



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1992

92FUND/Circ.34
71FUND/Circ.82
5 July 2002

Joint Audit Body

The Assembly of the 1992 Fund and the Administrative Council of the 1971 Fund decided in October 2001 to establish a joint Audit Body for the two Organisations. The composition and mandate of the Body, as decided by the governing bodies in April/May 2002, is set out in the Annex to this circular.

The Audit Body shall be composed of seven members elected by the governing bodies: one named Chairman nominated by Member States, five named individuals nominated by Member States and one named individual not related to the Organisations ("outsider") with expertise and experience in audit matters nominated by the Chairmen of the governing bodies.

Of the six members to be elected from Member States, three shall be elected from the eleven Member States in the territory of which the largest quantities of oil were received during the preceding calendar year^{<1>}, and three from the other Member States. When electing members of the Audit Body, the governing bodies shall take into account the desirability of an equitable geographical distribution of the seats of the Audit Body.

Members of the Audit Body shall hold office for three years, once renewable. Of the first Audit Body to be elected, the terms of three of those elected from Member States shall not be renewable.

Elections to the Audit Body will take place at the sessions of the governing bodies to be held during the week commencing 14 October 2002.

Nominations of candidates for election to the Audit Body accompanied by their curriculum vitae should be submitted to the Director at least six weeks in advance of the sessions at which election will take place, ie by 2 September 2002 at the latest.

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<1> Based on the reports on oil receipts submitted by Governments, these eleven States are: Japan, Italy, Republic of Korea, Netherlands, France, United Kingdom, Singapore, Spain, Canada, Germany, Australia.

ANNEX

COMPOSITION AND MANDATE OF THE IOPC FUNDS' AUDIT BODY

- 1 The Audit Body shall be composed of 7 members elected by the Assembly: one named Chairman nominated by Member States, 5 named individuals nominated by Member States and one named individual not related to the Organisation ("outsider"), with expertise and experience in audit matters.
- 2 Of the six members to be elected from Member States, three shall be elected from the eleven Member States in the territory of which the largest quantities of oil were received during the preceding calendar year, and three from the other Member States. When electing members of the Audit Body, the Assembly shall take into account the desirability of an equitable geographical distribution of the seats of the Audit Body.
- 3 Members of the Audit Body elected from Member States shall hold office for three years, once renewable. Of the first Audit Body to be elected, three of the seats shall not be renewable.
- 4 The members of the Audit Body shall perform their functions independently and in the interest of the Organisation as a whole. The members elected from Member States shall not receive any instructions from their Governments.
- 5 Travel expenses of the six members of the Audit Body elected from Member States shall be paid by the Organisation. The member not related to the Organisation ("outsider") shall be paid travel expenses and a reasonable fee.
- 6 The Audit Body shall:
 - a) review the effectiveness of the Organisation regarding key issues of financial reporting, internal controls, operational procedures and risk management;
 - b) promote the understanding and effectiveness of the audit function within the Organisation, and provide a forum to discuss internal control issues, operational procedures and matters raised by the external audit;
 - c) discuss with the External Auditor the nature and scope of each forthcoming audit;
 - d) review the Organisation's financial statements and reports;
 - e) consider all relevant reports by the External Auditor, including reports on the Organisation's financial statements; and
 - f) make appropriate recommendations to the Assembly.
- 7 The Audit Body shall normally meet at least twice a year. The Chairman of the Audit Body and the External Auditor may request that additional meetings should be held. The meetings shall be convened by the Director, in consultation with the Chairman of the Audit Body.
- 8 The External Auditor, the Director and the Head of the Finance and Administration Department shall normally be present at the meetings.
- 9 The Chairman of the Audit Body shall report on its work to each regular session of the respective Assembly.
- 10 Every three years the functioning of the Audit Body and its mandate shall be reviewed by the Assembly on the basis of an evaluation report from the Chairman of the Audit Body.