing training in reforming and streamlining the processes in the Organization. Additional efforts have already been launched in early 2007 with weekly briefings to all interested staff on the use of the IRM system, the maintenance of a IRM help desk and the briefings of Directors on progress in the IRM implementation during meetings of the Comité de Direction.</p>
<p>Recommendation 14: We recommend that the Secretariat undertake a formal and objective post implementation review of the IRM project.</p>	<p>The Secretary-General supports the recommendation. The Secretariat will undertake such a review by the end of 2007 following the initial experience gained in operating the system and considering the benchmarks against which</p>

Recommendation	Response from Secretary-General of WMO
	individual components are to be measured.

Procurement Matters

<p>Recommendation 15: We recommend that the Secretariat develop a procurement strategy that links with the overall strategy and objectives of WMO. This should be supplemented with a procurement manual that contains up to date policies and operational procedures.</p>	<p>The Secretary-General supports the recommendation. The procurement strategy will be developed during second half of 2007 based on a review and consolidation of existing Service Notes, Standing Instructions and Financial Rules and Regulations. Currently, a procurement manual exists for field projects, but not for headquarters. This will be prepared in conjunction with the procurement strategy.</p>
<p>Recommendation 16: We recommend that the Secretariat enhance the content and frequency of the reporting on procurement matters, including data on the performance of key suppliers and contracts. WMO should consider expanding the mandate of the PCC to formally consider these procurement performance reports during their meetings.</p>	<p>The Secretary-General supports the recommendation. An annual procurement performance report to the Executive Council was introduced in 2005 to provide detailed information on individual procurement actions. The format was changed in 2006 in response to recommendation by members of the Council. The performance report will be submitted to the Procurement and Contract Committee (PCC) for review prior to its submission to the Council. In addition, the PCC will receive summaries on procurement actions and advise the Secretary-General as appropriate on a quarterly basis and in accordance with its meetings schedule.</p>
<p>Recommendation 17: We recommend that the Secretariat keep under review the potential benefits and risks from implementing full E-Procurement and wider use of procurement credit cards, as methods of improving value for money in procurement.</p>	<p>The Secretary-General supports the recommendation. Whereas iProcurement has resulted in automation of internal procurement process, additional efficiencies can be gained through further automation of work processes with potential suppliers utilizing E-Procurement. This also relates to the expanded use of procurement credit cards which have recently been introduced.</p>

STATEMENT OF THE SECRETARY-GENERAL'S RESPONSIBILITIES**AND****PRESENTATION OF THE FINANCIAL STATEMENTS****The Secretary-General's Responsibilities**

The Secretary-General is required by the Financial Regulations to maintain such accounts as are necessary and to prepare financial statements for each period showing: the income and expenditure of all funds; the status of appropriations; statements of the Organization's assets and liabilities at the close of the period. He is also required to give such other information as may be necessary to indicate the Organization's current financial position.

To lay the foundations for the financial statements, the Secretary-General is responsible for establishing detailed financial rules and procedures to ensure: effective financial administration; the exercise of economy; and the effective custody of the Organization's physical assets. The Secretary-General is also required to maintain an internal financial control which shall provide an effective examination of financial transactions to ensure: the regularity of the receipt, custody and disbursement of all funds; and the conformity of commitments or obligations with the appropriations or other financial provisions voted by the Executive Council, or with the purposes, rules or provisions relating to the Fund concerned.

Presentation of the Financial Statements for the year 2006

The following appended financial statements, comprising Statements I, II, III and IV, Schedules, and Notes to the Accounts, were properly prepared in accordance with the Financial Regulations and the United Nations System Accounting Standards, and are hereby certified correct.

(J.W. Müller)

Director

Resource Management Department

Date:

(M. Jarraud)

Secretary-General

Date:

WORLD METEOROLOGICAL ORGANIZATION (WMO)

**Financial Statements
for the year 2006**

WORLD METEOROLOGICAL ORGANIZATION

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the year ended 31 December 2006
 (Expressed in thousands of Swiss Francs)

	Schedule or Note Ref.	General Fund		Working Capital Fund		Other Funds Schedule 1.1		Voluntary Activities and Other Trust Funds Schedule 2.1		Other Voluntary and Jointly Funded Accounts Schedule 3.1		Total	
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		INCOME:											
Assessed contributions		62,450	62,450	-	-	-	-	-	-	-	-	62,450	62,450
Voluntary contributions		765	1,159	-	-	41	30	9,669	15,238	7,924	7,086	18,399	23,513
Revenue producing activities		-	-	-	-	204	237	-	-	-	-	204	237
Funds received under inter-organization arrangements		-	-	-	-	1,070	728	-	1,221	-	-	1,070	1,949
Allocations from General Fund		-	-	-	-	2,381	2,670	214	3	278	268	2,873	2,941
Allocations from other funds		-	-	-	-	4	-	-	-	-	73	4	73
Income for services rendered		-	-	-	-	1,168	2,001	-	56	85	30	1,253	2,087
Interest income		376	287	-	10	51	38	294	147	239	121	960	603
Currency exchange adjustments		(252)	1,008	-	-	(43)	-	(127)	33	26	(2)	(396)	1,039
Other/Miscellaneous income	Note 3	406	(28)	-	-	-	-	-	7	-	-	406	(21)
TOTAL INCOME		63,745	64,876	-	10	4,876	5,704	10,050	16,705	8,552	7,576	87,223	94,871
TOTAL EXPENDITURE		72,853	66,870	-	-	6,203	4,595	16,055	12,504	8,037	8,773	103,148	92,742
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		(9,108)	(1,994)	-	10	(1,327)	1,109	(6,005)	4,201	515	(1,197)	(15,925)	2,129
Decrease/(Increase) in provision for delays in collection of contributions		(3,036)	2,137	-	-	-	-	-	-	-	-	(3,036)	2,137
Decrease/(Increase) in provision for delays in settlement of other debtors		(111)	-	-	-	-	-	-	-	(6)	-	(117)	-
Prior period adjustments		(81)	(208)	-	-	(59)	(28)	(1)	(89)	(69)	-	(210)	(325)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		(12,336)	(65)	-	10	(1,386)	1,081	(6,006)	4,112	440	(1,197)	(19,288)	3,941
Savings on or cancellation of prior periods' obligations		560	10	-	-	-	-	-	-	3	5	563	15
Transfers from/(to) reserves/other funds	Note 5	-	-	-	-	81	-	(81)	-	-	-	-	-
Other adjustments to fund balances	Note 4	(1,215)	-	-	-	156	(193)	721	(199)	121	-	(217)	(392)
Surplus/(Deficit) at beginning of year		18,510	18,565	272	262	288	(600)	16,848	12,935	11,955	13,147	47,873	44,309
SURPLUS/(DEFICIT) AT END OF YEAR		5,519	18,510	272	272	(861)	288	11,482	16,848	12,519	11,955	28,931	47,873

STATEMENT OF ASSETS, LIABILITIES AND RESERVES AND FUND BALANCES
as at 31 December 2006
 (Expressed in thousands of Swiss Francs)

	Schedule or Note Ref.	General Fund		Working Capital Fund		Other Funds Schedule 1.2		Voluntary Activities and Other Trust Funds Schedule 2.2		Other Voluntary and Jointly Funded Accounts Schedule 3.2		Total	
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		ASSETS											
Cash and term deposits		54,684	71,482	5,000	5,000	1,040	1,694	-	561	-	-	60,724	78,737
Investments	Note 6	-	-	-	-	66	68	-	-	-	-	66	68
Contributions receivable from Member States	Sch. 4	21,126	18,091	-	-	-	-	-	-	-	-	21,126	18,091
Less: Provision for delays in collection of contributions	Note 9	(21,126)	(18,091)	-	-	-	-	-	-	-	-	(21,126)	(18,091)
Inter-fund balances receivable		3,940	2,971	-	-	2,089	2,084	19,672	22,197	15,722	13,297	41,423	40,549
Accounts receivable		-	-	2	5	-	73	4	6	-	74	6	158
Other assets	Note 10	4,526	3,605	16	1	21	8	1,624	1,653	336	315	6,523	5,582
Headquarters building	Note 13	99,814	99,814	-	-	-	-	-	-	-	-	99,814	99,814
TOTAL ASSETS		162,964	177,872	5,018	5,006	3,216	3,927	21,300	24,417	16,058	13,686	208,556	224,908
LIABILITIES													
Contributions received in advance	Note 9	5,824	4,998	-	-	-	-	-	-	-	-	5,824	4,998
Unliquidated obligations	Note 11	3,841	6,588	-	-	63	128	4,860	3,495	1,311	1,038	10,075	11,249
Inter-fund balances payable		37,482	37,578	18	6	2,716	2,276	1,207	689	-	-	41,423	40,549
Accounts payable	Note 12	2,026	1,491	-	-	312	253	3,332	3,173	2,088	553	7,758	5,470
Funds held in trust	Note 12	2,256	1,069	-	-	-	-	-	-	-	-	2,256	1,069
Other liabilities		70	203	-	-	152	144	219	12	-	-	441	359
Headquarters building loans	Note 13	62,048	64,986	-	-	-	-	-	-	-	-	62,048	64,986
TOTAL LIABILITIES		113,547	116,913	18	6	3,243	2,801	9,618	7,369	3,399	1,591	129,825	128,680
RESERVES AND FUND BALANCES													
Operating reserves	Note 24	4,996	6,485	-	-	-	-	-	-	-	-	4,996	6,485
Capital fund for Headquarters building		38,902	35,964	-	-	-	-	-	-	-	-	38,902	35,964
Capital of fund		-	-	4,728	4,728	834	838	200	200	140	140	5,902	5,906
Surplus (Deficit)		5,519	18,510	272	272	(861)	288	11,482	16,848	12,519	11,955	28,931	47,873
TOTAL RESERVES AND FUND BALANCES		49,417	60,959	5,000	5,000	(27)	1,126	11,682	17,048	12,659	12,095	78,731	96,228
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		162,964	177,872	5,018	5,006	3,216	3,927	21,300	24,417	16,058	13,686	208,556	224,908

**WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2006
(Expressed in thousands of Swiss Francs)**

	General Fund		Working Capital Fund		Other Funds		Voluntary Activities and Other Trust Funds		Other Voluntary and Jointly Funded Accounts		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:												
Net excess (shortfall) of income over expenditure (Statement I)	(9,108)	(1,994)	-	10	(1,327)	1,109	(6,005)	4,200	515	(1,197)	(15,925)	2,128
(Increase) decrease in contributions receivable	-	-	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in other accounts receivable	-	1	3	12	73	(32)	2	105	74	13	152	99
(Increase) decrease in other assets	(921)	(1,957)	(15)	(1)	(13)	(8)	29	(1,050)	(21)	(315)	(941)	(3,331)
(Increase) decrease in inter-fund balances receivable	(969)	1,499	-	(1)	(5)	(470)	2,525	(2,306)	(2,425)	999	(874)	(278)
Increase (decrease) in payments or contributions received in advance	826	46	-	-	-	-	-	-	-	-	826	46
Increase (decrease) in accounts payable	535	568	-	-	59	221	159	2,303	1,535	338	2,288	3,430
Increase (decrease) in unliquidated obligations	(2,747)	5,228	-	-	(65)	(93)	1,365	(1,977)	273	92	(1,174)	3,250
Increase (decrease) in other liabilities	(133)	(98)	-	-	8	(72)	207	12	-	-	82	(158)
Increase (decrease) in inter-fund balances payable	(97)	1,777	12	(21)	436	(450)	518	(1,028)	-	-	869	278
Increase (decrease) in funds held in trust	1,187	1,069	-	-	-	-	-	-	-	-	1,187	1,069
Less: Interest income	(376)	(287)	-	(10)	(51)	(37)	(294)	(146)	(239)	(120)	(960)	(600)
Plus: Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Currency exchange adjustments	252	(1,007)	-	-	43	-	127	(33)	(26)	2	396	(1,038)
NET CASH FROM OPERATING ACTIVITIES	(11,551)	4,845	-	(10)	(842)	168	(1,367)	80	(314)	(188)	(14,074)	4,895
CASH FLOWS FROM INVESTING ACTIVITIES:												
(Increase) decrease in investments	-	-	-	-	2	(12)	-	-	-	-	2	(12)
(Increase) decrease in land and buildings	-	1,135	-	-	-	-	-	-	-	-	-	1,135
Increase (decrease) in loans	(2,938)	(1,536)	-	-	-	-	-	-	-	-	(2,938)	(1,536)
Plus: Interest income	376	287	-	10	51	37	294	146	239	120	960	600
Less: Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Currency exchange adjustments	(252)	1,007	-	-	(43)	-	(127)	33	26	(2)	(396)	1,038
NET CASH FROM INVESTING ACTIVITIES	(2,814)	893	-	10	10	25	167	179	265	118	(2,372)	1,225
CASH FLOWS FROM FINANCING ACTIVITIES:												
Decrease/(Increase) in provision for delays in collection of contributions	(3,036)	2,137	-	-	-	-	-	-	-	-	(3,036)	2,137
Decrease/(Increase) in provision for delays in collection of other debts	(111)	-	-	-	-	-	-	-	(6)	-	(117)	-
Prior periods' adjustments	(81)	(208)	-	-	(59)	(28)	(1)	(88)	(69)	-	(210)	(324)
Savings on prior periods' obligations	560	10	-	-	-	-	-	-	3	5	563	15
Transfers (to)/from reserves or other funds	-	-	-	-	81	-	(81)	-	-	-	-	-
Other adjustments to reserves and fund balances	235	(1,520)	-	-	156	(194)	721	(199)	121	-	1,233	(1,913)
NET CASH FROM FINANCING ACTIVITIES	(2,433)	419	-	-	178	(222)	639	(287)	49	5	(1,567)	(85)
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	(16,798)	6,157	-	-	(654)	(29)	(561)	(28)	-	(65)	(18,013)	6,035
CASH AND TERM DEPOSITS, AT BEGINNING OF PERIOD	71,482	65,325	5,000	5,000	1,694	1,723	561	589	-	65	78,737	72,702
CASH AND TERM DEPOSITS, AT END OF PERIOD	54,684	71,482	5,000	5,000	1,040	1,694	-	561	-	-	60,724	78,737

Statement IV

**GENERAL FUND
STATUS OF APPROPRIATIONS
FOR THE YEAR ENDING 31 DECEMBER 2006
(Expressed in thousands of swiss francs)**

Purpose of appropriation	Budget 2006-2007	Expenditure 2006	Balance for 2007	Other credits 2006	Total expenditure 2006
1. Policy-making organs	4,017	1,623	2,394	-	1,623
2. Executive management	7,923	4,611	3,312	-	4,611
3. Scientific and technical programmes:					
3.0 Overall co-ordination of the scientific and technical programmes	5,468	3,479	1,989	12	3,491
3.1 World Weather Watch Programme	12,615	6,405	6,210	215	6,620
3.2 World Climate Programme	13,009	5,960	7,049	49	6,009
3.3 Atmospheric Research and Environment Programme	7,473	4,082	3,391	151	4,233
3.4 Applications of Meteorology Programme	9,277	4,916	4,361	173	5,089
3.5 Hydrology and Water Resources Programme	6,054	3,098	2,956	44	3,142
3.6 Education and Training Programme	8,020	3,359	4,661	25	3,384
3.7 Technical Cooperation Programme	3,246	1,578	1,668	8	1,586
3.8 Regional Programme	9,071	4,873	4,198	88	4,961
3.9 Natural Disaster Prevention and Mitigation Programme	2,235	827	1,408	-	827
3.10 WMO Space Programme	2,849	1,342	1,507	-	1,342
Total Part 3, Scientific and technical programmes	79,317	39,919	39,398	765	40,684
4 Linguistic, Publication and Conference Services	21,975	11,889	10,086	-	11,889
5 Resource management	22,090	12,461	9,629	-	12,461
6 Other budgetary provisions	961	892	69	-	892
7 Acquisition of capital assets - Headquarters Building	1,386	693	693	-	693
TOTAL	137,669	72,088	65,581	765	72,853

**WORLD METEOROLOGICAL ORGANIZATION
OTHER FUNDS
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the year ended 31 December 2006
(Expressed in thousands of Swiss Francs)**

	Funds established by WMO Congress and EC		Funds for Awards and Prizes		Total Other Funds	
	Schedule 1.1.1		Note 31			
	2006	2005	2006	2005	2006	2005
INCOME:						
Assessed contributions	-	-	-	-	-	-
Voluntary contributions	41	-	-	30	41	30
Revenue producing activities	204	237	-	-	204	237
Funds received under inter-organization arrangements	1,070	728	-	-	1,070	728
Allocations from General Fund	2,381	2,670	-	-	2,381	2,670
Allocations from other funds	4	-	-	-	4	-
Income for services rendered	1,168	2,001	-	-	1,168	2,001
Interest income	43	6	8	32	51	38
Currency exchange adjustments	(3)	-	(40)	-	(43)	-
Other/Miscellaneous income	-	-	-	-	-	-
TOTAL INCOME	4,908	5,642	(32)	62	4,876	5,704
TOTAL EXPENDITURE	5,586	4,543	617	52	6,203	4,595
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(678)	1,099	(649)	10	(1,327)	1,109
Decrease/(Increase) in provision for delays in collection of contributions	-	-	-	-	-	-
Decrease/(Increase) in provision for delays in settlement of other debts	-	-	-	-	-	-
Prior period adjustments	(59)	(21)	-	(7)	(59)	(28)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(737)	1,078	(649)	3	(1,386)	1,081
Savings on or cancellation of prior periods' obligations	-	-	-	-	-	-
Transfers from/(to) reserves/other funds	81	-	-	-	81	-
Other adjustments to fund balances	9	-	147	(193)	156	(193)
Surplus/(Deficit) at beginning of period	(472)	(1,550)	760	950	288	(600)
SURPLUS/(DEFICIT) AT END OF PERIOD	(1,119)	(472)	258	760	(861)	288

**WORLD METEOROLOGICAL ORGANIZATION
OTHER FUNDS
STATEMENT OF ASSETS, LIABILITIES AND RESERVES AND FUND BALANCES
as at 31 December 2006
(Expressed in thousands of Swiss Francs)**

	Schedule or Note Ref.	Funds established by WMO Congress and EC Schedule 1.2.1		Funds for Awards and Prizes Note 31		Total Other Funds	
		2006	2005	2006	2005	2006	2005
ASSETS							
Cash and term deposits		526	526	514	1,168	1,040	1,694
Investments	Note 6	-	-	66	68	66	68
Contributions receivable from Member States		-	-	-	-	-	-
Less: Provision for delays in collection of contributions		-	-	-	-	-	-
Inter-fund balances receivable		1,689	1,676	400	408	2,089	2,084
Accounts receivable		-	72	-	1	-	73
Other assets		21	8	-	-	21	8
Headquarters building		-	-	-	-	-	-
TOTAL ASSETS		2,236	2,282	980	1,645	3,216	3,927
LIABILITIES							
Contributions received in advance		-	-	-	-	-	-
Unliquidated obligations		63	128	-	-	63	128
Inter-fund balances payable		2,522	2,119	194	157	2,716	2,276
Accounts payable		312	57	-	196	312	253
Funds held in trust		-	-	-	-	-	-
Other liabilities		152	144	-	-	152	144
Headquarters building loans		-	-	-	-	-	-
TOTAL LIABILITIES		3,049	2,448	194	353	3,243	2,801
RESERVES AND FUND BALANCES							
Operating reserves		-	-	-	-	-	-
Capital fund for Headquarters building		-	-	-	-	-	-
Capital of fund		306	306	528	532	834	838
Surplus (Deficit)		(1,119)	(472)	258	760	(861)	288
TOTAL RESERVES AND FUND BALANCES		(813)	(166)	786	1,292	(27)	1,126
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		2,236	2,282	980	1,645	3,216	3,927

WORLD METEOROLOGICAL ORGANIZATION
FUNDS ESTABLISHED BY WMO CONGRESS AND EXECUTIVE COUNCIL
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the year ended 31 December 2006
(Expressed in thousands of Swiss Francs)

	Publications Fund		Technical Co-operation Fund		Trust Fund Admin. Costs Pool Account		Joint WMO/ICSU/IOC Climate Research Fund		Staff Compensation Plan Reserve Fund		Total	
	Note 26		Note 27		Note 28		Note 29		Note 30			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
INCOME:												
Assessed contributions	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	41	-	-	-	41	-
Revenue producing activities	204	237	-	-	-	-	-	-	-	-	204	237
Funds received under inter-organization arrangements	-	-	-	-	-	-	1,070	728	-	-	1,070	728
Allocations from General Fund	325	331	-	-	-	-	2,008	2,164	48	175	2,381	2,670
Allocations from other funds	-	-	-	-	-	-	-	-	4	-	4	-
Income for services rendered	-	-	863	1,817	305	166	-	-	-	18	1,168	2,001
Interest income	12	-	-	-	10	5	21	-	-	1	43	6
Currency exchange adjustments	-	-	(4)	-	-	-	-	-	1	-	(3)	-
Other/Miscellaneous income	-	2	-	(2)	-	-	-	-	-	-	-	-
TOTAL INCOME	541	570	859	1,815	315	171	3,140	2,892	53	194	4,908	5,642
TOTAL EXPENDITURE	527	415	1,247	1,217	350	65	3,409	2,644	53	202	5,586	4,543
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	14	155	(388)	598	(35)	106	(269)	248	-	(8)	(678)	1,099
Decrease/(Increase) in provision for delays in collection of contributions	-	-	-	-	-	-	-	-	-	-	-	-
Decrease/(Increase) in provision for delays in settlement of other debts	-	-	-	-	-	-	-	-	-	-	-	-
Prior period adjustments	(21)	-	(38)	(21)	-	-	-	-	-	-	(59)	(21)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(7)	155	(426)	577	(35)	106	(269)	248	-	(8)	(737)	1,078
Savings on or cancellation of prior periods' obligations	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from/(to) reserves/other funds	-	-	(24)	-	105	-	-	-	-	-	81	-
Other adjustments to fund balances	-	-	9	-	-	-	-	-	-	-	9	-
Surplus/(Deficit) at beginning of period	503	348	(1,861)	(2,438)	339	233	547	299	-	8	(472)	(1,550)
SURPLUS/(DEFICIT) AT END OF PERIOD	496	503	(2,302)	(1,861)	409	339	278	547	-	-	(1,119)	(472)

WORLD METEOROLOGICAL ORGANIZATION
FUNDS ESTABLISHED BY WMO CONGRESS AND EXECUTIVE COUNCIL
STATEMENT OF ASSETS, LIABILITIES AND RESERVES AND FUND BALANCES
as at 31 December 2006
(Expressed in thousands of Swiss Francs)

Schedule or Note Ref.	Publications Fund Note 26		Technical Co-operation Fund Note 27		Trust Fund Admin. Costs Pool Account Note 28		Joint WMO/ICSU/IOC Climate Research Fund Note 29		Staff Compensation Plan Reserve Fund Note 30		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	ASSETS											
Cash and term deposits	-	-	-	-	-	-	-	-	526	526	526	526
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Contributions receivable from Member States	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for delays in collection of contributions	-	-	-	-	-	-	-	-	-	-	-	-
Inter-fund balances receivable	575	637	-	-	553	483	561	556	-	-	1,689	1,676
Accounts receivable	-	2	-	39	-	-	-	31	-	-	-	72
Other assets	2	-	-	-	-	-	19	8	-	-	21	8
Headquarters building	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	577	639	-	39	553	483	580	595	526	526	2,236	2,282
LIABILITIES												
Contributions received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Unliquidated obligations	37	115	-	-	-	-	26	13	-	-	63	128
Inter-fund balances payable	-	-	2,302	1,899	-	-	-	-	220	220	2,522	2,119
Accounts payable	44	21	-	1	-	-	268	35	-	-	312	57
Funds held in trust	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	144	144	8	-	-	-	152	144
Headquarters building loans	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	81	136	2,302	1,900	144	144	302	48	220	220	3,049	2,448
RESERVES AND FUND BALANCES												
Operating reserves	-	-	-	-	-	-	-	-	-	-	-	-
Capital fund for Headquarters building	-	-	-	-	-	-	-	-	-	-	-	-
Capital of fund	-	-	-	-	-	-	-	-	306	306	306	306
Surplus (Deficit)	496	503	(2,302)	(1,861)	409	339	278	547	-	-	(1,119)	(472)
TOTAL RESERVES AND FUND BALANCES	496	503	(2,302)	(1,861)	409	339	278	547	306	306	(813)	(166)
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	577	639	-	39	553	483	580	595	526	526	2,236	2,282

WORLD METEOROLOGICAL ORGANIZATION
VOLUNTARY ACTIVITIES AND OTHER TRUST FUNDS
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the year ended 31 December 2006
(Expressed in thousands of Swiss Francs)

	Voluntary Co-operation Fund and related activities		Other Trust Funds		Total	
	Note 32		Note 33			
	2006	2005	2006	2005	2006	2005
INCOME:						
Assessed contributions	-	-	-	-	-	-
Voluntary contributions	1,794	1,041	7,875	14,197	9,669	15,238
Revenue producing activities	-	-	-	-	-	-
Funds received under inter-organization arrangements	-	-	-	1,221	-	1,221
Allocations from General Fund	-	-	214	3	214	3
Allocations from other funds	-	-	-	-	-	-
Income for services rendered	-	-	-	56	-	56
Interest income	44	24	250	123	294	147
Currency exchange adjustments	2	-	(129)	33	(127)	33
Other/Miscellaneous income	-	7	-	-	-	7
TOTAL INCOME	1,840	1,072	8,210	15,633	10,050	16,705
TOTAL EXPENDITURE	1,038	1,022	15,017	11,482	16,055	12,504
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	802	50	(6,807)	4,151	(6,005)	4,201
Decrease/(Increase) in provision for delays in collection of contributions	-	-	-	-	-	-
Decrease/(Increase) in provision for delays in settlement of other debts	-	-	-	-	-	-
Prior period adjustments	(1)	(24)	-	(65)	(1)	(89)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	801	26	(6,807)	4,086	(6,006)	4,112
Savings on or cancellation of prior periods' obligations	-	-	-	-	-	-
Transfers from/(to) reserves/other funds	(96)	-	15	-	(81)	-
Other adjustments to fund balances	267	-	454	(199)	721	(199)
Surplus/(Deficit) at beginning of period	2,705	2,679	14,143	10,256	16,848	12,935
SURPLUS/(DEFICIT) AT END OF PERIOD	3,677	2,705	7,805	14,143	11,482	16,848

WORLD METEOROLOGICAL ORGANIZATION
VOLUNTARY ACTIVITIES AND OTHER TRUST FUNDS
STATEMENT OF ASSETS, LIABILITIES AND RESERVES AND FUND BALANCES
as at 31 December 2006
(Expressed in thousands of Swiss Francs)

	Voluntary Co-operation Fund and related activities Note 32		Other Trust Funds Note 33		Total Other Funds	
	2006	2005	2006	2005	2006	2005
ASSETS						
Cash and term deposits	-	-	-	561	-	561
Investments	-	-	-	-	-	-
Contributions receivable from Member States	-	-	-	-	-	-
Less: Provision for delays in collection of contributions	-	-	-	-	-	-
Inter-fund balances receivable	4,212	3,116	15,460	19,081	19,672	22,197
Accounts receivable	-	6	4	-	4	6
Other assets	-	27	1,624	1,626	1,624	1,653
Headquarters building	-	-	-	-	-	-
TOTAL ASSETS	4,212	3,149	17,088	21,268	21,300	24,417
LIABILITIES						
Contributions received in advance	-	-	-	-	-	-
Unliquidated obligations	175	131	4,685	3,364	4,860	3,495
Inter-fund balances payable	7	-	1,200	689	1,207	689
Accounts payable	78	101	3,254	3,072	3,332	3,173
Funds held in trust	-	-	-	-	-	-
Other liabilities	75	12	144	-	219	12
Headquarters building loans	-	-	-	-	-	-
TOTAL LIABILITIES	335	244	9,283	7,125	9,618	7,369
RESERVES AND FUND BALANCES						
Operating reserves	-	-	-	-	-	-
Capital fund for Headquarters building	-	-	-	-	-	-
Capital of fund	200	200	-	-	200	200
Surplus (Deficit)	3,677	2,705	7,805	14,143	11,482	16,848
TOTAL RESERVES AND FUND BALANCES	3,877	2,905	7,805	14,143	11,682	17,048
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	4,212	3,149	17,088	21,268	21,300	24,417

WORLD METEOROLOGICAL ORGANIZATION
OTHER VOLUNTARY AND JOINTLY FUNDED ACCOUNTS
STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the year ended 31 December 2006
(Expressed in thousands of Swiss Francs)

	Climate and Atmospheric Environment Activities		WMO/UNEP/IPCC Fund		Global Climate Observing System		Co-ordination Group on the Cosna		Regional Marine Meteo. Programme Fund		Total	
	Note 34		Note 35		Note 36				Note 37			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
INCOME:												
Assessed contributions	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions		108	7,105	6,531	819	447	-	-	-	-	7,924	7,086
Revenue producing activities		-		-		-		-		-		-
Funds received under inter-organization arrangements		-		-		-		-		-		-
Allocations from General Fund		-	158	158	120	110		-		-	278	268
Allocations from other funds		-		1		72		-		-		73
Income for services rendered		-		-	85	30		-		-	85	30
Interest income	7	5	201	114	30	-		1	1	1	239	121
Currency exchange adjustments		(2)	25	-	1	-		-	-	-	26	(2)
Other/Miscellaneous income		-		-		-		-		-		-
TOTAL INCOME	7	111	7,489	6,804	1,055	659	-	1	1	1	8,552	7,576
TOTAL EXPENDITURE	6	45	6,655	6,497	1,376	2,042	-	189	-	-	8,037	8,773
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	1	66	834	307	(321)	(1,383)	-	(188)	1	1	515	(1,197)
Decrease/(Increase) in provision for delays in collection of contributions	-	-	-	-	-	-	-	-	-	-	-	-
Decrease/(Increase) in provision for delays in settlement of other debts		-	(6)	-		-		-		-	(6)	-
Prior period adjustments		-		-		-		-	(69)	-	(69)	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	1	66	828	307	(321)	(1,383)	-	(188)	(68)	1	440	(1,197)
Savings on or cancellation of prior periods' obligations	-	-	3	5	-	-	-	-	-	-	3	5
Transfers from/(to) reserves/other funds	-	-	-	-	-	-	-	-	-	-	-	-
Other adjustments to fund balances	60	-	(8)	-	69	-	-	-	-	-	121	-
Surplus/(Deficit) at beginning of period	408	342	9,968	9,656	1,577	2,960	-	188	2	1	11,955	13,147
SURPLUS/(DEFICIT) AT END OF PERIOD	469	408	10,791	9,968	1,325	1,577	-	-	(66)	2	12,519	11,955

**WORLD METEOROLOGICAL ORGANIZATION
GENERAL FUND**

CONTRIBUTIONS OUTSTANDING FROM THE SEVENTH TO THE FOURTEENTH FINANCIAL PERIODS AS AT 31 DECEMBER 2006

(Amounts expressed in Swiss francs)

Member	(1979-2003)	2004	2005	2006	Total
Afghanistan, Islamic State of	86,975.50	12,490.00	12,490.00	12,490.00	124,445.50
Albania	0.00	12,389.50	12,490.00	12,490.00	37,369.50
Armenia	510,273.50	12,490.00	12,490.00	12,490.00	547,743.50 *
Belgium	0.00	0.00	654,890.40	655,725.00	1,310,615.40 *
Benin	0.00	0.00	0.00	12,111.99	12,111.99
Bhutan	0.00	0.00	0.00	13.00	13.00
Bolivia	413,162.84	12,490.00	12,490.00	12,490.00	450,632.84 *
Brazil	0.00	948,769.72	936,750.00	936,750.00	2,822,269.72 *
Burkina Faso	0.00	0.00	0.00	11,919.13	11,919.13
Burundi	131,021.82	12,490.00	12,490.00	12,490.00	168,491.82
Cape Verde	12,392.96	12,490.00	12,490.00	12,490.00	49,862.96
Central African Republic	237,357.00	12,490.00	12,490.00	12,490.00	274,827.00
Chad	221,803.32	12,490.00	12,490.00	12,490.00	259,273.32
China	0.00	0.00	0.00	71,490.00	71,490.00
Comoros	260,621.83	12,490.00	12,490.00	12,490.00	298,091.83
Congo	103,348.67	12,490.00	12,490.00	12,490.00	140,818.67
Cook Islands	0.00	0.00	0.00	12,490.00	12,490.00
Costa Rica	0.00	0.00	0.00	16,196.03	16,196.03
Côte d'Ivoire	0.00	10,695.96	12,490.00	12,490.00	35,675.96
Cuba	0.00	10,267.47	24,980.00	24,980.00	60,227.47
Democratic Republic of the Congo	440,007.00	12,490.00	12,490.00	12,490.00	477,477.00 *
Democratic Republic of Korea	0.00	0.00	0.00	10,518.40	10,518.40
Djibouti	0.00	12,390.00	12,490.00	12,490.00	37,370.00
Dominica	12,441.50	12,490.00	12,490.00	12,490.00	49,911.50
Dominican Republic	0.00	0.00	0.00	18,735.00	18,735.00
Egypt	0.00	0.00	0.00	74,940.00	74,940.00
El Salvador	12,354.63	12,490.00	12,490.00	12,490.00	49,824.63
Gabon	46,752.96	12,490.00	12,490.00	12,490.00	84,222.96
Gambia	0.00	0.00	12,471.52	12,490.00	24,961.52
Georgia	802,140.00	12,490.00	12,490.00	12,490.00	839,610.00 *
Ghana	0.00	0.00	0.00	12,490.00	12,490.00
Guinea	0.00	9,416.50	12,490.00	12,490.00	34,396.50
Guinea-Bissau	86,991.20	12,490.00	12,490.00	12,490.00	124,461.20
Haiti	0.00	12,490.00	12,490.00	12,490.00	37,470.00
Honduras	0.00	0.00	3,889.66	12,490.00	16,379.66
Iran, Islamic Republic of	0.00	0.00	0.00	93,675.00	93,675.00
Iraq	903,621.10	49,960.00	12,490.00	12,490.00	978,561.10 *
Israel	0.00	0.00	0.00	21,427.00	21,427.00
Jamaica	0.00	0.00	9,740.87	12,490.00	22,230.87
Kenya	0.00	0.00	0.00	7,704.95	7,704.95
Kiribati	0.00	3,773.90	12,490.00	12,490.00	28,753.90
Kyrgyz Republic	161,393.93	12,490.00	12,490.00	12,490.00	198,863.93
Lao People's Democrataic Republic	0.00	0.00	0.00	12,490.00	12,490.00
Lebanon	0.00	0.00	0.00	12,490.00	12,490.00
Lesotho	0.00	0.00	0.00	1,927.09	1,927.09
Liberia	253,061.00	12,490.00	12,490.00	12,490.00	290,531.00
Libyan Arab Jamahiriya	0.00	0.00	0.00	81,185.00	81,185.00
Madagascar	0.00	0.00	0.00	10,443.19	10,443.19
Malawi	23,747.50	12,490.00	12,490.00	12,490.00	61,217.50
Mauritania	169,481.31	12,490.00	12,490.00	12,490.00	206,951.31
Micronesia, Federated States of	0.00	0.00	12,490.00	12,490.00	24,980.00
Morocco	0.00	0.00	0.00	30,470.45	30,470.45
Myanmar	0.00	0.00	0.00	12,490.00	12,490.00
Nicaragua	70,280.80	12,490.00	12,490.00	12,490.00	107,750.80
Niue	0.00	12,489.77	12,490.00	12,490.00	37,469.77
Pakistan	0.00	0.00	0.00	25,301.52	25,301.52
Papua New Guinea	0.00	0.00	0.00	956.84	956.84
Peru	0.00	0.00	16,566.25	56,205.00	72,771.25
Philippines	0.00	0.00	9,575.62	56,205.00	65,780.62
Republic of Korea	0.00	0.00	0.00	385,643.60	385,643.60 *
Republic of Moldova	267,643.93	12,490.00	12,490.00	12,490.00	305,113.93
Sao Tome & Principe	140,372.39	12,490.00	12,490.00	12,490.00	177,842.39
Saudi Arabia	0.00	0.00	0.00	407,816.83	407,816.83 *

**WORLD METEOROLOGICAL ORGANIZATION
GENERAL FUND**

CONTRIBUTIONS OUTSTANDING FROM THE SEVENTH TO THE FOURTEENTH FINANCIAL PERIODS AS AT 31 DECEMBER 2006

(Amounts expressed in Swiss francs)

Member	(1979-2003)	2004	2005	2006	Total
Senegal	0.00	0.00	0.00	12,384.59	12,384.59
Seychelles	0.00	679.96	12,490.00	12,490.00	25,659.96
Sierra Leone	134,027.38	12,490.00	12,490.00	12,490.00	171,497.38
Solomon Islands	46,141.00	12,490.00	12,490.00	12,490.00	83,611.00
Somalia	217,077.00	12,490.00	12,490.00	12,490.00	254,547.00
Sudan	0.00	49.50	12,490.00	12,490.00	25,029.50
Suriname	91,764.17	12,490.00	12,490.00	12,490.00	129,234.17
Syrian Arab Republic	0.00	0.00	0.00	17,603.84	17,603.84
The former Yugoslav Republic of Macedonia +	0.00	0.00	48.50	12,490.00	12,538.50
Togo	156,057.85	12,490.00	12,490.00	12,490.00	193,527.85
Trinidad and Tobago	0.00	0.00	0.00	6,008.28	6,008.28
United States of America	0.00	0.00	0.00	7,479,680.00	7,479,680.00 *
Uruguay	89,410.50	49,960.00	31,225.00	31,225.00	201,820.50
Uzbekistan	0.00	0.00	0.00	26.00	26.00
Vanuatu	0.00	0.00	16.67	12,490.00	12,506.67
Venezuela	0.00	0.00	105,555.55	106,165.00	211,720.55
Zambia	0.00	0.00	0.00	8,883.50	8,883.50
TOTAL	6,101,724.59	1,470,562.28	2,280,330.04	11,273,836.23	21,126,453.14

+ Following the decision of the United Nations General Assembly on 8 April 1993, the state is being provisionally referred to for all purposes within the Organization as "the former Yugoslav Republic of Macedonia" pending settlement of difference that has arisen over its name.

* Ten largest amounts owed

WORLD METEOROLOGICAL ORGANIZATION

Notes to the financial statements for the twelve months ended 31 December 2006

1. Purposes of the Organization

- (a) To facilitate world-wide cooperation in the establishment of networks of stations for the making of meteorological observations as well as hydrological and other geophysical observations related to meteorology, and to promote the establishment and maintenance of centres charged with the provision of meteorological and related services.
- (b) To promote the establishment and maintenance of systems for the rapid exchange of meteorological and related information.
- (c) To promote standardization of meteorological and related observations and to ensure the uniform publication of observations and statistics.
- (d) To further the application of meteorology to aviation, shipping, water problems, agriculture and other human activities.
- (e) To promote activities in operational hydrology and to further close cooperation between Meteorological and Hydrological Services.
- (f) To encourage research and training in meteorology and, as appropriate, in related fields and to assist in coordinating the international aspects of such research and training.

2. Statement of significant accounting policies

- (a) The accounts of WMO are maintained in accordance with the Financial Regulations, Financial Rules, resolutions and directives of Congress and the Executive Council. Subject to these requirements, they are consistent with generally accepted accounting principles and comply with the United Nations Accounting Standards adopted by the Administrative Committee on Coordination of the United Nations (UN) system in October 1993, and revised by the Consultative Committee on Administrative Questions (Financial and Budgetary Questions)¹ in subsequent years, except where explicitly explained in the notes to the financial statements.
- (b) The accounts are maintained on a fund basis. Separate funds are established for general and specific purposes, in accordance with Article 9 of the Financial Regulations. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing, double-entry group of accounts.
- (c) The financial period is four years beginning on 1 January of the year following a session of Congress, and comprising two biennial periods, for budgetary and financial accounting. At its fifty-seventh session, the Executive Council decided that financial statements should be audited on annual basis, starting 2005.

¹ The Consultative Committee on Administrative Questions (Financial and Budgetary Questions) was a subsidiary body of the Administrative Committee on Coordination, now known as the Chief Executives' Board

- (d) The Organization's financial statements are prepared according to the historical cost accounting convention and have not been adjusted to reflect the effects of changing price levels for goods and services.
- (e) The financial statements are prepared on the going concern basis.
- (f) Income from contributions to the General Fund is accounted for on the accrual basis, full provision is made for unpaid contributions; income from contributions to trust funds is accounted for on a cash basis; income from investments is brought to account on the accrual basis. Expenditures are accounted on a modified accrual basis in accordance with the conditions set out in Articles 7.3 and 7.5 of the Financial Regulations.
- (g) The financial statements of the WMO are presented in Swiss Francs (CHF). Funds with reporting currencies other than the Swiss Franc are converted to CHF in accordance with the exchange rate policy described below.
- (h) Income received and expenditure made in currencies other than the currency of the fund are brought to account at the United Nations accounting exchange rate applicable for the month of the transaction. The value of assets and liabilities in currencies other than the currency of the fund are recorded in the accounts at the equivalent value using the United Nations accounting rate of exchange applicable at the end of the financial period.
- (i) With the exception of land and buildings, fixed assets owned by the Organization are not capitalized in the accounting records. Non-expendable assets are charged to expenditure on purchase during the year. Fixed and capital assets purchased under trust fund arrangements are charged directly to expenditure at the time of purchase or acquisition.
- (j) No depreciation is charged in respect of capitalized fixed assets. There are no provisions for end-of-service benefits, post-retirement benefits and unused annual leave; reserves are established for this.
- (k) Income and expenditure are accounted for separately except that any allowances or refunds in respect of budgetary expenditure are credited to the corresponding expenditure accounts when brought to account in the same financial period as that in which the original charges were incurred.
- (l) At the end of a financial period, any deficit on the account for "loss or gain on exchange" is charged to the relevant budget account, while any surplus is included in income.
- (m) Amounts due from Members in respect of assessed contributions for the current and previous accounting periods are shown as assets in the Statement of Assets and Liabilities for the full amount due and unpaid at the close of the accounting period. Full provision is made for these amounts.
- (n) Investments presented in the financial statements of the Organization are financial instruments existing for periods of between six months and one year. Investments made for periods less than six months are presented as cash.

Notes pertaining to the Statement of Income and Expenditure

3. For the General Fund, other income shown in the financial statements is disclosed net of bank charges.

	2006 (CHF)	2005 (CHF)
Other income	459,000	24,000
Less: Bank charges	(53,000)	(52,000)
	<u>406,000</u>	<u>(28,000)</u>

4. In the course of migrating from the old to the new financial system, it was discovered that the General Fund had been credited with exchange gains totaling CHF 1.2 million over the period 2000-2005 which should have been credited to trust funds where WMO is required to report to the donor in currencies other than the Swiss Franc. This error was corrected during the year 2006 by charging the General Fund, and crediting the affected funds, with a total of CHF 1.2 million.
5. During the year, fifty-five trust funds and special accounts which had been operationally closed for over four years and where there was no financial activity in the last four years had been financially closed. The balances of these funds, amounting to a net surplus of CHF 81,000, had been transferred to the Technical Cooperation Fund (deficit of CHF 24,000) and the Trust Fund Administration Costs Pool Account (surplus of CHF 105,000).

Notes pertaining to the Statement of Assets and Liabilities

6. Investments

Investments are disclosed in the financial statements at cost or market value, whichever is lower (US\$ 54,000 at CHF 1.22 equivalent to CHF 66,000; CHF 68,000 in 2005).

Professor Dr Vilho Vaisala Award (actual investment in US Dollars; converted to CHF at US\$ 1 = CHF 1.22)
Fixed term deposit with UBS SA, one year
(29 December 2006 to 28 December 2007) at 4.95%, at US\$ 54,000
cost

7. There were no holdings of non-convertible currencies as at 31 December 2006.
8. Cash represents balances held in headquarters and field bank accounts, short-term investments and petty cash. These amounts are related to both the General Fund and all other Funds managed by the Organization. Except for the balances on funds where a separate bank account exists, all balances are maintained in the General Fund and amounts due to and from other Funds are shown as interfund balances payable and receivable.
9. Contributions due from Members totalled CHF 21,126,000 at 31 December 2006 (CHF 18,091,000 in 2005), as detailed in Schedule 4, against which a matching provision has been made. Contributions received in advance totalled CHF 5,824,000 (CHF 4,998,000 in 2005). This amount represents 9.3 per cent of the 2006 assessed contributions.
10. Other Assets – General Fund

The bulk of the Other Assets amounting to CHF 4,526,000 is comprised of the State of Geneva's share of the cost of the road works around the WMO Headquarters building (CHF 1,135,500), advances on education grants for the scholastic year 2006/2007 (CHF 1,220,000), advances to institutions for the organization of WMO meetings held in 2006 (CHF 857,000), and refunds due on taxes (CHF 584,000).

11. Unliquidated obligations

Unliquidated obligations are appropriations that were required to discharge contractual obligations in respect of orders placed, contracts awarded, services received, and any other legal obligation entered into during 2006 and, in the case of fellowships, previous years, in accordance with Financial Regulations 7.3, 7.4 and 7.5.

12. Accounts Payable and Other Liabilities – General Fund

The balance of CHF 2,026,000 for accounts payable comprises amounts payable to suppliers for goods supplied or services rendered.

Funds held in trust totalling CHF 2,256,000 (CHF 1,069,000 in 2005) represented bank balances held for the Group on Earth Observations (GEO).

13. Headquarters Building

The total cost of the Headquarters building (CHF 100,949,500 at 31 December 2004) included an amount of CHF 1,135,465, in respect of road works around the building for which the State of Geneva is responsible. Accordingly, the costs of the building were reduced to CHF 99,814,100, and a receivable for the amount of CHF 1,135,465 has been recorded.

The Headquarters building loan consists of borrowings made by the WMO from the “Fondation des Immeubles pour les Organisations Internationales” (FIPOI). The balance of the loan outstanding at 31 December 2006 was CHF 62,048,000. Of this amount, CHF 1,477,000 is payable in 2007, and the balance in subsequent years. The loan repayment period is 50 years ending in 2048. No interest is payable on this loan.

14. Non-expendable equipment

In addition to the capital accounts disclosed in the statements, equipment, furniture and motor vehicles at headquarters and in external offices on 31 December 2006 amounted to CHF 7,041,000 (31 December 2005, CHF 7,960,000), based on original purchase cost.

15. The Organization maintains a stock of meteorological publications; due to the specialist nature of these publications no value is attributed to these in the balance sheet. All costs related to the production of these publications are charged to the Publications Fund in the period of production. Income from the sales of publications is credited to the Publications Fund on receipt.

Contingent Liabilities

16. An actuarial valuation of liabilities for after-service medical benefits was last carried out for liabilities at 31 December 2005; the next valuation will be carried out for liabilities at 31 December 2007. As of 31 December 2005, these liabilities were estimated at CHF 10,826,000 (equivalent of USD 8,874,000 at the UN rate of exchange applicable at 31 December 2006) for retired staff and at CHF 8,778,000 for active staff. These liabilities were determined on the basis of an actuarial evaluation undertaken in accordance with paragraph 57 of the United Nations Accounting Standards. The Executive Council, at its fifty-second session, established a Reserve for post-retirement benefits (Note 20 below).

17. The liabilities for accrued annual leave of staff at 31 December 2006 were estimated at CHF 4,407,000 (CHF 4,270,000 at 31 December 2005). These liabilities are not provided for in the financial statements. A reserve has been established for this (Note 19 below).

18. WMO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. At the time of this report the United Nations General Assembly has not invoked this provision.

Operating Reserves

19. The Recruitment and Termination Benefits Reserve (established by Resolution 20 (EC-XXVII)), amounted to CHF 139,000 as at 31 December 2006. The reserve is funded from a 3 per cent charge on payroll costs in accordance with Resolution 14 (EC-L), and is used to meet end of contract and recruitment costs, which are not specifically budgeted. It is not intended to represent the full liability of the Organization relating to recruitment and termination costs.
20. The Reserve for post-retirement benefits was established by Resolution 7 (EC-LII) and funded from a 2 per cent charge on payroll costs, with effect from 1 January 2002. The balance of this reserve was CHF 1,475,000 at 31 December 2006.
21. With the agreement of the Executive Council, the Printing Cost Reserve, previously part of the Publications Fund, was transferred to the General Fund during the biennium 1994-1995. The balance of the account as at 1 January 2006 was CHF 952,000. Obligations incurred during 2006 totalled CHF 253,900, leaving a balance of CHF 698,000 at 31 December 2006 which remains available for the replenishment of printing supplies and replacement of printing equipment.
22. As per paragraph 10.1.7 of the general summary of the Abridged Report of Thirteenth Congress, the Building Account was established to finance future requirements and/or to pay for the contingency expenditure for the new WMO Headquarters building in order to maintain its capital value. According to paragraph 10.1.8, the account was to be credited with an amount of CHF 640,000 which represented amortization of furniture over a period of eight years payable with the rent by the tenants. The account started the year 2006 with a surplus of CHF 1,624,000. During the year 2006, the account was credited with an amount of CHF 101,000 representing the part of the rental income from the tenant relating to the amortization of the furniture. Interest of CHF 28,000 accrued on the balance of the fund. Expenditure in the amount of CHF 279,000 was charged to the account, representing the cost of the wireless network and the central storage area network. The balance of the account at 31 December 2006 was CHF 1,474,000.
23. As per paragraph 8.8 in the general summary of the Abridged Report of Thirteenth Congress, the increased cost of financing, operation and maintenance of the new WMO Headquarters building would be offset to the extent possible by rental of excess space so that it did not become an economic burden to the Organization. The New Building Maintenance Reserve, which was established at the end of 1999 in accordance with Financial Regulations 9.7 and 9.8 to record the net of the rental income, financing costs and excess costs of operating and maintaining the office building, started the year 2006 with a surplus of CHF 1,731,000. During the year, rental income amounting to CHF 1,373,000 was collected. Financing costs of CHF 784,000 were charged to the reserve, as well as building operation and maintenance costs amounting to CHF 1,387,000. As at 31 December 2006, an amount of CHF 933,000 was available in the Reserve.

Details of the movements in all operating reserves are shown below:

Reserve	Balance at 1.1.2006	Income	Expenditure	Transfers/ Adjustments	Balance at 31.12.2006
	CHF	CHF	CHF	CHF	CHF
Recruitment and termination benefits reserve	342,000	1,484,000	1,687,000	-	139,000
Post-retirement benefits reserve	1,458,000	1,146,000	1,129,000	-	1,475,000
New Building maintenance reserve	1,731,000	1,373,000	2,171,000	-	933,000
Printing cost reserve	952,000	-	254,000	-	698,000
Renting of conference facilities	378,000	231,000	441,000	-	168,000
Building Account	1,624,000	129,000	279,000	-	1,474,000
Fellowships reserve	-	109,000	-	-	109,000
Total	6,485,000	4,472,000	5,961,000	-	4,996,000

25. Working Capital Fund

Fourteenth Congress (Resolution 37) established the principal of the Working Capital Fund (WCF) at a balance of CHF 5,000,000 for 2004-2007 (CHF 4,976,000 for 1999-2003); the additional principal was to be provided by crediting interest earned on the investment of cash resources of the Working Capital Fund.

As the capital of the Fund was fully funded by 31 December 2005, interest earned during 2006 was credited to "Other Income" of the General Fund, in accordance with Financial Regulation 10.1 (d).

Unpaid advances to this Fund due from Members totalled CHF 2,000 at 31 December 2006, as disclosed in Annex A.

Other Funds

26. The Publications Fund derives income from the sale of publications and advertisement in the WMO Bulletin, which totalled CHF 153,000 and CHF 51,000 respectively during the year 2006. Details of expenditure for production of publications in 2006:

	CHF
1. Basic Documents	71,000
2. Operational publications	1,000
3. Official reports	98,000
4. WMO Bulletin	226,000
5. Sales Promotion	60,000
6. Annual reports of the WMO	64,000
7. WMO Guides	7,000
TOTAL	527,000

27. Through Resolution 6 (EC-LVII), the Executive Council approved the budget for Secretariat support to the technical cooperation activities for the biennium 2006-2007 amounting to CHF 1,600,000 to be funded from support cost revenues from project implementation. The balance of the fund at 1 January 2006 was a deficit of CHF 1,861,000; actual revenue from implementation of technical cooperation activities during the year 2006 amounted to CHF 859,000, and net expenditure to CHF 1,276,000. During the year, balances of forty-four trust funds which had been operationally closed for over four years and where there was no financial activity in the last four years, amounting to a net deficit of CHF 24,000, had been transferred to the Technical Cooperation Fund (see Note 5). The balance of the fund at 31 December 2006 was a deficit of CHF 2,302,000.
28. The Trust Funds Administrative Costs Pool Account was approved by EC-XXIX. The balance of this account at 31 December 2006 amounting to CHF 409,000 will be available in 2007 to meet administrative costs related to trust funds that are not administered by the Technical Cooperation programme.
29. The Joint WMO/International Council for Science (ICSU)/ International Oceanographic Commission (IOC) Climate Research Fund was established in accordance with Resolution 29 (Cg-VIII) as amended by Resolution 7 (Cg-XI) and the WMO/ICSU/IOC Agreement. In accordance with the decision of Thirteenth Congress, the surplus of the Fund at the end of 2002-2003, amounting to CHF 641,500, was brought forward to the fourteenth financial period 2004-2007. At 31 December 2006, the balance of the Fund amounted to CHF 278,000.
30. The Staff Compensation Plan Reserve Fund was established by Resolution 30 (EC-XII). Fourteenth Congress maintained the level of this fund at CHF 306,000 for the fourteenth financial period.

Funds for awards and prizes

31. The following table summarizes the status and amounts available (in CHF) for future awards and prizes as at 31 December 2006.

Fund	Surplus/ (Deficit) at 1.1. 2006	Income	Expenditure	Transfers/ Adjustments	Surplus/ (Deficit) at 31.12.2006
	CHF	CHF	CHF	CHF	CHF
IMO Fund	(4,000)	1,000	34,000	-	(37,000)
Gerbier-Mumm Award	(8,000)	-	-	-	(8,000)
Borivoje Dobrilovic Trust Fund	67,000	(5,000)	-	13,000	75,000
Professor Dr. Vilho Vaisala Award	(19,000)	(1,000)	13,000	20,000	(13,000)
Professor Dr. Vilho Vaisala Second Award	153,000	3,000	13,000	3,000	146,000
Prof. Mariolopoulos Trust Fund	18,000	1,000	2,000	9,000	26,000
Trust Fund for UAE Prize for Weather Modification	553,000	(31,000)	555,000	102,000	69,000
Total	760,000	(32,000)	617,000	147,000	258,000

32. During the course of the year the Organization continued to administer voluntary contributions to the Voluntary Cooperation Fund (F), Voluntary Cooperation Programme (VCP) Coordinated

projects, Other VCP trust funds, and the WMO Emergency Assistance Fund established by Resolution 30 (Cg-XI). The balances on these funds at 31 December 2006 remain available to finance projects during the remainder of the second biennium of the fourteenth financial period. In accordance with the provisions of Resolution 13 (EC-XXXVII), the World Weather Watch Implementation Support Revolving Fund was established in 1985. The cash reserve available for future assistance at 31 December 2006 amounted to CHF 162,000.

The surpluses/(deficits) for each of the funds are summarized below:

Fund	Surplus/ (Deficit) at 1.1.2006	Income	Expenditure	Transfers/ Adjustments	Surplus/ (Deficit) at 31.12.2006
	CHF	CHF	CHF	CHF	CHF
Voluntary Coop. Fund	940,000	287,000	139,000	131,000	1,219,000
Voluntary Coop. Prog. Coordinated projects	1,685,000	1,504,000	899,000	33,000	2,323,000
VCP(ES) bilateral trust funds	32,000	-	-	(23,000)	9,000
WMO Emergency Assistance Fund	106,000	49,000	-	9,000	164,000
WWW Impl. Support Rev. Fund	(58,000)	-	-	20,000	(38,000)
Total	2,705,000	1,840,000	1,038,000	170,000	3,677,000

Other Trust Funds

33. The surpluses at 31 December 2006 are allocated in full towards the cost of implementing the various projects until their respective dates of completion.

Fund	Surplus/ (Deficit) at 1.1.2006	Income	Expenditure	Transfers/ Adjustments	Surplus/ (Deficit) at 31.12.2006
	CHF	CHF	CHF	CHF	CHF
Agrometeorological programme in the Sahel	974,000	1,224,000	1,236,000	(84,000)	878,000
Technical cooperation projects	10,751,000	4,648,000	9,340,000	780,000	6,839,000
Other Trust Funds	2,962,000	2,522,000	2,805,000	133,000	2,812,000
UNDP Financed projects	(331,000)	(183,000)	1,481,000	(352,000)	(2,347,000)
UNDP Trust Funds	(213,000)	(1,000)	155,000	(8,000)	(377,000)
Total	14,143,000	8,210,000	15,017,000	469,000	7,805,000

Other Voluntary and Jointly Funded Accounts for Special Activities

34. The WMO Special Trust Fund for Climate and Atmospheric Environment Activities was established in 1990 by Resolution 5 (EC-XLI). Eleventh Congress renamed the fund and redefined its terms of reference.

The balance of the Fund at 31 December 2006 amounting to CHF 469,000 is available to finance activities in the year 2007.

35. The WMO/UNEP Intergovernmental Panel on Climate Change (IPCC) Fund was established in 1989 following the signing of a Memorandum of Understanding between WMO and UNEP (United Nations Environment Programme) and is funded from contributions from both Organizations, Members and other institutions. The balance of the Fund as at 31 December 2006 amounting to CHF 10,791,000, supplemented by further contributions, will be used to finance future activities.
36. The concept of the Global Climate Observing System (GCOS) was established in 1991 by Resolution 9 (Cg-XI). A Memorandum of Understanding between WMO, the International Oceanographic Commission (IOC), the International Council for Science (ICSU) and United Nations Environment Programme (UNEP) signed in early 1992 established a Trust Fund to administer extrabudgetary resources made available for support of GCOS activities. The balance of CHF 1,325,000 at 31 December 2006 will be used to finance activities in 2007.
37. The Regional Marine Meteorological Programme Fund was established by the Executive Council at its thirty-second session. The balance of the fund at 31 December 2006 was a deficit of CHF 66,000.

Non-Adjusting Post Balance Sheet Event

38. During January 2007, payments amounting to CHF 4,040,000 were received from eleven Members, in settlement of their arrears of assessed contributions.
-

ANNEX A

WORLD METEOROLOGICAL ORGANIZATION

WORKING CAPITAL FUND
UNPAID ADVANCES AS AT 31 DECEMBER 2006

(Amounts expressed in Swiss francs)

Member

Burundi	1.50
Central African Republic	300.50
Comoros	1.50
Democratic Republic of the Congo	300.50
Georgia	945.50
Liberia	300.50
Nicaragua	1.50
Solomon Islands	1.50
Somalia	300.50
Togo	300.50
TOTAL	<u>2,454.00</u>

AGENDA ITEM 7.6(2) - FINANCIAL MATTERS**APPOINTMENT OF THE EXTERNAL AUDITOR****EC-LIX/Rep. 7.6(2)**

1. Financial Regulation 15.1 provides that the External Auditor of WMO shall be appointed in the manner and for the period decided by the Executive Council. The External Auditor of WMO is in principle appointed for a four-year period, renewable so as to ensure continuity. This practice is consistent with most of the organizations in the United Nations system.
 2. The Executive Council by Resolution 20 (EC-LV) appointed the Comptroller and Auditor-General of the United Kingdom to serve as the External Auditor of the World Meteorological Organization as from 1 July 2004 for a first term of office to terminate on 30 June 2008. The External Auditor is willing to renew his term of office as set out in his letter dated 8 March 2007 presented in Appendix B. Additional information about the External Auditor is presented in Appendix C. The terms set out by the External Auditor would be the same as prevailed during his previous term which, since the initial appointment, now includes annual audits rather than biennial audits of WMO's financial statements. This change was approved by the Executive Council in Resolution 14 (EC-LVI) – Consideration of the Accounts of the World Meteorological Organization for the Biennium 2002-2003, and Resolution 10 (EC-LVII) - Consideration of the Accounts of the World Meteorological Organization for the Year 2004.
 3. Considering that the services rendered by him were appreciated by the Council in the past, it is proposed to extend the mandate of the present External Auditor for a period of four years from 1 July 2008 to 30 June 2012.
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Letter from Mr Graham Miller, Director, National Audit Office, London, to the Secretary-General dated 8 March 2007

Mr Michel Jarraud
Secretary-General
World Meteorological Organization
CH-1211 Geneve 2
Switzerland

Date: 8 March 2007

Dear Secretary-General,

Renewal of the term of office of the External Auditor to WMO as from 1 July 2008

Further to your letter of 10 January 2007 and my subsequent letter dated 5 February 2007, I am writing to again confirm our interest in renewing our term of office as external auditors to WMO for a further four-year period from 1 July 2008.

We believe we are able and well placed to continue to provide the high quality professional external audit service that the WMO requires. Therefore I am pleased to confirm that we remain available; and we are very interested and keen to continue as the World Meteorological Organization's external auditors for a further period if the Executive Council is disposed to re-appoint us.

We would be pleased to continue to serve on a similar basis to the existing arrangements in terms of standards and coverage; and which - since our initial appointment - now includes annual audits of WMO's financial statements.

Since our original tender in early 2003, based on biennial auditing, our audit fees have been agreed with you to cover the increased demands of annual audit and reporting; additional work on request; and support to the Audit Committee. As you know, the audit fee already agreed for the current (2006) audit was estimated at CHF 187,500. This includes all necessary travel and subsistence costs, and represents an average cost for staff time of approximately CHF 120 or £52 per hour for professional services. The possible fee for 2007, not yet discussed with you, would be CHF 191,250, allowing for additional inflationary pressures of two per cent.

If re-appointed we would not expect future audit costs to increase in real terms. Assuming a UK inflation factor of two per cent if applicable, I would therefore estimate our indicative audit fees (on a cost recovery basis, inclusive of staff time at similar levels to present) would be: CHF 195,000 for 2008; CHF 199,000 for 2009; CHF 203,000 for 2010; and CHF 207,000 for 2011. These fees will cover necessary travel and subsistence costs; staff time for an audit lead plus team of three additional auditors; and senior staff time.

I should be happy to discuss this further or provide further information if it would be helpful to you.

Graham Miller
Director
National Audit Office
London

cc

Prof. John Mitchell, UK Permanent Representative to the WMO
HE Nicholas Thorne, Ambassador and UK Permanent Representative to the UN and other international organizations in Geneva

BACKGROUND INFORMATION ON COMPTROLLER AND AUDITOR GENERAL OF THE UNITED KINGDOM

<u>Name and Title</u>	<u>Country</u>	<u>Estimated fees</u>	
Sir John Bourn KCB, Comptroller and Auditor General United Kingdom	United Kingdom	<u>Period</u>	<u>CHF</u>
		2008-2009	394,000
		2010-2011	410,000

Other information:

- Member and former Chairman of the United Nations Panel of External Auditors and the International Organizations of Supreme Audit Institutions (INTOSAI). Independent of the Government of the United Kingdom.
- Available for a four-year period commencing 1 July 2008.
- Able to meet all best practice principles established for the audit of international organizations by INTOSAI.
- NAO staff will be available for consultation during the year in Geneva. Director responsible for the audit will be based in London.
- Fee is fixed and covers financial audit work and value for money work carried out for each annual audit.
- Current clients include: the International Labour Organization (ILO); the Preparatory Commission for the Comprehensive Nuclear Test-Ban Treaty Organization; the World Food Programme (WFP); the Pan American Health Organization (PAHO); the International Criminal Court; and the International Oil Pollution Compensation Funds, some of which have implemented same financial system as that of WMO.

AGENDA ITEM 7.6(3) - FINANCIAL MATTERS

REPORT OF THE FINANCIAL ADVISORY COMMITTEE

EC-LIX/Rep. 7.6(3)

REPORT AND RECOMMENDATIONS OF THE FINANCIAL ADVISORY COMMITTEE

Introduction

1. The Financial Advisory Committee held its twenty-sixth meeting at the WMO Headquarters on 5 and 6 May 2007.

Accounts for 2006 and Report of the External Auditor

2. The report of the External Auditor and the report of the Secretary-General are presented in EC-LIX/Doc. 7.6(1). The External Auditor expressed an unqualified opinion on the

Organization's accounts for the year 2006. For the first time, an interim hard closing of the accounts up to November 2006 was introduced to facilitate early closing of the accounts. The Committee expressed gratitude to the External Auditor for the constructive recommendations. The Committee expressed appreciation to the Secretary-General for the excellent work done, in particular for the reform effort in strengthening internal control and financial administration which contributed to achieving unqualified opinions for the last three years. The Committee was of the opinion that these achievements should be made known and recognized.

Recommendation 1

That the Executive Council:

- 1.1 Approve the draft text for inclusion in the general summary of its report, as contained in EC-LIX/Doc. 7.6(1), Appendix A.
- 1.2 Adopt the draft Resolution 7.6/2 (EC-LIX), submitted by the Secretary-General, as contained in EC-LIX/Doc. 7.6(1), Appendix B.

Appointment of External Auditor

3. In accordance with Financial Regulation 15.1, the Executive Council shall decide on the manner and for the period of appointment of the External Auditor. The mandate of the National Audit Office of the United Kingdom, the External Auditor of WMO, expires on 30 June 2008. The External Auditor is willing to renew his term of office for a 4-year period from 1 July 2008 under the terms set out by the External Auditor in a letter provided to the Executive Council. The Secretary-General's presentation on this matter is contained in EC-LIX/Doc. 7.6(2). FINAC noted that currently there is no restriction on the length of term of External Auditors and that it is desirable to rotate External Auditors in the future.

Recommendation 2

That the Executive Council:

- 2.1 Approve the draft text for inclusion in the general summary of its report, as contained in EC-LIX/Doc. 7.6(2), Appendix A.
- 2.2 Adopt the draft Resolution 7.6/1 (EC-LIX), submitted by the Secretary-General, as contained in EC-LIX/Doc. 7.6(2), Appendix B.
- 2.3 Consider the desirability of having limits of two consecutive terms for the External Auditor.

**AGENDA ITEM 7.7 - COOPERATION WITH THE UNITED NATIONS AND
OTHER INTERNATIONAL ORGANIZATIONS**

**HIGH LEVEL DIALOGUE WITH THE INTERNATIONAL MARITIME ORGANIZATION ON SHIP
OWNERS AND MASTERS' CONCERNS WITH REGARD TO VOS DATA EXCHANGE**

EC-LIX/Rep. 7.7

1. EC-LVII recalled the recommendations made by the JCOMM Ship Observations Team (SOT) with regard to security issues arising from availability of ship positions and identification data on the Web. Ships participating in the VOS scheme do so on the understanding that their data are only being exchanged between NMHSs basically for Numerical Weather Forecasts, marine services, and climatological research. Adverse effects of publishing ship positions via the Web include a few maritime companies having already withdrawn some of their ships from the VOS fleet. SOT had therefore requested Members operating VOS to take any possible action to prevent making the ship positions available on Websites.

2. EC-LVIII noted that the security issues arising from availability of ship positions and identification data on the Internet had been discussed at the Third International Port Meteorological Officers Workshop (PMO-III), in Hamburg, Germany (March 2006). Possible technical solutions were proposed during PMO-III. EC-LVIII acknowledged these proposals, and recognized the seriousness of the situation and the concerns on the issue expressed by ship owners and masters. EC-LVIII agreed that there were many implications and associated issues to address at the international and national levels. It therefore adopted Resolution 7 (EC-LVIII) and recommended that:

- (a) Members which, in consultation with ship owners, wish to protect the identity of VOS may implement ship call sign masking, for a trial period of one year, a process which would facilitate open distribution of masked data on the GTS;
- (b) All Members implementing such a process to provide for the secure exchange of ship call signs and reports affected by the masking process, so as to assist in resolving real time monitoring and climate analysis problem.

3. As requested by the EC-LVIII, a High Level WMO/IMO Consultative Meeting was held in Geneva, Switzerland (February 2007) to address ship owners and masters' concerns with regard to VOS data exchange. Representatives of affected Members, International Organizations, technical commissions and shipping companies were involved on this Meeting. The Meeting recognized that it is difficult to establish a relationship between VOS data availability on external Websites and piracy and other ship security issues. Nevertheless, the Meeting recognized that there is a perception that this connection exists as relating to shipping industry, and such security concerns have to be addressed.

4. The Meeting also recognized that there were a number of specific issues to be addressed in any solution, including, but not limited to:

- (a) IMO concerns related to the implementation of the LRIT system and the confidentiality of the ship data;
- (b) Shipping industry concerns (ship security and commercial considerations amongst shipping companies), which have been taken into account in the development of the IMO LRIT system;
- (c) Protecting the partnership of the WMO Members in the private sector, consistent with principles stated in WMO Resolution 40 (Cg-XII);
- (d) Ensuring the Quality of the marine safety products, through appropriate quality monitoring activities.

5. Three solutions consistent with WMO Resolution 40 (Cg.-XII) have been discussed and considered by the affected Members:

- (a) Australia and E-SURFMAR proposed and were implementing (on a trial basis), the use of unique identifiers, which would be managed by them;
- (b) Japan proposed and was implementing (on a trial basis) an improved generic masking scheme with real-time access to the original reports via a secured server (within 20 minutes of the observations);
- (c) USA proposed and was implementing (on a trial basis) a solution similar to the solution proposed by Japan. This would apply in case the shipping company specifically asks for it.

6. The Meeting noted that none of these trial solutions had been fully implemented, but were currently underway. The Meeting agreed that a review of the implementation impact of masking should be undertaken by the SOT. At the Fourth Session of the SOT (Geneva, Switzerland, April 2007), possible solutions were discussed for the implementation of masked callsign schemes:

- (a) **REAL** – Official ITU callsign of the ship;
- (b) **SHIP** – Non-unique identifier. The callsign is unilaterally replaced by the letters SHIP;
- (c) **MASK** – Unique, repeating identifier. The masking identifier is assigned by the NMHS that recruited the ship;
- (d) **ENCODE** – Unique, non-repeating identifier. The identifier is derived from encrypting elements in the message, e.g. callsign + latitude + longitude.

7. The SOT considered advantages and drawbacks of all the options above and noted that none of the solutions considered would fully eliminate vessels tracking. Therefore, the Team established an *ad hoc* Task Team on Call Sign Masking Schemes to:

- (a) Oversee the implementation of **MASK** and **ENCODE** and develop guidelines as necessary;
- (b) Review and approve national **MASK** schemes to ensure they remain unique and do not impinge on:
 - (i) The ITU callsign series allocated to a country, or
 - (ii) Any other marine or oceanographic identification scheme used by WMO, e.g. buoy identification numbers;
- (c) Ensure the **MASK** v **REAL** database is kept up-to-date by NMHSs implementing **MASK**;
- (d) Develop the **ENCODE** encryption strategy; and
- (e) Develop the encoding and decoding keys.

8. The SOT recommended continuing high level dialogue with affected Members, the International Maritime Organization, the International Chamber of Shipping, shipping companies, and other relevant Organizations and technical commissions, in order to review the implementation and impact of masking and to seek for a universally and long term acceptable solution to this issue.

Note: The Report of the High-Level WMO/IMO Consultative Meeting on Ship Owners and Masters' Concerns with regards to VOS Data Exchange (in English only) will be available, upon request, at the session.

AGENDA ITEM 9 – PREVIOUS RESOLUTIONS OF THE COUNCIL**EC-LIX/Rep. 9****REVIEW OF THE PREVIOUS RESOLUTIONS OF THE EXECUTIVE COUNCIL**

1. Regulation 155(9) of the General Regulations provides that the agenda of an Executive Council session shall normally include an item on "Review of previous resolutions of the Executive Council" and Rule 27 of the Executive Council's Rules of Procedures stipulates that those of the Council's resolutions in force will be reviewed at each of its sessions. The last review of the previous resolutions was made by the Executive Council at its fifty-eighth session.
 2. To facilitate the review of the previous resolutions of the Executive Council, a list of the Executive Council resolutions which are presently in force has been prepared by the Secretariat, together with a recommendation concerning the future status of each; this list is given in Appendix B.
 3. Following the established practice, the Council may wish to appoint a rapporteur to carry out a preliminary examination of those previous resolutions which are kept in force, and to collate the decisions taken by the Council as well as consultation with the Secretariat. The outcome will be considered as a draft resolution on the subject.
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SUGGESTED STATUS OF PREVIOUS RESOLUTIONS OF THE
EXECUTIVE COUNCIL

Resolution No.	Title of Resolution	Suggested action		
		To be kept in force	To be replaced	Not to be kept in force
8 (EC-LIV)	Report of the thirteenth session of the Regional Association III (South America)		X	
9 (EC-LVIII)	Report of the fourteenth session of the Regional Association VI (Europe)	X		
6 (EC-LV)	Report of the thirteenth session of the Regional Association I (Africa)		X	
8 (EC-LVIII)	Report of the fourteenth session of the Regional Association V (South West Pacific)	X		
7 (EC-LVII)	Report of the thirteenth session of the Regional Association II (Asia)	X		
8 (EC-LVII)	Report of the fourteenth session of the Regional Association IV (North America, Central America and the Caribbean)	X		
18 (EC-XXXV)	Regular meetings of the Presidents of WMO Technical Commissions	X		
4 (EC-XL)	Intergovernmental Panel on Climate Change	X		
1 (EC-LVIII)	Intergovernmental Panel on Climate Change		X	
2 (EC-LVIII)	Amendments to the Manual on the Global Observing System (WMO-No.544), Volume I – Global Aspects			X
3 (EC-LVIII)	Inter-Commission Task Team on Quality Management Framework		X	
2 (EC-LVII)	Report of the thirteenth session of the Commission for Basic Systems		X	
12 (EC-LV)	Antarctic Basic Synoptic Network		X	
13 (EC-LV)	Antarctic Basic Climatological Network		X	
14 (EC-LV)	Maintenance of manned meteorological (including climatological) stations in Antarctic		X	
15 (EC-LV)	Maintenance of, and support to, the WCRP International Programme for Antarctic Buoys		X	
8 (EC- XXV)	International interim reference instruments for the measurement to evaporation	X		
13 (EC-XXXIV)	Development and comparison of radiometers	X		
7 (EC-LV)	Report of the thirteenth session of the Commission for Instruments and Methods of Observation		X	
17 (EC-XXXIX)	Observations from ships and aircraft operating in the Antarctic		X	

12 (EC-XLVI)	<i>Further development of the Global Observing System in the Antarctic</i>		X	
10 (EC-LI)	<i>Executive Council Working Group on Antarctic Meteorology</i>		X	
2 (EC-LVI)	<i>Intercommission Coordination Group on the Future WMO Information System</i>	X		
13 (EC-LVIII)	<i>Executive Council Task Team on the Integration of the WMO Observation Systems</i>		X	
15 (EC-LVIII)	<i>Global Earth Observation System of Systems</i>	X		
6 (EC-XLI)	<i>Promotion of the participation of the developing countries in global climate change studies and related environmental issues</i>	X		
4 (EC-LVIII)	<i>Report of the fourteenth session of the Commission for Climatology</i>	X		
18 (EC-LV)	<i>EC Advisory Group on Climate and Environment</i>		X	
3 (EC-LVII)	<i>Global Climate Observing System</i>			
6 (EC-XXXVI)	<i>International collection and publication of radiation data</i>	X		
7 (EC-XLV)	<i>Report on the WMO special Trust Fund for Climate and Atmospheric Activities</i>	X		
5 (EC-LVIII)	<i>Report of the fourteenth session of the Commission on Atmospheric Sciences</i>	X		
7 (EC-XXXIX)	<i>Global ozone research and monitoring</i>		X	
3 (EC-LVI)	<i>Atmospheric ozone measurements</i>		X	
11 (EC-LV)	<i>Report of the thirteenth session of the Commission for Agricultural Meteorology</i>		X	
5 (EC-LIV)	<i>Drought and desertification</i>		X	
6 (EC-LIV)	<i>Training and education in agricultural meteorology</i>		X	
9 (EC-LV)	<i>Report of the twelfth session of the Commission for Aeronautical Meteorology</i>		X	
10 (EC-LV)	<i>Report of the Joint WMO CAeM session/ICAO Meteorology Division Meeting</i>			X
15 (EC-XXI)	<i>WMO participation in co-operative investigation of the oceans</i>	X		
12 (EC-XXV)	<i>Use of ocean weather ships and buoys for research purposes</i>	X		
3 (EC-XLVIII)	<i>The joint IOC/WMO/CPPS Working Group on the investigation of El Niño</i>	X		
6 (EC-LVIII)	<i>Report of the second session of the Joint WMO/IOC Technical Commission for Oceanography and Marine Meteorology</i>	X		
7 (EC-LVIII)	<i>Ship owners and masters' concerns with regard to VOS data exchange</i>		X	

4 (EC-LVI)	<i>Amendments to WMO Technical Regulations (WMO-No. 49), Volume II – Meteorological Service for International Air Navigation</i>			X
4 (EC-LVII)	<i>Report of the twelfth session of the Commission for Hydrology</i>	X		
5 (EC-LVII)	<i>Participation of WMO in the International Flood Initiative</i>	X		
2 (EC-LV)	<i>Executive Council Panel of Experts on Education and Training</i>		X	
13 (EC-XXXVII)	<i>Rules of the WWW implementation Revolving Fund</i>	X		
24 (EC-XXXIX)	<i>The African Centre of Meteorological Applications for Development (ACMAD)</i>	X		
13 (EC-XLV)	<i>The African Centre of Meteorological Applications for Development (ACMAD)</i>	X		
4 (EC-XLVIII)	<i>Amendments to the Rules of the WMO Voluntary Cooperation Programme (VCP)</i>	X		
1 (EC-LV)	<i>EC Advisory Group of Experts on Technical Cooperation</i>		X	
5 (EC-LI)	<i>Rules and procedures for the operation of the WMO Disaster Assistance Fund</i>	X		
6 (EC-LVII)	<i>2006-2007 budget for Secretariat support to the Technical Cooperation Programme</i>	X		
5 (EC-LVI)	<i>Executive Council Advisory Group on Natural Disaster Prevention and Mitigation</i>		X	
9 (EC-LVII)	<i>Natural Disaster Prevention and Mitigation</i>		X	
18 (EC-LVI)	<i>Governance mechanism under results-based budgeting</i>	X		
19 (EC-LVI)	<i>WMO programme-support cost policy</i>	X		
20 (EC-LVI)	<i>High priority activities for the 2004-2005 biennium</i>	X		
21-(EC-LVI)	<i>Assessment of proportional contributions of Members for the year 2005-2007</i>	X		
10 (EC-LVIII)	<i>Term of reference of the Audit Committee</i>	X		
11 (EC-LVIII)	<i>Consideration of the accounts of the World Meteorological Organization for the year 2005</i>	X		
12 (EC-LVIII)	<i>Settlement of long-outstanding contributions</i>	X		
30 (EC-XII)	<i>Purpose and limits of the Staff Compensation Plan Reserve Fund</i>	X		
21 (EC-XXXV)	<i>WMO Staff Pension Committee</i>	X		
9 (EC-XIX)	<i>Rules of Procedure for the authorization and accounting of expenditures in respect of financial assistance by WMO to presidents of regional associations (except para. 3.2 of the annex which is replaced by para.12 of the annex to Resolution 19 (EC-XLII))</i>	X		
19 (EC-XLII)	<i>Rules governing payment of travel expenses and subsistence allowances in</i>	X		

	<i>respect of non-staff members of WMO</i>			
19 (EC-LV)	<i>Budget for the biennium 2004-2005</i>	X		
20 (EC-LV)	<i>Appointment of the External Auditor</i>	X		
10 (EC-LVII)	<i>Consideration of the accounts of the World meteorological Organization for the year 2004</i>	X		
11 (EC-LVII)	<i>Terms of reference and membership of the Audit Committee</i>			X
13 (EC-LVII)	<i>Programme and budget for the second biennium (2006-2007) of the fourteenth financial period (2004-2007)</i>	X		
14 (EC-LVII)	<i>High priority activities for the biennium 2006-2007</i>	X		
13 (EC-LVI)	<i>Publications Programme</i>	X		
3 (EC-LV)	<i>Working Group on Long-term Planning</i>		X	
15 (EC-LVII)	<i>Outline priorities and resources for the fifteenth financial period (2008-2011)</i>	X		
4 (EC-LV)	<i>EC Advisory Group on International Exchange of Data and products</i>			X
12 (EC-XLVIII)	<i>Implementation of Resolution 40 (Cg-XII) - WMO policy and practice for the exchange of meteorological and related data and products including guidelines on relationships in commercial meteorological activities</i>	X		
21 (EC-LVII)	<i>Executive Council Working Group on the Evolution of National Meteorological and Hydrological Service, and WMO</i>		X	
6 (EC-XII)	<i>Annual World Meteorological Day</i>	X		
14 (EC-LVIII)	<i>Report of the Joint Inspection Unit (JIU)</i>	X		
14 (EC-XLIV)	<i>The Rio Declaration and Agenda 21 (except the paragraph under DECIDES)</i>	X		
16 (EC-XLV)	<i>Follow-up to UNCED</i>	X		
15 (EC-XLIV)	<i>Framework Convention on Climate Change</i>	X		
12 (EC-LIV)	<i>World Summit on Sustainable Development</i>	X		
11 (EC-LVI)	<i>International Polar Year 2007-2008</i>		X	
12 (EC-LVI)	<i>Intercommission Task Team on the International Polar Year 2007-2008</i>		X	
17 (EC-LVII)	<i>WMO's role in seismology and related activities</i>	X?		
9 (EC-LVI)	<i>Global Earth Observation System of Systems</i>	X		
18 (EC-LVII)	<i>Global Earth Observation System of Systems</i>	X		
20 (EC-XLIV)	<i>Rules and Procedures of the Executive Council</i>		X	
2 (EC-X)	<i>Legal protection of the name and emblem of WMO</i>	X		
13 (EC-LIV)	<i>Amendments to the Rule of Procedure of the Executive Council</i>		X	

14 (EC-LIV)	<i>Amendments to the Convention and the General Regulations—Changing the term “Regional Association”</i>			X
15 (EC-LIV)	<i>Amendments to Annex II of the General Regulations</i>	X		
16 (EC-LIV)	<i>Amendments to Article 13 of the WMO Convention and to the General Regulations</i>			X
6 (EC-LVI)	<i>Executive Council Task Team to Explore and Assess the Possible Changes to the WMO Convention</i>			X
19 (EC-LVII)	<i>Executive Council Task Team to Explore and Assess the Possible Changes to the WMO Convention</i>			X
20 (EC-LVII)	<i>WMO emblem and flag</i>			X
16 (EC-LVIII)	<i>Amendments of the General Regulations</i>			X
17 (EC-LVIII)	<i>Amendments to the Rules of Procedure of the Executive Council</i>	X		
18 (EC-LVIII)	<i>Review of Previous Resolutions of the Executive Council</i>		X	