



ELECTION OF MEMBERS OF THE AUDIT BODY

Note by the Director

Summary:

The joint Audit Body of the three Funds is composed of seven members elected by the 1992 Fund Assembly for three years. The term of office of the present members of the Audit Body will expire at the October 2008 sessions of the IOPC Funds' governing bodies and an election of the members for a new term of office will take place at the October 2008 session of the 1992 Fund Assembly.

In response to a circular from the Director calling for nominations, five nominations had been received from 1992 Fund Member States by the deadline of 16 May 2008. A nomination for the one named individual not related to the Organisations ('outsider'), with expertise and experience in audit matters, has been made by the Chairman of the 1992 Fund Assembly in document 92FUND/A/ES.13/3/1.

Action to be taken:

- (a) to take note of the information contained in this document; and
- (b) to decide on the procedure to be used for the election of the members of the Audit Body at its October 2008 session.

1 Introduction

- 1.1 In order to increase the transparency of the operation of the IOPC Funds the governing bodies of the 1992 Fund and 1971 Fund decided, at their October 2001 sessions, to establish a joint Audit Body for the two Organisations. The first election of members of this Audit Body was held in October 2002.
- 1.2 At their sessions held in March 2005, the 1992 Fund Assembly, the Supplementary Fund Assembly and the 1971 Fund Administrative Council decided that there should be a joint Audit Body for the three Funds. The governing bodies further decided that the Supplementary Fund Assembly and the 1971 Fund Administrative Council should not hold elections of the Audit Body Members but instead leave this function to the 1992 Fund Assembly (documents 92FUND/A/ES.9/28, section 19, SUPPFUND/A.1/39, section 31 and 71FUND/AC.16/15, section 8).
- 1.3 The composition and mandate of the joint Audit Body, as decided by the governing bodies at the March 2005 sessions, is set out at the Annex.
- 1.4 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 13th session, to be held during the week commencing 13 October 2008.

2 Composition of the Audit Body

- 2.1 The Audit Body is composed of seven members elected by the governing bodies: 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.
- 2.2 Of the Audit Body elected in October 2005, two members have only served one term and are eligible for re-election. These are:

Mr Marcel Mendim Me Nko'o (Cameroon)
Mr Wayne Stuart (Australia)

3 Nomination of candidates

- 3.1 In January 2008 the Director issued a circular informing 1992 Fund Member States that nominations of candidates for election to the Audit Body accompanied by their curriculum vitae should be submitted to him by 16 May 2008 at the latest. In the circular attention was drawn to the fact that nominations could only be made by 1992 Fund Member States. It was also mentioned in the circular that those present members of the Audit Body who wished to be re-elected for a second term of three years needed to be nominated by a 1992 Fund Member State (Circular 92FUND/Circ.59, 71FUND/Circ.88 and SUPPFUND/Circ.9).
- 3.2 The following nominations had been received from Member States by 16 May 2008:

Mr Mendim Me Nko'o (Cameroon)	Presented by Cameroon
Professor Seiichi Ochiai(Japan)	Presented by Japan
Mr Emile di Sanza (Canada)	Presented by Canada
Mr Wayne Stuart (Australia)	Presented by Australia
Mr John Wren (United Kingdom)	Presented by the United Kingdom

- 3.3 With respect to the one named individual not related to the Organisations ('outsider'), with expertise and experience in audit matters, the Chairman of the 1992 Fund Assembly has put forward the candidature of Mr Nigel Macdonald for re-election (cf document 92FUND/A/ES.13/3/1).

4 Procedure to be followed in October 2008

- 4.1 As set out above, five candidates have been nominated by 1992 Fund Member States. Of these, two are proposed for renewal of their mandate for a further and final term of three years and three have been nominated by 1992 Fund Member States as new members.
- 4.2 As only five candidatures have been received for the six vacant positions, the Director, after discussions with the Chairman of the 1992 Fund Assembly and the Chairman of the Audit Body, proposes the following two options as to how to proceed:
- (a) A second circular would be sent by the Director to 1992 Fund Member States calling for further nominations. When choosing this option, the Assembly would also have to decide whether the position of the five candidates whose nominations had been received within the deadline given in the first circular would be affected or not, given that, without a second circular, these candidates would have been elected with certainty in October 2008. This could be done either (i) by issuing the second circular only for the purpose of filling the remaining position or (ii) by deciding that all candidates, whether nominated in response to the first or to the second circular, should be on an equal footing at the October 2008 election;
- (b) A second circular would not be sent and the five candidates for whom nominations have been received within the deadline given in the first circular would be automatically elected to the Audit Body at the October 2008 sessions of the governing bodies, and outgoing members of the Audit Body having already served two three-

year terms of office and not from a Member State which has submitted a new candidature would be asked if one of them would be willing to serve a third and final term.

- 4.3 The 1992 Fund Assembly will also have to consider the candidature not related to the Organisations ('outsider') presented by the Chairman of the 1992 Fund Assembly, namely Mr Nigel Macdonald (cf document 92FUND/A/ES.13/3/1).

5 Action to be taken by the Assembly

The 1992 Fund Assembly is invited:

- (a) to take note of the information contained in this document; and
- (b) to decide on the procedure to be used for the election of the members of the Audit Body at its October 2008 session.

* * *

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.