



OCCAR Management Procedure

Title:	<u>Terms of Reference of the OCCAR Board of Auditors</u>	
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This document replaces: Annex OMP 3-I – Issue 3 dated 16/12/16

Record of changes

Date	Issue	Changes
28/11/08	1	This annex formally integrates the revised BoA ToRs approved by the BoS into OMP 3.
01/04/16	2	Major rewrite of procedure approved by Nations at 33 rd BoS meeting.
16/12/16	3	Re-establishing the content of Issue 1.
08/06/18	4	Minor change approved by 08-18 Ex-Committee FTPC Decision on 31/05/2018.

Framework

1. The Board of Supervisors of OCCAR decided in 2001 to establish a Board of Auditors, hereinafter referred to as "the Board", and referred to as the "audit authority" in Article 36 of the OCCAR Convention. Membership of the Board comprises one representative from each member state proposed by its Supreme Audit Institution. Members of the Board are nominated by the Board of Supervisors as set out in Articles 12 J and 36 of the Convention for a renewable period of three years. In the event that a Board Member is unable to attend a meeting of the Board he or she may nominate a deputy to attend on their behalf.
2. Members of the Board may nominate individuals to carry out audit work of the Board. Both the Board Member and any nominated individuals must possess an appropriate national security clearance. The Board may also draw on expert advisors as it requires.
3. The Board shall act independently, in the framework of its Terms of Reference, and shall carry out its work in accordance with best international professional practice. Audit work should be carried out in accordance with International Standards on Auditing, including Ethical Standards, applicable to the Public Sector.
4. Each year, the Board will elect from amongst its members a Chairman. The elected Chairman will be responsible for appointing and providing a project manager to coordinate the delivery of the Board's annual audit plan and associated documentation.

Mandate and the Audit of Accounts

5. The Board shall be responsible to the Board of Supervisors to carry out an annual audit of the financial statements of OCCAR, and to render to the Board of Supervisors an annual audit opinion and long form report detailing audit observations and recommendations. The Board will audit OCCAR's financial statements and assess their compliance with the rules promulgated by OCCAR and approved by the Board of Supervisors. The scope of the Board's observations may cover the effective, efficient and economical use of resources, the adequacy of the Internal Control environment, the effectiveness of financial management, and the regularity and propriety of the underlying transactions.
6. Each year, the BoA will agree in advance with OCCAR-EA a timetable for the audit and discuss its requirements with OCCAR-EA to ensure it is provided with an appropriate level of access to all premises, persons and relevant records required to conduct the audit.
7. The Board will deliver a single audit opinion and report, which will be signed by all members. Members may, when necessary, vote against the opinion adopted, and have this along with the reasons for their dissent recorded in the minutes of the meeting. This shall be appended to the audit opinion and must be sent by the Board to the Board of Supervisors.
8. The Board may, where deemed appropriate, also draw and place assurance on the work carried out by any internal audit function, or expert working groups, established within OCCAR-EA.
9. OCCAR-EA shall provide the necessary level of access, at all convenient times, to information to the Board and any associated audit staff and appointed experts, subject to those individuals having appropriate security clearance as set out in paragraph 2. Nevertheless, sufficient information will still need to be provided to allow the Board Members to provide a single audit opinion.
10. The BoA shall organize itself in order to respect OCCAR's policies and procedures ensuring

that access to sensitive programme information is limited to Participating States.

Reporting

11. The Board will report its findings annually to the Board of Supervisors, at the latest 6 months after the end of the financial year. In complement to its annual reports, the Board may, at any time, submit special reports on specific questions, with an adapted list of diffusion if necessary, in particular to satisfy the following point.
12. Programme sensitive information contained within the reports shall be made available only to Participating States.
13. Audit findings relating to a particular programme shall be shared with Non-Member Participating States.
14. Before the Board's opinion and findings are reported, the draft reports and opinion will be provided to the Director of OCCAR-EA who may, in due course, provide such comments and responses as he deems appropriate.
15. Original versions of reports will be written in English with translations made into the other OCCAR languages if requested by a Board Member.

Cost

16. Members and staff of the Board are remunerated by their respective Member States and will not charge OCCAR-EA for the work undertaken under these terms of reference. OCCAR-EA will, however, reimburse travel and subsistence costs incurred by the Board and its staff and will provide administrative support and suitable office accommodation. Reimbursement for travel and subsistence expenses will be provided by OCCAR-EA implementing the same rules as those applicable to its staff.