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## Twenty Fifth SPREP Meeting of Officials

Majuro, Marshall Islands  
 30 September – 2 October 2014

### Agenda Item 6.4: Audit Committee Report for period July 2013 to June 2014

#### Purpose of Paper

1. To provide a report to the SPREP members of the Audit committee activities as per the Secretariat Internal Audit policy and Audit Committee Charter requirement.

#### Background

2. The Audit Committee is an integral component of SPREP's Governance arrangements'. Its responsibilities are to oversee and monitor Governance; risk; and internal control issues affecting the Secretariat's operations.

3. The frameworks required for the operation of the Internal Audit Unit and the Audit committee are established in the Charter now being approved and endorsed by the Audit Committee in consultation with the Executive of the Secretariat.

4. Members<sup>1</sup> of the Audit Committee consists of **3 independent members** namely **Mr Tagaloa Fa'afouina Su'a** of Su'a and Associates Consultancy as the Chairman; **Ms Sophie Vickers** Deputy High Commissioner for New Zealand and **Mr Jovilisi Suveinakama** - General Manager Tokelau Office in Apia. The other 2 non-independent members are **Mr Clark Peteru** - Legal Adviser of the Secretariat and the Human Resource Adviser - **Ms Simeamativa Vaai**. The independent members are offering their services on a voluntary basis. The Internal Auditor meets with the External Auditor to discuss work plan activities that was performed by the Internal Auditor that may contribute to the External Auditors audit. All work performed by the Internal Auditor for the above period was made available to the External Auditor for their perusal and recommendations.

5. The Chairman's term is for 3 years. A maximum of 4 years could be considered for each of the Independent members. Changing of the members must be staggered so that "institutional knowledge" is retained. In accordance with the Audit Committee Charter a maximum of 5 members and no less constitutes this committee. The majority to be made up of Independent members.

<sup>1</sup> Stuart Horne was the member of the Audit Committee from the NZ High Commission that was replaced by Ms Sophie Vickers in January 2014

6. It is noted that the Audit Committee meeting scheduled for the 8th of July 2014 will include SPREP Troika; comprising representatives from Nauru; RMI and New Caledonia. This addressed the issue raised at the SPREP meeting last year in relation to the need to broaden the membership of the Audit Committee.

7. The Audit committee is required to convene twice a year and could call extra meetings if the need arises.

#### **Activities**

8. The following provides a brief overview of some of the activities performed (July 2013-June 2014) by the Audit Committee.

- Briefings were provided for the members of the Audit Committee by the Executive and other members of the management as an Induction to the work of the Secretariat.
- The Audit Committee's first meeting was held on the 9th of April 2014 and the second special meeting was held on the 26th of May 2014 to discuss the External Auditor's Report pertaining to the 2013 Financial Accounts Audit as required in the Audit Committee Charter. This is the first time the External Auditor has met with the Audit Committee and was able to discuss the concerns raised in the management letter. The Audit Committee noted the unqualified audit opinion for 2013 and congratulated the Secretariat for this accomplishment.
- The review of the 2013 Audited Financial Accounts and the management letter was undertaken by the Audit Committee. The Audit Committee recommended to the Secretariat to review the current Reserve policy and to formulate a Foreign Currency policy as a means to manage the exchange loss risk contributing to the depletion of the Reserve.
- The Audit Committee approved the Internal Audit work plan for 2014 and the 2013 Progress Report by the Internal Auditor to ensure that recommendations provided are being implemented in consultation with the Secretariat's Management.
- The Audit Committee completed the review of the secretariat Risk Management Plan 2011 and provided feedback to Management. The Risk Management Plan 2011 Review noted that about 90% of the areas recommended for implementation has been accomplished by the Secretariat.
- Provision of feedback to the Audit Committee on the new Financial Management System (FMIS) by the Finance & Administration Adviser and necessary recommendations were also provided during the discussion to the Secretariat.
- (Copies of papers mentioned above could be made available upon request and where information is not confidential).

#### **Recommendations**

9. The Meeting is invited to:

- **note** the activities performed by the Audit Committee during the 2013-2014 period.
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