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| **Council working Group on Financial and Human Resources Eighth meeting - Geneva, 22 - 23 January 2018** |  |
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|  | **18 December 2017** |
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**Contribution by the Secretariat**

PROPOSED PROCESS FOR THE SELECTION OF A NEW EXTERNAL AUDITOR

*RESOLUTION 94 (REV. BUSAN, 2014)*

**Introduction**:

Reference is made to Resolution 94 (Rev. Busan, 2014) and to the Financial Regulations and Rules (Art 28 and Annex 1). In 2011, Council decided to appoint the Italian supreme audit institution (Corte dei Conti) as the external auditor for auditing its 2012, 2013, 2014 and 2015 financial statements (C11/71 - Decision 566). This mandate was renewed by Council for 2 additional years (2016 and 2017 financial statements) at its 2015 session (C15/121 - Decision 586) and for 2 final years (2018 and 2019 financial statements) at its 2017 session (C17/139 - Decision 603). Further to the ITU Financial Regulations and Financial Rules, there is no possibility for further renewal and the ITU therefore needs to start the process for the selection of a new external auditor for auditing its 2020 financial statements and beyond.

**Proposed selection process**:

1. At the January 2018 meeting of the CWG-FHR, its Chair issues a call for expression of interest for five individuals to volunteer and serve as members of an Appraisal Committee to be established by the Council at its 2018 session.
2. The Appraisal Committee would immediately after Council 2018 undertake the tender process for identifying a Supreme Audit Institution (SAI) of an ITU Member State that best meets the criteria to be set out in a Request for Proposal (RfP) for auditing the accounts of the Union.
3. The Secretary-General would invite by Circular Letter in the course of 2018 the Administrations of all ITU Member States to advise their SAI of the opportunity to bid for the post of the External Auditor of the ITU.  The RfP would also outline the process that would be undertaken, including the appointment and role of an Appraisal Committee to evaluate the proposals received.
4. The proposals would be evaluated in late 2018/early 2019 in accordance with the process and criteria set out in the RfP document.  Weighting is to be applied to the technical and financial components of the evaluation criteria, as follows:
5. **Technical** – this criterion requires the Appraisal Committee to assess:

* the independence of the SAI;
* SAI membership of internationally recognized accounting or auditing professional bodies;
* the SAI’s proposed audit approach, strategy (including conformity to auditing standards);
* the SAI’s experience (international/functional expertise);
* training and qualifications (including language skills) of the SAI’s officials and staff;
* the size of the proposed audit team;
* and estimated time for audit; and
* the proposed structure and format of reports and management letters.

The total weight to be allocated to the ‘technical’ component would ideally be 75 points.

1. **Financial** – this criterion would require the Appraisal Committee to analyze the cost of the SAI providing auditing services to the ITU, including whether the cost proposed is fixed for the duration of the appointment[[1]](#footnote-1). The total weight allocated to ‘price’ would ideally be 25 points.
2. Overall value for money - this criterion requires the Appraisal Committee, taking into account the results of the technical and financial component of each, to determine which bid represents the best value for money over the duration of the appointment.
3. On the basis of the above process, the Appraisal Committee would make a report with a recommendation of the SAI to be appointed by Council at its 2019 session.

(1)

Selection Process



Secretariat

CWG

-

FHR

Council

Q4\_2017

Launch of proposed

selection process

for the ITU External Auditor

Q3/Q4\_2018

RfP drafted and Circular

letter sent by SG

to Member States

Q4\_2018

RfP responses collected

Appraisal Committee

Q1\_2018

Call for expression of interest

for the establishment of

an Appraisal Committee

Q2/Q3\_2018

Criteria and data

determined

Q2\_2018

Appraisal Committee

established

Q2\_2019

External Auditor selection

confirmed by Council

Q1\_2019

RfP responses analyzed and

Recommendation made for

selection of External Auditor

Q2\_2018

IMAC input

Q1\_2019

IMAC input

(2)

Selection Criteria

List of criteria that should ideally be considered in the selection process:



Independence

Reporting

mechanism

Language skills

Estimated time

Functional

expertise

Overall cost

Conformity

with auditing

standards

International

experience

Duration

of mandate

INTOSAI

Membership

Relevant

qualifications

1. The practice at ITU has been (and currently) is that the SAI provides its services on a *pro bono* basis. The ITU Secretariat budget incurs the Travel costs and Daily Subsistance Allowances of the President (or Director) and staff when working as external auditor -away from their office- on the ITU mandate. [↑](#footnote-ref-1)