

**THIRTY-THIRD SESSION OF THE IPCC
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IPCC TRUST FUND PROGRAMME AND BUDGET

**External Audit under International Public Sector
Accounting Standards (IPSAS)**

(Submitted by the IPCC Secretariat)

IPCC TRUST FUND PROGRAMME AND BUDGET

External Audit under International Public Sector Accounting Standards (IPSAS)

As a follow up to the provision for external audit noted by the Panel at its 32nd Session and in accordance with International Public Sector Accounting Standards (IPSAS) adopted by WMO as of 1 January 2010, IPCC will be audited by the WMO External Auditor, the United Kingdom National Audit Office (NAO). The Terms of Reference for the United Kingdom National Audit Office are provided as further information which the Panel is invited to consider and approve.

Draft Terms of Reference

Governing the Audit of the

Intergovernmental Panel on Climate Change Trust Fund

1 Appointment of the Auditor

1. The Intergovernmental Panel on Climate Change (IPCC) shall appoint an External Auditor to provide an audit of the financial transactions and accounts of the Intergovernmental Panel on Climate Change Trust Fund (IPCC Trust Fund) and confirm compliance with the application of applicable Regulations.

2 The Accounts

1. The World Meteorological Organization shall maintain the accounts of the IPCC as necessary and shall prepare annual financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) showing for the year to which they relate:
 - (a) A statement of financial position;
 - (b) A statement of financial performance;
 - (c) A statement of changes in net assets/equity;
 - (d) A statement of cash flow;
 - (e) A comparison of actual amounts and the approved budget;
 - (f) Notes, comprising a summary of significant accounting policies and other explanatory notes.
2. WMO shall also give such other information as may be necessary to indicate the current financial position of the Fund.
3. The final accounts shall be presented in Swiss Francs and shall be approved by the Secretary, IPCC.
4. The final accounts shall be submitted to the External Auditor not later than 30 June following the end of the financial year to which they relate.
5. The first audit will cover the period 1 January 2010 to 31 December 2010.
6. The Secretary, IPCC shall submit the annual financial statements and the Auditor's reports thereon to the next Plenary following the close of that period.

3 Procedures for the audit

1. The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the Plenary, in accordance with the terms of reference set out in paragraph IV.
2. The Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Fund as he or she considers necessary.
3. The Auditor will be completely independent and solely responsible for the conduct of the audit.
4. The Plenary may request the Auditor to perform certain specific examinations and issue separate reports on the results, for which an additional fee will be payable.

5. The Secretary, IPCC shall provide the Auditor with the facilities he or she may require in the performance of the audit and ensure access to appropriate records from the Department of Resource Management of the WMO.
6. The Auditor will issue a report on the audit of the financial statements and submit such report to the Plenary.

4 Terms of reference

1. The Auditor will perform such audit of the accounts of the Fund, including special accounts, as he or she deem necessary in order to satisfy himself or herself:
 - (a) that the financial statements are in accordance with the books and records of the Fund;
 - (b) that the financial transactions reflected in the statements have been in accordance with the Regulations and Administrative Rules of the Fund;
 - (c) that the securities and moneys on deposit and on hand have been verified by certificate received direct from the Fund's depositories, by actual count or by reference to confirmation from WMO of account balances held in the name of IPCC;
 - (d) that the internal controls are adequate in the light of the extent of reliance placed thereon;
 - (e) that adequate procedures have been established by management to record all assets, liabilities, surpluses and deficits of the Fund.
2. The Auditor will be the sole judge as to acceptance in whole or in part of certifications and representations made by the Secretary, IPCC and may proceed to such detailed examination and verification as he or she chooses of all financial records.
3. The Auditor and his or her staff will have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Auditor, necessary for the performance of the audit. Information classified as confidential shall be made available on application. The Auditor and his or her staff will respect the confidential nature of any information so classified which has been made available and will not make use of it except in direct connection with the performance of the audit. This access will extend to records held by WMO.
4. The Auditor will have no power to disallow items in the accounts but shall draw to the attention of the Plenary for appropriate action any transaction he or she may consider to be doubtful, in respect of legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be immediately communicated to the IPCC Plenary.
5. The Auditor will express and sign an opinion on the financial statements of the Fund no later than 30 June following the end of the financial year to which they relate. The opinion shall include the following basic elements:
 - (a) the identification of the financial statements audited;
 - (b) a reference to the responsibility of the entity's management and the responsibility of the Auditor;
 - (c) a reference to the audit standards followed;
 - (d) a description of the work performed;
 - (e) an expression of opinion on the financial statements as to whether:
 - (i) the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;

- (ii) the financial statements were prepared in accordance with the stated accounting policies; and
 - (iii) the accounting policies were applied on a basis consistent with that of the preceding financial period;
 - (f) an expression of opinion on the compliance of transactions with the Fund's Regulations and legislative authority;
 - (g) the date of opinion;
 - (h) the Auditor's name and positions; and
 - (i) should it be necessary, a reference to the report of the Auditor on the financial statements.
6. The report of the Auditor to the Plenary on the financial operations of the period should mention:
- (j) the type and scope of his or her examination;
 - (k) matters affecting the completeness or accuracy of the accounts, including where appropriate:
 - (i) information necessary to the correct interpretation of the accounts;
 - (ii) any amounts which ought to have been received but which have not been brought to account;
 - (iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;
 - (iv) expenditures not properly substantiated;
 - (v) whether proper books of accounts have been kept;
 - (vi) any deviations of a material nature in the presentation of financial statements from generally accepted accounting principles applied on a consistent basis;
 - (l) other matters related to the application of the Regulations and Administrative Rules which should be brought to the notice of the Plenary; and
 - (m) where appropriate, transactions accounted for in a previous financial period concerning which further information has been obtained or transactions in a later financial period concerning which it seems desirable that the Plenary should have early knowledge.
7. The Auditor may make such observations with respect to his or her findings resulting from the audit and such comments as he or she deems appropriate to the Plenary with a copy to the Secretary, IPCC.
8. Whenever the External Auditor's scope of audit is restricted, or he or she is unable to obtain sufficient evidence, the External Auditor will refer to the matter in his or her report, making clear in the report the reasons for his or her comments and the effect on the financial position and the financial transactions as recorded.
9. In no case will the External Auditor include criticism in report without first affording the Secretary, IPCC an adequate opportunity of explanation on the matter under observation.
10. The Auditor is not required to mention any matter referred to in the foregoing which, in his or her opinion, is not material.
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