

WIPO



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DATE: August 15, 2009

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

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WIPO GENERAL ASSEMBLY

Thirty-Eighth (19th Ordinary) Session
Geneva, September 22 to October 1, 2009

PROCESS FOR THE SELECTION OF EXTERNAL AUDITOR

prepared by the Secretariat

1. The present document contains the proposed Process for the Selection of External Auditor (document WO/PBC/14/5), which will be submitted to the fourteenth session of the WIPO Program and Budget Committee (PBC) to be held from September 14 to 16, 2009.
2. The recommendation of the PBC in respect of this document will be included in the “Summary of Recommendations Made by the Program and Budget Committee at its Fourteenth Session Held from September 14 to 16, 2009” (document A/47/15).
3. *The WIPO General Assembly is invited to approve the recommendation of the Program and Budget Committee made in respect of document WO/PBC/14/5, as recorded in document A/47/15.*

[Attachment follows]

WIPO



WO/PBC/ 14/5

ORIGINAL: English

DATE: August 7, 2009

WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

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PROGRAM AND BUDGET COMMITTEE

Fourteenth Session

Geneva, September 14 to 16, 2009

PROCESS FOR THE SELECTION OF EXTERNAL AUDITOR

Memorandum by the Director General

1. The principle of rotation of the External Auditor was discussed during the forty-third series of meetings of the Assemblies of the WIPO Member States held from September 24 to October 3, 2007. Several delegations supported the idea of putting a mechanism in place to select and replace the External Auditor at the end of the current mandate (2011). According to the Financial Regulations and Rules, adopted by the 2007 session of the Assemblies of WIPO Member States and which came into effect on 1 January 2008, Regulation 8.1 states that “the External Auditor, who shall be the Auditor General (or officer holding the equivalent title) of a Member State, shall be appointed by the General Assembly, in the manner decided by the Assembly”. Regulation 8.2 addresses the question of tenure of office and states that “the External Auditor shall be appointed for a term of office of six years non renewable consecutively”.
2. There is not yet an agreed uniform policy within the UN system concerning the terms of appointment and the process for reappointment of external auditors, although practice amongst the agencies and the UN secretariat reveals certain similarities (see Appendix I).
3. The Food and Agriculture Organization (FAO), World Health Organization (WHO) and International Labour Organization (ILO) were all required to select new external auditors for the four years beginning 2008. The agencies followed a procedure, conducted in accordance

with standard procurement practice, which was similar in many respects. The proposed procedure outlined below is based upon those followed by the three agencies.

Initial Stage

4. Invitations to be sent to all Member States, requesting nominations for the appointment as external auditor.
5. A Selection Panel to be appointed. At the ILO the panel was composed of Employer and Worker members, together with regionally representative Government members, of the Governing Body whilst at FAO the panel was drawn from the Finance Committee on a regional basis.
6. It is proposed that the Coordinators of each of the seven Groups of Countries of WIPO Member States be asked to act as members of the Selection Panel. If a proposal is received from the same country as that of a Coordinator, that member should absent herself/himself from the evaluation of such a bid and be replaced by another representative of the same Group of countries.

Invitation

7. Following the receipt of nominations, detailed requests for a proposal to be issued to all nominees together with documentation on WIPO relevant to the appointment. The request from WIPO should include the following:
 - (a) a clear statement of the tender procedures and conditions;
 - (b) a description of the documents enclosed with the invitation (including terms of reference of the external auditor, an extract from the Financial Regulations covering the appointment, format of required audit opinion, copies of all accounts on which an opinion is required, copy of the Program and Budget and other relevant information etc.);
 - (c) clear instructions for the completion of those documents to be submitted as part of the proposal (including detailed curriculum vitae of all staff to be assigned to the audit, membership of relevant professional and other accounting/auditing bodies, details of existing professional education program, proposed audit approach etc.) and detailed description of the nature of information to be included in each;
 - (d) clear statement of the requirement that in order to be considered, the proposals submitted must be complete;
 - (e) submission terms and closing date; and
 - (f) instructions regarding communications with the Secretariat and identified contact point for further information.

8. All nominees to be subsequently invited to a meeting where representatives of the Director General can respond to questions or requests for additional information.

Content of proposals

9. Proposals should provide information on the following:

- (a) the independence of the Auditor General from the influence of governments;
- (b) the number and general qualifications of staff employed by the Auditor General's office;
- (c) the accounting and/or auditing qualifications of the staff included in the audit proposal;
- (d) the professional experience of the proposed team and the arrangements for their continuing education;
- (e) the experience of the proposed team with regard to auditing UN organizations or specialized agencies;
- (f) the experience, knowledge and training of the proposed team with regard to auditing financial statements under International Public Sector Accounting Standards (IPSAS);
- (g) the experience of the proposed team in the audit of computerized accounting systems;
- (h) the language skills of the proposed staff members;
- (i) proposed work plan, together with an estimate of the overall number of auditor-work months to be devoted to carrying out the audit for the financial periods in question;
- (j) the candidate's fee, including travel and other supplementary costs.

Please refer to Appendix II for further details. This appendix shows the complete list of factors for which information was requested by FAO from all potential bidders.

Evaluation of proposals

10. Once the closing date for receipt of formal proposals has passed, the proposals should be opened according to standard procurement procedure and receive a preliminary technical evaluation.

11. At the ILO this was carried out by IAOD on the basis that it had the necessary technical skills and knowledge to evaluate proposals from a technical perspective, in an objective manner.

12. The ILO's IAOD carried out its technical evaluation based on a matrix score card, a draft of which had previously been reviewed by the Selection Panel. The matrix took into account such factors as the range and depth of skills possessed by the candidate's organization, adoption of best professional practice concerning audit methodologies, ethics and training; capacity to undertake a large and complex audit; independence from the influence of governments; previous experience of auditing UN organizations or specialized agencies; and breadth of language skills available.

13. At the FAO, the Finance Division similarly prepared a comparative analysis of proposals based upon the application of weighted evaluation criteria. Please refer again to Appendix II for details of the factors included within the evaluation.

14. In order to carry out the technical evaluation of proposals received by WIPO, it is suggested that IAOD and Finance Services prepare a list of selection criteria with appropriate weightings. This will then be submitted to the Selection Panel for approval. Once approved, IAOD and Finance Services would carry out the preliminary technical evaluation, the results of which would be communicated to the Selection Panel.

15. The Panel should then agree on a shortlist of candidates to be invited to make an oral presentation. These presentations would be intended to enable Panel members to have a better appreciation of the proposals and to provide an opportunity to seek additional information and clarification in order to facilitate the selection process.

16. Oral presentations to be followed by a question-and-answer session.

17. Such oral presentations were made to the Selection Panel at ILO and to the Finance Committee at FAO.

Time Frame

18. The process for selection should commence during the first year of the biennium preceding the first biennium to which the appointment relates.

19. At FAO the deadline for submission of proposals was the end of the first year of the biennium preceding the biennium to which the appointment related (for a recommendation in the following May), at ILO the deadline was 30 June of the first year (for a recommendation in the following March).

20. In order to have a new team of external auditors in place for the 2012-2013 biennium, the Selection Panel should aim to present its recommendation to the Assemblies of the Member States of WIPO and of the Unions administered by WIPO for their consideration at

their sessions in September 2011. A selection panel should therefore be chosen by the Member States by March 2010 with the request for formal offers to be issued shortly thereafter. A suggested timetable is shown in Appendix III.

21. The Program and Budget Committee is invited to recommend to the Assemblies of the Member States of WIPO and the Unions administered by WIPO, each as far as it is concerned to:

(i) approve the procedure for selection of the External Auditor;

(ii) establish the Selection Panel by March 2010;

(iii) authorize the Secretariat to launch the selection process.

[Appendices follow]

APPENDIX I

| | Who can apply | Appointment Period | Presented to/decided by |
|---|---|--|---|
| International Atomic Energy Agency (IAEA) | Auditor General of a Member State | 2 years – can be extended for further periods of 2 years (in theory forever) | Board of Governors who make a recommendation for appointment to General Conference |
| World Food Program (WFP) | National audit agencies from all Member States | 6 years (non-renewable). | Executive Board of WFP |
| World Health Organization (WHO) | Auditor General of a Member State | 4 years | Assembly, ‘in the manner decided by the Assembly’ |
| Food and Agriculture Organization (FAO) | Auditor General (or similar) of a Member State (Have considered use of private sector audit firms but have not yet reached any consensus on this). | 4 years (possible extension for 2 years) | Regionally representative working group of Finance Committee members drew up a short list which was submitted to the Finance Committee. Finance Committee then made recommendation to the Council for decision. |
| International Labour Organization (ILO) | Auditor General of a Member State | 4 years | Governing Body appointed Selection Panel to evaluate applications. Panel then made recommendation to Governing Body. Members of Panel: Governments/Employers/Workers. |
| United Nations Educational, Scientific and Cultural Organization (UNESCO) | Auditor General of a Member State | 3 ‘financial periods’ | General conference by secret ballot. |

| | Who can apply | Appointment Period | Presented to/decided by |
|---|--|------------------------------------|---|
| World Meteorological Organization (WMO) | Auditor General of a Member State | Determined by Executive Committee. | Executive Council. |
| United Nations Children's Fund (UNICEF), United Nations High Commissioner for Refugees (UNHCR) | UN Board of Auditors (appointed by UN General Assembly) consists of 3 members, each of whom shall be the Auditor General (or officer holding equivalent title) of a Member State. Each member is appointed for a non-renewable term of 6 years. A candidate can be appointed again after a break of one term (6 years) | | No selection procedure is followed as such by individual agencies |

[Appendix II follows]

APPENDIX II

EXTERNAL AUDITORS

Information requested
by FAO from all potential bidders

TECHNICAL

General Information

- Provide the official title and describe the role and functions of the Auditor-General's office submitting this proposal.
- Identify the office or organization responsible for appointing and/or removing the Auditor-General. Indicate the length of the term of office.
- Identify the office or organization to which the Auditor-General reports and describe the reporting process.
- Describe, in detail, the process by which the Auditor-General's budget and work program are established.
- Describe, in detail, the standards governing the Auditor-General's auditing work.

Qualification of officers and staff

- Indicate the number and general qualifications of staff employed by the Auditor-General's office.
- Confirm that all staff included in the audit proposal has professional accounting and/or auditing qualifications. If not, please provide details.
- Identify the accounting and/or auditing bodies in which staff are members.
- Indicate the languages in which the audit staff proposed for FAO is fluent.

Training and experience

- Describe arrangements for continuing professional education for proposed staff.
- Summarize the accounting experience of the proposed team.
- FAO's transaction processing and accounting requirements are supported by extensive use of computerized accounting systems. In particular, FAO uses a combination of Oracle Financials and customized systems. Summarize the experience of the staff proposed for the audit of FAO in the audit of computerized accounting systems and use of computer aided audit techniques.

Audit approach and strategy

- Describe the main steps to be performed in planning and performing the work regarding the audit of FAO.
- Indicate the proposed staffing breakdown (in man days) to cover the following areas:
 - financial statement audit
 - value for money audit
- Describe, in detail, the collaboration envisaged with any other national audit offices in performing the audit of FAO?
- What collaboration is envisaged with FAO's internal audit function to optimize the use of limited audit resources?

Audit Report

- Describe the proposed structure and format of reports and management letters by which the results of audit work will be communicated to management.

Costs

- Indicate the estimated cost of the audit.
- Indicate the composition of the total fees estimated above.

[Appendix III follows]

APPENDIX III

TIMETABLE FOR SELECTION OF EXTERNAL AUDITOR

| | <u>Date</u> |
|--|--------------------|
| – Invitations to be sent to all Members States seeking nominations for the appointment of External Auditor. | December 2009 |
| – Deadline for submission of nominations. | end February 2010 |
| – Letter sent to audit institutions nominated by Member States requesting them to submit a formal offer. | March 2010 |
| – Closing date for receipt of formal proposals from candidates. | end June 2010 |
| – Bids opened by procurement. | early July 2010 |
| – Preliminary technical evaluation. | July – August 2010 |
| – Results to be communicated to Selection Panel. | end August 2010 |
| – Panel consultations on proposals received and results of the technical evaluation. Panel to agree on a short list of candidates to be invited to make an oral presentation. | end September 2010 |
| – Oral presentations to the Panel, each to be followed by a question and answer session. | November 2010 |
| – Panel prepares their recommendation. | December 2010 |
| – Recommendation by Selection Panel to be presented to the Assemblies of the Member States of WIPO and of the Unions administered by WIPO in time for their September 2011 sessions. | |
| – Approval of recommendation by the WIPO Assemblies. | September 2011 |
| – Tenure of new External Auditor to begin. | January 2012 |

[End of Appendix III and of document]

[End of Attachment and of document]