



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUNDS

92FUND/Circ.48
71FUND/Circ.85
SUPPFUND/Circ.2
31 May 2005

Joint Audit Body

The Assembly of the 1992 Fund and the Administrative Council of the 1971 Fund decided in 2001 to establish a joint Audit Body for the two Organisations. The first election of members of this Audit Body was held in October 2002.

In March 2005 the Assembly of the 1992 Fund, the Assembly of the Supplementary Fund and the Administrative Council of the 1971 Fund decided that there should be a joint Audit Body for all three Funds and that in future the members of the Audit Body should be elected by the 1992 Assembly Fund only. The composition and mandate of the Body, as decided by the governing bodies in March 2005, is set out in the Annex to this circular.

The Audit Body shall be composed of seven members elected by the 1992 Fund Assembly: one named Chairman nominated by 1992 Fund Member States, five named individuals nominated by 1992 Fund Member States and one named individual not related to the Organisations ('outsider') with expertise and experience in audit matters nominated by the Chairman of the 1992 Fund Assembly.

Members of the Audit Body shall hold office for three years, once renewable. Of the first Audit Body elected, the terms of three of those elected from 1992 Fund Member States shall not be renewable.

The present members of the Audit Body elected in October 2002 are:

Mr Charles Coppolani (France) (Chairman)
Professor Eugenio Conte (Italy)
Mr Maurice Jaques (Canada)
Mr Heikki Muttillainen (Finland)
Dr Reinhard Renger (Germany)
Professor Hisashi Tanikawa (Japan)
Mr Nigel Macdonald ('outsider')

Since the mandate of the members of the Audit Body is three years, the 1992 Fund Assembly will hold elections of members of the Audit Body at its 10th session, to be held during the week commencing 17 October 2005.

The 1992 Fund Assembly decided at its March 2005 session that the election of the Members of the Audit Body should be made as set out below:

- (a) If no more than three of the present members nominated by 1992 Fund Member States stand for re-election, their period of office shall be automatically renewed.
- (b) Should more than three members of the present Audit Body nominated by Member States stand for re-election, a first ballot will be held between all these candidates and the three candidates receiving the highest number of votes will be re-elected for a second and final term of three years.

- (c) A second ballot will then be held between all other candidates nominated by 1992 Fund Member States (ie other than present members) and the three receiving the highest number of votes will be elected for an initial term of three years.
- (d) In the event that there are less than three new nominations from 1992 Fund Member States, the requirement set out in the mandate that the term of office of three of the present members of the Audit Body is not renewable will not apply. If there are more than three candidates from the present members of the Audit Body standing for re-election, the balance of the remaining seats will be filled from among the present members based on the number of votes received.

Nominations of candidates for election to the Audit Body accompanied by their curriculum vitae should be submitted to the Director by 22 August 2005 at the latest. Nominations can only be made by 1992 Fund Member States. Also those of the present members of the Audit Body who may wish to be re-elected for a second term of three years need to be nominated by a 1992 Fund Member State.

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ANNEX

COMPOSITION AND MANDATE OF THE JOINT AUDIT BODY OF THE 1992 FUND, THE 1971 FUND AND THE SUPPLEMENTARY FUND

- 1 The Audit Body shall be composed of seven members elected by the 1992 Fund Assembly: one named Chairman nominated by 1992 Fund Member States, five named individuals nominated by 1992 Fund Member States and one named individual not related to the Organisations ("outsider"), with expertise and experience in audit matters nominated by the Chairman of the 1992 Fund Assembly. Nominations, accompanied by the curriculum vitae of the candidate, should be submitted to the Director at least six weeks in advance of the session at which the election will take place.
 - 2 Members of the Audit Body shall hold office for three years, once renewable. Of the first Audit Body to be elected, the term of three of those elected from 1992 Fund Member States shall not be renewable.
 - 3 The members of the Audit Body shall perform their functions independently and in the interest of the Organisations as a whole. The members elected from 1992 Fund Member States shall not receive any instructions from their Governments.
 - 4 Travel and subsistence expenses of the six members of the Audit Body elected from 1992 Fund Member States shall be paid by the Organisations. The member not related to the Organisations ("outsider") shall be paid travel expenses and an appropriate fee.
 - 5 The Audit Body shall:
 - (a) review the effectiveness of the Organisations 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 Organisations, 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 Organisations' financial statements and reports;
 - (e) consider all relevant reports by the External Auditor, including reports on the Organisations' financial statements; and
 - (f) make appropriate recommendations to the governing bodies.
 - 6 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.
 - 7 The External Auditor, the Director and the Head of the Finance and Administration Department shall normally be present at the meetings.
 - 8 The Chairman of the Audit Body shall report on its work to each regular session of the governing bodies.
 - 9 Every three years the functioning of the Audit Body and its mandate shall be reviewed by the governing bodies on the basis of an evaluation report from the Chairman of the Audit Body.
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