CHARTER OF THE WCO AUDIT COMMITTEE

1. **Role of the Committee**

   The role of the Audit Committee is, as part of the ongoing systematic review of the control environment and governance procedures, to oversee the audit function within the WCO and advise the Policy Commission and the Council as well as the Secretary General in relation to the operation and the development of this function. The Audit Committee acts under the overall direction of the Council and Policy Commission with administrative support provided by the Secretariat.

2. **Authority**

   The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to assist the Policy Commission and the Council in fulfilling their oversight responsibility with respect to:

   - the overall implementation of the WCO Strategic Plan;
   - the budget allocation process and performance measurement policies and practices of the Organization;
   - efficient and effective programme management and the attainment of objectives, as outlined in the Strategic Plan;
   - the protection of resources and their efficient and effective application against stated priorities; and
   - the identification and mitigation of significant risks.

3. **Membership**

   The Committee is appointed by the WCO Council. Any Member of the Committee can be removed by the Council at its sole discretion. The term of office of the Audit Committee members shall be three years. Exceptionally and on the proposal of the Audit Committee to the Council, the duration of the term of office may be extended by one year in order to provide for continuity of membership.

   The Committee shall comprise twelve Directors General from the Council, to include two representatives from each of the six Regions. These seats on the Committee are allocated ideally on a rotating basis from among the active Members in each Region. In special circumstances, a lower ranking official may represent his/her Administration on the Audit Committee, provided that such a representative reports directly to the Director General of the Administration.

   Other, ex-officio, non-voting members of the Audit Committee appointed by the Council are:

   - the Secretary General or his/her designate; and
   - the Chairperson of the Finance Committee.
On a proposal from the Audit Committee, the Chairperson and Vice-Chairperson of the Audit Committee are elected by the Council for a two-year term. They are elected from among the members of the Audit Committee.

In the interest of good governance and separation of functions, there should be no overlap between executive and non-executive functions. There should be no overlap in voting membership between the Finance and Audit Committees.

4. **Responsibilities**

Without limiting the generality of its scope, the Audit Committee is vested with the following responsibilities:

- Providing independent, documented objective advice to the Policy Commission, the Council and the Secretary General through the systematic review and follow-up of all internal and external audit work undertaken in relation to the WCO control environment, risk management practices, decision support, governance and compliance processes.

- Advising and making recommendations to the Policy Commission, the Council and the Secretary General on any matter pertaining to the WCO audit function, as the Committee considers necessary or appropriate.

- Assessing whether processes are in place to manage risks in accordance with organizational guidelines, work plans and the Strategic Plan, and monitoring implementation and effectiveness of the processes.

- Monitoring the implementation of the Strategic Plan on a cyclic basis.

- Participating through the Chairperson and/or the Vice-Chairperson in the selection of the internal and external auditors.

- Reviewing and approving the Annual Internal and External Audit Plans.

- Reviewing and approving through the Chairperson and/or the Vice-Chairperson the Terms of Reference of internal and external audits.

- Reviewing audit findings and recommendations.

- Assessing the implementation of agreed corrective actions by management.

- Fostering the development and implementation of best practice in the internal audit and external audit function.

- Reviewing and evaluating the performance of the internal and external auditors.
5. **Internal Auditor**

The Internal Auditor will be part of the staff of the Secretariat, and will be appointed and evaluated by the Secretary General in consultation with the Chairperson of the Audit Committee. The responsibilities of the Internal Auditor are as follows:

- Conduct the internal audits defined by the Audit Committee or the Secretary General.
- Prepare the Terms of Reference and coordinate the work of internal and external audits defined by the Audit Committee.
- Report quarterly to the Chairperson of the Audit Committee about the development of the audits and other issues that may be of interest to the Audit Committee.
- Prepare the documentation for the Audit Committee's meetings.
- Other duties that may be assigned by the Chairperson of the Audit Committee or the Secretary General.

6. **Meetings**

The Audit Committee shall meet at least once a year, at the call of the Chairperson. The Audit Committee shall function in accordance with the procedures applicable to WCO working bodies as approved by the Council.

A quorum of half the voting members of the Audit Committee will be required for each meeting.

In the absence of the Chairperson, the Vice-Chairperson will chair the meetings.

Although the Audit Committee normally arrives at its recommendations by consensus, in the absence of consensus, decisions shall be taken by a majority of not less than two-thirds of the voting members present at the meeting, as provided for in Rule 21 of the Rules of Procedure of the Customs Co-operation Council.

In order to fulfil its mission, the Audit Committee may conduct “virtual” consultations among its members using electronic means organized by the Chairperson of the Audit Committee.

The Committee has the authority to request any member of the Secretariat to attend Committee meetings, as it considers necessary.

Where external auditors have been appointed to carry out audits they will appear before the Audit Committee, as required, to present their reports and answer any questions related to them. They may also be invited to participate in the discussions on specific agenda items relevant to their Audits.
7. **Working Procedures/Resources**

The Committee will adopt its own working procedures.

The Audit Committee is authorized to obtain external legal or other professional advice if deemed necessary. It may also secure the attendance, at part of an Audit Committee session, of consultants, auditors and management experts considered as having relevant experience, in order to provide additional information on specific issues examined by the auditors.

The Audit Committee meets at WCO Headquarters. The Secretariat is responsible for making the arrangements and preparations for the Audit Committee sessions, providing professional, administrative and technical services during the sessions, and performing follow-up tasks after the sessions.

The home administrations of the Chairperson, Vice-Chairperson and members of the Audit Committee are required to bear their own expenses (travel and accommodation).

8. **Access**

The Chairperson of the Audit Committee, or any other Committee member acting with the authority of the Chairperson, shall have the right of access to the Council Chairperson, the Secretary General and the Head of the Division of Administration and Personnel.

The Audit Committee shall have full, free and unrestricted access to all WCO documentation.

9. **Reporting**

The Audit Committee shall issue its reports to the Policy Commission and the Council. The Committee will proffer such advice and recommendations as it may deem appropriate.

10. **Review**

The Audit Committee shall evaluate its own performance every three years to include a review of the Audit Committee Charter.