

Terms and Condition of Appointment for MRC Audit Committee Members

Introduction

This document sets out the terms and conditions of appointment for MRC audit committee members appointed by the MRC Joint Committee (Appointees) and may be amended by MRC Joint Committee (JC) at its discretion.

Part I: Terms and Conditions

1.1 Appointment Mechanism

Appointments are made by MRC Joint Committee, on the recommendation of the MRC Member Countries and MRC Secretariat, through a Joint Committee Meeting based on the MRC Audit Committee Charter approved by the MRC Council in Halong City, Viet Nam on 28th-29th November 2018.

1.2 Tenure of Appointment

Appointees serve at the pleasure of the MRC Audit Committee. An appointment may be terminated at any time without prior notice and without any further compensation.

1.3 Date of Appointment

The acceptance of the MRC Audit Committee Member Appointment letter is the effective date for the appointment.

1.4 Acceptance of Appointment

To accept the appointment, Appointees must return a signed copy of the Appointment Acceptance letter to the MRC Secretariat within 14 days of receiving it or date specified in the letter. By signing the Letter of Appointment, the Appointee attests that he or she has read the Terms and Conditions of Appointment, agrees to be bound by them, and accepts the appointment.

1.5 Term and Renewal

Unless otherwise stated, terms are for a period of Three (3) years, and may be renewed once, at the discretion of the MRC JC, for an additional period of maximum three years. The total term will not exceed six (6) years.

1.6 Resignation

When an Appointee resigns, a letter of resignation must be sent to the Chair of the MRC JC and CC Chair of the MRC Audit Committee and MRC Secretariat 45 days in advance (calendar day). The letter should state the explicit reason for the resignation (i.e., personal reason, disagreement with a person or action, conflict of interest).

1.7 Compensation

Remuneration will be provided on an honorarium and/or per diem basis, according to Schedule below.

Schedule 1: Honorarium Rates for Audit Committee Members		
	USD/Workday	Remarks
Honorarium	\$350	
DSA		MRC DSA Policy applied and based on actual location and time.

1.8 Business Travel and Other Expenses

The MRC Travel Directive, as it applies to the MRC, shall govern the reimbursement of travel expenses incurred by Appointees. Other necessary incidental and reasonable out-of-pocket expenses, directly related to the exercise of duties as an Appointee, will be reimbursed at cost. Flight maybe booked and arranged by the MRC Secretariat in advance and only economy airfare is allowed.

Part II: Terms of Service

2.1 Meetings

Appointees shall attend and participate in MRC audit committee meetings with at least one physical meeting per year to be held in the National Capital region as arranged by the Chair. Appointees shall also attend and participate in other meetings or teleconferences as needed. In addition, the Appointees shall prepare written submissions, reports and analysis; participate in and contribute to presentations, briefings and assessments; and perform other related duties as may be required.

MRCs shall provide the necessary logistical support to the Audit Committee meetings.

2.2 Expectations

As a member of the audit committee, Appointees must:

- Act honestly and in good faith in the public interest;
- Become thoroughly familiar with the role and responsibilities of an audit committee member by reviewing pertinent policies, directives and documents such as the “Charters, Manuals, MRC Rule and Procedure, Mekong Agreement 1995 and other relevant documents”;

- Attend all audit committee and related meetings and actively participate by being prepared in advance, fostering a culture of open, candid and direct communication and asking probing questions;
- Be accountable to the MRC JC for providing sound counsel and constructive challenge and exercising due diligence;
- Contribute to the development of an audit committee Charter or Terms of Reference, the annual audit committee plan and the annual audit committee report;
- Participate, as required, in a self-assessment of the performance of the audit committee during the previous period; and
- In the occurrence of disputes or disagreements which reflect on the integrity of operations of the MRC, vigorously pursue avenues of resolution;
- Overseeing the work of internal auditor and external auditors;

2.3 Roles and Responsibilities

Appointees shall have the following roles and responsibilities, as described in the MRC Audit Committee Charter:

1. Values and Ethics:

Review and report, at least annually, on promote public service values and to ensure compliance with laws, regulations, policies, and standards of ethical conduct.

2. Risk Management:

Review and report, at least annually, on the corporate risk profile and MRC risk management arrangements and identify risk and update risk register.

3. Management Control Framework:

Review and report, at least annually, on divisions internal control arrangements, including the adequacy of management-led audit.

4. Internal Audit Function

- Recommend, and regularly review, an Internal Audit Charter or Policy on Internal Audit for approval by the MRC JC;
- Regularly review the adequacy of resources of the internal audit function;
- Review and recommend for approval the risk assessment and the internal audit plan prepared by the Internal Auditors;
- Regularly review the performance of the internal audit function;
- Advise the MRC JC and MRC Secretariat on the appointment and performance appraisal of the Internal Auditors;
- Receive and recommend for approval internal and external auditing reports and management action plans to address recommendations; and
- Be aware of audit engagements or tasks that do not result in a report to the committee and be informed of all matters of significance arising from such work.

5. Follow-up on Management Action Plans

- Ensure that there are effective arrangements in place to monitor and follow-up on management action plans responding to recommendations from internal audits, external audits, or other sources; and
- Periodically receive reports from management on actions taken.

6. Financial Statements and Public Accounts Reporting

Review the MRC financial statements with management and all significant accounting estimates and judgments therein and recommend to the MRC JC whether they should be accepted. MRCS Management is responsible for the preparation and fair presentation of the financial statements.

When the MRC financial statements are audited, review:

- The audited financial statements with the external auditor and senior management, discuss any significant adjustments to the statements required as a result of the audit, and any difficulties or disputes with management encountered in the course of the audit;
- Management letters arising from the external audit of the MRC's financial statements or the Public Accounts;
- The auditor's findings and recommendations relating to the internal controls in place for financial statement reporting; and
- The performance of the external auditor.

7. Risk and Accountability Reporting

Review the following to ensure that, to the best knowledge of the Appointee, there are no material misstatements or omissions in:

- The MRC Corporate Risk profile;
- The Report on Plans and Priorities;
- The MRC Performance Report; and
- Other significant accountability reports.

2.4 Roles and Responsibilities of Committee Chairs

In addition to the expectations and the roles and responsibilities of the members described above, the audit committee member, appointed as the Chair, shall have the additional roles and responsibilities:

1. Oversee and lead in the preparation and presentation of:

- The periodically reviewed and reaffirmed Audit Committee Charter or Terms of Reference which outlines the committee's role, responsibilities and operations, for approval of the MRC JC, and
- An annual audit committee plan to ensure that the committee's ongoing responsibilities are scheduled and fully addressed
- An annual audit committee report to the MRC JC which:
 - Summarizes the committee's activities undertaken and the results of its reviews

- Provides the committee's assessment of the MRC's system of internal controls
- Document any significant concerns the committee may have in relation to the MRC's risk management, controls and accountability process
- Provides the committee's assessment of the capacity and performance of the internal audit function
- Provides, as needed, recommendations for the improvement of risk management, controls and accountability processes, including recommendations for the improvement of the MRC internal audit function
- An annual self-assessment report to gauge the performance of the committee in its ability to deliver on its Charter or Terms of Reference and on its contribution to the MRC.

2. Oversee audit committee pre-meeting mechanics, including:

- Establishing the agenda
- Ensuring the timely distribution of pre-meeting materials
- Holding pre-meetings as required
- Encouraging attendance by members and others as required

3. Chair audit committee meetings, including:

- Ensuring sound management of the meeting and the agenda
- Encouraging open and meaningful participation of the members
- Managing conflicting positions and points of view
- Seeking consensus and agreement
- Initiating and conducting in (video conference, skype call) individual/group meetings with the CEO, Directors, Chief Finance Officer, (if applicable) the Senior Financial Officer, the Internal Auditor as required.

4. Support a positive culture by:

- Providing a model of behavior and conduct
- Openly accepting and embracing the expectations, roles and responsibilities of a member
- Encouraging respect and trust amongst members
- Supporting open, candid and direct communications amongst members and with management
- Respecting differences of opinion
- Committing to good governance and a team spirit
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2.5 Duty to Inform and Duty to Resign—Disagreement

In the event that a regular member of an audit committee has a difference of opinion with another member that cannot be resolved by the Chair or if the member has an unresolved difference of opinion with the Chair and provided that the difference of opinion, from the perspective of the Appointee, has, or could have, a material, negative impact on the fairness of reported information or on the integrity of operations of the MRC or involves the

questionable behaviour of an individual then the Appointee shall bring the issue forward for resolution, as follows:

- The Appointee shall bring the issue to the attention of the MRC JC within a reasonable timeframe.
- If the event that the MRC JC is unable to resolve the issue and if the Appointee is of the opinion that the issue still remains, the Appointee has a duty to resign.

Part III: Conflict of Interest and Fraud Prevention and Anti-Corruption (FPAC) Mechanism for MRC Audit Committee Members Appointed by the MRC JC

3.1 Object

The object of the Code is to enhance public confidence in the integrity of audit committee members and the decision-making process in inter-government bodies

- while encouraging experienced and competent persons to seek and accept appointment;
- while facilitating interchange between the private and public sectors;
- by establishing clear rules of conduct respecting conflict of interest and post-employment practices for Appointees; and
- by minimizing the possibility of conflicts arising between the private interests and public duties of Appointees and providing for the resolution of such conflicts in the public interest, should they arise.

3.2 Principles

Appointees are required to perform their duties in the public interest. MRC Fraud Prevention and Anti-Corruption (FPAC) Mechanism sets standards to maintain and enhance public confidence in the integrity of Appointees. It sets out principles to avoid real or apparent conflicts between their private interests and public responsibilities.

Ethical Standards

Appointees shall act with honesty and uphold the highest ethical standards so that public confidence and trust in the integrity, objectivity and impartiality of government are conserved and enhanced.

Public Scrutiny

Appointees have an obligation to perform their official duties and arrange their private affairs in a manner that will bear the closest public scrutiny, an obligation that is not fully discharged by simply acting within the law of the 4 countries.

Decision Making

Appointees, in fulfilling their official duties and responsibilities, shall make decisions in the public interest and with regard to the merits of each case.

Private Interests

Appointees shall not have private interests that would be affected particularly or significantly by government actions in which they participate.

Public Interest

On appointment, and thereafter, Appointees shall arrange their private affairs in a manner that will prevent real, potential or apparent conflicts of interest from arising, but if such a conflict does arise between the private interests of an Appointee and the official duties and responsibilities of that Appointee, the conflict shall be resolved in favour of the public interest.

Private Gain

The Appointee's work should not result in any personal or private financial or other substantive gain for the Appointee or for families or businesses in which the Appointee has an interest. (Private gain does not include honorarium and per diem payments received as an audit committee member.)

Duty to Disclose

The Appointee must inform the Chair of MRC Audit Committee and MRC JC of any circumstance that may have a negative or harmful effect on the Appointee's abilities to perform the duties required of the Appointment.

Duty to Inform and Duty to Resign—Conflict of Interest

Independence is demonstrated by the absence of real and perceived direct and indirect personal and financial interest of the Appointee or members of his or her family and business associates and competitors AND the personal capacity and behaviour of the Appointee to engage the management, internal auditor, and external auditors in demanding explorations of MRC practices and areas of concern. It extends to seeing this principle through to standing by one's challenge to reports or practices held to be incompatible with the facts or to acceptable practices—even when colleagues on the committee may be inclined to defer. The consequence of this is the duty to inform the MRC JC directly in such a case. Protection of independence may result in a mutual agreement to terminate the appointment.

Gifts, Hospitality and Benefits

Appointees and their families shall not solicit or accept transfers of economic benefit, other than incidental gifts, customary hospitality, or other benefits of nominal value, unless the transfer is pursuant to an enforceable contract or property right of the Appointees.

Preferential Treatment

Appointees shall not use their position to assist private entities or persons where this would result in preferential treatment to any person.

Insider Information

Appointees shall not knowingly take advantage of, or benefit from, information that is obtained in the course of their official duties and responsibilities and that is not generally available to the public.

MRC Property

Appointees shall not directly or indirectly use, or allow the use of, MRC property of any kind, including property leased to the MRC, for anything other than officially approved activities.

Post-Service

Appointees shall not act, after their appointment terms, in such a manner as to take improper advantage of their previous appointment. Furthermore, Appointees shall not make representations to, or solicit business from MRC with which they have been engaged as audit committee members for a period of one (1) year post-engagement.

Fundraising

Appointees are not to personally solicit funds from any person, group, organization or corporation where such fundraising could place Appointees in a position of obligation incompatible with their public duties.

Part IV: Other Requirements

4.1 Basis and Method of Payment

Unless otherwise stated, the Appointee shall be paid a firm honorarium of 350 USD per day and applicable per diem rate for performing the duties and responsibilities of an audit committee member, in accordance with Section 1.8.

For virtual meetings: one day for the meeting and one day for preparation and follow-up.
For physical meetings: one day per meeting day and two days preparation and follow-up; plus if applicable travel days.

The AC Chair is entitled to one extra day per meeting.

Should a particular meeting require more effort, the AC members may submit timesheets and be compensated for the extra work done based on the rate mentioned above. Should the work required in a calendar year exceed 14 days, the concerned AC member will request prior budget approval from MRCS.

Travel and living expenses, properly and reasonably incurred by Appointees in providing services as audit committee members and authorized by the MRC JC Chair, will be reimbursed at cost, with no mark up.

Other incidental expenses such as long distance telephone calls, document copying costs, etc., reasonably and properly incurred as part of the duties of audit committee members, shall be reimbursed at cost without mark up.

4.2 MRC Point of Contact

With respect to this appointment, a “point of contact” shall be named and identified to the Appointee. The point of contact shall be the representative of the MRC Secretariat to which the Appointee has been assigned. The point of contact shall have the responsibility of identifying and managing the number of days of service that are expected to be provided and of offering assistance to the Appointee with respect to administrative matters concerning the appointment and shall be the person to whom the Appointee shall send claims for payment. The Appointee should contact the point of contact for any administrative issue.

4.3 Non-Disclosure of Information

During the term of the appointment, the Appointee may gain access to MRC protected or classified information, including such things as financial statements, strategic plans and Member Countries documents. The Appointee shall hold all such protected or classified information in strict confidence.

Unless otherwise agreed by the MRC Secretariat and MRC JC, the Appointee shall not disclose, copy, transmit or provide protected or classified information to a third party. In addition, the Appointee shall not discuss or disclose the operations, decisions or recommendations of the audit committee to third parties.

I hereby certify that I have read and understand all the conditions set above.

Signature of Appointee: _____ Date: _____