



COUNCIL OF EUROPE DEVELOPMENT BANK

RULES OF PROCEDURE OF THE AUDITING BOARD

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Rule 1 – Powers

1.1 The Auditing Board shall perform its duty in conformity with Article XII of the Articles of Agreement of the CEB and its audit shall be conducted in accordance with generally accepted auditing standards and principles based on the criteria of regularity, legality, economy, efficiency and effectiveness in respect of the relevant Financial Regulations and Resolutions concerning the CEB's activities.

The Board, as an independent supervising body of the Bank's activities, is entitled, separately from other controlling entities, to examine specific projects financed by the Bank. The audit may take place by review of documentation at the Bank and/or, in exceptional cases, and subject to the agreement of the Governor, by spot visits. Such exceptional cases might be situations where indications are discovered for mismanagement or criminal activities in executing a project which could endanger the sound financial management of the Bank.

1.2 The Board, as well as its members shall act in full independence, free from any instructions.

1.3 The Auditing Board shall have regular access to reports on internal audit activities, which includes a list of internal audits completed, of audits in progress and of audit findings at least for each quarter.

Moreover, the Board shall have full access to or may request sight of all internal documents which it finds necessary to examine in order to carry out its duties. Equally, it may interview any staff member of the Bank.

Furthermore, in case the Auditing Board has reason to doubt that the information already made available to the Bank by a client is not reliable enough, it should inform the Governor who will take the necessary steps.

1.4 The Auditing Board may use external experts, in cases where it is faced, in the fulfilment of its statutory obligations, with a particular specific problem for which it needs specialised technical expertise that is not available among its members.

1.5 The Auditing Board shall be consulted before appointment, replacement, transfer or dismissal of the Head of the Internal Audit.

1.6 Besides the competence to be consulted in the procedure for the nomination of the external auditor and defining its mandate, the Board shall be informed of the annual audit plan and is authorised to deliver recommendations related to it through the management of the Bank.

1.7 In accordance with the resolutions, the Governor shall inform the Auditing Board on the tenders for the appointment of the external Auditor. Consequently, the Auditing Board presents its opinion to the Administrative Council and the Governing Board as well as to the Governor and the Secretariat.

Rule 2 – Composition

2.1 The Auditing Board is composed of three members of the Member states of the CEB according to a rotation scheme. The term of office of the appointed person on the Auditing Board shall be for the whole three-year period.

2.2 The rotation system shall be such that not more than one member retires each year.

The term of office of the member leaving the Board shall expire on the day on which the Governing Board approves the annual report and the accounts of the Bank and the appointment of the new member shall commence on the following day.

The outgoing member shall attend the Auditing Board's meetings as an advisor until the next rotation takes place in the following year.¹ In case there are only two members attending a meeting, the advisor shall automatically act as the third member.

2.3 The member countries are invited to present, to be appointed by the Governing Board, three candidates having significant professional experience in the financial auditing field. From among these candidates, the Governing Board shall appoint one ordinary member and two substitutes. Membership of this Committee must exclude ordinary members and substitutes of the Governing Board and the Administrative Council.

The substitute shall automatically act in circumstances where the ordinary member is definitely unable to attend Board meetings.

2.4. The Board constitutes itself. Unless the Board decides otherwise, the most senior member in terms of his or her appointment date shall chair the meetings and act as speaker of the Board.

Rule 3 – Reimbursement of travel expenses

The Auditing Board is reimbursed of its travel expenses and receives a daily allowance on the basis of the "Accounting Procedures for Missions, Training, Suppliers and Cash".

Rule 4 – Meetings

4.1 As a rule, the Auditing Board holds two meetings a year in order to accomplish its functions. The autumn meeting is mainly dedicated to audit-planning and interim audit work. The spring meeting is focussed on the auditing of the annual accounts and the annual report to be presented to the organs of the CEB.

These meetings may be complemented with other meetings the Board deems necessary to fulfil its duties.

Meetings shall in principle be held at the headquarters of the Bank's operational services. They may also take place at its principal office or at any other place appropriate to the circumstances. In addition, meetings may be organised via videoconference or other electronic means: if necessary, the Auditing Board shall take the measures required, in particular procedural ones, for the smooth running of such meetings.

4.2 Before the spring meeting the Auditing Board shall receive the final draft of the financial statements and the report of the external and of the internal auditors at least one week before the meeting.

4.3 In the case of dissenting opinions among the Board members, the decisions shall be taken by simple majority of the three members being present at the meeting. Minority views shall be reflected in the Board's report.

The Board can decide to treat any subject by written procedure in a case where there is unanimity.

The meetings are restricted and no records are kept unless the Board decides otherwise. Notes related to the decision-making process shall be destroyed by the Secretariat to the Board at the end of the meetings.

¹ Adopted by the Governing Board at its 188th meeting (Paris, 28 March 2008).

4.4 The secretariat of the Auditing Board shall be assured by the Secretariat of the enlarged Partial Agreement on the Council of Europe Development Bank. It shall provide all necessary assistance for carrying out the audit including legal assistance and assistance in the relations with the other organs of the Bank.

Rule 5 – Languages

The official languages of the Auditing Board shall be French and English.