

# WIPO



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**WORLD INTELLECTUAL PROPERTY ORGANIZATION**  
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## **WIPO GENERAL ASSEMBLY**

**Thirty-Eighth (19<sup>th</sup> Ordinary) Session**  
**Geneva, September 22 to October 1, 2009**

REPORT OF THE WIPO AUDIT COMMITTEE SINCE 2008

*prepared by the Audit Committee*

1. It is recalled that the WIPO Audit Committee (hereinafter referred as “the Committee”) decided to undertake at its eleventh Session, held in December 2008, an assessment of its work and operations since its establishment.
2. Annexed to this document is the “Assessment of the Work and the Operations of the WIPO Audit Committee”, adopted by the Committee at its fourteenth Session which took place from August 18 to 21, 2009, and presented to the Program and Budget Committee.
3. *The General Assembly is invited to take note of the content of the “Assessment of the Work and the Operations of the WIPO Audit Committee” and its recommendations as indicated in paragraphs 72, 74 and 76 of this Annex.*

[Annex follows]

## I. INTRODUCTION

1. The Audit Committee (hereinafter referred to as “the Committee” or “AC”) decided on its own initiative, and at its eleventh meeting, held in December 2008, to undertake in 2009 an assessment of its work and operations since its inception, in line with best practices recommended in the public and private sectors, and to report to meetings of the Program and Budget Committee (PBC) and General Assembly (GA) in September 2009.
2. This report is addressed to members of the PBC. It is also being copied to other WIPO Member States and to the Director General.
3. The purpose of this report is to inform Member States of the work and operations of the AC through an assessment thereof for the period since it commenced work in January 2006 up to and including its thirteenth formal meeting in June 2009.

### Scope of Report

4. The scope of this report encompasses the background and context in which the AC was established; governance and oversight structures in the UN system and other bodies; the way in which the AC has operated in terms of the format and frequency of its meetings, its reports and interactions with Member States and the Secretariat; the AC’s performance against its Terms of Reference (ToRs) including the outcomes of its reports and recommendations; and finally the present composition of the AC and implications for its succession.

### Methodology

5. The present review is based on:
  - (i) Responses to a questionnaire based on the AC’s ToR<sup>1</sup> provided by: AC members; Member State representatives; WIPO officials and the External Auditor.<sup>2</sup>
  - (ii) A meeting between AC members and Group Coordinators of the Regional Groups and the Vice Chairs of the Program and Budget Committee.
  - (iii) Two surveys undertaken on 21 organizations within the UN system: one survey concerned existing and proposed oversight mechanisms;<sup>3</sup> and the other organizational governance structures.<sup>4</sup>

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<sup>1</sup> See Section IV

<sup>2</sup> In order to have a better assessment of its operations, and in view of its mandate “to assist Member States in their role of oversight and for better exercise of their governance responsibilities with respect to the various operations of WIPO” (document wo/GA/34/15) the Committee decided also that it would be appropriate to consult its stakeholders. The Terms of Reference questionnaire was circulated to: the Chairs and Vice Chairs of the GA, the WIPO Coordination Committee and the PBC; Regional Group Coordinators; and, to the WIPO Director General and other WIPO Officials with whom the Committee had interaction. Attached to it, for information purposes, but with the possibility of completing them, were questionnaires of the National Audit Office (NAO) of the United Kingdom and Deloitte & Touche (D&T).

- (iv) Responses by AC members to two questionnaires prepared by the UK National Audit Office (NAO) and by Deloitte and Touche LLP (D&T).<sup>5</sup>

6. The choice of the prototype questionnaires, which are considered as state of the art in this field, was to assist the AC in its finding and analysis. The AC was aware that not all questions and terminology appearing in the questionnaires applied to the UN context. Thus, there was a need for a judicious interpretation of the questionnaires and the relevant answers.

7. Completed questionnaires received by the AC have been treated as confidential and not available for distribution. The number of questionnaires issued and responses received is set out in Table I below:

Table 1: Responses to Questionnaires

Recipients of questionnaires	Number of Questionnaires sent	Number of Responses
Member States	16	2
WIPO Officials	8	2
External Auditor	1	1
AC Members	9	9
Total	32	14

## II. BACKGROUND

### Rationale and Justification for Establishing the WIPO Audit Committee

8. In a decision taken at its Forty-first session in September 2005, the Assemblies of the Member States of WIPO approved the establishment of the AC, and its ToRs (document A/41/10) as recommended by the Working Group of the PBC.

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[Footnote continued from previous page]

<sup>3</sup> See Appendix I

<sup>4</sup> See Appendix II

<sup>5</sup> See Appendix III

9. The creation of the AC came during a difficult period for the Organization when it was clear that internal controls and the WIPO Internal Audit and Oversight Division (IAOD) were deficient. Member States also had concerns about possible managerial deficiencies in the Organization, pursuant to the findings and recommendations of the Joint Inspection Unit report “Review of Management and Administration in WIPO: Budget, Oversight and Related Issues”.<sup>6</sup> These concerns and the need for creation of such an oversight body were reflected in the “Proposal for the Establishment of a WIPO Audit Committee”.<sup>7</sup> Furthermore, the External Auditor ToRs concentrated mainly on financial rather than on management audit. Finally, the establishment of such a Committee was in line with a growing trend in the private and public sectors worldwide and in the UN system to create a new class of external oversight bodies covering a single organization.

### Composition of the Committee

10. At its ninth session in January 2006, following selection of candidates by regional group coordinators, the PBC elected seven members based on qualifications and geographical distribution, as per the AC’s approved ToRs. Two geographical groups, namely the Regional Group of Countries of Latin America and the Caribbean and the Regional Group of Central Europe and Baltic States did not submit candidates. As provided in the AC’s ToRs, two additional members were selected by the seven elected members based on their qualifications each as a “senior oversight professional or a senior manager in the United Nations system”.<sup>8</sup>

11. The GA, at its thirty-fourth (18<sup>th</sup> ordinary) session, approved the revised ToRs.<sup>9</sup>

12. Subsequent to the Committee’s initiative taken during its eleventh session in December 2008, to undertake in 2009 an assessment of its work and operations, the Program and Budget Committee, at its thirteenth session in December 2008, recommended to:

- “(i) renew the mandate of all members of the AC until January 2010; and
- (ii) review the process of rotation and the size of the AC, with a view to agreeing relevant changes at their 2009 session; and [...]”<sup>10</sup>

This recommendation was endorsed by the GA.<sup>11</sup>

### Difficulties Faced by the Committee

13. The AC has had to face a number of difficulties, including:

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<sup>6</sup> Document JIU/REP/2005/1

<sup>7</sup> Document A/41/10

<sup>8</sup> Document A/41/10

<sup>9</sup> Document WO/GA/34/15

<sup>10</sup> document WO/PBC/13/10

<sup>11</sup> document A/46/12

- Nine members who did not know each other coming from different professional, educational and cultural environments;
- Communication issues related to the fact that apart from the meetings in Geneva, four times per year, the members were scattered over the four corners of the globe;
- Lack of knowledge of WIPO;
- Limited assistance from the Secretariat, mainly of a logistical and administrative nature but not for substantive matters;
- Heavy workload on the Chair and individual AC members;
- Lack of oversight culture in the Organization;
- Limited interaction with Member States.

#### Performance Highlights

14. Despite the difficulties referred to above, the AC, through a balanced mix of expertise and qualifications, managed to deal with most matters to the satisfaction of Member States as demonstrated by their adoption of most of the AC's recommendations, especially those pertaining to the Desk-to-Desk Review (D2D), the New Construction Project (NCP) and the Internal Audit and Oversight Division (IAOD).

15. During the period 2006 to June 2009, the AC held thirteen regular meetings, during which it dealt with a large number of management issues and dealt on a continuous basis with perennial items, such as the NCP, the D2D, as stipulated in the Committee's ToRs, and IAOD, as well as other items.

16. Set out in Table 2 below is a summary of the number of documents submitted to and reviewed in detail by the AC during the period under review.

**TABLE 2: Summary of Number of Documents**

Meeting N°	NCP	D2D (SRP)	FRR/ internal controls/ IPSAS	Budget and Finance	Procurement	IAOD	ICT/ERP	HR	Others	Total
1	5	2	1	3	2				2	15
2	2	3								5
3	2	4	2			2				10
4	5	3	2			2				12
5	8	3	1		4	6				22
6		4	3			1				8
7	15	3	6			5	1			30
8	9	4	1			1				15
9	10	4	3		1	11				29
10	13	2	1	4		10	1	1		32
11	17			1	1	11				30
12	15		5	13		16				49
13	8	1	2	1		10			2	
Total	109	33	27	22	8	75	2	1	4	281

17. Set out in Table 3 below is a summary of the number of recommendations made by the AC during the period under review.

**TABLE 3: Summary of Number of Recommendations**

Meeting N°	NCP	D2D (SRP)	IAOD	FRR/int ernal controls	Budget and Finance	Procurement	ICT/ERP	HR	Others	Total
1	11	13	2						2	28
2	1	6	2							9
3	3		1							4
4	10	1	5	8						24
5	4		8			4				16
6		3	6	10						19
7	3	7	5	3			7			25
8	4	2	11				11	2		30
9	1	6	11	1	2	5	2	3		31
10	3		4	10						17
11	5		3		1	1	2			12
12	1		10							11
13		2			2	2				
Total	46	40	68	32	5	12	22	5	2	226

18. The number of recommendations is inflated to some extent by the AC having been obliged to repeat prior recommendations which had not been acted upon.

19. The interaction with the Secretariat on the NCP was methodical and constructive.
20. With regard to the D2D, the process was not as smooth as desired because of the transition period leading to the election of a new Director General, a lack of skills and competencies, and delays on the Secretariat's part in implementing recommendations made by the AC at successive meetings, starting with its sixth meeting.<sup>12</sup> The AC had been concerned with plans for organizational improvement which became the Organizational Improvement Program (OIP) following the 2007 PricewaterhouseCoopers' report and then, after the appointment of the new Director General, the AC started being briefed on the Strategic Realignment Program (SRP), which replaced OIP.
21. The AC was also faced with similar lack of progress with respect to IAOD and Information Communication Technology (ICT).
22. In reviewing these various items, the AC has followed a standard methodology, that is: examining and reviewing relevant documents; hearing presentations by various WIPO officials and other relevant parties, followed by open discussion. After AC deliberations, conclusions and recommendations have been reached by consensus.
23. In addition, the AC met with the External Auditor, the Chairs of the GA and of the Coordination Committee, and with the President of the WIPO Staff Council. The AC also had four briefings on WIPO programs: the Development Agenda twice, the PCT and Technical Assistance and Capacity Building. It also met twice with the Chair of the Audit Committee of the World Meteorological Organization (WMO) and five times with the current Director General. The AC Chair met regularly with the Director General, and twice with the Chair of the PBC and the External Auditor. The AC Chair and AC members attended the PBC regular and informal meetings and the GA meetings held during this period.
24. The AC prepared 13 reports, 10 of which have so far been reviewed and supported by the PBC whose recommendations were endorsed by the GA.
25. Set out in Table 4 below is a schedule of the reports issued by the AC, and the dates of the review, if any by the PBC/GA.

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<sup>12</sup> Document WO/AC/6/2, paragraph 24), as subsequently endorsed by a decision of the WIPO General Assembly at its Thirty-Fourth (18th Ordinary) Session (September 25 to October 3, 2007) (document WO/GA/34/16, paragraph 34) that: "(a) The Secretariat develops a comprehensive integrated program for Organizational Improvement along the lines and priorities recommended in PwC's Final Report, and as recognized by the Secretariat in its report (WO/GA/34/12). Because such a program will not only be complex but likely to extend over a period of years, it should be constructed on a SMART C basis (Specific, Measurable, Attainable, Realistic, Timely and Consistent); (b) The Secretariat should prepare a road map for the implementation of the program showing the organizational and resourcing requirements. This road map should be reviewed by the committee at its meeting scheduled for the first week of December 2007;"

Table 4: Review of Reports by PBC/GA

Report nb	Date	PBC/GA review dates
WO/AC/1/2	5-May-06	Not reviewed
WO/AC/2/2 <sup>13</sup>	7-Jul-06	11-Jul-06
WO/AC/3/2	2-Nov-06	Not reviewed
WO/AC/4/2	13-Apr-07	25-Jun-07
WO/AC/5/2	20-Jul-07	11-Sep-07
WO/AC/6/2	5-Sep-07	11-Sep-07
WO/AC/7/2 <sup>14</sup>	18-Dec-07	22-Sep-08
WO/AC/8/2	29-Feb-08	22-Sep-08
WO/AC/9/	30-May-08	22-Sep-08
WO/AC/10/2	30-Oct-08	10-Dec-08
WO/AC/11/2	5-Dec-08	10-Dec-08
WO/AC/12/2 <sup>15</sup>	23-Apr-09	
WO/AC/13/2	29-Jun-09	

26. The table shows the gap between the date of issuance of the AC reports and the date of review, if any, by the PBC. The shortest gap was when the review took place within one month from the issuance of the report and that was in only 3 out of the 13 cases. This problem will be dealt with in Chapter III below.

#### Outcomes

27. The outputs of the AC's work for the three and a half years under review have primarily comprised the reports made to Member States and, more particularly, the specific recommendations made by the AC (see Table 3 above). The value of the AC's work in outcome terms is not always tangible. However, it is noteworthy that the AC:

- (i) Oversaw the ToRs for and production of the PricewaterhouseCoopers' report on the Desk-to-Desk Assessment of the Human and Financial Resources of WIPO, which remains a key basis for organizational improvement.
- (ii) Introduced the concept of risk registers for practical use in the New Construction Project by both the WIPO Construction Committee and the Pilot. This practice is a precedent for a wider enterprise risk management system in WIPO.
- (iii) Raised awareness of the lack of a culture of oversight, and the lack of system of accountability and responsibility.
- (iv) Oversaw the introduction of a Charter for IAOD and the commencement of a recognizable internal audit program.

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<sup>13</sup> Document containing the oral briefing of the AC's Chair

<sup>14</sup> Documents WO/AC/7/2; WO/AC/8/2 and WO/AC/9 reviewed by GA only

<sup>15</sup> Documents WO/AC/12/2 and WO/AC/13/2 are scheduled to be reviewed in September 2009



- (v) Ensured that the new Financial Regulations and Rules submitted to Member States for approval were consistent.

28. Clearly the AC's outstanding recommendations constitute work in progress to be carried forward and for this purpose require an element of continuity in terms of the membership of the AC however reconstituted by Member States with effect from the end of this calendar year.

### III. GOVERNANCE AND OVERSIGHT STRUCTURES IN THE UN SYSTEM

#### Rationale

29. Member States exercise legislative and oversight functions in the different governing bodies in the UN system organizations. It is the norm in all UN organizations to have a General Assembly or a Conference composed of all Member States and, in some cases, other stakeholders. It is also common that those organizations have other layers of governing bodies of medium and/or small-size to deal with program and administrative/financial issues.

30. Oversight/audit committees are an integral part of the governance of the entities, public and private, they belong to since their mandate is to assist their "Boards" in their decision making process. As such, a review of the mandate and responsibilities of the WIPO AC must be undertaken within the overall context of the WIPO governance and not in isolation.

31. As part of its assessment of WIPO governance, the AC conducted research on the governance structure of a number of other UN organizations. Practically all the organizations surveyed have executive Boards or governing councils, in addition to budgetary and administrative committees. Out of 21 organizations, including WIPO, 12 have executive governing boards with a membership equal or below 41 members, the most frequent number being 36. Overall there are 16 organizations with such boards composed of less than 54 members. Most organizations also have finance, administrative and program committees, typically composed of between 12 to 16 members, meeting several times a year. In WIPO, there is no such small governing body. Its PBC is composed of 54 members and its Coordination Committee is composed of 83 members. These last two normally meet once a year in formal session.

#### Definitions

32. Oversight itself is part of the system of governance which provides Member States with assurances that (a) activities are carried out in accordance with legislative mandate; (b) funds are fully accounted for; (c) activities are conducted and managed in the most efficient and effective manner, i.e., the most economical use of resources, both human and financial; and (d) staff, including high officials, adhere to the highest standards of professionalism, integrity and probity,

33. Member States delegate part of their oversight responsibilities to the Secretariat of an organization, especially the internal control mechanisms. They also delegate part of their oversight

responsibilities to external oversight bodies, normally the External Auditors and, increasingly, to oversight/audit committees.

34. The structure of oversight, including within the UN system, differentiates between internal and external oversight mechanisms.

35. An example of an internal oversight mechanism would be an internal audit and oversight division, as is the case in WIPO with IAOD. The primary objective of internal oversight is to assist the chief executive in fulfilling his/her managerial responsibilities through providing advice on the adequacy of internal control and management practices based on the systematic and independent review of the operations of the organization. Such a review involves, *inter alia*, management audits, investigations of alleged breaches in controls and procedures, and of alleged frauds, and evaluation of programs and activities. It is very important to remember that an internal audit and oversight division is part of an organization but is not part of its management. While it reports to the executive head of the organization, it is independent in its operations. Although it responds to demands of the executive head, it performs some statutory functions based on the statutes of the organization and it plans and implements its program of activities independently

36. As to external oversight mechanisms, in the UN system, they are the oversight bodies established by Member States and accountable to them. External oversight includes external audit, and other mechanisms such as the Advisory Committee on Administrative and Budgetary (ACABQ) questions of the United Nations, the Joint Inspection Unit (JIU) and the oversight/audit committees. The External Audit is performed directly, on behalf of Member States, by External Auditors, selected according to the statute of each organization. External Auditors come from the audit entities of Member States themselves. In particular, the biennium accounts have to be certified by the External Auditors who have to act independently in the performance of their mandate.

37. A further distinction is between operational oversight mechanisms and the review oversight mechanism. Operational oversight mechanisms base their analyses and reports on primary data that they themselves collect. Examples of such bodies are: the Joint Inspection Unit (JIU), which is UN system wide, the UN Board of Auditors (BOA), and the WIPO External Auditor. On the other hand, review oversight mechanisms use data, reports and information which have been prepared, sometimes for them, but to which they add their own examination and analyses, followed by advice and recommendations. Examples of review external oversight bodies are: ACABQ or the Committee for Program and Coordination (CPC) at the United Nations in New York, and the WIPO AC.

38. In recent years, a new class of external oversight bodies has been established covering a single UN organization, such as the Independent Audit Advisory Committee (IAAC) of the United Nations and the WIPO AC.

39. The five specific qualities of these new oversight bodies are as follows:

- external
- independent
- expert

- review
- advisory

### WIPO Audit Committee: Status and Scope

40. Having undertaken the review referred to in Sections A and B above, it is clear that the AC is an *external, independent* and *expert* body in that AC members are elected by Member States as experts in relevant fields (accounting, public finance, public administration, audit, experience in UN oversight bodies, and knowledge of UN system organizations) and serve independent of Member States in a personal capacity. It is a *review* body in that it is non-operational unlike, for example, the Joint Inspection Unit (JIU). Finally, it is *advisory* in that it advises Member States but does not have decision-making power, this being the prerogative of Member States, or managerial authority which is the prerogative of the management of the Organization. These five qualities – external, independent, expert, review and advisory – are essential principles on which the AC stands and functions.

41. Traditionally, audit committees have been mandated mostly to oversee accounting and internal controls. In the UN system however, and as confirmed also in the recently approved new WIPO Financial Regulations and Rules (FRR), review of accounts and of related preparatory procedures are left with the External Auditors. In addition, oversight of risk management is now a key feature of the work of oversight/audit committees. It should also be noted that oversight/audit committees are being entrusted with broader mandates.<sup>16</sup> In the case of WIPO, in view of deficiencies in its oversight mechanisms, Member States gave the AC a broader mandate covering managerial issues and specific projects.<sup>17</sup>

### Precedents and Trends

42. Based on the research conducted by the AC itself (see Appendix I), it appears that 14 other UN system Organizations have or are in the process of establishing oversight/audit committees. In terms of selection, appointment and reporting of members:

- (a) 3 have members elected by Member States and report to them;
- (b) 9 have members selected and appointed by chief executives and report to them;
- (c) 3 have members selected by chief executives and report to them and Member States.

43. In the case of the UN Secretariat, the newly established Independent Audit Advisory Committee (IAAC) is a subsidiary body of the UN General Assembly and assists the Assembly in fulfilling its oversight responsibilities. Also in the case of the International Fund for Agricultural Development (IFAD), the Audit Committee established in 1982 is a sub-committee of the Executive Board and assists it in exercising control over the financial administration of the Fund.

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<sup>16</sup> For example, the US General Accounting Office has become the General Accountability Office to show more specifically its mandate that goes beyond that of simple checking of accounts.

<sup>17</sup> As also demonstrated by the 2005 Joint Inspection Unit report on WIPO (JIU/REP/2005/1)

## Conclusions

44. The AC's research has confirmed the relative weakness of the governance structure of WIPO compared with other UN organizations. The AC believes that the present position does not allow for regular and effective interaction between the Committee itself and Member States.

45. It follows that Member States should consider establishing a new more functional governing body meeting more frequently than the Program and Budget Committee with a possible membership of 12 to 16.

46. In view of the similarities between the oversight/audit committees in the UN Secretariat, IFAD and WIPO, Member States may consider assigning similar status to the AC, as a subsidiary organ of the PBC/GA or of the suggested new layer of governing body as referred to in paragraph 45 above.

## IV. REVIEW OF THE PERFORMANCE OF THE WIPO AUDIT COMMITTEE AGAINST ITS TERMS OF REFERENCE

47. The review that follows in a table format (Table 5) is based on input provided by stakeholders and AC members.

48. As described above and reflected in Table 1, the response by Member States and WIPO officials to the ToR questionnaire was regrettably limited. However, this limitation was mitigated by the comments made by the Regional Group Coordinators and Vice Chairs of the PBC during a meeting with AC representatives on June 16, 2009, which were very useful and informative.

49. In Table 5 below, the observations listed reflect both the work undertaken by the AC during the period under review and, where relevant, its continuing work.

Table 5: Table of Terms of Reference and Observations

<i>Audit Committee Terms of Reference</i> <sup>18</sup>	<i>Observations</i>
<b>B. Functions and Responsibilities</b>	
<p>2. The Audit Committee of WIPO is an independent, expert advisory and external oversight body. It aims to assist Member States in their role of oversight and for better exercise of their governance responsibilities with respect to the various operations of WIPO. Its mandate is as follows:</p>	<p>Paragraph 2 of AC's ToR appears to be still valid.</p> <p>There is a general recognition by WIPO Member States of the value of the AC's work and advice on managerial and administrative issues. However, more frequent and effective two-way communication between the AC and Member States (PBC) is needed. The findings of the survey on governance show that a governing body, meeting more frequently than the PBC, and with a smaller membership (between 12-16 members), is a norm in the UN system.</p> <p>The AC considers that there is a need for: (i) more understanding by the Secretariat of the role of external oversight as an arm of Member States; (ii) improved understanding by the AC of the IP context and challenges; and, (iii) better interaction between the AC and Secretariat.</p>
<p>(a) <i>Promoting internal control by:</i></p> <p>(i) Systematic appraising of management's actions to maintain and operate appropriate and effective internal controls;</p> <p>(ii) Contributing, through its scrutiny function, to the maintenance of the highest possible standards of financial management and the handling of any irregularities;</p> <p>(iii) Reviewing the operation and effectiveness of the Financial Regulations;</p> <p>(iv) Reviewing management's assessment and approach to risk;</p> <p>(v) Reviewing arrangements for checks and balances in areas such as ethics, financial disclosure, fraud prevention and misconduct.</p>	<p>The promotion of internal controls is one of the main functions of the AC. Its work in this area has been made difficult by the lack of policies, documented systems of internal controls in the Organization and slow progress in their introduction although requested by the AC itself.</p> <p>The introduction of the new Financial Regulations and Rules (FRR) has been a major step towards the establishment of proper internal controls but they will remain policy statements until a proper system, including the implementation of the ERP, is established.</p> <p>The audit in this area, from a financial point of view, is within the purview of the Internal and External Auditors while the AC would and will concentrate on the strategies and on the management aspects of internal control related issues, based on the findings of the other two audit entities.</p> <p>Whereas good progress has been made in risk management concerning the New Construction Project, there as yet is no organization-wide risk management system in place.</p> <p>The Committee at its fourth, sixth, ninth, tenth and eleventh meetings urged the Secretariat to establish an Ethics policy. In June 2009, the AC was requested at short notice by the Director General to comment on the proposed Financial disclosure/Declaration of Interest policy (document WO/CC/61/4). Its views, set out in a letter dated June 12, 2009, were not transmitted to the Coordination Committee meeting when it reviewed the matter during its meeting on June 15 and 16, 2009.</p> <p>The establishment of a system of fraud prevention is another area for review by the AC. In the area of investigation, the AC is concerned about the independence of this function from management.</p>
<p>(b) <i>Focusing assurance resources by:</i></p> <p>(i) Reviewing and monitoring the effectiveness of WIPO's internal audit function;</p>	<p>As shown by Tables 2 and 3, IAOD activities have been one of the major concerns of the AC since its inception.</p> <p>Progress on the establishment of a properly functioning IAOD and on a culture of accountability within the Organization has been slow. The effectiveness of IAOD</p>

<sup>18</sup> Document WO/GA/34/15

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<p>(ii) Exchanging information and views with the external auditor, including his audit plan;</p> <p>(iii) Promoting effective coordination of activities between the internal and external audit function;</p> <p>(iv) Confirming audit and assurance arrangements have been conducted and delivered during the year to provide the necessary levels of assurance required by the General Assembly.</p>	<p>has been plagued with slow recruitments and frequent staff movements. Although a number of valuable management audit reports of selected areas have recently been issued, the lack of an accountability culture is indicated by the perception of some managers of being “swamped” with recommendations and by the still unresolved issue of the implementation of oversight recommendations in spite of continuous attention given to this subject by the AC.</p> <p>The AC has stressed the importance of the independence from management of the Internal Audit, including in particular the investigation function. IAOD is part of the organization but not of management. The AC believes that management should emphasize and disseminate the principle of operational independence of IAOD. It will continue to monitor the effective independence of IAOD, including the investigation function.</p> <p>As noted by Member States and WIPO officials, the interaction between the AC and the External Auditor has been sporadic, in spite of steps taken by the AC to establish close co-operation.</p> <p>The ToR governing external audit annexed to the FRR make no reference to the need for the EA to co-operate with the Audit Committee.</p> <p>A triangular cooperation and coordination between the External Auditor, IAOD and the AC has not yet been established and remains an issue to be pursued further by the AC.</p> <p>An annual Statement of Internal Control, signed by a chief executive, is a standard accountability norm. In the case of WIPO, no such internal control arrangement exists. In any event, even if this norm were to be established at WIPO, the AC would not be in a position to confirm that audit and assurance arrangements have been conducted and delivered due to the absence of a fully operational IAOD and of a well defined and functioning system of internal controls.</p>
<p>(c) <i>Overseeing audit performance by:</i></p> <p>(i) Monitoring the timely, effective and appropriate responses from management with regard to audit recommendations;</p> <p>(ii) Monitoring the implementation of audit recommendations;</p> <p>(iii) Monitoring the delivery and content of financial statements in accordance with the requirements of the Financial Regulations.</p>	<p>The AC reviews the status of oversight recommendations on a six monthly basis. It has recommended changes, including prioritization (management complained that they were “swamped” with too many recommendations). It is however the responsibility of managers to implement recommendations. The Secretariat should design and establish a follow-up system for review by the AC.</p> <p>At its tenth meeting, the AC examined the contents of the 2007 financial statements and financial management report<sup>19</sup> and issued a series of recommendations.</p>
<p>(d) The Program and Budget Committee may from time to time request the Audit Committee to review or oversee particular activities and projects, such as:</p> <ul style="list-style-type: none"> <li>- the New Construction Project,</li> <li>- the WIPO desk-to-desk assessment,</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>- any other major project.</li> </ul>	<p>The collaboration between the AC and the New Construction Project team has been fruitful, including the introduction of risk registers by management and the Pilot.</p> <p>As to the Desk-to-Desk Review, difficulties were encountered with implementation of the AC recommendations by the Secretariat, partly as a result of the transitional period and the lack of skills and competencies within the Secretariat. Member States appreciated and adopted the AC’s main recommendations to establish an integrated Organizational Improvement Program (OIP) and a road map for the implementation of the Program showing organizational and resourcing requirements. The OIP was replaced by the Strategic Realignment Program (SRP). Nevertheless, the AC maintains that the work of the Secretariat so far is not in line with its recommendations and the GA decision. Member States want the AC to continue to oversee major projects, including new ones, such as the Voluntary Separation Scheme.</p>

<sup>19</sup> WO/AC/10/2 paragraphs 17 to 20

<p>e) The Audit Committee shall make recommendations to the Program and Budget Committee on issues within the ToRs of the Audit Committee, as it considers appropriate.</p>	<p>See tables 3 and 4</p>
<p><b>C. Membership and Qualifications</b></p>	
<p>3. The Audit Committee shall have nine members elected by the Program and Budget Committee.</p> <p>4. The nine members shall have an initial period of office of three years from appointment. The Program and Budget Committee will elect, as part of the renewal of the members, three new members effective 2009 with a third of the membership to be rotated annually thereafter bearing in mind the need for continuity and respect for geographical distribution. No member shall serve more than six years. Former members of the Audit Committee may be reappointed to the Audit Committee subject to not serving more than six years in aggregate.</p> <p>5. The members of the Audit Committee shall select a Chair and Deputy Chair.</p> <p>6. Member States in nominating candidates for election by the Program and Budget Committee shall ensure that the candidates possess relevant qualifications and experience, for example, in auditing, accounting, risk management, legal affairs, and other financial and administrative matters; expertise as well as geographical distribution and rotation should guide the selection process.</p> <p>7. The Audit Committee should corporately possess the following competencies:</p> <p>(a) Technical or specialist knowledge of issues pertinent to the Organization's business;</p> <p>(b) Experience of managing similar sized organizations;</p> <p>(c) Understanding of the wider relevant environments in which the Organization operates, including its objectives, culture and structure;</p> <p>(d) Detailed understanding of the Organization's governance environment and accountability structures;</p> <p>(e) Oversight or management experience at senior level in the United</p>	<p><i>For more detailed comments, please see Section V Membership.</i></p> <p>The WIPO AC has nine members: seven were elected by the PBC and two selected by the seven. The membership number of similar audit/oversight committees within the UN system varies between nine and four. The revised ToR stipulate that all nine members are elected by the PBC.</p> <p>Within the UN system, oversight/audit committees are not always external and elected. With respect to the eleven oversight/audit committees having only four or five members, it should be noted that, in many cases, the members are selected or appointed by the Chief Executive. In eight out of eleven cases, the oversight/audit committees report to the Chief Executive. Consequently, such oversight/audit committees function more as an internal management tool rather than an external independent oversight body, reporting to Member States.</p>

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<p>Nations system.</p> <p>8. New members should have or should acquire by a structured induction program organized by the WIPO Secretariat in consultation and with the participation of Member States an understanding of the objectives of the Organization, its structure and its culture, and the relevant rules governing it.</p>	<p>Experience has shown that most new members are likely not to be acquainted with the work of the Organization. The AC took the initiative of requesting induction sessions on: the Development Agenda; the Patent Cooperation Treaty (PCT); and the Technical Assistance and Capacity Building Sector. It also met with managers and other WIPO officials responsible for AC agenda items.</p> <p>The DG has also agreed with the proposal by the AC to grant to its members access to the WIPO Intranet to enable them to keep up-to-date on an ongoing basis with the new developments in the Organization.</p> <p>The current membership has by now acquired a reasonably good understanding of WIPO's operations. However the AC is of the view that a customized training program would have to be designed for any new members, according to his/her background and expertise, and outside of the official meetings time.</p>
<b>D. Meetings and Quorum</b>	
<p>9. The Audit Committee will meet regularly every quarter in formal meeting.</p> <p>10. A minimum of five members of the Audit Committee are required to be present for a meeting of the Committee to be quorate.</p> <p>11. The Audit Committee may invite officials of WIPO Secretariat or others to attend meetings.</p>	<p>It is generally considered that quarterly meetings are appropriate and are in line with practice of the majority of other UN organizations. The duration of each meeting is flexible and determined by the agenda.</p> <p>If the composition of the AC is changed, the quorum will change accordingly.</p> <p>The AC believes that in order to exercise its oversight function, it should have unhindered access to all staff and consultants of the Organization, as well as access to records.</p>
<b>E. Reporting and Review</b>	
<p>12. The Audit Committee shall keep Member States informed of its work on a regular basis. In particular, following each of its formal meetings the Committee shall prepare a report for circulation to the Program and Budget Committee.</p> <p>13. Member States will review, every three years, the mandate, functioning and membership of the Audit Committee. However, Member States retain the possibility to ask for this review to be put on the Agenda of any session of the Program and Budget Committee.</p>	<p>The AC prepares a detailed report after each of its meetings. Reports are circulated to all Member States and posted on WIPO's website. As indicated in Table 4, it sometimes takes months before the PBC formally reviews the contents of such reports.</p> <p>As stated above, Member States may consider the establishment of a smaller and more functional governing body, as in the case of other UN organizations. This would also permit Member States to receive and discuss AC reports on a regular basis.</p> <p>The last review took place in 2007. In 2010, Member States are scheduled to undertake such a review again. For this purpose they may take advantage of this Assessment report, which is being submitted to the PBC and GA in September 2009.</p> <p>In the NAO and D&amp;T questionnaires (see Appendix III), there were certain topics not covered by the AC's ToRs. The AC will keep them for future reference when the review of the AC ToRs is undertaken in 2010.</p>
<b>F. Support by the WIPO Secretariat</b>	
<p>14. Assistance shall be provided to the Audit Committee from the WIPO Secretariat. This assistance shall be outside of the Internal Audit and Oversight Division of WIPO, in accordance with the principles of accountability and transparency. Functions of such logistical and technical assistance shall include: (a) logistical and administrative support. This would entail preparing for and attending Audit Committee meetings and assisting with preparing draft reports; (b) substantive</p>	<p>So far the AC has managed to perform its function thanks to the dedication and voluntary work of its members. It should be recalled in this connection that all Members perform their function on a pro-bono basis either on their own time or upon release from duty from their employers.</p> <p>The volume of work and the need to ensure more appropriate substantive and technical work requires a strengthening of the support provided to the AC.</p> <p>A reduced number of Members of the Committee would call for more substantive support and possibly a dedicated Secretariat.</p>



<p>and technical work in preparation for Audit Committee meetings, which may include research and background position papers, and others, as may be requested by the Audit Committee.</p>	
<p><b>G. Budget</b></p>	
<p>15. In its biennial budget WIPO shall provide a specific budget allocation for the Audit Committee, providing for costs on an annual basis associated with the approved activities and related expenditures as provided in the terms of reference, namely four formal meetings of four days each, attendance by Audit Committee members to the Program and Budget Committee and other meetings as required, secretarial and substantive support, and external consultancies.</p> <p>16. Expenses for members of the Audit Committee will be paid by WIPO in accordance with WIPO's financial rules and regulations.</p>	<p>Currently, limited funding, in the order of CHF20,000 per year are budgeted for technical consulting work. Although such funding was not used so far due to the competencies existing in the AC itself, it is recommended to leave such provisions in future budgets. It is also recommended that professional expertise be put at the disposal of the AC for its research and substantive work.</p>
<p><b>H. Information Requirements</b></p>	
<p>17. Well in advance of each formal meeting, the WIPO Secretariat shall provide the Audit Committee with documents and information related to its Agenda, and any other relevant information.</p>	<p>While the Committee fully understands that operational requirements and priorities may force the Secretariat to submit documents at the last minute, on several occasions the work of the Committee was hindered by the fact that documents were submitted too late to be considered and properly evaluated by its members.</p>

## V. MEMBERSHIP

### Introduction

50. In accordance with the AC's ToRs as approved by Member States, the AC was to be composed of nine members. The PBC at its tenth session (January 11 to 13, 2006) elected seven members on the basis of qualifications and skills, both individual and corporate, as well as geographical distribution. Shortly after, two additional members were selected by the seven elected members.

51. The revised ToRs approved by the WIPO Assemblies (September 24 to October 3, 2007), stipulates *inter alia* that "the nine members shall have an initial period of office of three years from appointment"; and that the PBC will elect three new members effective 2009 with a third of the membership to be rotated annually thereafter, bearing in mind the need for continuity and respect for geographical distribution."<sup>20</sup>

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<sup>20</sup> Document WO/GA/34/15

52. In its eleventh meeting (December 1 to 4, 2008), the AC decided to undertake in 2009 an assessment of its work and operations and submit its conclusions to the PBC. It also reminded both the PBC and the GA of the imminent need to elect three new members by January 2009.

53. However, in view of the transition period and delays in PBC meetings, and after a suggestion by the Director General, the PBC and subsequently the GA decided to:

- “(i) renew the mandate of all members of the AC until January 2010; and
- (ii) review the process of rotation and the size of the AC, with a view to agreeing relevant changes at their 2009 session; and ...”<sup>21</sup>

54. The forthcoming PBC and GA in September 2009 are scheduled to take up this matter and decide on the future size of the AC membership and the process of rotation.

55. The AC has reviewed the matter of membership as part of its present assessment exercise. In this connection, the AC prepared a draft table on oversight/audit committees in the UN system showing: Title and Date Established; Membership; Role and Purpose; Functions/Activities; Sessions; Reporting and Secretarial: Budget and Staffing. The draft table was sent to UN organizations that have an oversight/audit committees or are in the process of creating one, for validation and updating. The final table appears in Appendix I.

56. Before going into brief analysis of the final table, it is important to point out and underline a number of factors that have a direct bearing and influence on the oversight/audit committee membership number. These include:

- (i) skills and qualifications of its individual members;
- (ii) nomination and selection by Member States of qualified and skilled individuals taking into account the corporate qualification requirements of the Committee as a whole, where the Committee reports to Member States;
- (iii) selection by chief executives of qualified and skilled individuals where the committee reports to the chief executive;
- (iv) geographical distribution;
- (v) rotation;
- (vi) secretariat support both logistical and administrative, and substantive professional support, which has a bearing on the total budget; and,
- (vii) the governance structure of the organization.

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<sup>21</sup> Document A/46/12

### Review of UN Oversight/Audit Committees

57. Reverting to the table in Appendix I on Oversight/Audit Committees in UN system organizations, out of 15 existing and proposed oversight bodies identified so far:

- (i) 2 have 4 members (internal oversight/audit committees reporting to chief executives);
- (ii) 9 have 5 members (internal/external oversight/audit committees), of which 6 report to chief executives and 3 to Member States;
- (iii) 1 has 6 members (internal oversight/audit committee reporting to the chief executive); and,
- (iv) 3 have 9 members (external oversight/audit committees reporting to Member States, including WIPO).

58. Where the members are chosen and appointed by the head of the organization and report to him or her (9 cases out of 15), the oversight body is *de facto*, an additional layer of internal oversight. Such oversight/audit committees therefore are not external independent advisory oversight bodies acting for Member States.

59. In certain organizations, like the UN Secretariat and its affiliated Funds and Programs, and Specialized Agencies, they have other layers of oversight bodies including such bodies as ACABQ and the CPC in the UN and small finance and program committees in Specialized Agencies. The composition of such governing bodies ranges between twelve and sixteen. WIPO has neither an “Executive Board” nor a smaller finance and program committee/governing body.

60. It should also be added that secretariat support varies widely from one organization to another ranging from a part-time General Service support staff member to a dedicated secretariat, as in the case of the UN Independent Audit Advisory Committee, which has staff at both the Professional and Director level.

61. Furthermore, geographical groups of Member States vary across the UN system. Some organizations have five geographical groups, while WIPO, for example, has seven.

62. The points made in this Section and Section A above all have a bearing on the future functions and structure of a WIPO oversight/audit committee.

### Options and Implications

63. With the above information in mind, and after a review and analysis of its work over the last three and a half years, and considering responses to questionnaires sent to stakeholders, and interaction with Regional Group Coordinators, the AC puts forward the following possible options/scenarios concerning the membership:

(i) Option one: *nine members*:

- Maintains existing membership level
- Retains notion of “safety in numbers” whereby the risk of not having the right mix of skills and qualifications individually and corporately is mitigated
- Facilitates equitable geographical distribution and provision for specialized skills

(ii) Option two: *seven members*:

- Retains to a lesser extent the notion of “safety in numbers”
- Provides possibility of equitable geographical distribution

(iii) Option three: *five members*:

- Requires careful nomination and selection of members to ensure the right mix of skills and qualifications
- Does not retain the notion of “safety in numbers”
- Does not permit full geographical representation
- Requires more substantive professional Secretariat support than in options one and two

64. As for Secretariat support for the AC, Member States were originally of the opinion that the AC should have a permanent Secretariat supporting it both administratively and substantively. Subsequently, however, it was decided by Member States that the AC should have the assistance of a part-time General Service staff member. On the basis of its experience, the AC is of the opinion nevertheless that substantive professional support is required, not just for administrative and logistical matters, but also for information gathering and conducting research to maximize the time and operating efficiency of the Committee. The Committee did not use the “consultancies” component in its budget foreseen for very specific technical expertise. A number of AC members undertook substantive work necessary for the functioning of the AC on a *pro bono* basis.

65. Concerning costs, the AC represented about 0.15% of the 2006/7 biennium expenditures (CHF508,000) and 0.12% of the 2008 expenditures (CHF332,000) of the Organization. Approximately 25% of these expenditures related to interpretation costs. In addition, the costs for part-time General Service support were absorbed under a different budget line.

66. It should be noted that the members of the WIPO Audit Committee do not receive remuneration or honoraria for their work, and a number of members work over and above the formal AC sessions.

67. While cost is a key factor in deciding on the composition of the AC, it is the cost-effectiveness of the AC that is most important.

68. As for rotation, starting in January 2010, taking into account the maximum service limit of 6 years for each individual member under the terms of reference, then:

- (i) Option one - *nine members*: a minimum of three members will have to be replaced;
- (ii) Option two - *seven members*: two members will have to leave and two members may have to be replaced; and,
- (iii) Option three - *five members*: four members will have to leave and one may have to be replaced.

### Conclusion

69. The AC has refrained from recommending particular membership size options and leaves this matter for decision by Member States. A rotation scheme could be worked out subsequently.

## VI. CONCLUSIONS AND RECOMMENDATIONS

70. There is an agreement among all parties (Member States, Secretariat and AC members) that the *continuation of an external independent and advisory Oversight/Audit Committee in WIPO is in the interest of the Organization and is needed.*

71. The word “Audit” does not encompass the scope of functions carried out by internal or external oversight/audit committees. In line with other UN organizations, the title of the present WIPO Audit Committee should be changed to reflect such a reality.

72. *It is recommended that the title of the WIPO Audit Committee be changed to the WIPO Independent Advisory Oversight Committee (IAOC).*

73. The WIPO AC is an advisory oversight mechanism for Member States. The interaction between the Audit Committee and Member States has been sporadic and not synchronized with the PBC, which meets once per year. In other UN organizations, there is a smaller and more functional layer of governing body that meets more frequently to interact with oversight bodies, and act upon their reports.

74. *It is recommended that Member States consider the establishment, within WIPO, of a new more functional governing body meeting more frequently than the PBC, with a possible membership of twelve to sixteen.*

75. The oversight/audit committee in both the UN and IFAD (see paragraphs 43 and 46 above) are subsidiary organs of their respective legislative bodies.

76. *It is recommended that the WIPO “Independent Advisory Oversight Committee (IAOC)” be designated by Member States as a subsidiary organ of the PBC/GA or the suggested smaller governing body (paragraph 45).*

77. The composition of external oversight bodies within the UN system varies. It usually follows the designated regional geographic groups. As shown in this report, the membership number is not to be taken in isolation but to be considered in relation to:

- required skills and qualifications, both individual and corporate;
- nomination and selection/election by Member States;
- geographical distribution and rotation;
- Secretariat assistance, with budgetary implications; and,
- the governance system in the organization.

78. Another factor is related to the nature and functions of an audit/oversight committee. In a number of UN organizations, the members are appointed by and report to the chief executive rendering the committee as an internal management tool rather than an external oversight body. The AC does not consider this as a viable alternative to an external independent oversight body reporting to Member States.

79. The AC described above three models (memberships of nine, seven or five) prevalent in the UN system organizations. Taking into account all these factors mentioned above, the membership has to be considered very carefully.

80. *The AC refrained from recommending any of the membership size options and leaves this decision to Member States.*

81. Other more specific conclusions and recommendations appear in Table 5 of this report, as summarized below:

- (a) The AC considers that there is a need for: (i) more understanding by the Secretariat of the role of external oversight as an arm of Member States; (ii) improved understanding by the AC of the IP context and challenges; and, (iii) better interaction between the AC and Secretariat.
- (b) The current membership has by now acquired a reasonably good understanding of WIPO's operations. However the AC is of the view that a customized training program would have to be designed for any new members, according to his/her background and expertise, and outside of the official meetings time.
- (c) The AC believes that in order to exercise its oversight function, it should have unhindered access to all staff and consultants of the Organization, as well as access to records.
- (d) The AC believes that management should emphasize and disseminate the principle of operational independence of IAOD.
- (e) The Secretariat should design and establish a follow-up system for the implementation of oversight recommendations, for review by the AC.
- (f) Stronger secretariat support to the AC is needed. Specialized expertise may be required.

- (g) For the scheduled review of the AC's ToRs in 2010, it is suggested that use be made of the self assessment questionnaires of the National Audit Office of the United Kingdom (NAO) and Deloitte & Touche (D&T) (Appendix III).

[Appendices I, II and III follow]

## APPENDIX I

## UN System Oversight/Audit Committees

*This table contains data collected by the WIPO Audit Committee  
The data was verified by 12 organizations. It is to be considered as work in progress*

<i>Organization</i>	<i>Title &amp; Date Established</i>	<i>Membership</i>	<i>Role/Purpose and Reporting</i>	<i>Functions/ Activities</i>	<i>Sessions</i>	<i>Secretariat</i>
UN Secretariat  (also covers UNCTAD, UNEP, UN-HABITAT and OHCHR)	Independent Audit Advisory Committee  Established Feb. 2006 (Res. A/RES/60/248)	Members: 5  Status: Non-staff members  Elected by GA based on recommendations by GA's Fifth Committee (Administrative and Budgetary)	<u>Role/Purpose:</u> Subsidiary body of the General Assembly that serves in an expert advisory capacity and assists the Assembly in fulfilling its oversight responsibilities  <u>Reporting:</u> Reports to General Assembly. Annual reports and reports on specific issues published on UN website	<u>General:</u> Advise GA on: scope, results and effectiveness of audit as well as other o/sight functions; measures to ensure compliance of management with audit and other o/sight recs; <u>Internal oversight:</u> Examine OIOS workplan (taking into account workplans of the other o/sight bodies, with the Under-Sec-Gen for IOS and advise GA thereon; Review budget proposal of OIOS, taking into account its workplan, and make recs to GA through ACABQ; the formal report of IAAC should be made available to GA and ACABQ prior to their consideration of the budget; Advise GA on effectiveness, efficiency and impact of audit activities and other oversight functions of OIOS; <u>Management of risk and internal controls:</u> Advise GA on quality and overall effectiveness of risk management procedures; Advise GA on deficiencies in internal control framework of UN; <u>Financial reporting:</u> Advise GA on operational implications for UN of issues and trends apparent in fin. statements of the Org. and reports of Board of Auditors; Advise GA on appropriateness of accounting policies and disclosure practices and assess changes and risks in those policies; <u>Other:</u> Advise GA on steps to increase and facilitate cooperation among United Nations oversight bodies.	up to 4 per year	Dedicated Secretariat with autonomy similar to that of ACABQ and ICSC Secretariats
<b>UN Funds and Programs</b>						
UNDP	Audit Advisory Committee  Established 2006 (replacing former Management Review and Oversight Committee est. 1996)	Members: 5  Status: Non-staff members  Appointed by the Administrator	<u>Role/Purpose:</u> To assist the Administrator in fulfilling his/her responsibilities regarding financial management and reporting, internal and external audit matters, risk management arrangements, and systems of internal control and accountability. To advise the Administrator, taking into consideration the Financial and Staff Regulations and	(a) Advise the Administrator on all issues arising from its activities under these terms of reference and make appropriate recommendations to him/her; b) Review and advise the Administrator on policies significantly impacting financial management and reporting, the internal audit function, and the effectiveness of UNDP's systems of internal control and accountability; c) Review and advise the Administrator on UNDP's financial statements and reports; d) Promote the understanding and effectiveness of the audit and investigation functions within UNDP, and provide a forum to discuss internal control and matters raised by the internal and external audits; e) Monitor and advise on risk management arrangements; f) Review and provide comments on the OAI strategy and annual workplans; g) Review and advise the Administrator on the	At least 4 per year	Associate Administrator 1 x P5 1 x G4 part time



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Organization	Title & Date Established	Membership	Role/Purpose and Reporting	Functions/ Activities	Sessions	Secretariat
			<p>Rules as well as policies and procedures applicable to UNDP and its operating environment.</p> <p><u>Reporting:</u> Annual Report submitted to the Administrator, which is presented to the Executive Board for information. Report published on the UNDP website</p>	<p>budget of OAI; h) Review and provide comments on the OAI annual report to the Executive Board; i) Review and advise the Administrator on the appointment, performance evaluation, and dismissal of the Director of OAI; j) Discuss BOA audit work plans; k) Consider all relevant reports and management letters by OAI and BOA, including reports on UNDP's financial statements; l) Consider the risk and control implications of audit reports and highlight, as necessary, audit issues that may need further investigation with due considerations to confidentiality and due process; m) Monitor the implementation by management of OAI and BOA audit recommendations; n) Advise on UNDP's fraud prevention policy, code of ethics and whistleblower policy; and o) Prepare and submit an annual report on its activities to the Administrator that is also presented to the Executive Board for information</p>		
UNFPA	<p>Audit Advisory Committee</p> <p>Established: 2006</p>	<p>Members: 5</p> <p>Status: Non-staff members</p> <p>Appointed by Executive Director</p>	<p><u>Role/Purpose:</u> To assist Executive Director. To further enhance accountability and transparency within the Organization</p> <p><u>Reporting:</u> Annual Report submitted to the Executive Director. Report published on the UNFPA website. Reports verbally to the Executive Director after each AAC meeting. Prepares AAC Minutes.</p>	<p>The Audit Advisory Committee (AAC) shall assist the Executive Director in fulfilling the Executive Director's responsibilities for financial management and reporting, external audit matters, risk management, the systems of internal control and accountability, and the oversight process (hereinafter referred to as internal audit, evaluation, and investigative functions). The primary role of the AAC is to advise the Executive Director taking into account the organization's process for monitoring compliance with the Rules and Regulations adopted by the UNFPA's Governing Bodies.</p>	<p>In 2008 7 meetings (3 x in-person and 4 x tele-conference)</p>	<p>Provided by Exec. Director's Office and Division of Oversight Services. No specific staff members assigned to AAC</p>

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Organization	Title & Date Established	Membership	Role/Purpose and Reporting	Functions/ Activities	Sessions	Secretariat
UNICEF	UNICEF Audit Advisory Committee	Members: 5  Status: Non-staff members  Appointed by Executive Director	<u>Role/Purpose:</u> To assist the Executive Director and Executive Board in discharging their governance and oversight responsibilities for UNICEF operations  <u>Reporting:</u> Annual Report submitted to the Executive Director. Minutes of meetings confidential. Annual Report made available to the Executive Board	To provide assurance over the functioning of the UNICEF oversight system, by helping to: a) ensure review of the quality of financial reporting, governance, risk management and internal controls in UNICEF; b) ensure management takes appropriate action on audit recommendations; c) ensure the independence, effectiveness and objectivity of the internal audit/oversight and external audit functions; and d) strengthen communication among stakeholders, external and internal auditors and management.	4 per year	Support provided by OIA Secretariat. 1 x P5 part-time and 1 x G6 part-time
UNHCR	Oversight Committee  Established: 1997	Members: 6  Status: 3 x non-staff and 3 x staff members	<u>Role/Purpose:</u> To assist the High Commissioner in overseeing the financial and operational management of the Office, to monitor the independence and effectiveness of the internal oversight functions and to ensure that oversight findings and recommendations are adequately addressed.  <u>Reporting:</u> Reports to the High Commissioner. Reports not published.	The latest Terms of Reference (August 2008) of the Committee state that its core responsibilities are to ensure that UNHCR's risks are appropriately identified; that the UNHCR oversight functions, including audit, inspections, investigations and evaluation, design and implement coordinated plans to mitigate the identified risks; that plans are implemented as approved; and that there is accountability in the management of the organization. In the discharge of its responsibilities, the Committee reviews the activities of all oversight bodies within UNHCR with a view to optimizing their complementarities and cooperation; monitors the status of implementation of oversight recommendations; and, as necessary, takes steps to ensure their adequate implementation. (Extract UN document A/AC.96/1055* Oct. 2008 page 22 §83) <sup>1</sup>	4 per year	Secretary: Audit Coordinator
WFP	Audit Committee  Reconstituted June 2004  External as of	Members: 5  Status: External Members  Appointed by Executive	<u>Role/Purpose:</u>  An independent advisory body reporting to the Executive Board and the Executive Director.	<i>Since 2004:</i> 1) Appraise adequacy of audit plans, scope and effectiveness of audit services and suggest potential audit areas; 2) Coordinate with external auditor the scope and approach of internal audits, assess the implications of findings on existing policies, systems, procedures, oversee implementation of recommendations; 3) Ensure audits are undertaken in accordance with acceptable auditing standards; 4) recommendations to ED; 5) Evaluation of audit and other issues,		Secretariat: Assistance provided by the WFP Secretariat for logistical and administrative support, and

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Organization	Title & Date Established	Membership	Role/Purpose and Reporting	Functions/ Activities	Sessions	Secretariat
	Jan. 2007	Director	<p><u>Reporting:</u></p> <p><i>As of 2009:</i> Submits Annual report on the Audit Committee's work for the Executive Director and for presentation to and consideration by the annual session of the Executive Board each year. The report will include an annual performance evaluation of its work. Periodically review the adequacy of its terms of reference and mandate where appropriate recommending changes to the Executive Board for approval.</p> <p>Annual Report published on WFP website</p>	<p>identification of those needing refinement; 6) Review of final draft of response prepared by FS to ensure adequacy and recommending to ED appropriate action/follow-up (FS = office responsible for liaison with external auditor)</p> <p><i>Proposed new ToR 2009 - Principles approved by Executive Board</i>a) Advise on all issues arising from its activities under these Terms of Reference and make appropriate recommendations to the Executive Director and/or the Executive Board.b) Review and advise on policies significantly affecting accounting and financial reporting issues; and the effectiveness of the Programme's internal controls, internal audit function and operational procedures.c) Review and advise on the Programme's risk management strategy, processes and issues.d) Review and advise on the Programme's financial statements and reports.e) Promote the understanding and effectiveness of the audit function within the Programme, and provide a forum to discuss internal control and risk management issues, operational procedures and matters raised by internal and external audits.f) Provide comments on the work plans of the internal and external audit functions for consideration in their ongoing review.g) Consider all relevant reports by the internal and external auditors, including reports on the Programme's financial statements and management letters. The Programme is responsible for the fair presentation of financial statements including adequate disclosure.h) Consider the risk and control implications of reports from OSDI in terms of its mandate and refer audit issues to the investigations unit as appropriate, with regard to due process and privacy considerations.i) Monitor the implementation by management of internal and external audit recommendations.j) Review and advise on the Programme's arrangements for its employees and external parties to raise concerns, in confidence, about allegations of wrongdoing in the management and conduct of operations.k) Advise on WFP's fraud prevention policy, code of ethics and whistleblower policy.l) Prepare and submit an annual report on its activities for the Executive Director and for presentation to the Executive Board for consideration and discussion. m) Provide commentary on the performance of internal and external auditors.n) Advise and make recommendations to the Executive Board in relation to the arrangements for the appointment of the External Auditor under the Programme's Financial Regulations.</p>		<p>technical preparation of reports and related documents for the Audit Committee meetings and discussions.</p> <p>1 x D1 1 x G7 and 2 x G5. Personnel are involved as and when required to prepare for the Audit Committee meetings and discussions.</p> <p><i>Proposed 2009.</i> Secretariat: a member or members of the Programme's staff designated by the Executive Director, to report directly to the Chairperson on matters relating to the work of the Audit Committee.</p>

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Organization	Title & Date Established	Membership	Role/Purpose and Reporting	Functions/ Activities	Sessions	Secretariat
<b>UN Specialized Agencies</b>						
FAO	<p>Audit Committee</p> <p>Established: April 2003 (Staff members)</p> <p>Reconstituted January 2008 (Non-staff members)</p>	<p>Members: 5</p> <p>Status: non-staff members</p> <p>Appointed by Director General</p>	<p><u>Role/Purpose:</u> Provide advice to the Director-General and the Inspector General on planning, performance and reporting of the work of the Office, among others.</p> <p><u>Reporting:</u> <i>Extract Annual Activity Report 2008, Office of the Inspector General:</i> "It is expected that the Audit Committee's Chairperson will present the Committee's 2008 Annual Report addressed to the Director-General directly to the Finance Committee's 2009 May session."</p>	<p><i>Extract Annual Activity Report 2008, Office of the Inspector General:</i> "The Committee continued to address the rate of implementation of internal audit recommendations, suggested ways to improve audit resolution and continued to stress the importance of implementing internal audit recommendations. The Committee also reviewed the Organization's response to the recommendations on audit matters in the report of IEE, followed progress on implementing recommendations from the external Quality Assurance Review of the Office in 2007, and provided direction on the Office's risk analysis and resulting audit plan for 2008-2009. With regard to investigations, the Committee assessed FAO's procedures relating to fraud allegations, monitored timely investigation of cases and disciplinary action taken, ensured that the details of fraud cases are used to strengthen internal controls, and stressed the importance of issuing investigation guidelines. The Committee also monitored the Office's regular reporting and provided advice on the revision of the Office's Charter."</p>	3 in 2008	Secretary ( <i>ex-officio</i> ): Inspector-General
ICAO	<p>Advisory Group on Evaluation and Audit</p> <p>Established: June 2008</p>	<p>Members: 5</p> <p>Status: non-staff members</p> <p>Appointed by:the Council for a three-year period</p>	<p><u>Role/Purpose:</u> Advisory to the Council</p> <p><u>Reporting:</u> Reports to the Council. Annual Report and special working papers presented to the Council</p>	<p>Provide guidance to the Council on the Organization's audit, risk management and internal control processes. Consider the planned activities and results of both the internal audit/evaluation function, and the external audit function; and review how management have responded to, and implemented recommendations. Review of the audited financial statements, internal audit reports, risk assessment processes and internal controls; evaluate the overall efficiency and effectiveness of the external auditor and the internal audit service, and review their proposed fees/terms or budgets. Ascertain whether processes for assessing and managing risk within the Organization are adequate and operating effectively; review and evaluate the timeliness and adequacy of actions taken by management to implement agreed recommendations of the internal and external auditors and other bodies such as the JIU and make recommendations to the Council thereon; make recommendations to the Council regarding the appointment and remuneration of the External Auditor; and ensure that appropriate written procedures relating to internal control are in place such as financial disclosure procedures and the procedures</p>	<p>Approx. 3 per year (2 full days per meeting) plus e-mail exchanges and phone conferences</p>	<p>Assistance provided by ICAO Secretariat via the Office for Programmes Evaluation, Audit, and Management Review (EAO): a) logistical and admin. support in preparation of meetings and working papers, which may include research Travel expenses are covered by their respective Member State</p>

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Organization	Title & Date Established	Membership	Role/Purpose and Reporting	Functions/ Activities	Sessions	Secretariat
				for handling allegations from whistleblowers; and recommend special investigations relating to internal control as necessary.		
IFAD	Audit Committee  Established: April 1982	Members: 9  Status: non-staff members  Elected by Executive Board	<u>Role/Purpose:</u> Sub-committee of Executive Board with role to assist the Executive Board exercise control over financial administration of the Fund  <u>Reporting:</u> Reports to Executive Board. Reports published on IFAD's website	Review draft annual financial statements. External Auditor: Nominate EA to the Exec. Board, following review of the scope, costs and contractual terms; Review detailed scope, design and results of audit in private sessions with Ext. auditor; Satisfy itself that Ext Aud. Recs are promptly acted on by Management; Commission special investigations from the external auditor where it sees fit; Every five years, review the case, from first principles, for rotating the appointment of the external auditor. Internal Audit Function: Satisfy itself that the int. audit function is effective and efficient, and that audit reports are promptly acted on by Management. Other: Review application to Fund of new or revised accounting standards and principles; Conduct a triennial review of the level of the General Reserve; Conduct a triennial review of the risks faced by the Fund and its risk-management procedures, satisfying itself, <i>inter alia</i> , that the internal control and risk-management systems established by Mgt in the areas of investment and procurement effectively safeguard the Fund's assets; Report to Exec. Board on any matters arising from above ToR and submit such conclusions and recs; and Undertake other tasks, within scope of above ToR, remitted to it by Exec. Board	4 per year	Office of the Controller
ILO	Independent Oversight Advisory Committee  Established: March 2008	Members: 5  Status: non-staff members  Appointed by Governing Body	<u>Role/Purpose:</u> Assist Governing Body fulfil its governance and oversight responsibilities  <u>Reporting:</u> Reports to Programme, Financial and Administrative Committee (PFAC). Reports published on ILO's website.	Review operation and effectiveness of Fin. Regs and Rules; Review management's risk assessment and ensure that risk management process is comprehensive and ongoing; confirm audit arrangements have been conducted and delivered during year to provide the necessary levels of assurance required by DG and the Gov. Body; Monitor the timely, effective and appropriate responses to internal and external audit recommendations; Provide advice to DG on issues within mandate of the Committee; Prepare an annual report, which shall be presented by the Chairperson to the March session of the PFAC. Committee may also report key findings and matters of importance to the PFAC at any other session.	2 per year	
IMO	<i>No Oversight/Audit Committee</i>					

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Organization	Title & Date Established	Membership	Role/Purpose and Reporting	Functions/ Activities	Sessions	Secretariat
ITU	<i>No Oversight/Audit Committee</i>					
UNESCO	Oversight Advisory Committee  2000	<p><u>Current and Proposed 2009</u></p> <p>Members: 4</p> <p>Status: non-staff members</p> <p>Appointed by the Director General</p>	<p><u>Role/Purpose:</u></p> <p><i>Since 2005:</i> “To ensure IOS professional independence and assess the adequacy of IOS resources” (ref: 174 EX/Decision 28)</p> <p><i>Proposed 2009:</i> Advisory to Director-General to assist Director-General in fulfilling his/her oversight responsibilities, including on the effectiveness of risk management, internal control, and other internal oversight related matters with respect to the Organization’s operation.</p> <p><u>Reporting:</u></p> <p><i>Proposed 2009:</i> Reports to the Director General and provides annual summary report to Executive Board with Director-General’s comments thereon.</p>	<p><u>Since 2005:</u> 3 main functions: 1) help strengthen oversight strategies and priorities by reviewing workplans of Internal Oversight Service, providing proposals for audits/evaluation activities to address risks; 2) Review of implementation of recommendations; 3) Review of plans of external auditors, outcome and follow-up to their recommendations. Systematic and independent review of programme implementation and operations: a) audit (Assessment of effectiveness and adequacy of external and internal annual audit and evaluation coverage with emphasis on high risk areas); b) evaluation; c) inspection; d) management improvements (Monitor internal controls, performance measurements; Review systemic org. issues arising from audit and evaluation reports; monitor risk management and the taking of corrective action; financial/policy implications of audit/evaluation recommendations; Establishment of key management monitoring indicators; Review performance on quarterly basis); e) investigations (to pursue allegations of violations of regulations, rules or pertinent admin issuances, Review investigation findings of presumptive or actual mismanagement, incl. irregularities and fraud; monitor follow-up responsibilities).</p> <p><u>Proposed 2009:</u> Internal oversight 1. To advise on the adequacy and effectiveness of the Internal Oversight Service (IOS) and its strategies, priorities and work plans and suggest potential areas to address the Organization’s risks; 2. To review and discuss with Management the internal control and risk management issues that may arise from IOS oversight activities; 3. To review and advise on the IOS charter, authority, operational independence and resource requirements to carry out effectively IOS responsibilities; 4. To advise on the implementation by Management of IOS recommendations. Management of risk 5. To review and discuss with Management the Organization’s policies and practices with respect to risk assessment and risk management and internal control systems; 6. To advise the Director-General on the quality and overall effectiveness of risk management policies and procedures; Internal controls 7. To advise Management on potential weaknesses in the internal control framework of UNESCO; 8. To review and discuss with Management the policies significantly impacting accounting and financial reporting issues, use of resources and the effectiveness</p>	<p><i>Current:</i></p> <p>At least 3 x per year</p> <p><i>Proposed 2009:</i></p> <p>1 per year mandatory plus maximum as required</p>	<p>Secretary: Director IOS 1 x P2 part-time 1 x G6 part-time</p>

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<i>Organization</i>	<i>Title &amp; Date Established</i>	<i>Membership</i>	<i>Role/Purpose and Reporting</i>	<i>Functions/ Activities</i>	<i>Sessions</i>	<i>Secretariat</i>
				of the Organization's internal controls; 9. To stay informed on the reports of the External Auditor and the state of implementation of his/her recommendations.		
UNIDO	<i>No Oversight/Audit Committee</i>					
UPU	Internal Audit Committee	Members: 4  Status: Staff Members	<p><u>Role/Purpose:</u></p> <p>To examine the proposals and recommendations of the Internal Auditor and determine how they should be followed up; to follow up the proposals and recommendations of the External Auditor and the responses of the Finance Directorate; where necessary, to follow up the proposals and recommendations of the Joint Inspection Unit; to consider other agenda items relating to financial and operational oversight.</p> <p><u>Reporting:</u></p> <p>Reports to Director General</p>	In accordance with the provisions of the Charter of Internal Auditing, to ensure the independence of the Internal Auditor, take account of risk assessments, and follow up on the proposals and/or recommendations made by auditors.	At least once every six months	Secretary: Internal Auditor
UNWTO	<i>No Oversight/Audit Committee</i>					
WHO	<i>Proposal 2009:</i> Independent Expert Oversight Advisory Committee	<i>Proposal 2009:</i> Members: 5  Status: non-staff members  Members	<p><u>Role/Purpose:</u></p> <p><i>Proposal 2009:</i> To advise the Program, Budget and Administration Committee, and, through it, the Executive Board, in fulfilling their oversight advisory responsibility and, upon</p>	<i>Proposal 2009:</i> The functions of the Committee shall be: (a) to review the financial statements of WHO and significant financial reporting policy issues; (b) to advise on the adequacy of the Organization's internal controls and risk management systems, and to review risk assessment in the Organization and the comprehensiveness of existing process for risk management; (c) to exchange information with, and review the effectiveness of, the Organization's internal and external audit functions, as well as to monitor the timely, effective and appropriate implementation of all audit findings and recommendations; (d)	<i>Proposal 2009:</i>  At least 2 per year	<i>Proposal 2009:</i>  The WHO Secretariat will provide Secretariat support

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Organization	Title & Date Established	Membership	Role/Purpose and Reporting	Functions/ Activities	Sessions	Secretariat
		proposed by Director-General for appointment by Executive Board	request, to advise the Director-General on issues within its mandate.  <u>Reporting:</u>  <i>Proposal 2009:</i> Report to Program, Budget and Administration Committee	to provide, upon request, advice to the Director-General on the matters under points (a) to (c) above; (e) to prepare an annual report on its activities, conclusions, recommendations and, where necessary, interim reports, for submission to the Program, Budget and Administration Committee by the Chairman of the Independent Expert Oversight Advisory Committee.		
WIPO	Audit Committee  Established: 2006	Members: 9  Status: non-staff members  Elected by the Program and Budget Committee	<u>Role/Purpose:</u>  An independent, expert advisory and external oversight body to assist Member States in their role of oversight and for better exercise of their governance responsibilities with respect to the various operations of WIPO  <u>Reporting:</u>  Submits reports to the Program and Budget Committee, which transmits to the General Assembly.  Quarterly meeting reports and Biennium Report published on the WIPO website	(a) Promoting internal control by: (i) Systematic appraising of management's actions to maintain and operate appropriate and effective internal controls; (ii) Contributing, through its scrutiny function, to the maintenance of the highest possible standards of financial management and the handling of any irregularities; (iii) Reviewing the operation and effectiveness of the Financial Regulations; (iv) Reviewing management's assessment and approach to risk; (v) Reviewing arrangements for checks and balances in areas such as ethics, financial disclosure, fraud prevention and misconduct. (b) Focusing assurance resources by: (i) Reviewing and monitoring the effectiveness of WIPO's internal audit function; (ii) Exchanging information and views with the external auditor, including his audit plan; (iii) Promoting effective coordination of activities between the internal and external audit function; (iv) Confirming audit and assurance arrangements have been conducted and delivered during the year to provide the necessary levels of assurance required by the General Assembly. (c) Overseeing audit performance by: (i) Monitoring the timely, effective and appropriate responses from management with regard to audit recommendations; (ii) Monitoring the implementation of audit recs; (iii) Monitoring the delivery and content of financial statements in accordance with the requirements of the Financial Regulations. (d) The Program and Budget Committee may from time to time request the Audit Committee to review or oversee particular activities and projects, such as: - the New Construction Project, - the WIPO desk-to-desk assessment, and- any other major project. (e) The Audit Committee shall make recommendations to the Program and Budget Committee on issues within the terms of reference of the Audit Committee, as it considers appropriate	4 per year (4 full days per meeting) and representation at PBC and GA	Assistance provided by WIPO Secretariat outside Internal Audit and Oversight Division: (a) logistical and admin. support and (b) substantive and technical work in preparation for Audit Committee meetings, which may include research and background position papers, and others, as may be requested by the Audit Committee.  G6 part-time



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<i>Organization</i>	<i>Title &amp; Date Established</i>	<i>Membership</i>	<i>Role/Purpose and Reporting</i>	<i>Functions/ Activities</i>	<i>Sessions</i>	<i>Secretariat</i>
WMO	Audit Committee	<p>Members: 9 + 2 alternate</p> <p>Status: non-staff members</p> <p>5 members elected by Executive Board</p> <p>4 Financial Experts proposed by the Secretary-General and appointed by the President of WMO</p>	<p><u>Role/Purpose:</u></p> <p>To appraise the Executive Council of the Secretary-General's actions to maintain and operate appropriate and effective internal controls and to review, agree and approve the audit plans, arrangements for and reports of internal and external audit.</p>	<p>(a) Systematic appraisal of the actions of the Secretary-General to maintain and operate appropriate and effective internal controls;(b) Encourage the development of an anti-fraud culture through its scrutiny function;(c) Review the operation and effectiveness of the Financial Regulations;(d) Review the Secretary-General's assessment and approach to risk;(e) Take note of the audit plans, arrangements for, and reports of Internal and External Audit;(f) Encourage liaison between the internal and external audit functions;(g) Review how the audit and assurance arrangements have been conducted and delivered during the year to provide the necessary levels of assurance required by the Executive Council and Congress;(h) Make observation on the timeliness, effectiveness and appropriateness of responses from the Secretary-General with regard to audit recommendations;(i) Monitor the delivery and content of financial statements in accordance with the requirement of financial regulations;(j) Review the manner in which the audit recommendations have been implemented.</p>	3 per year	Office of the Assistant Secretary-General
<b>Other International Organizations</b>						
IAEA	<i>No Oversight/Audit Committee</i>					
WTO	<i>No Oversight/Audit Committee</i>					

[Appendix II follows]

## APPENDIX II

## UN System Governance

*This table contains data collected by the WIPO Audit Committee  
The data was verified by 10 organizations. It is to be considered as work in progress.*

Organization	Member States Party	Governing Body/Bodies			Subsidiary Organs dealing with Administration and/or Budgetary Issues				
		Organ	Members	Sessions	Organ	Members	Functions/Responsibilities	Sessions	Duration
UN Secretariat	192	General Assembly	192	1 per year plus resumed session following year	Fifth Committee (Administrative and Budgetary)	192	Responsibilities for administrative and budgetary matters. Among others, based on the reports of the Fifth Committee, the General Assembly considers and approves the budget of the Organization	1 per year plus resumed sessions	9-10 months per year
					Advisory Committee on Administrative and Budgetary Questions (ACABQ)	16	Major functions: (a) to examine and report on the budget submitted by the Secretary-General to the General Assembly; (b) to advise the General Assembly concerning any administrative and budgetary matters referred to it; (c) to examine on behalf of the General Assembly the administrative budgets of the specialized agencies and proposals for financial arrangements with such agencies; and (d) to consider and report to the General Assembly on the auditors' reports on the accounts of the United Nations and of the specialized agencies.	1 per year	
					Committee for Programme and Coordination (CPC)	34	Main subsidiary organ of the Economic and Social Council and the General Assembly for planning, programming and co-ordination.	1 per year	
<b>UN Funds and Programs</b>									
UNDP	--	UNDP Executive Board	36	3 per year	ACABQ (Advisory Committee on Administrative and	16	Examine and report on the budget submitted by the SG to the GA, advise the GA on administrative and budgetary matters, examine the administrative budgets of the specialized agencies ; and to consider and report to the GA on the auditors' reports on the accounts of the	Ongoing	

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Organization	Member States Party	Governing Body/Bodies			Subsidiary Organs dealing with Administration and/or Budgetary Issues				
		Organ	Members	Sessions	Organ	Members	Functions/Responsibilities	Sessions	Duration
					Budgetary Questions)		UN and specialized agencies.		
UNFPA	--	UNFPA Executive Board	36	3 per year	ACABQ (Advisory Committee on Administrative and Budgetary Questions)	16	Examine and report on the budget submitted by the SG to the GA, advise the GA on administrative and budgetary matters, examine the administrative budgets of the specialized agencies ; and to consider and report to the GA on the auditors' reports on the accounts of the UN and specialized agencies.	Ongoing	
UNICEF	--	Executive Board	36	3 per year	ACABQ (Advisory Committee on Administrative and Budgetary Questions)	16	Examine and report on the budget submitted by the SG to the GA, advise the GA on administrative and budgetary matters, examine the administrative budgets of the specialized agencies ; and to consider and report to the GA on the auditors' reports on the accounts of the UN and specialized agencies.	Ongoing	
UNHCR	--	Executive Committee	76	1 per year	ACABQ (Advisory Committee on Administrative and Budgetary Questions)  Sub-Committee on Administrative and Financial Matters	16	Examine and report on the budget submitted by the SG to the GA, advise the GA on administrative and budgetary matters, examine the administrative budgets of the specialized agencies ; and to consider and report to the GA on the auditors' reports on the accounts of the UN and specialized agencies.	Ongoing	
WFP	--	Executive Board	36	3 per year	ACABQ (Advisory Committee on Administrative and Budgetary Questions)  FAO Finance	16	Examine and report on the budget submitted by the SG to the GA, advise the GA on administrative and budgetary matters, examine the administrative budgets of the specialized agencies ; and to consider and report to the GA on the auditors' reports on the accounts of the UN and specialized agencies.  Provide advisory functions to the Executive Board on strategic, administrative, budgetary, and financial	Once a year  At least twice a year	Approx. 1 day  Approx. 2 days

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Organization	Member States Party	Governing Body/Bodies			Subsidiary Organs dealing with Administration and/or Budgetary Issues				
		Organ	Members	Sessions	Organ	Members	Functions/Responsibilities	Sessions	Duration
					Committee	11	matters.		
<b>UN Funds and Programs</b>									
FAO	188	Conference of Member States	188	1 per year	Programme Committee	11	The Programme Committee assists the Council in carrying out its duties regarding the development and implementation of the Organization's programme of activities. The functions of the Programme Committee are enumerated in Rule XXVI of the General Rules of the Organization. Members of the Programme Committee are elected during the one-day Council immediately following the Conference.	at least 2 per year	2-5 days
		Council of Member States	49	4 per biennium	Finance Committee	11	The Finance Committee assists the Council in exercising control over the financial administration of the Organization. Its functions are enumerated in Rule XXVII of the General Rules of the Organization. The Finance Committee holds concurrent sessions with the Programme Committee in the exercise of their respective mandates. Members of the Finance Committee are elected during the one-day council immediately following the Conference	at least 2x/year	5 days
ICAO	190	Assembly	190	1 in 3 years	Finance Committee	17	Ensure that the amounts voted or otherwise authorized are properly spent and that the most efficient and economical method of carrying out the approved programs is observed; deal with any matter referred to it by the Council.	3 per year	<sup>1</sup> / <sub>2</sub> day sessions as needed
		Council	36	3 per year	Human Resources Committee(created in 2008)		HRC provides policy advice to Council that would promote fairness, equity, integrity, efficiency, effectiveness and transparency. It ensures that such advice reflects best practice in terms of non-discrimination on grounds of equitable geographical representation, gender equality, ethnicity, religion, or disability. Provides advice to Council on: recruitment, talent and career management, separations, and good governance. It should also advise Council on an	3 per year	<sup>1</sup> / <sub>2</sub> day sessions as needed

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<i>Organization</i>	<i>Member States Party</i>	<i>Governing Body/Bodies</i>			<i>Subsidiary Organs dealing with Administration and/or Budgetary Issues</i>				
		<i>Organ</i>	<i>Members</i>	<i>Sessions</i>	<i>Organ</i>	<i>Members</i>	<i>Functions/Responsibilities</i>	<i>Sessions</i>	<i>Duration</i>
							appropriate accountability framework and a process for oversight to assure the Council that the developed policy is delivered in accordance with the principles above. Specific oversight responsibility: HRC provides advice to the Secretary General on the method and requirements for specific appointments of the principal executives of the Secretariat and reports to the Council in the implementation and outcome of the appointment process.		

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Organization	Member States Party	Governing Body/Bodies			Subsidiary Organs dealing with Administration and/or Budgetary Issues				
		Organ	Members	Sessions	Organ	Members	Functions/Responsibilities	Sessions	Duration
IFAD	165	Governing Council	165	1 per year	Replenishment Consultation (Budgetary)		Additional contributions to IFAD's core resources have been made through a Consultation on the Replenishment of IFAD's Resources. The Replenishment Consultation is also an important forum for Member States to discuss and make recommendations on the Fund's policy direction and consult with the IFAD's management. The Consultation consists of all Member States from Lists A and B; List C selects Consultation representatives from its membership. Upon conclusion, the Consultation submits a report on the results of its deliberation, and any recommendations, to the Governing Council, with a view to adopting such resolutions as may be appropriate.	1 per 3 years 5 sessions per year	2 days per session
		Executive Board	38 (18 + 18 Alternate)	3 per year	Evaluation Committee	9	The Evaluation Committee is a sub-committee of the Executive Board. The purpose of the Committee was foreseen as studying and reporting on the evaluation activities of the Fund aimed at drawing, from completed projects, lessons which may be relevant to the improvement of the design, implementation or evaluation of future projects. As with the Audit Committee, its membership distribution was revised at the Sixty-First Session of the Executive Board, again to fall in line with the new membership distribution of the Executive Board. It is also now composed of nine Members from the 36 Members on the Executive Board at the time. As with the Audit Committee, the Evaluation Committee Members are elected by the Executive Board itself for a three-year term of office. The Evaluation Committee meets formally three times a year. The committee may also hold informal meetings if and when required.	4 per year plus informal sessions	1 day per session

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Organization	Member States Party	Governing Body/Bodies			Subsidiary Organs dealing with Administration and/or Budgetary Issues				
		Organ	Members	Sessions	Organ	Members	Functions/Responsibilities	Sessions	Duration
ILO	182	International Labour Conference  The Governing Body	182  56	1 per year  3 per year	Programme, Financial and Administrative Committee	71		2 per year	12 days per session
IMO	168 + 3 associate	Assembly  Council	168 + 3  40	1 per bienn.  2 per year	None				
ITU	191	Plenipotentiary Conference Council	191  46	1 per 4 years  1 per year	Two committees at PP:  - Budget Control Committee - Administration and Management Committee  One Committee at Council: the Standing Committee on Administration and Management.	PP and its committees: 191 ITU Member States  Council Committee open to all Council Members	Budget Control Committee: determines the organization and the facilities available to the delegates, examines and approves the accounts for expenditure incurred throughout the duration of the Conference and reports to the Plenary Meeting on the estimated total expenditure of the Conference and on the estimated costs entailed by the execution of the decisions of the Conference (N°71 and 73 of the General Rules).  Administration and Management Committee: examines relevant reports and proposals on the general management of the Union, in particular those relating to financial and human resources and including relevant parts of the reports submitted by the Council on reform; prepares draft financial policies and a draft financial plan for 2012-2015 and recommends to the Plenary all appropriate decisions related to the management of the Union's activities; and transmits to the Committee dealing with policy and legal issues matters requiring amendments to the Constitution and Convention.  Council Standing Committee on administration and management: considers staff matters and financial matters.	At each PP: 1 per year during Council Session	PP Committee and Council Standing Committee: determined at each PP and Council session respectively

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Organization	Member States Party	Governing Body/Bodies			Subsidiary Organs dealing with Administration and/or Budgetary Issues				
		Organ	Members	Sessions	Organ	Members	Functions/Responsibilities	Sessions	Duration
UNESCO	193	General Conference (GC)	193	once every 2 years	Group of Expert on Financial and Administrative matters (reports to F&A Commission)	12	Mandate and working methods of the Group of Experts: 1. (a) to assist the Finance and Administrative Commission in its work with a view to increasing its effectiveness; (b) to examine from a strictly technical point of view the administrative and financial aspects of the documents and issues that the Finance and Administrative Commission refers to it; (c) to raise no matters of policy during its work; 4. Decides that the Group of Experts shall normally meet one week before each of the sessions of the Executive Board; 5. Renews its decision to finance the expenses of the Group of Experts, including the cost of travel and subsistence allowances for experts not living in Paris whose expenses are not borne by their respective governments, from the budget of the Executive Board; 6. Invites Member States to take the necessary steps for the experts designated as members of the group to attend meetings regularly; 7. Requests the Director-General to provide every assistance to facilitate the work of the Group.	usually one week before each of the sessions of the Executive Board	3-4 days
		Executive Board	58	twice every year (+1 in the year of GC)					
UNIDO	172	General Conference	171	1 per bienn.	Program and Budget Committee	27	To assist the Board in the preparation and examination of the work programme, the budget and other financial matters.	1 per year	2-3 days
		Industrial Dev. Board	53	3 per bienn.					
UPU	191	Universal Postal Congress	191	1 per year	Committee on Finance & Administration		Budget by programme based on the strategic plan; Consideration of the Union's biennial budget (article 102, § 6.4 of the General Regulations); Consideration of the Union's biennial Financial Operating Report (article 38 of the Financial Regulations); Consideration of the External Auditor's report (article 37 of the Financial Regulations); Amendments to the Financial Regulations; Consideration of other financial questions within the CA's competence; 2004 Bucharest Congress Resolutions and Decisions: C 21, C 66, C 75 and C 77-C 81.	1 per year	1 day per session
		Council of Administration	41	1 per year					



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Organization	Member States Party	Governing Body/Bodies			Subsidiary Organs dealing with Administration and/or Budgetary Issues				
		Organ	Members	Sessions	Organ	Members	Functions/Responsibilities	Sessions	Duration
UNWTO	154	General Assembly	191	1 per bienn.	Programme Committee	11			
		Executive Council	[31]	2 per year	Committee on Budget and Finance	12			
WHO	193	World Health Assembly	193	1 per year	Programme, Budget and Administration Committee of the Executive Board	7	An auxiliary advisory body of the Executive Committee with responsibility for aspects of Program, Budget and Administration. It reviews and as appropriate, makes recommendations to the Executive Committee in these areas. The Subcommittee consists of seven Members, four of whom have terms of office running concurrently with those of their membership on the Executive and three designated annually by the Director of the Pan American Sanitary Bureau in consultation with the President of the Executive Committee in order to seek balanced and adequate geographical distribution. The Subcommittee holds at least one public session a year on dates to be decided by the Executive Committee. Additional sessions may be convened in the years when the Program Budget of the Organization is being considered	1 per year with additional sessions during budget years	1-3 days
		Executive Board	34	2 per year					

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Organization	Member States Party	Governing Body/Bodies			Subsidiary Organs dealing with Administration and/or Budgetary Issues				
		Organ	Members	Sessions	Organ	Members	Functions/Responsibilities	Sessions	Duration
WIPO	184	General Assembly	176	1 per year	Program and Budget Committee	54	The "Program and Budget Committee" refers to the Committee constituted by the General Assembly to deal with program, budget, personnel resources, premises, and Finance. As per document WO/GA 23/4, the mandate of the PBC is as follows: The Committee shall examine any question arising in connection with the audited accounts, proposals for the budgets of WIPO and the financing thereof. The Committee will examine any financial question which may be referred to it by the Assembly or submitted to it by the Director General. It can make recommendations to the Assembly or to the Director General on any matter bearing financial consequences. The Committee shall meet at least once a year. NOTE: at present 53 Member States of WIPO are Members of the PBC.	1 per year plus 1 informal per bienn.	3-5 days
		Conference	184	1 per year					
		Coordination Committee	83	1 per year					
		Assemblies of the Member States of Each of the Unions	various	1 per year					
WMO	182	Congress	182	1 per 4 years	Financial Advisory Committee	open to all	Purpose. To provide advice from WMO Members to Congress and the Executive Council in a transparent fashion on: (a) The affordability, sustainability and implementation of the results-based budget; (b) Financial matters of the Organization; Functions (a) To advise on the adequacy of the linkage between results-based budget and the WMO Strategic Plan; (b) To advise on the adequacy of regular and extrabudgetary resource allocations against expected results; (c) To advise on financial matters, such as proportional contributions and Financial Regulations and any surplus; (d) To advise on the overall budget level, taking into account issues of affordability and sustainability; (e) To consider the reports of the External Auditor, the Audit Committee and other relevant bodies as necessary in the deliberation of these functions.	prior to Exec. Council and Congress	
		Executive Council	37	1 per year					
<b>Other International Organizations</b>									
IAEA	146	General Conference	146	1 per year					
			35	5 per year					

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Organization	Member States Party	Governing Body/Bodies			Subsidiary Organs dealing with Administration and/or Budgetary Issues				
		Organ	Members	Sessions	Organ	Members	Functions/Responsibilities	Sessions	Duration
		Board of Governors							
WTO	153	Ministerial Conference  General Council	191  *	1 per bienn.  */year	Committee on Budget, Finance and Administration		To examine any questions arising in connection with the audited accounts, proposals for the budgets of the WTO and [of the International Trade Centre UNCTAD/WTO, and] the financing thereof. To study any financial and administrative questions which may be referred to it by the Ministerial Conference or the General Council, or submitted to it by the Director-General, and undertake such other studies as may be assigned to it by the Ministerial Conference or the General Council."		

[Appendix III follows]

APPENDIX III

QUESTIONNAIRES

Assessment of the Work and the Operations of the WIPO Audit Committee

1. Introduction

This document has been prepared by the WIPO Audit Committee (“the Committee”) pursuant to a decision taken by the Committee at its eleventh meeting (December 5 to 8, 2008) to undertake an assessment of its work and operations (document WO/AC/11/2).

The document is being sent to: the Chairs and Vice Chairs of the WIPO General Assembly, Coordination Committee and Program and Budget Committee; WIPO Regional Coordinators; the WIPO External Auditor; and, WIPO officials who have interacted extensively with the Committee.

2. Questionnaire for Stakeholders

The Committee would welcome your input into this assessment. To this end, you are kindly requested to provide comments within the framework of the ToR of the WIPO Audit Committee as itemized in the following pages. Comments and suggestions of a general nature may be provided on page 6.

3. Questionnaires for Audit Committee Members (Optional for Stakeholders)

Two technical questionnaires to be completed by WIPO Audit Committee members are being sent to you primarily for information. However, should you wish to provide additional feedback, you are welcome to use the questionnaires as a tool by responding to any questions you find pertinent.

4. Procedure for Reply

It would be appreciated if you could return your responses to the Secretariat by mail or by e-mail to <[nicola.lander@wipo.int](mailto:nicola.lander@wipo.int)> by Friday, May 22, 2009.

## I. QUESTIONNAIRE FOR STAKEHOLDERS

Please review the terms of reference of the WIPO Audit Committee itemized below and, within this framework, provide (a) any comments you may have on the functioning of the WIPO Audit Committee to date and (b) any forward-looking suggestions. Comments and suggestions of a general nature may be provided on page 6.

	Comments/Suggestions
<p><b>B. FUNCTIONS AND RESPONSIBILITIES</b></p> <p>2. The Audit Committee of WIPO is an independent, expert advisory and external oversight body. It aims to assist Member States in their role of oversight and for better exercise of their governance responsibilities with respect to the various operations of WIPO. Its mandate is as follows:</p>	
<p>(a) Promoting internal control by:</p> <ul style="list-style-type: none"><li>(i) Systematic appraising of management's actions to maintain and operate appropriate and effective internal controls;</li><li>(ii) Contributing, through its scrutiny function, to the maintenance of the highest possible standards of financial management and the handling of any irregularities;</li><li>(iii) Reviewing the operation and effectiveness of the Financial Regulations;</li><li>(iv) Reviewing management's assessment and approach to risk;</li><li>(v) Reviewing arrangements for checks and balances in areas such as ethics, financial disclosure, fraud prevention and misconduct.</li></ul>	
<p>(b) Focusing assurance resources by:</p> <ul style="list-style-type: none"><li>(i) Reviewing and monitoring the effectiveness of WIPO's internal audit function;</li><li>(ii) Exchanging information and views with the external auditor, including his audit plan;</li><li>(iii) Promoting effective coordination of activities between the internal and external audit function;</li><li>(iv) Confirming audit and assurance arrangements have been conducted and delivered during the year to provide the necessary levels of assurance required by the General Assembly.</li></ul>	

<p>(c) Overseeing audit performance by:</p> <ul style="list-style-type: none"><li>(i) Monitoring the timely, effective and appropriate responses from management with regard to audit recommendations;</li><li>(ii) Monitoring the implementation of audit recommendations;</li><li>(iii) Monitoring the delivery and content of financial statements in accordance with the requirements of the Financial Regulations.</li></ul>	
<p>(d) The Program and Budget Committee may from time to time request the Audit Committee to review or oversee particular activities and projects, such as:</p> <ul style="list-style-type: none"><li>- the New Construction Project,</li><li>- the WIPO desk-to-desk assessment,</li></ul> <p>and</p> <ul style="list-style-type: none"><li>- any other major project.</li></ul>	
<p>(e) The Audit Committee shall make recommendations to the Program and Budget Committee on issues within the terms of reference of the Audit Committee, as it considers appropriate.</p>	
<p>C. MEMBERSHIP AND QUALIFICATIONS</p> <p>3. The Audit Committee shall have nine members elected by the Program and Budget Committee.</p>	
<p>4. The nine members shall have an initial period of office of three years from appointment. The Program and Budget Committee will elect, as part of the renewal of the members, three new members effective 2009 with a third of the membership to be rotated annually thereafter bearing in mind the need for continuity and respect for geographical distribution. No member shall serve more than six years. Former members of the Audit Committee may be reappointed to the Audit Committee subject to not serving more than six years in aggregate.</p> <p>5. The members of the Audit Committee shall select a Chair and Deputy Chair.</p>	

<p>6. Member States in nominating candidates for election by the Program and Budget Committee shall ensure that the candidates possess relevant qualifications and experience, for example, in auditing, accounting, risk management, legal affairs, and other financial and administrative matters; expertise as well as geographical distribution and rotation should guide the selection process.</p>	
<p>7. The Audit Committee should corporately possess the following competencies:</p> <ul style="list-style-type: none"><li>(a) Technical or specialist knowledge of issues pertinent to the Organization's business;</li><li>(b) Experience of managing similar sized organizations;</li><li>(c) Understanding of the wider relevant environments in which the Organization operates, including its objectives, culture and structure;</li><li>(d) Detailed understanding of the Organization's governance environment and accountability structures;</li><li>(e) Oversight or management experience at senior level in the United Nations system.</li></ul>	
<p>8. New members should have or should acquire by a structured induction program organized by the WIPO Secretariat in consultation and with the participation of Member States an understanding of the objectives of the Organization, its structure and its culture, and the relevant rules governing it.</p>	
<p>D. MEETINGS AND QUORUM</p> <p>9. The Audit Committee will meet regularly every quarter in formal meeting.</p> <p>10. A minimum of five members of the Audit Committee are required to be present for a meeting of the Committee to be quorate.</p> <p>11. The Audit Committee may invite officials of WIPO Secretariat or others to attend meetings.</p>	

<p>E. REPORTING AND REVIEW</p> <p>12. The Audit Committee shall keep Member States informed of its work on a regular basis. In particular, following each of its formal meetings the Committee shall prepare a report for circulation to the Program and Budget Committee.</p>	
<p>13. Member States will review, every three years, the mandate, functioning and membership of the Audit Committee. However, Member States retain the possibility to ask for this review to be put on the Agenda of any session of the Program and Budget Committee.</p>	
<p>F. SUPPORT BY THE WIPO SECRETARIAT</p> <p>14. Assistance shall be provided to the Audit Committee from the WIPO Secretariat. This assistance shall be outside of the Internal Audit and Oversight Division of WIPO, in accordance with the principles of accountability and transparency. Functions of such logistical and technical assistance shall include: (a) logistical and administrative support. This would entail preparing for and attending Audit Committee meetings and assisting with preparing draft reports; (b) substantive and technical work in preparation for Audit Committee meetings, which may include research and background position papers, and others, as may be requested by the Audit Committee.</p>	
<p>G. BUDGET</p> <p>15. In its biennial budget WIPO shall provide a specific budget allocation for the Audit Committee, providing for costs on an annual basis associated with the approved activities and related expenditures as provided in the terms of reference, namely four formal meetings of four days each, attendance by Audit Committee members to the Program and Budget Committee and other meetings as required, secretarial and substantive support, and external consultancies.</p>	



<p>16. Expenses for members of the Audit Committee will be paid by WIPO in accordance with WIPO's financial rules and regulations.</p>	
<p>H. INFORMATION REQUIREMENTS</p> <p>17. Well in advance of each formal meeting, the WIPO Secretariat shall provide the Audit Committee with documents and information related to its Agenda, and any other relevant information.</p>	

Any comments or suggestions of a general nature may be made here.

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II. QUESTIONNAIRES FOR  
WIPO AUDIT COMMITTEE MEMBERS  
(OPTIONAL FOR STAKEHOLDERS)

Two assessment questionnaires, developed for Audit Committees by Deloitte & Touche LLP for the private sector, and by the National Audit Office of the United Kingdom for the public sector respectively are reproduced here.

A. DELOITTE & TOUCHE LLP

Scale: 1 Significant improvement needed 2 Needs improvement 3 Satisfactory 4 Strong 5 Very strong							
Composition & Quality		Rating					Comments
1	Potential board members are identified and nominated by a variety of sources, with explicit consideration being given to the candidate's qualifications for serving on the audit committee.	1	2	3	4	5	
2	Sources acting independent of management (e.g. independent board members assisted by an outside search firm) have been utilized to identify qualified audit committee members.	1	2	3	4	5	
3	Members have the appropriate predefined qualifications and expertise to meet the objectives of the audit committee's charter, including the appropriate financial literacy qualifications.	1	2	3	4	5	
4	Audit committee members have differing perspectives due to a diversity of experiences and backgrounds.	1	2	3	4	5	
5	The audit committee demonstrates important qualities, such as integrity, credibility, trustworthiness, industry knowledge, willingness to actively participate, ability to constructively handle conflict, interpersonal skills, and proactiveness.	1	2	3	4	5	
6	The audit committee acts independently.	1	2	3	4	5	
7	The audit committee reviews its charter annually or as needed and determines whether its responsibilities are adequately described and comply with any new corporate governance regulations, guidelines or emerging practices.	1	2	3	4	5	
8	The audit committee has developed a comprehensive continuing education program to enhance its members' understanding of relevant auditing, accounting, regulatory, and industry issues.	1	2	3	4	5	

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<b>Scale: 1</b> Significant improvement needed <b>2</b> Needs improvement <b>3</b> Satisfactory <b>4</b> Strong <b>5</b> Very strong							
9	New audit committee members are provided with an orientation program to educate them on the company and their responsibilities.	1	2	3	4	5	
10	The audit committee, in conjunction with the nominating committee (or its equivalent) as appropriate, creates a succession plan for audit committee members and the audit committee chair.	1	2	3	4	5	
<b>Understanding the Business, Including Risks</b>		<b>Rating</b>					<b>Comments</b>
11	The audit committee understands and considers the pressures on management that may impact the quality of financial reporting, such as earnings targets, compensation plans, and performance measures.	1	2	3	4	5	
12	The audit committee understands and considers the significant risks faced by the company, including management's process for identifying risks and mitigating these risks. Examples include (but are not limited to): • Regulatory requirements • Concentrations (e.g. suppliers and customers) • Competitive trends • Financing/liquidity needs • Financial exposures • Business continuity • Company reputation	1	2	3	4	5	
13	Management provides the audit committee with benchmarking information that compares the company's financial performance and ratios with industry competitors, and provides explanations for areas that differ significantly.	1	2	3	4	5	
<b>Process &amp; Procedures</b>		<b>Rating</b>					<b>Comments</b>
14	The audit committee regularly reports to the board of directors.	1	2	3	4	5	
15	The audit committee dedicates sufficient time and resources to execute its responsibilities.	1	2	3	4	5	
16	The audit committee develops a calendar and agenda to ensure that it meets the responsibilities outlined in the charter.	1	2	3	4	5	
17	Each member has the ability to influence the agenda in order to proactively address emerging issues.	1	2	3	4	5	
18	The audit committee, and especially the chair, encourages input on the meeting agenda from management, the internal auditor, the external auditor, and the board of directors.	1	2	3	4	5	
19	The agenda and related information (e.g. prior meeting minutes, press releases, financial statements) are circulated in advance of meetings, allowing members time to study and understand the	1	2	3	4	5	

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<b>Scale: 1</b> Significant improvement needed <b>2</b> Needs improvement <b>3</b> Satisfactory <b>4</b> Strong <b>5</b> Very strong						
	information.					
20	Meetings are held at least quarterly and are scheduled with enough time to cover all agenda topics. These meetings include private executive sessions, and private time with management, internal audit, and external audit.	1	2	3	4	5
21	Members promote open dialogue, which allows for in-depth discussion.	1	2	3	4	5
22	The written materials provided to audit committee members are appropriately balanced in terms of relevance and volume (e.g. the materials are not too voluminous and detailed nor are they too brief.)	1	2	3	4	5
23	The audit committee takes an active role in the assessment of management's procedures for publicizing and enforcing its code of conduct.	1	2	3	4	5
24	The audit committee proactively oversees the company's whistleblower process.	1	2	3	4	5
25	The audit committee responds appropriately when possible material violations of securities laws or alleged breaches of fiduciary duties are discovered.	1	2	3	4	5
Communications and Information		Rating				Comments
26	The audit committee sets a "tone at the top" that promotes corporate ethics, quality financial reporting, and strong internal controls.	1	2	3	4	5
27	Members have an open line of communication with other Board members.	1	2	3	4	5
28	The audit committee fosters an open, cooperative relationship with management, internal audit, and external audit.	1	2	3	4	5
29	For matters that require specialized expertise, the audit committee consults and/or engages external parties as appropriate, and communicates with the board and other committees as needed.	1	2	3	4	5
30	The audit committee receives information from management related to changes in the company or business on a timely basis.	1	2	3	4	5
31	The audit committee receives and analyzes information from management on significant industry trends, analyst estimates and variations from budget.	1	2	3	4	5
32	Members are made aware of all communications received from governmental or regulatory agencies or similar parties relating to areas of alleged violations or alleged non-compliance and related action	1	2	3	4	5

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Scale: 1 Significant improvement needed 2 Needs improvement 3 Satisfactory 4 Strong 5 Very strong							
	plans, if needed.						
33	Members periodically visit company locations and conduct on-site meetings with key members of management.	1	2	3	4	5	
Oversight of the Financial Reporting Process, Including Internal Controls		Rating					Comments
34	The audit committee considers the quality, not just the acceptability, of financial accounting and reporting, including the transparency of disclosures.	1	2	3	4	5	
35	The audit committee reviews and understands the selection of the company's accounting policies.	1	2	3	4	5	
36	The audit committee understands management's process of developing and summarizing quarterly financial information and how this process differs from the annual process.	1	2	3	4	5	
37	The audit committee has a process for the review of significant issues, if any, with management and the external auditors prior to quarterly and annual earnings releases.	1	2	3	4	5	
38	The audit committee understands the process used by management to identify related-party transactions, the business need for such transactions, and considers the transparency of the related-party disclosures.	1	2	3	4	5	
39	The audit committee has a process to review and discuss earnings releases, including pro forma or non-GAAP information, and other financial information or earnings guidance given to analysts and ratings agencies.	1	2	3	4	5	
40	The audit committee reviews and understands the processes related to financial statement certifications made by the CEO and CFO.	1	2	3	4	5	
41	The audit committee receives sufficient information to review, understand, and assess the organization's system of internal controls, (e.g. financial reporting and disclosure controls, operations controls, and compliance controls).	1	2	3	4	5	
42	The audit committee understands the locations, processes, activities, etc., included in management's scope of internal control testing and believes that the scope is adequate to support management's internal control assessment as required by Section 404 of the Sarbanes-Oxley Act.	1	2	3	4	5	
43	The audit committee understands the internal control testing conducted by management, the internal auditors, and external auditors and assesses the process	1	2	3	4	5	

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<b>Scale: 1</b> Significant improvement needed <b>2</b> Needs improvement <b>3</b> Satisfactory <b>4</b> Strong <b>5</b> Very strong						
	of reasonably detecting internal control issues or fraud.					
44	The audit committee makes inquiries of the external auditor, the internal auditor and management on the depth of experience and sufficiency of staff in the finance and internal audit organizations.	1	2	3	4	5
45	The audit committee reviews the management recommendation letters written by the internal and external auditors to ensure that all significant matters raised are properly addressed.	1	2	3	4	5
46	The audit committee reviews managements' action plans and timelines to address internal control deficiencies, if any, and obtains updates on corrective actions, if needed.	1	2	3	4	5
47	If there are instances of repeat comments from auditors and others about internal controls, the audit committee takes appropriate actions to ensure timely resolution.	1	2	3	4	5
48	Adjustments to the financial statements that resulted from the audit process are reviewed by the audit committee, whether or not they were recorded by management.	1	2	3	4	5
49	The audit committee is consulted when circumstances arise that result in management seeking a second opinion on an accounting or auditing matter.	1	2	3	4	5
<b>Oversight of Audit Functions</b>						
50	The audit committee obtains an understanding of the coordination of work between the internal and external auditor, and ensures that the respective roles of both are balanced and appropriately address their different areas of responsibility.	1	2	3	4	5
51	The audit committee periodically reviews the internal audit charter, audit plan, budget, and staff quality and continuity.	1	2	3	4	5
52	The audit committee adopts a process to assess both the compliance effectiveness and the value of service of the internal audit department.	1	2	3	4	5
53	The audit committee establishes and manages the process for the selection, appointment, evaluation, compensation, and retention of the internal audit director.	1	2	3	4	5
54	The audit committee determines the reporting relationships of the internal audit director.	1	2	3	4	5

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Scale: 1 Significant improvement needed 2 Needs improvement 3 Satisfactory 4 Strong 5 Very strong						
55	The audit committee establishes and manages the process for the selection, appointment, oversight, evaluation, retention and preapproval of services of the external auditors.	1	2	3	4	5
56	The audit committee reviews the appropriateness of the audit fees paid to the external auditor.	1	2	3	4	5
57	The audit committee reviews management representation letters to the external auditor and inquires about any difficulties obtaining the representations.	1	2	3	4	5
58	The audit committee considers the level and nature of non-audit services provided by the external auditor in determining the external auditor's independence.	1	2	3	4	5

**B. NATIONAL AUDIT OFFICE OF THE UNITED KINGDOM**

<b>Section I: Good Practice Principles for Audit Committees</b>				
<b>Principle 1: The Role of the Audit Committee</b>				
The Audit Committee should support the Board and the Accounting Officer by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.				
1	Has the role of the Audit Committee been clearly defined and communicated to all Audit Committee members?	Y	N	N/A
2	Have all executive responsibilities, and making or endorsing of decisions been excluded from the roles and responsibility of the Audit Committee members?	Y	N	N/A
3	Does the Audit Committee follow up recommendations regarding its effectiveness?	Y	N	N/A
4	Does the Audit Committee's role include monitoring the Executive's processes for assessing business risks and the financial implications?	Y	N	N/A
5	Does the Executive report to the Audit Committee on how key business risks and their financial implications are being dealt with?	Y	N	N/A
6	Does the Audit Committee consider whether each of the significant business risks is owned and properly managed by a member of the Executive?	Y	N	N/A
7	Have the Audit Committee agreed their Terms of Reference with the Board?	Y	N	N/A
8	Are the Terms of Reference in line with good practice e.g. HM Treasury's Audit Committee Handbook?	Y	N	N/A
9	Are the Terms of Reference reviewed at least annually by the Board and the Audit Committee to ensure that the work of the Audit Committee is aligned with the business needs?	Y	N	N/A

<u>Additional Comments</u>				
<u>Conclusions</u>				
Do we achieve <b>Principle 1: The Role of the Audit Committee</b> – Does the Audit Committee support effectively the Board and the Accounting Officer by reviewing the completeness of assurances to satisfy their needs, and by reviewing the reliability and integrity of these assurances?				
What do we need to do to enhance the Audit Committee?				
<b>Principle 2: Membership, Independence, Objectivity and Understanding</b>				
The Audit Committee should be independent and objective; in addition each member should have a good understanding of the objectives and priorities of the organisation and of their role as an Audit Committee member.				
10	Is the Chair of the Audit Committee different from the Chair of the Board?	Y	N	N/A
11	Are all the Audit Committee members' independent non-executive Board members?	Y	N	N/A
12	If there are insufficient non-executive Board members to form the Audit Committee, have independent external members been appointed to the Audit Committee?	Y	N	N/A
13	If there are sufficient non-executives on the Board, is there rotation onto the Audit Committee?	Y	N	N/A
14	Are independent external members appointed for an appropriate period of time (e.g. 3 years)?	Y	N	N/A
<i>Relationship with the Executive</i>				
15	Do Executive members of the organisation attend Audit Committee meetings, participate in discussions, and provide information to the Audit Committee as and when the Audit Committee deems it necessary?	Y	N	N/A
<i>Other Participants</i>				
16	Does a representative from the sponsoring body attend the Audit Committee meetings (e.g. if an Executive Agency, does a member of the Sponsoring Department attend the meeting)?	Y	N	N/A



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17	Does the Accounting Officer, Finance Director, Head of Internal Audit and the External Auditor routinely attend the Audit Committee, or attend at the request of the Audit Committee members?	Y	N	N/A
18	Are the numbers attending the Audit Committee meetings sufficient to deal adequately with the agenda, but not too many to blur issues?	Y	N	N/A
<i>Conflict of Interest</i>				
19	Is the first agenda item of every meeting a request from the Audit Committee members to declare any potential conflict of interest with any of the business items on the Audit Committee's agenda?	Y	N	N/A
20	In instances where there is a declaration of interest in any of the agenda business items, are appropriate actions taken, e.g. is the member asked to leave the meeting while the business item is been discussed?	Y	N	N/A
21	In instances where the conflict of interest is likely to last for a long time, has the Audit Committee member been asked to relinquish their membership?	Y	N	N/A
22	Are the Audit Committee members required to declare their interest in a register of interest?	Y	N	N/A
<i>Terms of Appointment</i>				
23	Have all Audit Committee members received a letter of appointment that clearly sets out:	Y	N	N/A
	a) their appointment and purpose;	Y	N	N/A
	b) the support and training that they will receive;	Y	N	N/A
	c) the commitment required;	Y	N	N/A
	d) their remuneration;	Y	N	N/A
	e) their appraisal;	Y	N	N/A
	f) conflict of interest procedures;	Y	N	N/A
	g) expected conduct;	Y	N	N/A
	h) duration of appointment and how often it may be renewed; and	Y	N	N/A
i) termination conditions?	Y	N	N/A	
24	Do all members of the Audit Committee have a clear understanding of what is expected of them in their role, including time commitments?	Y	N	N/A
25	Do all members of the Audit Committee have a clear understanding of how their individual performances will be appraised, including a clear understanding of what would be regarded as unsatisfactory performance and the criteria which would indicate the termination of their membership?	Y	N	N/A

<u>Additional Comments</u>				
<u>Conclusions</u>				
Do we achieve <b>Principle 2: Membership, Independence, Objectivity and Understanding</b> – Is the Audit Committee suitably independent and objective, and does each member have a good understanding of the objectives, priorities and risks of the organisation, and of their role on the Audit Committee?				
What do we need to do to enhance the Audit Committee?				
<b>Principle 3: Skills</b>				
The Audit Committee should corporately own an appropriate skills mix to perform its functions well.				
26	Are there formal assessment criteria for the appointment of the Audit Chair, including attitudes to non-executives, strength of personality, experience of chairing, and time commitment?	Y	N	N/A
27	Do the Chairs of the Audit Committee and the Board and the other non-executive members consult widely before making recommendations on membership of the Committee?	Y	N	N/A
28	Do the assessment criteria of Committee members include knowledge, experience, skills, personal qualities, and time available? NB: The Audit Committee Handbook suggests that all Audit Committee members should have, or acquire as soon as possible after appointment: a) understanding of the objectives of the organisation and current significant issues for the organisation;	Y	N	N/A
	b) understanding of the organisation's structure including key relationships such as that with a sponsoring department or major partner;	Y	N	N/A
	c) understanding of the organisation's culture;	Y	N	N/A
	d) understanding of any relevant legislation or other rules governing the organisation; and	Y	N	N/A
	e) broad understanding of the government environment, particularly accountability structures and current major initiatives.	Y	N	N/A

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29	Does at least one member of the Audit Committee have recent and relevant financial experience that allows them to engage effectively with financial and management accounts reporting?	Y	N	N/A
30	Does the Audit Committee at least annually review their skills base to check that they have the necessary skills required to be an effective Committee?	Y	N	N/A
31	Does the Audit Committee set down requirements for areas of collective understanding, including: a) accounting;	Y	N	N/A
	b) risk management;	Y	N	N/A
	c) audit;	Y	N	N/A
	d) technical or specialist issues pertinent to the organisation's business;	Y	N	N/A
	e) experience of managing similar sized organisations;	Y	N	N/A
	f) understanding of the wider environments in which the organisation operates; and	Y	N	N/A
	g) detailed understanding of the government environment and accountability structures?	Y	N	N/A
<i>Additional Skills</i>				
32	Do the Audit Committee members feel empowered to co-opt members for a period of less than 1 year to provide specialist skills that the members do not have to be an effective Committee?	Y	N	N/A
33	Do the Audit Committee members feel empowered to procure specialist advice at reasonable approved expense to the organisation, on an ad-hoc basis to support them in relation to particular pieces of Committee business?	Y	N	N/A
<i>Training and Development</i>				
34	Is there an induction checklist for new Audit Committee members that details key things that they must do e.g. site visits, meetings with Board, Risk Manager, Internal Audit and External Auditors?	Y	N	N/A
35	Do all new members of the Audit Committee attend an induction training course for Audit Committee members run by the National School of Government or other sector related organisation?	Y	N	N/A
36	Do new Audit Committee members visit important business locations?	Y	N	N/A
37	The Audit Committee ensures that new members have sufficient knowledge of the business to identify the key risk areas and to challenge both line management and internal and external auditors on critical and sensitive issues.	Y	N	N/A
38	Does the Audit Committee make recommendations to the Board on the Committee's training needs?	Y	N	N/A
39	Does the Audit Committee benchmark itself, in some way, against other Audit Committees?	Y	N	N/A

<u>Additional Comments</u>				
<u>Conclusions</u>				
Do we achieve <b>Principle 3: Skills</b> – Does the Audit Committee contain or have at its disposal an appropriate mix of skills to perform its functions well?				
What do we need to do to enhance the Audit Committee?				
<b>Principle 4: Scope of Work</b>				
The scope of the Audit Committee's work should be defined in its Terms of Reference, and encompass all the assurance needs of the Board and Accounting Officer. Within this, the Audit Committee should have particular engagement with the work of Internal Audit, the work of External Auditor, and Financial Reporting Issues.				
40	Does the Audit Committee consider the independence and effectiveness of Internal Audit?	Y	N	N/A
41	Does the Audit Committee consider that the experience, expertise and professional standard of the Internal Audit team are appropriate for the size, complexity, and inherent risk of the organisation?	Y	N	N/A
42	Does the Audit Committee consider that the scope of Internal Audit work, the available resources at its disposal, and their access to information and people allow it to address significant risks within the organisation?	Y	N	N/A
43	Does the Audit Committee make suggestions to Internal Audit regarding risk and problem areas that the audit could address in the short and long term?	Y	N	N/A
44	Does the Audit Committee review and approve the Internal Audit plan before they commence any work?	Y	N	N/A
45	Does the Audit Committee receive regular progress reports on studies/work undertaken by Internal Audit?	Y	N	N/A
46	Does Audit Committee receive the Internal Audit report once Internal Audit has completed any planned and approved work?	Y	N	N/A
47	Does the Audit Committee review management response to issues raised by the work of Internal Audit, and monitor what progress management have made on Internal Audit's recommendations?	Y	N	N/A
<i>Relationship with External Audit</i>				

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48	Where relevant, does the Audit Committee consider the independence and effectiveness of the External Auditors?	Y	N	N/A
49	Does the Audit Committee periodically obtain the views of the External Auditor on the work and effectiveness of the Audit Committee?	Y	N	N/A
50	Does the Audit Committee consider if the External Auditors have the correct experience and expertise to manage the audit effectively?	Y	N	N/A
51	Is the Audit Committee informed by the External Auditors as to their compliance with applicable UK ethics guidance?	Y	N	N/A
52	Does the Audit Committee consider the External Auditor's Audit Strategy before they commence work?	Y	N	N/A
53	Does the Audit Committee seek specific assurance regarding the External Auditor's quality assurance procedures when considering their Audit Strategy?	Y	N	N/A
54	Do the External Auditors inform the Audit Committee of key developments and issues at key stages of the audit?	Y	N	N/A
55	Does the Audit Committee make suggestions to the External Auditors regarding risk and problem areas the audit could address in the short and long term?	Y	N	N/A
56	Where relevant, does the Audit Committee review the audit fees?	Y	N	N/A
57	Does the Audit Committee discuss and consider why unadjusted errors in the draft financial statements detected by the External Auditors are not corrected?	Y	N	N/A
58	Does the Audit Committee consider the Management Letter from the External Auditors and other relevant reports (e.g. the NAO's Value for Money work)?	Y	N	N/A
59	Does the Audit Committee review management's response to the Management Letter and monitor the progress made by management on the recommendations in the Management Letter?	Y	N	N/A
<i>Relationship Between Internal Audit and External Auditors</i>				
60	Does the Audit Committee consider the effectiveness of relationships between Internal Audit and the External Auditors?	Y	N	N/A
61	Does the Audit Committee consider whether there are areas where joint working between Internal Audit and the External Auditors would be beneficial?	Y	N	N/A
62	Does the Audit Committee seek confirmation from Internal Audit and the External Auditors on the extent of co-operation between them?	Y	N	N/A
63	Does the Audit Committee consider whether Internal Audit and the External Auditors work together effectively to address significant risks to the organisation?	Y	N	N/A
<i>Fraud</i>				
64	Does the Audit Committee consider whether effective anti-fraud and corruption policies and procedures are in place and operating effectively?	Y	N	N/A
65	Does the Audit Committee consider whether arrangements have been established to deal with situations of suspected or actual fraud?	Y	N	N/A

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66	Does the Audit Committee consider whether there is a code of conduct and its distribution to employees?	Y	N	N/A
67	Does the Audit Committee consider whether management arrangements for whistle blowing are satisfactory?	Y	N	N/A
<i>Statement On Internal Control (SIC)</i>				
68	Does the Audit Committee consider whether corporate governance is treated as a compliance exercise or is being used to provide benefit to the organisation?	Y	N	N/A
69	Does the Audit Committee consider whether the system of internal reporting gives early warning of control failures and emerging risks?	Y	N	N/A
70	Does the Audit Committee consider whether the SIC is meaningful, and what evidence underpins it?	Y	N	N/A
71	Does the Audit Committee review whether internal controls detailed in the SIC adequately address the material risks to the organisation?	Y	N	N/A
72	Does the Audit Committee approve the SIC?	Y	N	N/A
73	Does the Audit Committee ensure that the SIC appropriately discloses action to deal with material problems that have arisen in year?	Y	N	N/A
74	Does the Audit Committee ensure that they receive details on the operation of internal control, including any failures to implement recommendations accepted by the Executive Board from Internal Audit and the External Auditors?	Y	N	N/A
75	Does the Audit Committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	Y	N	N/A
76	Does the Audit Committee consider whether financial control, including the structure of delegations, enables the organisation to achieve its objectives and it achieve good value for money?	Y	N	N/A
77	Does the Audit Committee monitor whether the organisation's procedures for identifying and managing business risk have regard for the relevant legislation and regulation?	Y	N	N/A
<i>Financial Reporting</i>				
78	Does the Audit Committee review the first draft of the annual accounts before the External Auditors start work on them?	Y	N	N/A
79	Before the Accounting Officer signs off the accounts do the Audit Committee consider:	Y	N	N/A
	a) that the accounting policies in place comply with relevant requirements, particularly the Treasury's Financial Reporting Manual and Accounts Direction;	Y	N	N/A
	b) that there has been a due process in preparing the accounts and annual report and whether that process is robust;	Y	N	N/A
	c) whether the accounts and annual report have been subjected to sufficient review by management and by the Accounting Officer and/or Board;	Y	N	N/A
	d) that when new or novel accounting treatments arise, whether appropriate advice on accounting treatment has been taken;	Y	N	N/A

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	e) whether there is an appropriate anti-fraud policy in place and whether losses are suitably recorded;	Y	N	N/A
	f) whether suitable processes are in place to ensure accurate financial records are kept;	Y	N	N/A
	g) whether suitable processes are in place to ensure regularity and propriety is achieved; and	Y	N	N/A
	h) whether issues raised by the External Auditors have been given appropriate attention?	Y	N	N/A
80	Does the Audit Committee consider whether there is a risk of the accounts being qualified by the External Auditors?	Y	N	N/A
81	If the accounts have been qualified, does the Audit Committee consider the action taken by the Board to deal with the causes of the qualification?	Y	N	N/A
82	Does the Audit Committee satisfy itself that the annual financial statements represent fairly the financial position of the organisation, regardless of the pressures on executive management?	Y	N	N/A
83	Before the Accounting Officer signs off the Letter of Representation, does the Audit Committee review it and give particular attention to non-standard issues of representation?	Y	N	N/A
84	Does the Audit Committee review the Annual Report and the Financial Statements before signature by the Accounting Officer?	Y	N	N/A
<u>Additional Comments</u>				
<u>Conclusions</u>				
Do we achieve <b>Principle 4: Scope of Work</b> – Is the scope of the Audit Committee suitably defined and does it encompass all the assurance needs of the Board and Accounting Officer?				
What do we need to do to enhance the Audit Committee?				

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<b>Principle 5: Communication</b> The Audit Committee should ensure it has effective communication with the Board, the Head of Internal Audit, the External Auditor, and other stakeholders.				
85	Does the Audit Committee send regular reports or provide oral updates to the Board which they review at their meetings?	Y	N	N/A
86	Does the Audit Committee provide an Annual Report to the Board, timed to support preparation of the Statement on Internal Control?	Y	N	N/A
87	Does the Annual Report of the Audit Committee present the Committee's opinion about:	Y	N	N/A
	a) the comprehensiveness of assurances in meeting the Board and Accounting Officers needs;	Y	N	N/A
	b) the reliability and integrity of these assurances;	Y	N	N/A
	c) whether the assurance available is sufficient to support the Board and Accounting Officer in their decisions taken and their accountability obligations;	Y	N	N/A
	d) the implication of these assurances for the overall management of risk;	Y	N	N/A
	e) any issues the Audit Committee considers pertinent to the Statement of Internal Control, and any long term issues the Committee thinks the Board and/or Accounting Officer should give attention to;	Y	N	N/A
	f) financial reporting for the year;	Y	N	N/A
	g) the quality of both Internal and External Audit and their approach to their responsibilities; and	Y	N	N/A
	h) the Audit Committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed?	Y	N	N/A
<u>Additional Comments</u>				
<u>Conclusions</u>  Do we achieve <b>Principle 5: Communication</b> – Does the Committee engage effectively with Financial and Performance Reporting issues, and with the work of internal and external audit? And does the Audit Committee communicate effectively with the Accounting Officer, the Board and other stakeholders?  What do we need to do to enhance the Audit Committee?				



<b>Section II: The Role of the Chair: Good Practice</b>				
The Chair of the Audit Committee has particular responsibility for ensuring that the work of the Audit Committee is effective, that the Committee is appropriately resourced, and is maintaining effective communication with stakeholders.				
	<i>Agenda Setting</i>			
88	Should the Board Secretary be different from the Audit Committee Secretary?	Y	N	N/A
89	Does the Chair of the Audit Committee meet with the Committee Secretary before every meeting to discuss and agree the business for the meeting?	Y	N	N/A
90	Are inputs on Any Other Business formally requested in advance from Committee members and attendees?	Y	N	N/A
91	Are outline agendas planned one year ahead to cover core activities and specific issues on a cyclical basis?	Y	N	N/A
92	Does the agenda exclude executive business so that there is no overlap with the work of the Board whilst linking to the main elements of the organisation's business?	Y	N	N/A
93	Can special meetings be organised to allow quick response to emergencies?	Y	N	N/A
94	Are the meetings set for a length of time which allows all business to be conducted, yet not so long that the meeting becomes ineffective?	Y	N	N/A
95	Does the Chair encourage full and open discussion and invite questions at the Audit Committee meetings?	Y	N	N/A
	<i>Attendance</i>			
96	Do the Terms of Reference include rules for a quorum?	Y	N	N/A
97	Are attendance records maintained and reviewed annually by the Board?	Y	N	N/A
98	Are the Audit Committee meetings rotated between locations, where relevant, to give the members the opportunity to see various operating sites?	Y	N	N/A
	<i>Communication</i>			
99	Does the Chair of the Audit Committee have open lines of communication with the Board, Head of Internal Audit and the External Auditors?	Y	N	N/A
100	Does the Chair have bilateral meetings at least annually with: the Accounting Officer, Head of Internal Audit and the External Auditors?	Y	N	N/A
101	Does the Chair encourage all Committee members to have regular interface with the organisation and its activities to help them understand the organisation, its objectives and business needs and priorities?	Y	N	N/A
102	Do reports to the Audit Committee communicate relevant information at the right frequency, time, and in a format that is effective?	Y	N	N/A
103	Does the Audit Committee issue guidelines concerning the format and content of the papers to be presented to the Committee?	Y	N	N/A
	<i>Monitoring Actions</i>			
104	Does the Chair or the Secretariat ensure that all action points from Committee meetings are appropriately actioned?	Y	N	N/A

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105	Does the Chair or the Secretariat ensure that members who have missed a meeting are appropriately briefed on the business conducted in their absence?	Y	N	N/A
106	Is a report on matters arising made and minuted at the Audit Committee's next meeting?	Y	N	N/A
107	Does the Chair ensure that the Training needs of the Audit Committee members are identified and addressed?	Y	N	N/A
108	Does the Chair ensure that the Committee members are provided with appropriate appraisal of their performance as a Committee member?	Y	N	N/A
109	Does the Audit Committee Chair seek appraisal of their own performance from the Accounting Officer or Chair of the Board?	Y	N	N/A
110	Does the Chair ensure that there is a periodic review, at least annually, of the overall effectiveness of the Audit Committee and its Terms of Reference?	Y	N	N/A
<i>Appointments</i>				
111	Is the Chair involved in the appointment of new Committee members, including providing advice on the skills and experience required of the new individual?	Y	N	N/A
<u>Additional Comments</u>				
<u>Conclusions</u>				
<p>Do we meet <b>Good Practice: the Role of the Chair</b> – Is the Committee appropriately resourced, work planned in advance as far as possible, and effective communication with stakeholders maintained?</p> <p>What do we need to do to enhance the Audit Committee?</p>				
<p><b>Section III: Committee Support: Good Practice</b></p> <p>The Audit Committee should be provided with appropriate Secretariat support to enable it to be effective. This is more than a minute taking function – it involves providing pro-active support for the work of the Committee and helping its members to be effective in their role.</p>				
<b>Does the Audit Committee Secretariat:</b>				
112	Meet with the Chair of the Audit Committee to prepare agendas for meetings?	Y	N	N/A

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113	Commission papers as necessary to support agenda items?	Y	N	N/A
114	Circulate meeting documents to all Committee members, Internal Audit and External Auditors in good time before each meeting e.g. at least one week before the meeting?	Y	N	N/A
115	Arrange for Executives / senior management to be available as necessary to discuss specific agenda items with the Audit Committee during meetings?	Y	N	N/A
116	Keep records of meetings providing draft minutes for the Audit Chair's approval?	Y	N	N/A
117	Send the minutes of all Audit Committee meetings to Committee members, Head of Internal Audit, External Auditors, Board, and the Accounting Officer on a timely basis e.g. within one week of the meeting?	Y	N	N/A
118	Ask for confirmation that the minutes are a true and fair representation of a summary of the business taken by the Audit Committee?	Y	N	N/A
119	Ensure that the minutes clearly states all agreed action, when they will be done by the responsible owner, and any advice given from any stakeholders?	Y	N	N/A
120	Ensure action points are being taken forward between meetings?	Y	N	N/A
121	Support the Chair in the preparation of Audit Committee reports to the Board?	Y	N	N/A
122	Arrange the Chairs' bilateral meetings with: the Accounting Officer, the Head of Internal Audit, Director of the External Auditors, and in NDPBs, with the Chair of the Board?	Y	N	N/A
123	Keep the Chair and members in touch with developments and relevant background information about developments in the organisations?	Y	N	N/A
124	Maintain a record of when members' terms of appointment are due for renewal or termination?	Y	N	N/A
125	Ensure that appropriate appointment processes are initiated when required?	Y	N	N/A
126	Ensure that new members receive appropriate induction training, and that all members are supported in identifying and participating in ongoing training?	Y	N	N/A
<u>Additional Comments</u>				

Conclusions

Do we meet **Good Practice: Support for the Committee** – Does the Committee receive appropriate support from its secretariat?

What do we need to do to enhance the Audit Committee?

[End of Appendix III and of document]