

**ENERGY CHARTER
SECRETARIAT**

CCDEC 1996

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Brussels, 5 June 1996

Related documents: CC 63, CC 65 Corr. 1, RD 3 (ECC of 05 06 1996)

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Budget Committee: Terms of Reference governing the External Auditor

TERMS OF REFERENCE GOVERNING THE EXTERNAL AUDITOR

[as adopted by the Provisional Energy Charter Conference
at its 5th Meeting held on 5 June 1996]

Article 1

The External Auditor (hereinafter called the Auditor(s)) shall perform such audit of the accounts of the Secretariat, including all trust funds, capital funds, reserves and special accounts, as deemed necessary in order to certify the financial statements of the Secretariat.

Article 2

The Auditor(s) shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretariat, and may proceed to such detailed examination and verification as required of financial records relating to supplies and equipment.

Article 3

The Auditor(s) shall have free access at all convenient times to all books and records and other documentation, and staff of the Secretariat which are, in the opinion of the Auditor(s), necessary for the performance of the audit. The Auditor(s) shall respect the privileged and confidential nature of any classified information, and shall not make use of such information, except in direct connection with the performance of the audit.

Article 4

Keywords: Budget Committee, ToR, Terms of Reference, External Auditor

The Auditor(s) shall verify the annual financial transactions of the Secretariat as regards income, expenditures, receipts and disbursement and shall perform such audits as they deem necessary to certify that:

- (1) The statement of assets, liabilities and accounts, submitted to them by the Secretary-General is in accordance with the Financial Rules, and is accurate and reflects the books and records of the Secretariat.
- (2) The financial transactions recorded in these financial statements have been effected in accordance with the relevant rules, the budget provisions and other instructions which may be applicable, and that budget allocations have not been exceeded.
- (3) The financial statements present fairly the financial position as at the end of the financial period, and the results of operations for the period then ended.
- (4) The financial statements were prepared in accordance with the stated accounting policies and principles on a basis consistent with that of the preceding financial period.
- (5) The securities and monies on deposit and on hand have been verified by certificates received directly from the depositories or by actual count, and
- (6) The financial management and administration of the Secretariat has been carried out on a sound, economical and efficient basis.

Article 5

The report of the Auditor(s) should mention:

- (1) Scope and objectives of their examination.
- (2) Matters affecting the completeness or accuracy of the accounts, including where appropriate:
 - (a) information necessary to the correct interpretation of the accounts;
 - (b) any amounts which should have been received but which have not been credited to the account;
 - (c) any amounts for which a legal or a contingent obligation exists, and which has not been recorded or reflected in the financial statements;
 - (d) expenditures not properly substantiated;
 - (e) other matters affecting the economic, and efficient management and use of budgetary resources.

Article 6

The Auditor(s) shall be completely independent of the Secretariat and solely responsible for the audit.

Article 7

Keywords: Budget Committee, ToR, Terms of Reference, External Auditor

The Secretary-General shall give the Auditor(s) such assistance and furnish them with such facilities as they may need for the proper discharge of their duties.

Article 8

- (1) Each year the Auditor(s) shall prepare an audit report certifying the accounts and providing comments warranted by their audit. They shall also report on the soundness of the financial management and administration of the Secretariat, and may make in this report such observations and recommendations as they deem necessary on the economy and efficiency of financial procedures, the accounting system and internal control.
- (2) Such observations that, in the professional judgement of the Auditor(s), need not be brought to the attention of the Conference shall be attached as an addendum for consideration by the Budget Committee.

Article 9

The audit report shall be submitted to the Budget Committee not later than eight months after the financial period to which the accounts refer. The report shall be transmitted to the Secretary-General beforehand, so that opportunity is given to furnish within 30 days such explanations and justifications as may be required.

Article 10

The Budget Committee shall transmit the audit report to the Conference, together with the explanations of the Secretary-General and, if necessary, with its own observations.