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Enabling poor rural people  
to overcome poverty

## **Report of the 107<sup>th</sup> meeting of the Audit Committee**

Executive Board — Ninety-seventh Session  
Rome, 14-15 September 2009

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For: **Review**

## **Note to Executive Board Directors**

This document is submitted for review by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document:

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## Report of the 107<sup>th</sup> meeting of the Audit Committee

1. The Audit Committee wishes to bring to the attention of the Executive Board the following matters that were examined at the 107<sup>th</sup> meeting of the Committee held on 1 September 2009.

### **Terms of reference and Rules of Procedure of the Audit Committee of the Executive Board**

2. The Committee considered the document "Terms of reference and Rules of Procedure of the Audit Committee of the Executive Board", which combined the current terms of reference and rules of procedure of the Audit Committee.
3. Members were given a brief overview of the process followed in revising the document, which highlighted both the changes that had been agreed by the previous Committee members and the issues that were still outstanding. The Committee confirmed the agreement reached by the previous Committee members and came to a consensus on the following outstanding items:
  - (a) Use of external experts by the Committee.
  - (b) Participation of observers in Committee meetings.
  - (c) Minutes of the Audit Committee sessions and reports to the Executive Board of the Audit Committee chairperson.
4. The "Terms of Reference and Rules of Procedure of the Audit Committee of the Executive Board", as set out in document EB 2009/97/R.50, reflect a consensus of Committee members on all items and the Committee recommends its approval by the Executive Board.

### **Other business**

5. Further to a request made by the Audit Committee at the 106<sup>th</sup> meeting held on 13 July 2009, the Secretariat tabled a paper summarizing the steps taken so far towards the establishment of a code of conduct for Executive Board Directors at IFAD. The paper indicated that discussions for the establishment of a code of conduct for Executive Board members were held during the Seventh Replenishment consultations. However, no conclusions had been reached at that time and the issue was not discussed further. Management provided information on the comparative practices of the other international financial institutions (IFIs). All eight IFIs surveyed have in place a code of conduct applicable to executive board directors and the members of subcommittees of the executive board. Management also drew attention to the fact that the IFAD Executive Board differs from that of the other IFIs in that the membership of the IFAD Executive Board comprises Member States, whereas the board membership of other IFIs comprises individuals appointed as executive board directors. Unlike the membership of Member States who remain officers of their countries, these latter directors become officers of the IFIs. This explains why those IFIs can regulate their code of conduct. Any discussion about a code of conduct should take this difference into account.
6. The Committee discussed this matter and several questions were raised by the members concerning the possible adoption of a code of conduct by IFAD Executive Board Members. The Committee members agreed to seek appropriate guidance from the Executive Board on this matter before discussing this issue further.