ADDITIONAL TERMS OF REFERENCE GOVERNING THE AUDIT OF THE INTERNATIONAL ATOMIC ENERGY AGENCY

1. The External Auditor shall perform an audit of the accounts of the Agency, including all Trust and Special Funds as he/she may deem necessary in order to satisfy himself/herself:
   (a) That the financial statements are in accord with the books and records of the Agency;
   (b) That the financial transactions reflected in the statements have been in accordance with the Financial Rules and Regulations, the budgetary provisions, and other applicable directives;
   (c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Agency's depositories or by actual count.

2. Subject to the provisions of the Financial Regulations, the External Auditor shall be the sole judge as to the acceptance in whole or in part of certifications by or on behalf of the Director General and may proceed to such detailed examination and verification he/she chooses of all financial records, including those relating to supplies and equipment and materials of the Agency or for which the Agency is responsible.

3. The External Auditor may affirm by test the reliability of the internal audit, and may make such reports with respect thereto, as he/she may deem necessary, to the Board or to the Director General for transmission, where appropriate, to the General Conference.

4. The External Auditor and staff working under his/her direction shall subscribe to such oath as may be approved by the Board. Thereupon he/she shall have free access, at all convenient times, to all books of account and records which are, in his/her opinion, necessary for the performance of the audit. Information classified as confidential in the records of the Secretariat, and which is required by the External Auditor for the purposes of the audit, shall be made available on application to the Director General. In the event that the External Auditor is of the opinion that a duty rests on him/her to draw to the attention of the Board or of the General Conference any matter respecting which all or part of the documentation is classified as confidential, direct quotation shall be avoided.

5. The External Auditor, in addition to auditing the accounts, may make such observations as he/she may deem necessary with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls, and, in general, the financial consequences of administrative practices.

6. In no case, however, shall the External Auditor include criticism in his/her audit report without first affording the Director General an opportunity of explanation of the matter under observation. Audit objections to any items arising during the examination of the accounts shall be immediately communicated to the Director General or the Director, Division of Budget and Finance.

7. The External Auditor shall prepare a report on the accounts which shall include:
   (a) The extent and character of his/her examination and of any important changes in the extent and character of such examination, including whether he/she has obtained all the information and explanations he/she has required;
   (b) Matters affecting the completeness or accuracy of the accounts, such as:
      (i) Information necessary to the correct interpretation of the audit;
      (ii) Any amounts which ought to have been received but which have not been brought to account; and
      (iii) Expenditures not properly substantiated.
   (c) Other matters which should be brought to the notice of the Board and, where appropriate, of the General Conference, such as:
(i) Cases of fraud or presumptive fraud;
(ii) Wasteful or improper expenditure of the Agency's money or other assets (notwithstanding that the accounting for the transactions may be correct);
(iii) Expenditures likely to commit the Agency to further outlay on a large scale;
(iv) Any defect in the general system or detailed regulations governing the control of receipts and expenditure or of supplies, equipment and materials of the Agency or for which the Agency is responsible;
(v) Expenditure not in accordance with the purpose of the appropriation concerned, after making allowance for duly authorized transfers between appropriation sections.
(vi) Expenditure in excess of appropriations, as amended by duly authorized transfers between appropriation sections; and
(vii) Expenditure not in conformity with the authority which governs it.

(d) The accuracy or otherwise, as determined by stocktaking and examination of the quantitative records relating to supplies, equipment and materials of the Agency or for which the Agency is responsible; and
(e) Transactions accounted for in a previous financial year, concerning which further information has been obtained, or transaction in a later financial year concerning which it seems desirable that the Board or the General Conference should have early knowledge.

8. The External Auditor, or such officers as he/she may designate, shall express and sign an opinion on the financial statements which shall:
   • identify the financial statements examined; and
   • describe the scope and extent of audit procedures; and

which shall address, as appropriate, whether:
   (a) The financial statements present fairly the financial position of the International Atomic Energy Agency as at the end of the financial year and the results of its operations in that year;
   (b) The financial statements were prepared in accordance with the stated accounting principles;
   (c) The accounting principles were applied on a basis consistent with that of the preceding financial year;
   (d) Transactions were in accordance with the Financial Regulations and legislative authority.

9. The External Auditor shall have no power to disallow items in the accounts, but shall draw to the attention of the Director General for appropriate action any transaction concerning which he/she entertains doubt as to legality or propriety.