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STANDING ADVISORY COMMITTEE ON AUDITS (SACA)

REVISED TERMS OF REFERENCE

The Council is invited to approve the revised terms of reference of the Standing Advisory Committee on Audits proposed by the Committee as set out in this document.
I. INTRODUCTION

By a Resolution adopted in December 2002 the Council decided to establish a CERN Audit Committee and to monitor its role and terms of reference at regular intervals.

In March 2006 and December 2008 the Council approved revised terms of reference for the CERN Audit Committee.

In December 2009, the Council approved revised terms of reference\(^1\) for the CERN Audit Committee and changed the latter’s name to “Standing Advisory Committee on Audits”.

In December 2011 the Standing Advisory Committee on Audits decided to include in its programme of work for 2012 a review of its terms of reference in the light of its first three years’ experience of implementing them.

These discussions during 2012 have highlighted the need for the Committee’s terms of reference to be streamlined and revised in order to clarify in particular its advisory and assistance role to the Council and its mode of functioning.

II. PROPOSAL

The Council is invited to approve the proposed revised terms of reference of the Standing Advisory Committee on Audits set out in this document.

\(^1\) CERN/2883, CERN Audit Committee, Future terms of reference and name, 2 December 2009
STANDING ADVISORY COMMITTEE ON AUDITS

Terms of Reference

General remit

The Standing Advisory Committee on Audits (hereinafter referred to as the Committee), a subordinate body established by the Council in accordance with Article V paragraph 12 of the Convention, assists and advises the Council on the effectiveness of the Organization’s audit structure including that of its Pension Fund and on appropriate measures to mitigate risks identified.

I. Terms of reference

External Audit

The Committee shall:

with regard to the certification of the financial statements of the Organization and of its Pension Fund:

1. analyse the External Auditors’ reports and, taking into account the responses from the CERN Management and the Pension Fund Management, advise the Council on appropriate measures;

with regard to other audits:

2. analyse the External Auditors’ audit plans and advise the Council on any additional matters that the External Auditors could be requested to audit;

3. analyse the resulting External Auditors’ reports and, taking into account the response from the CERN Management and the Pension Fund Management, advise the Council on appropriate measures;

and, in general:

4. monitor the action taken by the CERN Management and the Pension Fund Management to follow up the External Auditors’ recommendations and related Council decisions, if any;

5. assist the Council in any other matter pertaining to external audit, including the appointment of the External Auditors.
CERN Internal Audit

The Committee shall also:

6. advise on measures necessary to ensure the independence of the CERN’s internal audit activity;

7. analyse the CERN Internal Audit plan of work and provide input if necessary, prior to the plan’s consideration and approval by the Director-General.

Pension Fund Internal Audit

The Committee shall further:

8. advise on measures necessary to ensure the independence of the Pension Fund’s internal audit activity;

9. analyse the Pension Fund internal audit plan of work and provide input if necessary, prior to the plan’s consideration and approval by the Pension Fund Governing Board.

In addition,

The Committee shall:

10. analyse the Organization’s Annual Progress Report and, within its general remit and taking into account comments by the Scientific Policy Committee, the Finance Committee and the External Auditors, advise the Council on measures to be taken, if any, including targeted audits;

11. advise the Council, on its request, on any other matters related to risks identified.

II. Authority

12. On request, the Committee shall be provided with any information it may require from the CERN Management and the Pension Fund Management to fulfil its remit.

13. The Committee may call on experts to assist it in its work.
III. Composition

14. The Committee shall be composed of a minimum of four and a maximum of six members comprising:
   – the Chairman of the Finance Committee
   – Council delegate(s) appointed by the Council (at least one)
   – experts appointed by the Council (at least two).

15. The Committee shall be chaired by the Chairman of the Finance Committee.

16. The experts shall be selected from a pool suggested by the Member States and appointed on the proposal of the Chairman in consultation with the President of Council.

17. The Committee members shall serve for a maximum of three years. The appointments should be staggered to try to avoid terms of office terminating on the same date.

18. The President of the CERN Council may attend the Committee meetings.

19. The Head of CERN’s Internal Audit Service shall act as the Secretary of the Committee.

IV. Qualifications and independence

20. The members of the Committee should collectively have the skills, knowledge and experience needed to fulfil the Committee’s duties (e.g. previous responsibilities in management of research laboratories or international organisations, audit functions, financial expertise, etc.).

21. Members of the Committee shall act solely in the best interest of the Organization and independently of their respective constituencies.

V. Reporting

22. The Committee shall regularly report to the Council and, when the Chairman considers it appropriate, to its subordinate bodies.

VI. Meetings

23. The Committee shall meet at least three times a year and may convene additional meetings as required.

24. The Committee’s deliberations shall be minuted.