

# **Resolution of Assent to the Terms of Reference Governing the Audit of the GEO Trust Fund**

**As Adopted by GEO-III  
29 November 2006**

The members of the Group on Earth Observations (GEO) assembled for the Third Plenary meeting hereby assent to the Terms of Reference governing the audit of the GEO Trust Fund as per the Appendix to this document.

# Appendix

## Draft Terms Of Reference Governing The Audit Of The Group On Earth Observations' Trust Fund

### 1 Appointment of the Auditor(s)

1. The Group on Earth Observations (GEO), as agreed by the third GEO Plenary (GEO-III), has appointed the National Audit Office of the United Kingdom to provide an audit of the financial transactions and accounts of the Group on Earth Observations' Trust Fund (GEO-WMO 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 GEO as necessary and shall prepare final accounts in accordance with the United Nations System Accounting Standards<sup>1</sup> for each financial period showing:
  - a. the income and expenditure of the Fund;
  - b. the statements of assets and liabilities at the close of the financial period;
  - c. the cash flow statement.
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 Secretariat Director.
4. The final accounts shall be submitted to the External Auditor not later than 31 March following the end of the financial period to which they relate.
5. The first audit will cover the period 1 April 2005 to 31 December 2006.
6. The Secretariat Director shall submit the final accounts for each financial period and the Auditors' reports thereon to the next Plenary following the close of that period.

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<sup>1</sup> In late June 2006, the UN General Assembly approved International Public Sector Accounting Standards (IPSAS), which are likely to be approved by all UN agencies, including the World Meteorological Organization, before the end of 2007. If WMO approves IPSAS, this document will be amended accordingly.

### 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 Auditors 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 they consider necessary.
3. The Auditors will be completely independent and solely responsible for the conduct of the audit.
4. The Plenary may request the Auditors to perform certain specific examinations and issue separate reports on the results, for which an additional fee will be payable.
5. The Secretariat Director shall provide the Auditors with the facilities they 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 Auditors will issue a report on the audit of the financial statements and submit such report to the Plenary.

### 4 Terms of reference

1. The Auditors will perform such audit of the accounts of the Fund, including special accounts, as they deem necessary in order to satisfy themselves:
  - (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 GEO;
  - (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 Auditors will be the sole judges as to acceptance in whole or in part of certifications and representations made by the Secretariat Director and may proceed to such detailed examination and verification as they choose of all financial records.
3. The Auditors and their staff will have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Auditors, necessary for the performance of the audit. Information classified as confidential shall be made available on application. The Auditors and their 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 Auditors will have no power to disallow items in the accounts but shall draw to the attention of the Plenary for appropriate action any transaction they 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 GEO Plenary.
5. The Auditors will express and sign an opinion on the financial statements of the Fund no later than 30 June following the end of the financial period 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 Auditors;
  - (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:
    - the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;
    - the financial statements were prepared in accordance with the stated accounting policies; and
    - 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 Auditors to the Plenary on the financial operations of the period should mention:
  - (a) the type and scope of their examination;
  - (b) 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;
- (c) other matters related to the application of the Regulations and Administrative Rules which should be brought to the notice of the Plenary; and
- (d) 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 Auditors may make such observations with respect to their findings resulting from the audit and such comments as they deem appropriate to the Plenary with a copy to the Secretariat Director.
- 8.** Whenever the External Auditor's scope of audit is restricted, or they are unable to obtain sufficient evidence, the External Auditor will refer to the matter in their opinion and report, making clear in their report the reasons for their 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 Director an adequate opportunity of explanation on the matter under observation.
- 10.** The Auditors are not required to mention any matter referred to in the foregoing which, in their opinion, is not material.