



Mekong River Commission

For Sustainable Development

Call for Audit Committee nominations

Title:	MRC Audit Committee Members
Duration:	01 March 2022 to February 2025 One three-year term renewable with a maximum of Two three-year terms
Duty Station:	MRC Secretariat Office in Vientiane
Reporting to:	Six-month reports to the Chairman of the Joint Committee (JC)
Expected Deliverables:	Six monthly and Annual Reports
Open to	Nationals of Riparian Member Countries

1. Background: The Mekong River Commission

The Mekong River Commission (MRC) was established by the 1995 Agreement on Co-operation for the Sustainable Development of the Mekong River Basin, between the governments of Cambodia, Laos, Thailand and Vietnam. In accordance with this Agreement, the mission of the MRC is: “To promote and coordinate sustainable management and development of water and related resources for the countries’ mutual benefit and the people’s well-being by implementing strategic programmes and activities and providing scientific information and policy advice.”

The MRC has a three-fold governance structure, consisting of the Council as the highest-level decision-making body (at ministerial level), the Joint Committee (JC) and the MRC Secretariat (MRCS) – complemented by National Mekong Committees (NMCs) in each MRC Member Country (MC). The MRCS is the operational arm of the MRC. It provides technical and administrative services to the JC and the Council to achieve the MRC’s mission. The office of the Secretariat is in Vientiane (OSV), Lao PDR, and a Regional Flood Mitigation and Management Centre is based in Phnom Penh, Cambodia.

Currently, the MRC Joint Committee does not have an oversight body under it which will provide technical advice in matters related to financial management particularly fund management; financial reporting, internal control, internal and external auditing, among others. This concern will be addressed through an Audit Committee whose membership will be composed of a chairman and five Committee members selected by the Joint Committee.

2. Role of an Audit Committee

- 2.1 The Committee provides independent assurance and assistance to the MRC Council and the MRC Joint Committee on:
- the risk, control, governance and compliance frameworks of the organization;
 - the MRC's external accountability responsibilities particularly to the member countries and development partners, and;
 - other pertinent matters identified by the Council and the MRC Joint Committee.
- 2.2 The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within the MRC or the reporting lines and responsibilities of either internal audit or external audit functions.
- 2.3 The Committee provides prompt and constructive reports on its findings to the Chairperson of the Joint Committee particularly when issues are identified as posing material risk or threat to MRC.
- 2.4 The Committee also serves as an avenue of communication between the internal/external audit and the Joint Committee for issues and concerns which need to be clarified by the auditors.

3. Authority

- 3.1 The Audit Committee has no executive powers, unless delegated to it by the MRC Joint Committee.
- 3.2 To implement its mandate, the Committee has the authority to:
- Conduct or authorize investigations into matters within the scope of its authority;
 - Access information, records and personnel of the MRC for such purpose;
 - Request the attendance of any employee including the MRCS Chief Executive Officer at Committee meetings;
 - Conduct meetings with MRC internal and external auditors as necessary;
 - Oversee the work of any public auditing firm contracted by the organization;
 - Resolve any disagreements between management and the auditors (internal and external) regarding financial reporting;
 - Retain independent counsel, accountants, or others to advise the Joint Committee or assist in the conduct of an investigations initiated by the Joint Committee.

4. Main tasks and responsibilities

Detailed tasks and responsibilities of the Audit Committee are described in the Audit Committee Charter attached. This summary below of overall responsibilities covers:

- 4.1 **Financial Statements** : Ensure reliability of financial information used for information and decision-making of its stakeholders.
- 4.2 **Risk management**: Review the enterprise risk management framework for identifying, monitoring, and managing significant risks, including fraud.
- 4.3 **Internal Control**: Review the internal and external audit functions that are the adequacy of internal controls and whether relevant policies and procedures are in place.
- 4.4 **Performance management**: Review whether performance management systems, including the reporting system, are in place to reflect the MRC's role/purpose and objectives as stated in the strategic plan as well as use appropriate benchmarks, targets, and trend analysis.
- 4.5 **Internal Audit** : (-) Functional supervises the internal auditors' work and internal audit activities, including the approval of the internal audit charter, the internal audit plan, and internal audit reports and (-) Review the performance of the internal auditor and the internal audit function to ensure compliance with the Institute of Internal Auditor's International Professional Practices Framework on Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics, and the Standards.
- 4.6 **External Audit**: Review work and performances of the external auditors, including review of TOR for external auditors and review of external audit findings and recommendations to ensure these are in line with the Risk Management Framework.
- 4.7 **Compliance**: (-) Determine whether management has considered legal and compliance risks as part of the MRC's Enterprise Risk management and (-) Review the effectiveness of monitoring done on compliance with the MRC code of conduct, laws, regulations and country policies.
- 4.8 **Reporting**: Six monthly and annual reports for submission to the Joint Committee and stakeholders.
- 4.9 **Other Responsibilities**: Perform other activities related to this Charter as requested by the MRC Joint Committee.

5. Committee membership terms and conditions

- 5.1 The Member terms and conditions including the duration of appointment and specific duties and responsibilities shall be disclosed in a Letter of Appointment signed by the Chairman of the MRC Joint Committee.
- 5.2 The members, including the Committee Chair, are formally appointed by the Chairperson of the MRC Joint Committee for the period of 36 months as one term. The members may be re-appointed based on the decision of the Joint Committee.
- 5.3 Each member country as well as the MRC Secretariat's nominee is represented in the Audit Committee based on a selection process agreed upon at the Joint Committee level and which takes into consideration the following:
 - The Audit Committee is composed of the Chairman and four Committee members;
 - At least two members shall possess the qualifications of a financial expert in accordance with the Terms of Reference attached to this Charter;

- None of the members, including the Chairperson be a current employee or consultant of the MRC Secretariat;
- MRC Secretariat's nominee must not have worked or be connected to the MRC Secretariat in any capacity for the past three years;
- Age limit for Chairperson and members of AC shall follow the established MRC Personnel Manual.
- The chairmanship of the Audit Committee will be decided by the independent members of Audit Committee and will notify to the MRC Secretariat and Joint Committee. The term of chairmanship will be for 12 months. The chairmanship will be rotated based on the Audit Committee member's agreed decision.

5.4 Members are appointed on the basis of personal qualities and skills. As such, proxies or alternates are not permitted if the member is unable to attend meetings.

6. Qualifications

6.1 Must be possessed by all Nominees

- **Independence and objectivity:** he /she must exhibit an impartial and unbiased attitude and must be free from interference from internal and external sources which may influence the result of work performed. To ensure this, the Nominee must not have been connected in any capacity with the MRC Secretariat or Joint Committee as an employee, officer, compensated adviser or consultant and supplier/contractor. The Nominee must not be related by affinity or consanguinity up to the second degree with any MRC official or Committee member. The selected member must execute a Statement of Independence and Objectivity upon assumption of membership and yearly thereon until his/her term ends.
- **Integrity:** must perform work with honesty, diligence and responsibility; observes the law and makes disclosures must not knowingly be a party to any illegal activities or engage in acts that are discreditable to the Audit Committee and his profession. The Joint Committee through will perform background checks on the reputation and character of the nominees as considered necessary.
- **Proficiency:** Proficiency is a collective term that refers to the knowledge, skills, and other competencies required to effectively carry out their professional responsibilities. Apart from possessing the required educational and experience requirements discussed in section 6.2, he/she must have:
 - ✓ a capacity to dedicate sufficient time and energy to the committee work at hand
 - ✓ an understanding of the MRC business and services
 - ✓ an understanding of risks and controls not necessarily that of the MRC's
 - ✓ an ability to read or understand basic financial statements; ask pertinent questions about them, and interpret and evaluate answers

- ✓ an ability to give direct and honest opinions
 - ✓ inquisitiveness and independent judgment
 - ✓ an ability to offer different perspectives and constructive suggestions
- **Fluency in spoken and written English** is required to avoid misinterpretation and miscommunication when deliberating issues and concerns and to fast track consensus building and decision making.
 - **An informal interview** may be conducted to test certain aspects of proficiency as considered necessary by the MRC Secretariat.

6.2 Education requirements for Financial experts (two members required)

Advanced university degree (Master's Degree or equivalent) in finance, accounting, business administration or related field. Professional qualification in accountancy (e.g. Chartered Accountant or Certified Public Accountant) is desirable. A first-level university degree with an additional two (2) years of relevant experience may be accepted in lieu of an advanced university degree.

6.3 Education requirements for other Members

Advance university degree (Masters degree) or equivalent in other fields of study with two years of relevant experience in auditing and financial management work can be accepted.

6.4 Experience requirements for Financial experts

A minimum of 15 years experience as a senior official/principal in the field of auditing; finance; accounting or related area, including at least five years work at the international level.

6.5 Experience requirements for other Members

A minimum of 15 years as a senior practitioner of his/her profession or has been connected with the MRC in a senior official capacity for at least five years. It must be emphasized though that as noted in section 5.3, he/she must not have been connected with the MRC for the last three years before his appointment.

7. Compensation

The Chairman and the Audit Committee members are only entitled to meeting per diems during official meetings called by the Chairman and to travel costs including incidental expenses and per diems for traveling from and to their country of residence (to Vientiane Laos and back).

Meetings are to be held at least four times a year or as required by the Chairman of the Audit Committee.