

BIS Audit Committee Charter

1. Purpose

The Audit Committee is an advisory committee – established pursuant to Article 43 of the Bank’s Statutes – to assist the Board in its oversight responsibilities with respect to audit, compliance/operational risk, and the implementation of financial reporting.

The Committee’s responsibilities are detailed in section 5 below.

2. Membership

The Committee and its Chair are appointed by the Board. The Chair shall have a three-year renewable term. The Committee shall include three or more members (chosen among BIS directors). When a new Chair of the Board has taken office, the composition of the Committee should be reviewed.

3. Secretariat

The Secretary to the Board may serve as Secretary to the Committee.

After the Chair’s approval, the Secretary circulates the agenda and supporting documents one week in advance of Committee meetings.

The Secretary prepares the minutes of the meetings, and circulates a draft (as agreed by the Committee Chair) within about two weeks after the meetings. The Chair of the Board shall receive a copy.

4. Meetings

At least four meetings shall be held per year (subject to the agenda, one meeting may be replaced by an exchange of views in writing).

The General Manager, the Deputy General Manager and the Head of Internal Audit are invited to the meetings. The External Auditor, the Chief Ethics and Conduct Officer, the Head of Operational Transformation and Resilience, and the Head of Finance shall be invited to participate at meetings, as appropriate.

The Audit Committee shall hold a separate session with the Head of Internal Audit at each of its meetings. The Audit Committee shall also hold a separate session with the General Manager upon his/her request. The Chair shall at least once every year invite the External Auditor, the General Counsel and the Chief Ethics and Conduct Officer, to indicate to him if there are any matters they wish to raise in a separate session.

A report on major items of the Committee’s deliberations is made by the Committee Chair at the following Board Meeting.

5. Responsibilities

The Audit Committee carries out the responsibilities below.

Internal Control and Financial Reporting

- Review the implementation of internal controls and of the Operational Risk and Resiliency Management Framework.
- Review the appropriateness and implementation of financial reporting policies and the internal controls over BIS external financial reporting.

Compliance

- Review the effectiveness of the Bank's system for monitoring compliance with relevant laws, regulations, policies and procedures.
- Review the results of Management's investigation of material incidents of non-compliance.

Internal Audit

- Review and approve the Internal Audit Charter.
- Review and approve the annual audit plan and the annual audit report.
- Review the activities, resources and organisational structure of Internal Audit.
- Approve the Internal Audit budget and resource plan.
- The Audit Committee Chair sets the objectives of the Head of Internal Audit and appraises his/her performance annually, after having consulted with the General Manager.
- Approve the annual remuneration of the Head of Internal Audit, after having consulted with the General Manager.
- Appoint and remove the Head of Internal Audit.
- Ensure that findings/recommendations from Internal Audit, and Management's proposed responses, are received, discussed and appropriately acted on.
- Ensure that the Head of Internal Audit is not dependent on any Bank Official for the security of his or her position and has access to the Board on a confidential basis.
- Communicate or share any significant audit findings within the area of Banking activities with the Chair of the Banking and Risk Committee.

External audit

- Review the auditors' proposed scope of work and audit plan, and their report on the annual audit of the Bank.
- Review the "Terms of Engagement", and consider the External Auditor's independence and any potential conflicts of interest.
- Discuss with the External Auditor key matters arising from the external audit.
- Ensure that significant findings/recommendations reported by the External Auditor and the Bank's proposed responses are received, discussed and acted on;

- Review the External Auditor's performance, and make recommendations to the BIS Board on the appointment, reappointment or termination of appointment of the External Auditor.

6. Access to personnel/information

The Audit Committee shall have unrestricted access to members of Management and staff, and has authority to seek any information from staff or external parties that it needs to fulfil its responsibilities.

The Audit Committee may request the Head of Internal Audit or the External Auditor to conduct inquiries on issues falling within the scope of its responsibilities.

7. Implementation

The Charter was approved by the Board on 10 November 2014 (and last revised on 16 May 2023). It may be amended by decision of the Board.