



# INTERNATIONAL TROPICAL TIMBER COUNCIL

## COMMITTEE ON FINANCE AND ADMINISTRATION

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29 November – 3 December 2021  
Virtual Session

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## ANNOTATIONS TO THE PROVISIONAL AGENDA

### **Item 1 - Opening of the Session**

The Thirty-sixth Session of the Committee on Finance and Administration will be opened by the Chairperson, Ms. Teresa Guila Nube (Mozambique).

### **Item 2 - Adoption of Agenda and Organization of Work**

The Committee may consider the Provisional Agenda and adopt its Agenda for the Session. On the organization of its work, it is to be noted that the schedule of meetings for the work of the Committee will be determined after the usual consultation. The Committee may also constitute the usual informal open-ended working group(s) to assist in the consideration of matters assigned to it.

### **Item 3 - Admission of Observers**

The Committee may admit those observers as approved by the Council to attend the session as observers.

### **Item 4 - Draft Biennial Administrative Budget for the Years 2022 and 2023** [Document CFA(XXXVI)/2]

As stipulated under Article 19 Paragraph 4 of the ITTA, 2006, the Committee may wish to review the draft Biennial Administrative Budget for the Years 2022 and 2023 as contained in document CFA(XXXVI)/2.

The Committee may examine document CFA(XXXVI)/2, and accordingly, adopt the budget proposals for the consideration of the Council.

### **Item 5 - Review of Contributions to the Administrative Budgets** [Document CFA(XXXVI)/3]

The Committee may examine document CFA(XXXVI)/3 which details Members' contributions to the Administrative Budgets 1986-2021, including assessments, receipts, interests, and arrears.

### **Item 6 - Current Status of the Administrative Account** [Document CFA(XXXVI)/4]

The Committee may examine document CFA(XXXVI)/4 giving the current financial situation of the Organization in respect of expenditures under the Administrative Budget for 2021 and resources available. This document also provides disclosures required by the Financial Rules on bid and tender processes, sole suppliers, bad debt write-offs, approved banks and financial institutions, and matters related to the Administration of the Administrative Account.

### **Item 7 - Resources of the Special Account and the Bali Partnership Fund** [Document CFA(XXXVI)/5]

- (a) Special Account:
  - (i) Thematic Programmes Sub-Account,
  - (ii) Project Sub-Account,
- (b) Bali Partnership Fund.

The Committee may examine document CFA(XXXVI)/5 which summarizes the status and resources of these accounts.

**Item 8 - Auditor's Report for the Financial Year 2020**  
[Document CFA(XXXVI)/6, CFA(XXXVI)/CRP-1]

The Committee may examine document CFA(XXXVI)/6 (Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)) and CFA(XXXVI)/CRP-1 (Management Letter prepared by the Independent Auditros for the ITTO Management) and, if appropriate, recommend to the Council that it accepts the Auditor's Report on the Accounts of the Organization for the financial year 2020.

The Auditors have highlighted in CFA(XXXVI)/CRP-1 item xii "Significant unusual transactions" that PD 507/08 Rev.1 (F), PD552/09 Rev.1 (F) and PD 764/14 Rev.3 (F) will be recommended for termination to the International Tropical Timber Council during its 57<sup>th</sup> Session. These projects were recommended for termination by the Secretariat (as provided for in Article X of the project agreement) due to non-compliance with contractual obligations stated in Section 5.03 and Section 5.07 of the project agreements which states that the Executing Agency will submit annual audit reports within 3 months from the end of the year and final audit reports within 4 months from the completion of the project. The timely submission of financial reports by the Executing Agency is essential for compiling the financial statements and failure to meet these financial reporting obligations may lead to a qualified or disclaimer of opinion in ITTO's audit. The Auditors have also recommended to management that improved procedures be set for expediting the decision to recommend projects failing to meet financial reporting obligations for termination. In this connection the Secretariat proposes that projects that do not comply with contractual obligations for financial reporting for two consecutive years be immediately recommended for termination at Council. Once the project is terminated, the Executing Agency managing the project should be ineligible to receive additional support from ITTO unless all outstanding commitments have been cleared. The Committee may consider the above proposal and, if appropriate, decide to endorse it.

**Item 9 - Draft Policy Documents**  
[Document CFA(XXXVI)/7]

The committee at it Thirty-fourth session recommended to Council to "request the Secretariat to initiate a process of consultation with ITTO members and partners on additional policies for the governance of the Organization, and to present a draft of these policies for the Council's consideration at its next Session". Due to the limited time allocated at the Thirty-fifth Session, this item was deferred to this session for the consideration of these additional policies, both financial and non-financial, to strengthen governance and better align the ITTO with the accreditation criteria of select multilateral donor funds.

The Committee may examine document CFA(XXXVI)/7, which contains the draft policy documents, and, if appropriate, recommend to the Council that it adopts the new draft policies for implementation.

**Item 10 - Staff Health Insurance**  
[Document CFA(XXXVI)/8]

Rule 504 (c) of the Staff Regulations and Rules states that the premium for staff members' health insurance scheme shall be subsidized by the Organization at a percentage proposed by the Executive Director for the approval of the Council. The current subsidy rates were decided at the Third Session of the Council in 1987 and have not been revised since. To reflect the changes in subsidy rates that have been made over the years within the United Nations, the Secretariat proposes to change the policy so that staff members' health insurance premiums be subsidized by the Organization at the prevailing United Nations rates.

The Committee may examine document CFA(XXXVI)/8, which contains the proposed percentage for the premium of the health insurance that should be subsidized by the Organization, and, if appropriate, recommend to the Council for approval.

**Item 11- Election of Chairperson and Vice-Chairperson for 2022**

The election of the Chairperson and Vice-Chairperson of the Committee for 2022 will, following past practice, be the subject to the usual consultations within the Council and the Committees.

**Item 12- Dates and Venues of the Thirty-seventh and Thirty-eighth Sessions**

The dates and venues of the Thirty-seventh and Thirty-eighth Sessions of the Committee will be determined in relation to the dates and venues fixed by the Council for its Fifty-eighth and Fifty-ninth Sessions.

**Item 13- Other Business**

The Committee may consider any other item of financial or administrative business.

**Item 14 - Recommendations to the International Tropical Timber Council**

The Committee may consider and decide the set of recommendations to be made to the Council.

**Item 15 - Report of the Session**

The Committee may consider and adopt a Report containing its recommendations to the Council. The Committee may request the Chairperson to present the Report to the Fifty-seventh Session of the Council for consideration and adoption.