

DECISION OF THE ADMINISTRATIVE COUNCIL
of 23 June 2009
establishing an Audit Committee of the
Administrative Council

THE ADMINISTRATIVE COUNCIL OF THE EUROPEAN PATENT ORGANISATION,
Having regard to the European Patent Convention and in particular Article 33(2)(e) thereof,
Having regard to the Rules of Procedure of the Administrative Council of the European
Patent Organisation and in particular Article 14(1) thereof,
Having regard to the opinion of the Budget and Finance Committee,
On a proposal from and in agreement with the President of the European Patent Office,
HAS DECIDED AS FOLLOWS:

Article 1
Purpose

An Audit Committee of the Administrative Council of the European Patent Organisation (hereafter "Audit Committee) is hereby established. The Audit Committee shall, on the basis of reports drawn up by the Board of Auditors and Internal Audit, or on request, advise on

- (a) Risk management,
- (b) Efficiency of internal audit and synergy with external audit,
- (c) Follow-up of audit activities,

in accordance with this decision and with due regard to the task and independence of the Board of Auditors.

Article 2
Composition

- (1) The Audit Committee shall be composed of four members who shall serve in their individual capacity. There shall be no alternates or deputy members.
- (2) The Audit Committee members shall be appointed by the Administrative Council, after the President of the Office has been consulted, from a list of candidates nominated by the Contracting States.
- (3) The Audit Committee members shall have proven experience in audit matters and preferably knowledge of the practices followed by international organisations. They shall preferably be selected from among the senior officials of the public internal audit services of the Contracting States.
- (4) Audit Committee members shall, in the exercise of their functions in the Audit Committee, carry out their duties and conduct themselves solely with the interests of the European Patent Organisation in mind. They shall neither seek nor take instructions from any government, authority, organisation or person.
- (5) Current or former members of the Office or the Administrative Council and its bodies and those holding a position at a national patent office (or subordinate body) shall not be appointed as members of the Audit Committee.
- (6) The Audit Committee members shall be appointed for a period of three years, which shall be renewable or extensible only once.
- (7) Audit Committee members may not be employed by the Organisation during the five years following the end of their term of office.
- (8) The members of the Audit Committee shall select a chairperson from among the membership.
- (9) Each member of the Audit Committee shall sign a declaration of independence, the text of which is defined in Annex 1 to this decision.

Article 3 Meetings

- (1) Meetings of the Audit Committee shall be convened by the Chairperson.
- (2) Each member of the Audit Committee shall have a vote. The Chairperson shall have a casting vote.
- (3) The quorum necessary for the validity of meetings shall be three members.
- (4) Decisions shall be taken by simple majority.
- (5) The Audit Committee shall hold meetings at least twice a year.
- (6) The meetings shall be held on Office premises.
- (7) The President of the Office has the right to attend meetings.
- (8) The Board of Auditors may attend meetings as observers.
- (9) The Head of Internal Audit shall attend meetings, unless the Audit Committee decides otherwise.
- (10) The provisions relating to the reimbursement of travel expenses and the payment of a subsistence allowance as defined in the Rules of Procedure of the Administrative Council shall apply.
- (11) In addition, the members of the Audit Committee shall be paid a daily fee calculated on the basis of 1/220th of the annual salary foreseen in the gross salary table for Germany, grade A7, step 8 as indicated in the EPO's Service Regulations. For each meeting, each member shall receive an additional daily fee for preparation purposes.

Article 4
Responsibilities

- (1) Within its area of competence as defined in Article 1, the Audit Committee shall submit opinions and proposals, as defined in Articles 5 and 6, to the President, and if deemed necessary by the Audit Committee, to the Administrative Council, as well as to the Budget and Finance Committee if the latter's responsibilities are affected.
- (2) The Audit Committee shall submit a report on its activities at least annually to the Administrative Council and the Budget and Finance Committee, including an assessment of the Office's approach to risk and mentioning any specific issues which have not been resolved.
- (3) The reports, opinions and proposals of the Audit Committee shall be in writing and shall be delivered as quickly as possible.
- (4) In urgent cases, the Chairperson of the Audit Committee may inform the Chairperson of the Administrative Council.

Article 5
Opinions

- (1) The Audit Committee shall give its opinion on:
 - (a) the Office's risk profile and risk policy;
 - (b) the risks related to particular events or decisions;
 - (c) the impact of major changes in the regulatory framework of the Organisation;
 - (d) the Internal Audit's medium term plan and annual programme, as well as any related change;
 - (e) the Internal Audit Charter issued by the President of the Office, and any intended changes;
 - (f) the appointment of the Head of Internal Audit and the transfer or dismissal of the Head of Internal Audit and the staff members employed as internal auditors, as well as any disciplinary measures relating to them, without prejudice to the President's authority under Article 10(2)(f), (g) and (h) EPC.

(2)

- (a) The Audit Committee is entitled to give its opinion on specific Internal Audit reports or recommendations;
- (b) The Audit Committee shall give its opinion on particular issues raised by the Administrative Council, the Budget and Finance Committee, the President of the Office, the Board of Auditors or the Head of Internal Audit.

Article 6
Proposals

The Audit Committee is entitled to submit proposals aimed at improving:

- (a) risk management and the anti-fraud policy of the Office;
- (b) the organisation of internal controls;
- (c) the efficiency of audit activities;
- (d) the Office management's response to issues raised by Internal Audit and/or the Board of Auditors.

Article 7
Authority

Within its area of competence as defined in Article 1, the Audit Committee is entitled to:

- (a) invite any EPO senior employee of grade A6 or A7 to discuss a particular issue, accompanied by the President of the Office if the latter deems it fit.

- (b) have access to reports drawn up by Internal Audit or the Board of Auditors,
- (c) request any relevant information within its mandate.

This decision shall enter into force on 23 June 2009.

Done at Munich, 23 June 2009

For the Administrative Council
The Chairman

A handwritten signature in black ink, appearing to read 'B. Battistelli', with a long horizontal stroke at the end.

Benoît BATTISTELLI

ANNEX 1

CONFLICTS OF INTEREST

I undertake to act as a member of the Audit Committee solely in the interests of the European Patent Organisation. If, in the case of a specific issue, the state and/or administration and/or organisation from which I originate has a particular interest which is different from that of the European Patent Organisation, I will inform the Chairperson of the Administrative Council and abstain from any participation in the Audit Committee's deliberations on that issue.