

### **The Rule of Auditing board to work for the Mongolian Society for Range Management**

1. The Auditing board of the Society shall act and function pursuant to the rule of the Mongolian Society for Range Management and the rule of the Auditing board presented herewith.
2. The Auditing board shall be part time based.
3. When a chair of the Auditing board is absent, he/she shall be temporarily substituted by a representative appointed by the decision of the Auditing board until the chair returns to his/her duties.
4. The Auditing board shall exercise the following rights and duties:
  - 4.1. Auditing and control over financial activities of the Council;
  - 4.2. Auditing whether the council activities follow the legislation and the rules of the society and the council;
  - 4.3. Auditing whether the finance, accounting, cashiering and balancing are kept in conformity with the legislation;
  - 4.4. Auditing whether capital accumulation and expenditure and capital valuation are accurately made;
  - 4.5. Auditing whether claims, requests and complaints were resolved;
  - 4.6. Taking eradication measures of any violence related to financial and other activities of the Society and request judicial organization for settlement if necessary;
  - 4.7. Auditing whether action report is produced and submitted within the time as specified in the law on non governmental organizations;
  - 4.8. Reporting on the implemented actions to the plenary of the board;
  - 4.9. Other rights and duties as specified in the rule.
5. Auditing and control of financial and economic activities shall be made in a regular period and when necessary in a non regular period.
6. Annual financial report shall be subject to auditing/control that takes place in a regular period.
7. Financial control/auditing may be taken when the Steering Committee issues such a decision.
8. The finance unit and accountant of the society shall be responsible for providing and reporting all necessary documents for the auditing and control by the Auditing board.
9. When financial auditing and control takes place, annual incomes and expenditures shall

be made in the following three categories:

- a / donation;
- b/ economic activities relating to the attainment of the purpose of the rule;
- c/ inherited fund and capital.

10. A list of organizations and individuals along with cash and other in-kind donation made by them shall be provided when the amount or value exceed more than 700000 tugrugs.

11. Auditing and control take place in conformity with Terms of Reference approved by the Chair of the Auditing board board.

12. The Auditing board may notify beforehand anyone who will be subject to auditing and control.

13. The members of the Auditing board shall be prohibited to expose information about the progress or findings of auditing and control to anyone before the findings are finalized.

14. The Auditing board shall discuss the findings of the auditing and control at its meeting and determine causes for any violation which was revealed during the auditing and control and have measures taken to eradicate the violation. When necessary, the Council shall request relevant authorized organization to review it and place charges.

15. The meeting of the Auditing board shall be valid when a majority of the members have attended.

16. Decisions taken at the meeting of the Auditing board shall be made effective by a majority of votes.

17. The minute of the meeting of the Auditing board shall include the following data:

- Site or premise and hours at which the meeting was held
- Members who attended the meeting
- Agenda of the meeting,
- Decisions made ,
- Closed votes by numbers
- Open votes by names
- Explanation provided with regards to conflicts of interests,
- Explanation provided by members who hold different position on decisions made.

18. Members of the board who hold different position on decisions will justify their position in a written form.

19. Chair of the meeting shall sign a minute of the meeting of the Auditing board and be responsible for accuracy of the minute.

20. Inaccuracy in the minute shall not be a basis for cancelling the decisions taken at the meeting of the Steering Committee.

21. Briefing and other documents relating to the findings of auditing and control shall be produced in accordance with the rule and signed by a member of the council who implemented the auditing and control.

22. The findings of the auditing and control shall be presented to the subject who has been under auditing and control. If the subject does not agree and refuses to sign the document with the findings he/she will provide justification for that in a writing form.

23. The Auditing board shall not receive complaint and information which lack concrete names, titles and addresses.

24. In case of criminal violation revealed during the auditing and control the Auditing board may submit the related documents to the authorized organization for further act.

25. If the damage to the society property and capital is proved a proposal shall be made to the Steering Committee to get the subject who caused the damage compensate for it in accordance with the law.

26. The Steering Committee shall accept the aforementioned proposal and take measures to make the subject who has caused the damage compensate for it. The Steering Committee shall report to the Auditing board about it in a written form.

27. The Auditing board shall report on the findings of the auditing and control.

28. The Auditing board may conduct auditing and control in response to the information provided by individuals within their tenure and commitment duties.

29. The Auditing board shall strictly keep the confidentiality of information.

30. The Society shall not be responsible for any damage caused by illegal acts of Chair of the Auditing board and members of the Auditing board .