

**Terms of Reference  
Audit and Risk Management Subcommittee (ARMS)  
OSCE Academy in Bishkek**

## **1. Role**

The **Audit and Risk Management Subcommittee (ARMS)**, as a subsidiary body of the Board of Trustees of the OSCE Academy in Bishkek (“the Academy”), shall serve in an independent expert advisory capacity and assist the Board of Trustees (“the Board”) in fulfilling its oversight, fiduciary, and governance responsibilities.

The Subcommittee shall strengthen accountability, transparency, financial integrity, and effective risk management within the Academy.

## **2. Responsibilities**

### **A. General**

The Subcommittee shall:

- Advise the Board on the scope, results, efficiency and effectiveness of audit and other oversight activities affecting the Academy;
- Advise the Board on measures to ensure timely and full implementation by Academy management of audit and oversight recommendations;
- Support the Board in maintaining strong governance standards consistent with OSCE commitments and relevant Kyrgyz legislation;
- Meet at least biannually to discuss pertinent issues.

### **B. Authority and Access**

The Subcommittee members shall:

- Access all relevant records, documents, policies, financial information, audit reports and management responses necessary for the discharge of its mandate;
- Request the attendance of Academy management, finance staff, external auditors and any other relevant persons at its meetings;
- Meet, where necessary, separately with external auditors or other assurance providers without management present;
- Obtain independent professional advice, within resources approved by the Board, where the Subcommittee considers this necessary for the performance of its duties;
- Sign a confidentiality and non-disclosure declaration upon appointment.

### **C. Inputs into Internal Oversight Mechanisms**

The Subcommittee shall:

- Review and advise the Board on the adequacy of the Academy’s internal assurance arrangements, whether delivered through an internal audit function or through externally contracted audit or review services;
- Where internal audit services are outsourced or provided by an external oversight body, review the scope of work relevant to the Academy and consider the findings and recommendations arising from them.
- Where the Academy does not maintain a dedicated internal audit function, the Subcommittee may recommend to the Board the periodic commissioning of independent internal control or compliance reviews proportionate to the Academy’s size and risk profile.
- Review the Academy’s internal audit, external audit, and compliance arrangements, including coordination with OSCE Secretariat oversight structures;
- Examine the Academy’s responses to audit findings and monitor progress in implementation;

Where applicable, the Subcommittee may engage with OSCE OIO representatives, external auditor and Academy management to clarify findings or follow-up actions.

#### **D. Management of Risk and Internal Controls**

The Subcommittee shall:

- Advise the Board on the quality and overall effectiveness of the Academy’s risk management framework;
- Review significant risks facing the Academy, including financial sustainability, donor dependency, compliance with Kyrgyzstan’s legal requirements, and reputational risk;
- Assess the adequacy of internal control systems and identify deficiencies in the control framework;
- Review measures taken to strengthen internal governance and compliance;
- Review the issuance of any relevant new or updated policies;
- Review any relevant internal or external audit findings and recommendations, including those of the OIO of OSCE and monitor the timely implementation of recommendations.
- If measures are recommended by ARMS, assessment should include clearly assigned owners, agreed remediation actions, and target completion dates, as well as how progress against these actions will be monitored and reported to ARMS.

## **E. Values and Ethics**

To maintain high standards of integrity and ethical conduct, and to prevent conflicts of interest and misconduct, the Subcommittee shall;

- Monitor systems established by the Academy to ensure compliance with applicable norms and policies (including but not limited to a Code of Conduct, research integrity, anti-fraud/anti-corruption, conflict of interest, and whistleblowing mechanism)
- Review reports of fraud or serious misconduct and monitor corrective actions by the Academy
- Interact, where appropriate, with internal and external assurance providers, including audit and investigative functions of the OSCE and those appointed by donors, regarding matters affecting the Academy.

## **F. Financial Reporting**

The Subcommittee shall:

- Review and comment on, as appropriate, the Academy's draft annual financial statements. Such review should include an assessment of the appropriateness of accounting policies, financial disclosure practices, and any significant changes thereto;
- Review the Audited Financial Statements as well as the accompanying management letter prior to their submission and discussion by the BoT and provide advice to the BoT on any issues that are of concern.
- Advise the Board on operational implications arising from the auditors' findings, recommendations and financial trends;
- Consider financial sustainability issues, including funding structure (OSCE Unified Budget, Donor/Extra-Budgetary contributions, third-party funding), and associated risks.
  - The Subcommittee should review and advise the Board on contingency plans developed by management to address potential funding shortfalls or structural risks, and regularly monitor the implementation and effectiveness of these plans.
- Provide advice to the Board regarding the appointment, reappointment or termination of the external auditor;
- Meet at least once per year in closed session with the external auditor, without management present.

## **G. Co-operation with Oversight Bodies**

The Subcommittee shall:

- Promote co-operation and information exchange among relevant oversight bodies, including:
  - The Board of Trustees of the OSCE Academy in Bishkek;
  - The OSCE Office of Internal Oversight;
  - External auditors;
  - The OSCE Secretariat, where relevant;
- Encourage coherence in oversight approaches affecting the Academy.

### 3. Membership

The Subcommittee shall be comprised of a **number of members as established and** appointed by the Board of Trustees on the basis of:

- Professional qualifications and relevant experience in any of the following:
  - Financial reporting;
  - Accounting;
  - Governance;
  - Internal and external audit;
  - Ethics;
  - Internal control;
  - Risk management practices and principles;
- Independence and integrity;
- Consideration of geographic diversity among OSCE participating States.

Members shall serve in their **personal capacity** and shall not represent their governments, institutions, or donors.

No member shall simultaneously hold a management position within the Academy or have been associated with (employed by) the Academy in the past three years.

In case that no majority of votes is achieved by the Subcommittee, the vote of the Chairperson of the Subcommittee decides.

### 4. Criteria for Membership

#### A. Experience, Qualifications and Independence

Members shall:

- Demonstrate the highest standards of integrity and independence;

- Serve in their personal capacity and not seek or receive instructions from any government or institution;
- Be independent of Academy management and of any organization maintaining a contractual relationship with the Academy or Board members.

All members must have recent and relevant senior-level experience in financial management, audit, risk management, compliance, or oversight. Such experience should reflect, where possible:

1. Experience in preparing, auditing, analysing, or evaluating financial statements of comparable complexity;
2. Understanding of administrative procedures, governance, inspection, monitoring, evaluation, or investigative processes;
3. Expertise in internal controls and risk management;
4. Familiarity with governance frameworks and administrative strategy of international organisations and higher education institutions. Former senior Academy management officials shall not be eligible for appointment for five years following separation from service. Members shall not be eligible for employment with the Academy for three years following the expiration of their term.

## **B. Early Termination of Membership**

A member of the Subcommittee may resign from the Subcommittee at any time by providing written notice to the Chairperson of the Board of Trustees. Such resignation shall take effect two months from the date of receipt of the notice, unless the Chairperson determines that an earlier effective date is appropriate.

## **5. Meetings and Reporting**

- The Subcommittee shall adopt its own rules of procedure, subject to approval by the Board of Trustees.
- The Subcommittee shall meet twice **per year**, or more frequently as required. To the extent possible, and subject to funding, at least one meeting will take place in person. At least one trip to Bishkek shall be made on annual basis.
- A quorum shall consist of a majority of members.
- The Subcommittee shall strive to work by consensus and appoint a Chairperson.
- In case that no majority of votes is achieved by the Subcommittee, the vote of the Chairperson of the Subcommittee decides.

The Subcommittee shall:

- Submit **an annual report** to the Board of Trustees;
- Report significant findings or urgent matters to the Board at any time;
- A representative of the Subcommittee may be invited to attend Board meetings to respond to questions and to present the Committee's Annual Report.

## **6. Conditions of Service**

- Members shall serve for a term of **two years**. Renewable terms of office are allowed.
- Initial appointments may be staggered to ensure continuity.
- Members shall not receive remuneration but may receive reimbursement of travel and per diem expenses in accordance with applicable Academy regulations.
- The Subcommittee performs an oversight, facilitation and advisory function only. Responsibility for the design, implementation and operation of internal controls, risk management systems, financial management and corrective actions remains with Academy management.

## **7. Review of the Terms of Reference**

The Terms of Reference shall be subject to periodic review and amendment by the Board of Trustees to ensure continued relevance and alignment with the Academy's governance framework and regulations.

## **8. Support**

The Subcommittee shall receive the required support from the Academy, operating with sufficient functional independence to ensure the Subcommittee's effective and impartial work.

## **9. Identification and Selection**

- The Chair proposes the Selection Committee, subject to Board approval.
- The Selection Committee recommends candidates, with final appointment by the Board.
- The Call will be advertised on relevant professional platforms.
- The Selection Committee will choose based on a shortlist of qualified candidates.
- Due regard shall be given to professional qualifications, independence, and diversity.
- Where appropriate, consultation with recognized professional audit or oversight bodies may be undertaken to assess candidates' qualifications