

Revised Terms of Reference of the Management Board Working Group on Audit

35th Meeting of the Management Board on 25-26 September 2014

Item	14.1
Action	For adoption
Status	Final - public

Action requested

The Management Board is invited to adopt revised Terms of Reference of its working group on Audit.

Background

Following a request from the Management Board in March 2014, the Working Group on Audit recommended in June 2014 modifications to its Terms of Reference. The Management Board agreed with these recommendations and it was concluded that the Secretariat will prepare a proposal for adoption in the September 2014 Management Board meeting.

Matters for consideration

The Management Board agreed in June 2014 that the revised Terms of Reference of the Working Group should

- foresee the Management Board Chair and a Commission representative as default members
- remove the limitation that the two year membership can be renewed only once, i.e. allow a longer membership, subject to the approval of the Management Board

It was furthermore concluded that those members of the Working Group whose 2nd mandate expired in June 2014 could be newly nominated under revised terms.

Attachment:

- Draft revised Terms of Reference of the Management Board Working Group on Audit

26 September 2014

Annex**REVISED TERMS OF REFERENCE
OF THE
“MANAGEMENT BOARD WORKING GROUP ON AUDIT”**

The Terms of Reference describe the role, the composition and organisation, responsibilities and reporting arrangements of the European Chemicals Agency (ECHA) Management Board Working Group on audit.

1- ROLE

The Working Group on audit assists the Management Board by ensuring that the recommendations of Internal Audit Service (IAS), the European Court of Auditors (ECA) and ECHA Internal Auditor (IAC) are taken duly into account by the Management Board and the Executive Director and are followed by appropriate action. The Working Group is not in charge of the implementation of audit recommendations, which is the responsibility of the Executive Director.

2- COMPOSITION

- The Management Board Working group on audit comprises at least five members including at least three members of the Management Board, the Chair of the Management Board, the Executive Director of ECHA and the Internal Auditor (IAC).
- The Working group shall be composed of members with professional experience covering a variety of appropriate backgrounds (such as auditing, governance, ECHA's operational areas and/or IT).
- The Management Board designates the Management Board members participating in the working group. One of these members shall be a representative of the Commission. The working group selects the Chairperson or Chairpersons among these members of the Management Board.

3- ORGANISATION AND MEETINGS ATTENDANCE

- The Working group Members' mandate will have a term of two years. Membership may be renewed.
- Meetings shall be held at least twice a year or more frequently as circumstances require.
- The quorum to hold a meeting shall be four members with a minimum of three members of the Management Board.
- The Working group works on a basis of consensus.
- The Secretariat to the Working group shall be provided by the Executive Office.
- The Working group may invite external experts to attend meetings where considered necessary.
- Other staff members of ECHA (Directors or other staff) shall take part in the meetings at the discretion of the Executive Director.

4- TASKS OF THE WORKING GROUP

The tasks of the Working group shall be to:

- provide advice to the Management Board on audit issues.
- examine the Annual audit plans prepared by the IAC and make proposals to carry out audits where a particular risk or exposure to risk is perceived.
- follow-up implementation of audits and assess internal audit quality and control systems of ECHA by keeping under review the scope, results and effectiveness of the internal audit plan.
- monitor action taken by ECHA in response to analyses, assessments and major recommendations of internal and external auditors on the basis of reports prepared by ECHA management (whether management accepted or rejected the recommendations; whether management provided an action plan with clear deadlines to the recommendations; whether auditors approved the implementation of the action plan in a follow-up report).
- consider and review with the senior management significant findings and opportunities for improvement and their responses thereto, based on the Agency's actions plans.
- keep the Management Board informed of reports resulting from audits (IAS, ECA, IAC and other external party audits) and ECHA's response thereto¹.
- monitor the quality of internal audit reports at ECHA and ensure the independence and objectivity of IAC.
- prepare an opinion of Management Board on ECHA's final accounts taking into account the observations of the Court of Auditors to facilitate the adoption by the Management Board (Article 97(7) of the REACH Regulation (EC) No 1907/2006).

5- REPORTING

The Management Board Working Group on audit shall bring to the Management Board's attention any issues arising out of the Working Group's work and will report regularly to the Management Board on the follow-up given by ECHA to major audit recommendations, the quality of internal audit work and its own activity.

The outputs and opinions of the Working Group meetings will be, as appropriate, reported by its Chairman to the plenary sessions of the Management Board.

These revised Terms of Reference replace the Terms of Reference adopted by the Management Board on 23 June 2010 (MB/26/2010/D final).

Done at Helsinki on 26 September 2014

signed

Nina CROMNIER

Chair of the Management Board

¹ All annual reports provided by the aforementioned services will be presented to the Management Board