

## **TERMS OF REFERENCE OF THE EVALUATION AND AUDIT ADVISORY COMMITTEE (EAAC)**

### **1. PURPOSE**

1.1 The Evaluation and Audit Advisory Committee (EAAC) is an independent expert advisory body<sup>1</sup> set up by the Council of ICAO with the purpose of reviewing the accounting and financial reporting process, the system of internal control, the risk and audit process, the evaluation process, and the process for monitoring compliance with financial rules and regulations and the Framework on Ethics.

### **2. EAAC COMPOSITION**

2.1 EAAC is composed of five to seven independent experts, three of whom, in person or virtually, shall constitute a quorum.

2.2 Members of EAAC are nominated by Member States to act in a personal capacity.

2.3 Members are elected by the Council, on the basis of a recommendation from the President<sup>2</sup>, for an initial period of three years and shall serve no more than two terms. In order to ensure adequate continuity, invitations for nomination of new members may be staggered.

2.4 Members of EAAC shall be independent of the Secretariat, Council Members, the External Auditor and any other body that may be perceived as a conflict of interest. By way of guidance, individuals should not be nominated for election to EAAC unless a period of two years has passed since the termination date of their employment or period of service or involvement with any of those bodies. Similarly, EAAC members may not be appointed as ICAO staff members for a period of two years following the expiration of their membership to EAAC.

2.5 The Chair of EAAC is elected by its members for a period of one year at a time, and, the role shall include the following responsibilities:

- a) Ensure that EAAC meetings are scheduled, and agenda are discussed, as per its approved annual work-plan.
- b) Schedule additional meetings, if required, and set agenda of these meetings taking into account items proposed by other members of EAAC, ICAO Council, Secretary General, and lead committee proceedings.
- c) Ensure, in consultation with the other EAAC members, that advice and guidance is provided to the Council on all issues assigned to EAAC under this Terms of Reference.
- d) Ensure that the representatives from the External Auditor are kept informed of EAAC proceedings and solicit comments and advice from EAO relating to matters relevant to the Committee, and the internal audit and evaluation functions.
- e) Ensure that action is taken on all matters relevant to EAAC's terms of reference.
- f) Ensure that EAAC terms of reference are relevant, and propose modifications to the Committee for updating the terms of reference where considered necessary.
- g) Ensure the preparation of an Annual Report of EAAC to the Council, as described at paragraph 8 of these terms of reference.

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<sup>1</sup> As an advisory body of the Council the EAAC is not subject to the Rules of Procedure for Standing Committees of the Council.

<sup>2</sup> Revised as per C-DEC 193/7.

2.6 In order to carry out these responsibilities effectively, the Chair of EAAC has direct access for meeting with the President of the Council, Council members, Secretary General, the Chief Finance Branch, the Chief EAO, the Ethics Officer, the Chief Investigator, and the External Auditor on an as required basis, and outside of the Committee meetings.

2.7 The EAAC members shall not receive remuneration from ICAO for their services.

### **3. MEETINGS**

3.1 Members of EAAC shall meet as often as deemed necessary by the members. In order to increase efficiency, the work of EAAC should be conducted as far as possible through electronic correspondence or telephone conferences.

3.2 Meetings of EAAC shall be conducted in private. In consultation with members, the Chair of EAAC may request Secretariat staff or invite Council representatives to attend for specific agenda items.

3.3 In consultation with members, the Chair shall, as necessary, ask the External Auditor and/or his/her representative to attend EAAC meetings to discuss audit plans, findings and reports and any other matters of mutual concern.

3.4 Both the Chief of the Evaluation and Internal Audit Office (EAO), the Ethics Officer, the Chief Investigator, and the External Auditor shall have free access to communicate with members of EAAC in order to raise any concerns that they may have.

### **4. QUALIFICATIONS AND SKILLS**

4.1 All EAAC members should have expertise and operational experience in one or more of the following areas: audit, evaluation, risk management, ethics, and finance. In addition, EAAC members should collectively possess relevant knowledge, skills or experience in the following areas:

- accounting and financial reporting;
- oversight and accountability structures relevant to ICAO and the United Nations system;
- management experience in organizations of similar type and size to ICAO;
- knowledge of technical or specialist activities relating to ICAO's mandate and business.

4.2 In addition, it is desirable that all members of EAAC have, or acquire as soon as possible after appointment, knowledge and understanding of:

- ICAO's objectives and significant issues currently affecting the Organization;
- ICAO's organizational structure, including the relationship between the Secretariat, Council and Assembly;
- the Organization's culture;
- relevant regulations and rules governing the Organization; and
- awareness of significant current developments and initiatives in the UN system, particularly as they relate to governance.

## **5. RESPONSIBILITIES AND DUTIES**

5.1 The main responsibility of EAAC is to consider the planned activities and results of both the internal audit and evaluation functions, the ethics function, and the external audit function; and to review how management have responded to, and implemented recommendations arising from this work.

5.2 In particular, the duties of EAAC shall include consideration of, and advice to the Council on:

- the proposed annual work programmes of EAO and of the External Auditor;
- the proposed appointment, fees, terms and budgets of the External Auditor;
- the efficiency and effectiveness of EAO and the External Auditor;
- internal and external audit reports, the audited financial statements, risk assessments and other internal control reports;
- evaluation reports and implementation of evaluation recommendations;
- coordination of planning and coverage of topics between internal, external audit and evaluation;
- the timeliness and adequacy of management's response to, and actions taken to implement, recommendations made by EAO, the External Auditor, and (where applicable) the UN Joint Inspection Unit (JIU);
- whether processes for assessing and managing risk within the Organization are adequate and operating effectively;
- the adequacy and effectiveness of the Organization's internal control environment, including anti-fraud and anti-corruption arrangements, and any significant weaknesses in internal control mechanisms;
- the Framework on Ethics and other ethics-related policies, including financial disclosure, whistleblower protection and fraud policies;
- the EAO charter;
- the appointment, performance and dismissal of the Chief EAO, the Ethics Officer and the Chief Investigator;
- the staffing and resources of EAO and its adequacy with the risk based internal audit plan;
- the collaboration and cooperation between internal and external auditors; and
- any other issue that can be assigned to it by the Council of ICAO.

## **6. CONFIDENTIALITY AND OBJECTIVITY**

6.1 EAAC members shall serve in a personal capacity and undertake their duties in an objective, unbiased and confidential manner.

6.2 All documents of a restricted and confidential nature which are provided to EAAC members (including copies of internal audit reports), shall not be circulated outside of EAAC.

6.3 EAAC members shall complete ICAO's financial and conflicts of interest declaration form on an annual basis.

## **7. ADMINISTRATIVE SUPPORT**

7.1 Secretariat services to EAAC shall be provided by EAO.

## 8. **REPORTING**

8.1 The Chair of EAAC, during the last session of the calendar year, shall submit an annual report on the work of EAAC and its recommendations to Council and the work plan for the following year. This report shall:

- summarize the work and activities of EAAC during the year;
- document any concerns or recommendations relating to the independence and performance of the internal or external audit, evaluation, and ethics functions;
- express an opinion on the EAO annual statement of independence; and
- document any significant concerns or recommendations EAAC members may have in relation to the Organization's risk management, controls, ethics framework and policies, and accountability processes.

8.2 EAAC may submit supplementary reports or recommendations to the Council in the intervening period.

8.3 Following best practices for transparency, the Terms of Reference and the annual report of EAAC shall be posted on the Council website.

## 9. **PERIODIC REVIEW**

9.1 The members of EAAC shall review the Terms of Reference of the Committee on a periodic basis to ensure that it continues to reflect best professional practice, remains relevant to the operating context of the Organization, and continues to meet the needs of the Council. Any proposed amendments to the Terms of Reference shall be submitted to the Council for approval.

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