

**DECISION OF THE STANDING COMMITTEE OF THE EFTA STATES****No 2/2005/SC****of 28 April 2005****regarding the audit of the financial management of and projects under the Financial Instrument**

THE STANDING COMMITTEE OF THE EFTA STATES,

Having regard to the Agreement on the European Economic Area as adjusted by the Protocol Adjusting the Agreement on the European Economic Area, hereinafter referred to as the EEA Agreement, and Decision of the EEA Joint Committee No 47/2000 of 22 May 2000 establishing an EEA Financial Instrument,

Having regard to Decision of the Standing Committee of the EFTA States No 1/2000/SC of 2 October 2000 establishing a Financial Instruments Committee,

Having regard to Decision No 5/2002 of the ESA/Court Committee and Decision of the Council No 2 of 2002 replacing Decision of the Council No 6 and of the ESA/Court Committee of 1998,

HAS DECIDED AS FOLLOWS:

*Article 1*

The Board of Auditors shall act as supreme authority for the auditing of the financial management of and projects under and the Financial Instrument.

*Article 2*

The EFTA States being party to the EEA Agreement shall each be represented on the Board of Auditors when it carries out audits of the financial management of and/or projects under the Financial Instrument.

*Article 3*

The Board of Auditors shall consist of nationals from the EFTA States party to the EEA Agreement and preferably being members of the supreme audit institutions of the EFTA States. Their independence must be beyond doubt. An official of EFTA may not be appointed auditor until an interval of three years has elapsed since the end of his appointment with any of the EFTA institutions.

*Article 4*

The members of the Board of Auditors that shall audit the financial management of and/or projects under the Financial Instrument shall be appointed by the Standing Committee of the EFTA States. All appointments shall be for a term of four years. A member shall normally be eligible for reappointment once. The Members appointed by the Standing Committee of the EFTA States may be the same persons as those appointed by the ESA/Court Committee on the basis of its Decision No 5/2002.

*Article 5*

The members of the Board of Auditors shall be completely independent in the performance of their duties.

*Article 6*

The cost of an appropriate and proportional audit of the financial management of and/or projects under the Financial Instrument by the Board of Auditors shall be financed from the administrative budget of the Financial Instrument. Based on an according budget proposal from the Board of Auditors, the Standing Committee shall agree on the amount to be granted for this purpose.

*Article 7*

The Board of Auditors may engage external experts to assist it. The external experts must fulfil the same requirements of independence as the members of the Board of Auditors.

*Article 8*

The Board of Auditors shall report to the Standing Committee of the EFTA States regarding the audit of the financial management of and projects under the Financial Instrument. It may submit proposals for action.

*Article 9*

The Board of Auditors shall propose its own rules of procedure concerning the audit of the financial management of and projects under the Financial Instrument and submit them to the Standing Committee of the EFTA States for adoption.

*Article 10*

This Decision shall take immediate effect.

*Article 11*

This Decision shall be published in the EEA Section of, and in the EEA Supplement to, the *Official Journal of the European Union*.

Done at Brussels, 28 April 2005.

*For the Standing Committee*

*The Chairman*  
Amb B. GRYDELAND

*The Secretary-General*  
William ROSSIER

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