

 <p>INTERNATIONAL OIL POLLUTION COMPENSATION FUNDS</p>	Agenda item: 4	IOPC/MAR11/4/1	
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	1992 Fund Assembly	92AES15	●
	1992 Fund Executive Committee	92EC51	
	Supplementary Fund Assembly	SAES4	●
	1971 Fund Administrative Council	71AC26	●
1992 Fund Working Group	92WG6/2		

ELECTION OF MEMBERS OF THE AUDIT BODY

Note by the Director

Summary:	<p>The joint Audit Body of the 1992 Fund, 1971 Fund and Supplementary Fund 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 2011 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 2011 session of the 1992 Fund Assembly.</p> <p>In response to a circular from the Director calling for nominations, four nominations had been received from 1992 Fund Member States by the deadline of 11 March 2011. A nomination for the one named individual not related to the Organisations ('external expert'), with expertise and experience in audit matters, has been made by the Chairman of the 1992 Fund Assembly in document IOPC/MAR11/4/2.</p>
Action to be taken:	<p><u>1992 Fund Assembly</u></p> <p>(a) to take note of the information contained in this document; and</p> <p>(b) to give the Director such instructions in respect of matters dealt with in this document as it may deem appropriate.</p> <p><u>Supplementary Fund Assembly and 1971 Fund Administrative Council</u></p> <p>To take note of the information contained in this document and the decisions taken by the 1992 Fund Assembly.</p>

1 **Introduction**

- 1.1 The joint Audit Body of the 1992 Fund, 1971 Fund and Supplementary Fund 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 2011 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 2011 session of the 1992 Fund Assembly.
- 1.2 As stipulated in the Composition and Mandate of the Audit Body, members shall perform their functions independently and in the interest of the Organisations as a whole and shall not receive any instructions from their Governments.
- 1.3 The Composition and Mandate of the joint Audit Body, as decided by the governing bodies at the October 2008 sessions, is set out at Annex I. The composition of the Audit Body, past and present, and their dates of election are set out in Annex II.

- 1.4 Of the Audit Body elected in October 2008, three members have only served one term and are eligible for re-election for a second and final term. These are:

Mr Emile Di Sanza (Canada)
 Mr Thomas Kaevergaard (formerly known as Mr Thomas Johansson) (Sweden)
 Professor Seiichi Ochiai (Japan)

- 1.5 A nomination for the one named individual not related to the Organisations ('external expert'), with expertise and experience in audit matters, has been made by the Chairman of the 1992 Fund Assembly in document IOPC/MAR11/4/2.

2 Nominations

- 2.1 In December 2010, 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 11 March 2011 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 also needed to be nominated by 1992 Fund Member States (Circular 92FUND/Circ.72, 71FUND/Circ.94 and SUPPFUND/Circ.19).

- 2.2 The following nominations had been received from 1992 Fund Member States by the deadline of 11 March 2011:

Mr Emile Di Sanza (Canada)	Nominated by Canada for a second term
Mr John Gillies (Australia)	Nominated by Australia
Mr Thomas Kaevergaard (Sweden)	Nominated by Sweden for a second term
Professor Seiichi Ochiai (Japan)	Nominated by Japan for a second term

3 Director's considerations

- 3.1 As set out above, four candidates have been nominated by 1992 Fund Member States. Of these, three candidates are proposed for renewal of their mandate for a further and final term of three years and one has been nominated by 1992 Fund Member States as a new member.
- 3.2 Member States may recall that a similar situation arose in 2008 when only five nominations were received by the deadline for the six positions available for members elected from Member States in response to the Director's circular calling for nominations. In June 2008, the 1992 Fund Administrative Council decided, in accordance with the option proposed by the Director in paragraph 4.2(a)(i) of document 92FUND/A/ES.13/3, that the candidates whose nominations had been received within the deadline given in the circular would be automatically elected in October 2008. It further decided that a second circular would be sent by the Director to 1992 Fund Member States calling for further nominations to fill the remaining position. If more than one candidature was received for this position, an election would take place. In response to the second circular, however, only one further nomination was received and all six candidates were automatically appointed as members of the Audit Body for the period 2008-2011.
- 3.3 Whilst taking nothing away from the very valid candidatures that had been received, the Director had suggested in June 2008 that, in the light of the disappointing number of nominations that had been received, an exchange of views on the role of the Audit Body might be useful at a future October session of the governing bodies to encourage more active participation from a larger number of Member States. In response to this suggestion, the Audit Body presented a document to the October 2010 sessions of the governing bodies (cf document IOPC/OCT10/6/2) in which, *inter alia*, it provided some information on the role of audit bodies in other United Nations agencies as a first step in assisting Member States to identify suitable candidates for nomination to the Audit Body. It also provided a list of skills, experience and attributes that the Audit Body felt should be typically included in an audit body.

- 3.4 As only four candidatures have been received for the six positions that will be vacant in October 2011, the Director, after discussions with the Chairman of the 1992 Fund Assembly and the Chairman of the Audit Body, proposes that a second circular be sent by the Director to 1992 Fund Member States calling for further nominations. He also proposes that the position of the four candidates whose nominations have been received within the deadline given in the first circular would not be affected given that, without a second circular, these candidates would have been elected with certainty in October 2011. The second circular would therefore only be for the purpose of filling the remaining two positions. It is proposed that the closing date for a second circular would be 30 July 2011.
- 3.5 In the Director's view, if the situation were to arise whereby only one or no further nominations were to be received in response to a second circular, the 1992 Fund Assembly would have to decide in October 2011 if the number of members of the Audit Body nominated by 1992 Fund Member States could be reduced for the next three-year term. A decision could then be taken by the 1992 Fund Assembly at the end of the three-year period, on the basis of an assessment made by the Audit Body, in consultation with the Chairmen of the 1992 Fund Assembly, the 1971 Fund Administrative Council and the Supplementary Fund Assembly, as to whether to amend the Composition and Mandate to reflect a reduction in the number of members nominated by 1992 Fund Member States on a permanent basis.

4 Action to be taken

1992 Fund Assembly

4.1 The 1992 Fund Assembly is invited:

- (a) to take note of the information contained in this document; and
- (b) to give the Director such instructions in respect of matters dealt with in this document as it may deem appropriate.

Supplementary Fund Assembly and 1971 Fund Administrative Council

4.2 The Supplementary Fund Assembly and the 1971 Fund Administrative Council are invited to take note of the information contained in this document and any decisions taken by the 1992 Fund Assembly.

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ANNEX I

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

(REVISED IN OCTOBER 2008)

COMPOSITION

- 1 The members of the Audit Body shall perform their functions independently and in the interest of the Organisations as a whole and shall not receive any instructions from anyone, including their Governments.
- 2 The Audit Body shall be composed of seven members elected by the 1992 Fund Assembly: six named individuals nominated by 1992 Fund Member States and one named individual not related to the Organisations ('external expert') with expertise and experience in financial and audit matters, nominated by the Chairperson of the 1992 Fund Assembly. Nominations, accompanied by the curriculum vitae of the candidate, should be submitted to the Director in response to a call for nominations made by the Director. The Chairperson of the 1992 Fund Assembly will, in consultation with the Chairpersons of the 1971 Fund Administrative Council and of the Supplementary Fund Assembly, propose the name of one of the elected members of the Audit Body for consideration and approval by the governing bodies as Chairperson of the Audit Body.
- 3 Members of the Audit Body shall hold office for three years, once renewable. Should nominations for election to the Audit Body not be sufficient to fill vacancies at an election, existing members of the Audit Body having served two terms will be eligible for a once-only re-election, provided they are re-nominated by one or more 1992 Fund Member States. The external expert shall hold office for three years, twice renewable.
- 4 Travel and subsistence expenses of the members of the Audit Body shall be paid by the Organisations. The Assembly of the 1992 Fund will, from time to time, decide on the quantum of the honorarium paid to the six elected members and the fee paid to the external expert. The timing and method of payment will be agreed between the Audit Body and the Director.

MANDATE

- 5 The Audit Body shall:
 - (a) review the adequacy and effectiveness of the Organisations' management and financial systems, financial reporting, internal controls, operational procedures, risk management and related matters;
 - (b) promote the understanding and effectiveness of the audit function within the Organisations, and provide a forum to discuss matters referred to in (a) above and matters raised by the external audit;
 - (c) discuss with the External Auditor the nature and scope of each forthcoming audit and provide input to the development of the strategic audit plan;
 - (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 make appropriate recommendations to the Funds' governing bodies;
 - (f) manage the process for the selection of the External Auditor; and

(g) undertake any other tasks or activities as requested by the Funds' governing bodies.

6 The Chairman of the Audit Body shall report on its work to each regular session of the 1992 Fund Assembly, the 1971 Fund Administrative Council and the Supplementary Fund Assembly.

7 Every three years the functioning of the Audit Body and its mandate shall be reviewed by the 1992 Fund Assembly, the 1971 Fund Administrative Council and the Supplementary Fund Assembly on the basis of an evaluation report from the Chairman of the Audit Body.

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ANNEX II

Composition of Audit Body October 2002 – October 2011

<u>Audit Body Member</u>	<u>Elected</u> <u>October 2002</u>	<u>Elected</u> <u>October 2005</u>	<u>Elected</u> <u>October 2008</u>
Mr Charles Coppolani (France) (Chairman 2002-2008)	✓	✓	-
Dr Eugenio Conte (Italy)	✓	-	-
Mr Maurice Jaques (Canada)	✓	✓	-
Mr Marcel Mendim Me Nko'o (Cameroon)	-	✓	✓
Mr Heikki Muttilainen (Finland) ^{<1>}	✓	-	-
Dr Reinhard Renger (Germany)	✓	✓	-
Mr Wayne Stuart (Australia) (Chairman 2008-2011)	-	✓	✓
Professor Hisashi Tanikawa (Japan)	✓	✓	-
Mr Emile Di Sanza (Canada)	-	-	✓
Mr Thomas Kaevergaard ^{<2>} (Sweden)	-	-	✓
Professor Seiichi Ochiai (Japan)	-	-	✓
Mr John Wren (United Kingdom) ^{<3>}	-	-	✓
Mr Nigel Macdonald (United Kingdom) ('external expert' not related to the Organisations) ^{<4>}	✓	✓	✓

<1> Mr Muttilainen did not wish to serve a second term.

<2> Formerly known as Mr Thomas Johansson.

<3> Mr Wren sadly passed away on 6 October 2010.

<4> As an exceptional measure, the governing bodies allowed Mr Macdonald to be re-elected to the Audit Body in October 2008 for a further and final three-year term in order that the new Audit Body could benefit from the experience that he had obtained during his time in office. The Chairman of the 1992 Fund Assembly will nominate an 'external expert' to replace Mr Macdonald.