

 <p>INTERNATIONAL OIL POLLUTION COMPENSATION FUNDS</p>	Agenda item: 4		IOPC/MAR11/4/2	
	Original: ENGLISH		3 March 2011	
	1992 Fund Assembly		92AES15	•
	1992 Fund Executive Committee		92EC51	
	Supplementary Fund Assembly		SAES4	•
	1971 Fund Administrative Council		71AC26	•
1992 Fund Working Group		92WG6/2		

PROPOSAL RELATING TO THE APPOINTMENT OF THE 'EXTERNAL EXPERT' ON THE AUDIT BODY

Note by the Chairman of the 1992 Fund Assembly

Summary:	<p>In accordance with the Composition and Mandate of the Audit Body, the member not related to the Organisations ('external expert'), with expertise and experience in financial matters, is elected on the recommendation of the Chairman of the 1992 Fund Assembly.</p> <p>The term of office of the current external expert, Mr Nigel Macdonald, will expire at the October 2011 sessions of the IOPC Funds' governing bodies when he will have served three terms of office of three years each, having served an exceptional third term to facilitate the continuity and functioning of the Audit Body when there was a substantial change in the membership of the Audit Body in October 2008, as well as to participate in the external audit tender process which took place in 2009-2010.</p> <p>Three candidates for the position of external expert were identified and interviewed by the Acting Director, the Head of Finance and Administration and Mr Macdonald in February 2011. As a result of the interview process, a recommendation for appointment is put forward by the Chairman of the 1992 Fund Assembly for consideration at the extraordinary session of the 1992 Fund Assembly. The Chairman recommends Mr Michael Knight be appointed as external expert for a first term of three years.</p>
Action to be taken:	<p><u>1992 Fund Assembly</u></p> <p>(a) Take note of the information contained in this document;</p> <p>(b) Decide whether to recommend Mr Michael Knight be appointed as external expert on the joint Audit Body for a first term of three years from October 2011, this appointment to be endorsed by the 1992 Fund Assembly at its regular session in October 2011; and</p> <p>(c) Decide whether to support the proposal of the Chairman of the 1992 Fund Assembly with respect to the remuneration of the new external expert, any decision to be endorsed by the 1992 Fund Assembly at its October 2011 session.</p> <p><u>Supplementary Fund Assembly and 1971 Fund Administrative Council</u></p> <p>Take note of the decisions taken by the 1992 Fund Assembly.</p>

1 Introduction

- 1.1 In accordance with the Composition and Mandate of the Audit Body, the terms of which were last agreed upon by the governing bodies at their October 2008 sessions, the member of the Audit Body not related to the Organisations ('external expert') with expertise and experience in financial matters is elected on the recommendation of the Chairman of the 1992 Fund Assembly.
- 1.2 Mr Nigel Macdonald was elected to the Audit Body in October 2002 and re-elected for a second term in October 2005. Member States will recall that, as an exceptional measure, Mr Macdonald was allowed to be re-elected as the 'external expert' for a further and final third mandate of three years to facilitate the continuity and functioning of the Audit Body when there was a substantial change in the membership of the Audit Body in October 2008 as well as to participate in the external audit tender process which took place in 2009-2010. His term of office will expire at the October 2011 sessions of the Funds' governing bodies.

2 Nominations

- 2.1 Three candidates to replace Mr Macdonald were identified and interviewed in February 2011 by the Acting Director, the Head of Finance and Administration and Mr Macdonald, as a result of which the name of Mr Michael Knight was put forward to the Chairman of the 1992 Fund Assembly by the Secretariat. Mr Knight's curriculum vitae is at the Annex.
- 2.2 The Chairman of the 1992 Fund Assembly had the opportunity to meet with Mr Knight when he visited London in March 2011 and is confident that he fulfils the requirements for the position.
- 2.3 It is therefore his recommendation that the 1992 Fund Assembly appoint Mr Knight as external expert on the Audit Body for an initial term of three years from October 2011, this appointment to be endorsed by the 1992 Fund Assembly at its October 2011 session.
- 2.4 Should the 1992 Fund Assembly agree with this recommendation, Mr Knight will be invited to attend the June 2011 meeting of the Audit Body and to attend the October 2011 sessions of the governing bodies.
- 2.5 Mr Macdonald has indicated that he is willing to provide all the assistance needed to ensure a smooth transition to his successor later in the year.

3 Remuneration

- 3.1 At their October 2009 sessions, the governing bodies decided to set the level of remuneration for the external expert at £30 000 per annum but stated that this amount should be specifically linked to the present incumbent, Mr Nigel Macdonald, and would not necessarily apply to his successor. They further decided that the remuneration should be indexed annually, using the UK Retail Price Index at the time of the preparation of the relevant budget. In accordance with this decision, Mr Macdonald's remuneration was increased in October 2010 to £31 500 (cf document IOPC/OCT09/11/1, paragraphs 6.2.8 and 6.2.9).
- 3.2 In the light of the views expressed by the governing bodies at the October 2009 sessions, it is the recommendation of the Chairman of the 1992 Fund Assembly that the remuneration payable to Mr Knight should be set at £30 000 per annum, to be indexed-linked annually thereafter at the time of the preparation of the relevant budget.

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;
- (b) to decide whether to recommend Mr Michael Knight be appointed as external expert on the joint Audit Body for a first term of three years from October 2011, this appointment to be endorsed by the 1992 Fund Assembly at its regular session in October 2011; and
- (c) to decide whether to support the proposal of the Chairman of the 1992 Fund Assembly with respect to the remuneration of the new external expert, any decision to be endorsed by the 1992 Fund Assembly at its October 2011 session.

Supplementary Fund Assembly and 1971 Fund Administrative Council

4.2 The Supplementary Fund Assembly and the 1971 Fund Administrative Council are invited:

- (a) to take note of the information contained in this document; and
- (b) to take note of the decisions taken by the 1992 Fund Assembly.

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MICHAEL A KNIGHT BA FCA

BIOGRAPHICAL DETAILS

Education

- Exeter University BA Honours (Geography/Economic History)

Career Overview

- 1974-2001 Ernst & Young
 - 12 month secondment to Ernst & Young USA 1988 (Seattle)
 - 24 month secondment to National Westminster Bank, London (1982-1984)
 - Admitted as partner 1986
 - Retired for family reasons 2001
- Charles Taylor Consulting plc: Non-Executive Director (2000-2010)
- Sutton Harbour Holdings plc:
 - Non-Executive Director (2005- present)
 - Appointed Chairman in 2007
- National Maritime Museum of Cornwall: Trustee (2005- present)

Career highlights with Ernst & Young

- Lead Ernst & Young partner responsibilities for:
 - The Post Office/UK Government - 12 years;
 - Asda Group - 7 years
 - Smith & Nephew - 4 years
 - Coca-Cola Beverages* - 4 years
 - Capita Group* - 7 years
 - Xansa* (formerly FI Group) - 6 years
 - Expert witness for Serious Fraud Office and Inspector for Securities & Investments Board (1986-1988)

*Denotes partner responsibility during flotation process

- Principal roles: overall responsibilities for co-ordination of services world-wide; liaison with and advice to Board and Audit sub-committees; 'signing' responsibilities for annual accounts and all prospectus-related reports. Experience includes advice on: preparation for public offerings and capital raising; acquisitions and disposals; corporate governance and compliance-related obligations.
- Variety of management & client facing roles. Former including: National graduate recruitment; Audit Group leader (120 partners and staff); Consumer Products Industry leader.

Non-Executive positions

Charles Taylor Consulting plc

I served on the Board for nine years where I chaired the Audit Committee. I also served on the remuneration and nomination committees. In addition to formal responsibilities, I conducted a review of the management and direction of the group at the then Chairman's request and chaired a group reviewing the Group's pension arrangements. Following my retirement from the Board, I have been retained as a consultant where I chair the Group's risk committee and advise on risk-related matters. I also remain a Director of the regulated insurance subsidiary, CT Services Ltd.

Sutton Harbour Holdings plc

I joined the Board of Sutton Harbour in June 2005. It is Plymouth's only listed company and has interests in property regeneration, marine and transport. I was appointed Chairman in 2007 and serve on the remuneration and nomination committees. Since 2007 my principal tasks have been: to improve the quality of our corporate communications in terms of the annual report and contacts with the market and investors; progressively to change the composition of the Non-Executive Directors by recruiting talent from larger, nationally-focused companies; and to enhance the skills of the management team through a development programme to facilitate the next phase of our growth. I have also led our team in capital-raising activities in the City of London and in the disposal of our airline subsidiary.

Trustee position

National Maritime Museum of Cornwall

I was asked to join the Board of Trustees by the Chairman of the Greenwich Maritime Museum as one of their appointees. The Cornwall Museum has faced a number of financial challenges and my accounting background, plus my West Country origins were seen as useful. I also chair the Finance and Audit sub-committee.