



International Organization for Migration (IOM)
Organisation internationale pour les migrations (OIM)
Organización Internacional para las Migraciones (OIM)

C/106/6
RESTRICTED

Original: English
1 September 2015

COUNCIL

106th Session

APPOINTMENT OF EXTERNAL AUDITORS

APPOINTMENT OF EXTERNAL AUDITORS

Introduction

1. The appointment of IOM's External Auditors is governed by Article 12 of the Financial Regulations which states:

12.1 The Council shall appoint External Auditors of international repute who shall audit the accounts of the Organization in accordance with the principles set out in the Annex to these Regulations and with such other directives as the Council may give.

12.2 The cost of such audit shall be a charge on the funds of the Organization.

2. The External Auditor is appointed for a three-year period, which is renewable to ensure continuity. Between 1992 and 2000, the Austrian Court of Audit served as the appointed External Auditor for three terms. Subsequently, the Council appointed the Auditor General of Norway, who served for three terms during the period 2001 to 2009. The Council next appointed the Comptroller and Auditor General of India as External Auditor for a three-year term 2010 to 2012, which was renewed in November 2012 for a second and final three-year term 2013 to 2015. The Comptroller and Auditor General of India did not seek a third term. The external audit history of recent years is therefore as follows:

- 1992–2000: Austrian Court of Audit
- 2001–2009: Auditor General of Norway
- 2010–2015: Comptroller and Auditor General of India

3. The Council therefore needs to appoint a new External Auditor for the next three-year term, namely from 2016 to 2018. A decision will be taken at the next Council meeting scheduled to take place from 24 to 27 November 2015.

Action taken by the Administration

4. To initiate the appointment process, the Director General sent a letter to all Member States on 25 February 2015 inviting interested national audit offices to submit competitive tenders, as well as relevant information material, to serve as the next External Auditor of IOM for the three-year term 2016 to 2018. For reference purposes, a copy of the letter is attached as Annex I.

5. In his letter, the Director General provided information on the relevant stipulations of the IOM Financial Regulations and outlined the scale and scope of the audit and the basic requirements for its execution. He requested that Member States submitting competitive tenders acknowledge their acceptance of these requirements. He also requested confirmation that the audit fees would be waived as an in-kind contribution of services to the Organization, with only travel costs and per diem allowances to be covered and reimbursed by IOM. The letter sent by the Director General was accompanied by the selection criteria, outlined in paragraph 7 below, and a standard form to be completed and returned via e-mail by interested Member States. The deadline for submission of competitive tenders was 1 June 2015.

6. In reply to the Director General's letter, the following five national audit offices submitted tenders by the stated deadline:

- Philippine Commission on Audit
- Office of the Auditor General of Pakistan
- Office of the Comptroller General of Ecuador
- Ghana Audit Service
- Kenya National Audit Office

Selection criteria

7. The selection criteria sent to Member States for the appointment of the External Auditors are as follows:

- (a) International audit experience is of significant importance since IOM operates from some 450 offices in 150 countries worldwide. IOM conducts a substantial volume of financial transactions in multiple currencies, operates bank accounts in most of its offices and engages in foreign exchange transactions on a regular basis.
- (b) IOM is compliant with the International Public Sector Accounting Standards (IPSAS). An External Auditor with both knowledge and experience of these standards would assure Member States that the standards have been correctly interpreted, applied and presented in the annual financial statements.
- (c) IOM has implemented a SAP ERP system (known as PRISM¹ in IOM). All offices are now using PRISM for accounting and reporting purposes. Experience with SAP will help the External Auditors review IOM's accounts in the Field and at Headquarters, which will be prepared on an accrual basis supported by SAP.
- (d) Confirmation that the audit work would be conducted on a free-of-charge basis, with only travel costs and per diem allowances to be covered by IOM, in accordance with IOM travel regulations.
- (e) Willingness to accept appointment as External Auditor for IOM for the three-year period 2016, 2017 and 2018, with the possibility of renewal. For purposes of continuity, it would be an added benefit if a focal person could be designated, for the three-year period.
- (f) Confirmation that the auditors should also be available for advice or consultation on accounting and auditing issues, keeping in mind the time constraints of IOM's governing body sessions.
- (g) Confirmation that each year the External Auditor will undertake the following audits: (i) certification of IOM's accounts (interim and final); (ii) testing of compliance of IOM's internal controls using a risk-based approach and in close collaboration with the Office of the Inspector General; and (iii) performance reviews of selected areas

¹ PRISM is the acronym used for the application of the SAP-based ERP system in IOM and stands for Processes and Resources Integrated Systems Management.

within IOM (example of the current External Auditor's 2014 audit schedule: certification audit – 5 weeks, compliance audit – 8 weeks, performance audit – 4 weeks).

- (h) Although IOM has three official languages (English, French and Spanish), all financial transactions are entered into PRISM in English.

Information provided by the interested national audit offices

8. The information provided in Annex II (Summary table of submissions) and Annex III (Submissions received for the tender for appointment as the IOM External Auditor for the financial years 2016 through 2018) is intended to assist Member States in evaluating the various competitive tenders and in putting forward a recommendation to the Council on the appointment of the IOM External Auditor for the period 2016 to 2018.

9. In his letter dated 25 February 2015, the Director General requested information from tenderers on their qualifications and experience. Each interested national audit office was asked to respond to the same standard set of questions, thus permitting a straightforward comparison between them. Each competitive tender is included in Annex III in its original and unaltered form. As the information contained in Annex III is very detailed, a summary table comparing the various audit offices has been prepared by the Administration to assist Member States with their review of the information. This summary table is provided in Annex II, and highlights such key criteria as international audit experience and knowledge of IPSAS, which will be important in evaluating the qualifications of the offices seeking appointment.

10. The Director General's letter also informed Member States that in addition to the information required in the submissions, interested national audit offices also had the option to provide any additional materials that they believed would be helpful in support of their submission. Some audit offices chose to submit additional information, which can be accessed on the IOM website (see <https://governingbodies.iom.int/>).

Timeline leading to the appointment of the External Auditor at the Council

11. The process leading up to the appointment of the External Auditor began in February with the distribution of the Director General's letter requesting expressions of interest from Member States and will be completed with a decision taken at the forthcoming Council meeting at the end of November 2015. Below is the complete timeline, as presented to the Standing Committee on Programmes and Finance (SCPF) on 3 July 2015:

- (a) 25 February: Letter sent by the Director General to all Member States to request submissions;
- (b) March, April, May: Collection of submissions from Member States;
- (c) 1 June: Deadline for submissions;
- (d) June, July, August: Compilation of submissions received;
- (e) By mid-September: Distribution of Council paper to present the submissions received;
- (f) 22 October: Related agenda item at the pre-SCPF informal consultation;
- (g) 28 to 29 October: Related agenda item at the Seventeenth Session of the SCPF;

- (h) 24 to 27 November: Appointment of External Auditor at the 106th Session of the Council.

Next steps

12. The Administration requests that all Member States review the present paper, including Annexes I, II and III. All questions regarding the competitive tenders, the selection process or the criteria can be sent to the Administration at MScomments@iom.int.

13. This paper will be addressed under an agenda item at the SCPF to be held on 28 and 29 October 2015, and also at the pre-SCPF informal consultation leading up to it, scheduled for 22 October. These meetings will be information-sharing sessions before a decision is taken at the Council, and therefore will be an opportunity for consultation and discussion, where Member States can ask technical or procedural questions concerning the process. The SCPF may make recommendations to the Council as a result of the proceedings concluded under the relevant agenda item. Most often in the past, following some discussion and debate, the SCPF concluded by submitting the list of competitive tenders to the Council for decision.

14. The final decision on the appointment of the External Auditor will be taken at the Council in November. During the scheduled agenda item, if a consensus on the appointment of a particular Auditor General as the External Auditor cannot be reached, the Council will decide by simple majority through a secret ballot. In the past, secret ballots have been used to reach a decision on the appointment of the External Auditor.

LETTER SENT BY THE DIRECTOR GENERAL TO ALL MEMBER STATES

INTERNATIONAL ORGANIZATION FOR MIGRATION

THE DIRECTOR GENERAL

GENEVA, SWITZERLAND

25 February 2015

Your Excellency,

I have the honour to call upon Member States' Auditors-General to solicit competitive tenders to be appointed by the Council as the External Audit for IOM's accounts beginning with the 2016 financial year.

The External Auditors are normally appointed for a three-year period, renewable so as to ensure continuity. The current auditors, the Comptroller and Auditor General of India, originally appointed commencing with the 2010 financial year, are completing their second three-year mandate which ends with the financial year 2015.

The relevant stipulations on the External Audit are laid down in the enclosed Article 12 of IOM's Financial Regulations and its Annex "Principles to govern the audit of the Organization". In relation to Article 12.2, it should be noted that, as with IOM's current and previous External Auditors, IOM covers the costs of travel and per diem allowances, with the audit fees being waived as an in-kind contribution to the Organization.

An assessment of the scale and scope of the audit to be performed may be made from the most recent IOM financial documents, i.e. the Programme and Budget for 2015 (Document C/105/9) and the Financial Report for the year 2013 (Document C/105/4). The Administration would, of course, be pleased to provide you with any further information or documentation you may require.

In this connection, I would like to add that the auditors performing the audit should have an excellent knowledge of English, the language used for the majority of the Organization's daily transactions. Knowledge of French and Spanish would be an advantage. The auditors should also be available for advice or consultation on accounting and auditing issues, keeping in mind the time constraints of IOM's Governing Body Sessions. In addition, it is important to note that the External Audit must also cover, at least on a sample basis, IOM's financial transactions in its many offices worldwide.

/..

The Permanent Missions and other representatives of Member States
of the International Organization for Migration (IOM)

In light of the above I would like to ask you whether your national audit office would accept to be considered for appointment as External Auditor of for a three-year period commencing with the audit of the 2016 accounts.

In the event of your affirmative response, I would be grateful if you could provide me with a response to this letter, confirming the following information:

1. acceptance of your National Auditor-General of the above mentioned stipulations and principles governing IOM's External Audit;
2. confirmation that the audit work would be conducted on a free-of-charge basis, with only travel costs and per diem allowances to be covered by IOM, in accordance with IOM travel regulations;
3. willingness to accept appointment by the Council as External Auditor for IOM for the three year period 2016, 2017, and 2018, with the possibility of renewal. For purposes of continuity, it would be an added benefit if a single focal person could be designated, for the three-year period.

In order to assist the Standing Committee on Programmes and Finance to evaluate the various offers and to put forward a recommendation to the Council, please provide the information requested in the attached table. Any additional materials to support your application can also be provided. The selection criteria for the appointment of the External Auditors has also been attached. I refer you to our website (www.iom.int) for additional information on IOM's finance and budget documents.

To ensure your application receives full consideration, please submit your response no later than Monday 1 June 2015.

Please accept, Your Excellency, the assurances of my highest consideration.

A handwritten signature in black ink, reading "William Swing". The signature is written in a cursive, flowing style.

William Swing

Annex II – SUMMARY TABLE OF SUBMISSIONS

National audit office	Date submission received	Number of qualified auditors in the national audit office	Summary of past and current international organizations /agencies audited	IPSAS knowledge/ experience	Number of auditors to be assigned to IOM with accounting-IPSAS experience	Experience with SAP or similar enterprise resource planning (ERP) systems	Number of auditors to be assigned to IOM with ERP experience	List of professional auditing institutions/ affiliations/ memberships	Confirmation to undertake annual audits on: (i) certification of IOM accounts (ii) testing compliance with internal controls (iii) performance reviews within IOM	Confirmation that the audit work would be conducted on a free-of-charge basis, with only travel costs and per diem allowances to be paid by IOM, as per IOM travel regulations
Philippines	7 May 2015	200	A number of agencies, as noted in submission in Annex III	Yes	20	Yes	20	International Organization of Supreme Audit Institutions (INTOSAI) as well as other professional affiliations	Accepted	Accepted
Pakistan	22 May 2015	1 984	A number of agencies, as noted in submission in Annex III	Yes	15	Yes	18	International Organization of Supreme Audit Institutions (INTOSAI) as well as other professional affiliations	Accepted	Accepted
Ecuador	27 May 2015	About 800	Organization of American States (OAS)	Yes	5	Yes	5	International Organization of Supreme Audit Institutions (INTOSAI) as well as other professional affiliations	Accepted	Accepted
Ghana	29 May 2015	678 in total, including various disciplines as noted in submission in Annex III	A number of agencies, as noted in submission in Annex III	Yes	8	Yes	6	International Organization of Supreme Audit Institutions (INTOSAI) as well as another professional affiliation	Accepted	Accepted
Kenya	1 June 2015	822	A number of agencies, as noted in submission in Annex III	Yes	13	Yes	3	International Organization of Supreme Audit Institutions (INTOSAI) as well as other professional affiliations	Accepted	Accepted

Annex III

SUBMISSIONS RECEIVED FOR THE TENDER FOR APPOINTMENT AS THE IOM
EXTERNAL AUDITOR FOR THE FINANCIAL YEARS 2016 THROUGH 2018

	Page
1. Philippine Commission on Audit.....	1
2. Office of the Auditor General of Pakistan	5
3. Office of the Comptroller General of Ecuador [application received in Spanish and translated into English by the IOM Translation Service].....	11
4. Ghana Audit Service	13
5. Kenya National Audit Office	17

IOM SELECTION OF EXTERNAL AUDITORS – FINANCIAL YEAR 2016 – 2018

To be completed and returned to DRM@iom.int by Monday 1 June 2015

1. National audit office – Government of:	Commission on Audit (COA) – Republic of the Philippines
---	--

2. Number of qualified auditors in the national audit office:	200
---	------------

3. A summary of past and current International Organizations/Agencies (with field presence similar to IOM) audited by the national audit office, identifying the basis on which the accounts were prepared (e.g. IPSAS, GAAP, etc)
<p>Currently, COA is the External Auditor of the World Health Organization (WHO) for 2012 to 2015 and the Food and Agriculture Organization of the United Nations (FAO) from 2008 to 2019. Both the financial statements of WHO and FAO are prepared based on IPSAS.</p> <p>In the past, COA served as member of the UN Board of Auditors for 18 years (1984 to 1993 and 1999 to 2008) with clients that included the UN Headquarters, UN Human Settlements Programme, UN High Commissions for Refugees, the UN Children’s Fund, Peacekeeping Mission, UN University, UN Joint Staff Pension Fund, UN Economic and Social Commission for Asia and the Pacific, Economic Commission for Latin America and the Caribbean, and the UN Environment Programme and the Global Environment Facility. The financial statements of these clients were prepared under UN System Accounting Standards (UNSAS).</p>

4. Knowledge/experience of International Public Sector Accounting Standards (IPSAS)
<p>The COA has extensively reviewed IPSAS and harmonized the standards with the new government accounting standards (NGAS) currently used in the preparation of the financial statements of the government agencies in the Philippines. It is also the government’s representative to the Committee created by the Philippine Financial Reporting Standards Council to study the adoption and implementation of IPSAS for the government sector. The</p>

COA, having the authority to prescribe accounting policies in the Philippines, had prescribed the Philippine Public Sector Accounting Standards (PPSAS) which is an adaptation of IPSAS as the accounting standards to be used by government agencies and has trained government accountants and auditors in this regard.

The auditors to be assigned to IOM were involved in the review of FAO IPSAS Accounting Policies and Guidelines, and WHO IPSAS Accounting Manual. They have actual experience in the audit of IPSAS-based financial statements in WHO (2012 to 2014) and FAO (2014).

As member of the Panel of External Auditor of the United Nations, the proposed staff members are updated on the lessons learned in the implementation of IPSAS and audits of IPSAS financial statements in various UN agencies.

Number of auditors to be assigned to IOM with Accounting-IPSAS experience:	20
--	----

5. Experience with SAP or similar enterprise resource planning (ERP) systems

As the current External Auditor of FAO and WHO, all the proposed officers and staff have experience in the audit of agencies using Oracle Enterprise Resource Planning Systems (ERPs) and customized systems interfacing with the ERP.

For the past seven years, auditors assigned to audit FAO have been exposed to Oracle ERP now called Global Resource Management System (GRMS). Also included in the proposed staff are auditors who conducted the review of the implementation of Oracle R12 and IPSAS projects under the GRMS Programme. Likewise, auditors assigned to WHO have been exposed with Global Management System (GSM) in Oracle platform since 2012 and SAP for one of the WHO's non-consolidated entities (IARC).

In the previous UN audit engagements of the proposed officers and staff, they gained experience in the audit of various systems such as UN Integrated Management Information System (IMIS), System Application Products (SAP), Program Manager System (PrOMS) and Peacekeeping Application Systems.

Number of auditors to be assigned to IOM with ERP experience:	20
---	----

6. List of professional auditing institutions affiliations/memberships (e.g. INTOSAI (and/or similar professional audit institutions):

The COA has professional linkages/affiliations/membership to the following accounting and auditing bodies to collaborate, benchmark and share best audit practices:

- Panel of External Auditors of the UN, the specialized agencies and the International Atomic Energy Agency
 - Member, 1984 to 1993 and 1999 to present
 - Chair, 2006
 - Chair, Technical Working Group, 2006
- International Organization of Supreme Audit Institutions (INTOSAI)
 - Member, 1980 to present
 - Host, XI Congress, 1983 and Working Group in Environmental Auditing, 2014
- Asian Organization of Supreme Audit Institutions (ASOSAI)
 - Founding Member in 1979 and Governing Board Member
- Southeast Asian Nations Supreme Audit Institutions (ASEANSAI)
 - Founding Member in 2011 and Chair, Training Committee
- International Federation of Accountants (IFAC)
- Institute of Internal Auditors (IIA)
- Association of Certified Fraud Examiners (ACFE)
- Information Systems Audit and Control Association (ISACA)

7. Confirmation that each year the External Audit will undertake the following audits:

- i. certification of IOM's accounts (interim and final)
- ii. testing of compliance of IOM's internal controls using a risk based approach and in close collaboration with the IOM Office of the Inspector General
- iii. performance reviews of selected areas within IOM

<input checked="" type="checkbox"/>	Accepted	<input type="checkbox"/>	Rejected
8. Confirmation that the audit work would be conducted on a free-of-charge basis, with only travel costs and per diem allowances to be covered by IOM, in accordance with IOM travel regulations.			
<input checked="" type="checkbox"/>	Accepted	<input type="checkbox"/>	Rejected

9. Any other additional information to assist the Member States in reaching a decision (maximum 150 words). Please include brief information on risk-based and value-for-money audit approach.

Our Integrated Results and Risk-based Audit (IRRBA) approach affords more comprehensive audit of IOM in the context of achieving the goals of: (a) assessing financial statement misstatement; (b) evaluating operations viability to provide assurance that expenditures are compliance with the Organization's intentions; (c) indentifying opportunities with respect to, *inter alia*, efficiency of financial procedures, accounting system, internal financial controls and, in general, the administration and management of IOM.

The audit work will be closely supervised by the COA Chairman and the International Organizations' Audit Committee through the Director of External Audit.

Value-for-Money (VFM) Audit

VFM audit will be conducted to assess managerial efficiency with the end in view of eliminating waste and promoting economic and efficient use of resources, and ascertain whether desired results have been achieved and programmes have accomplished their purposes and objectives. The purpose is to add value to the IOM's management and accountability process.

IOM SELECTION OF EXTERNAL AUDITORS – FINANCIAL YEAR 2016 – 2018

To be completed and returned to DRM@iom.int by Monday 1 June 2015

1. National audit office – Government of	Office of the Auditor-General of Pakistan (AGP)
---	---

2. Number of qualified auditors in the national audit office:	1,984
--	-------

For carrying out an assignment of the spread and complexity of the external audit of the IOM, the Auditor-General of Pakistan (AGP) has a substantial resource/inventory of almost 2,000 qualified auditors available to him. These auditors have a very diverse range of expertise and qualifications such as M.B.A in Finance, IT, Accounting, HRM, Management, M.Sc Economics, M.S, Accounting Post Graduates in a diverse range of disciplines and PhD etc. from various universities in Pakistan, U.S.A., U.K., Sweden and Australia. Most of the personnel are certified Associates/Fellows of Institute of Public Finance Accountants, which is recognized body of IFAC. Further, the Department includes personnel who are members of Association of Chartered Certified Accountants (U.K), Institute of Internal Auditors (USA), and Fellows from GAO (USA) and Canadian Comprehensive Auditing Foundation (CCAF). AGP also has a resource pool of about 250 SAP trained personnel including 73 professionals certified in different modules of SAP.

3. A summary of past and current International Organizations/Agencies (with field presence similar to IOM) audited by the national audit office, identifying the basis on which the accounts were prepared (e.g. IPSAS, GAAP, etc.)

The Auditor-General of Pakistan (AGP) has the experience of auditing UN organizations as provided here under:-

Organization	From	To	Type of Accounts
UN Board of Auditors	1961	1974	UNSAS
Preparatory Commission of OPCW	1993	1997	UNSAS
OPCW	2003	2005	UNSAS
OPCW	2006	2008	UNSAS
UNIDO	2008	2013	UNSAS/IPSAS

In addition, the AGP on different occasions has also undertaken External Audit of following international/regional multilateral bodies:

- Organization of Islamic Conference, Jeddah, Saudi Arabia.
- South Asian Association for Regional Cooperation.
- Economic Coordination Organization (ECO).
- The Developing Eight (D-8).

4. Knowledge/experience of International Public Sector Accounting Standards (IPSAS)	
<p>AGP's audit professionals are familiar with various accounting frameworks including IPSAS, and have the necessary training and work experience to audit agencies which are compliant with IPSAS in their business procedures and financial management structures and processes.</p> <p>As the External Auditor of UNIDO (2008-2013), the AGP reviewed the implementation of UNIDO's action plan for adoption of IPSAS and facilitated the organization in making the transition from the legacy UNSAS accounting system to IPSAS based accounting. The intensive interaction of External Auditor with UNIDO on adoption of IPSAS has enhanced our knowledge and sharpened our skills to carry out audit of an entity maintaining accounts in accordance with IPSAS.</p> <p>The Financial Statements of the Government of Pakistan are prepared on the format of IPSAS cash basis which include the Statement of Cash Flows, Statement of Appropriation of Grants and Statement of the Actual Amounts by Objects. The Financial Statements of State Owned Enterprises (SOEs) in Pakistan are prepared on IPSAS and are audited by the specialized offices of AGP. With the audit of these IPSAS based financial statements, the Office of the AGP has developed sufficient capacity over the years to undertake audit of IPSAS based Financial Statements.</p>	
Number of auditors to be assigned to IOM with Accounting – IPSAS experience	15 (over the three year period)

5. Experience with SAP or similar enterprise resource planning (ERP) systems	
<p>The organization of the AGP has adequate expertise in the audit of SAP-based financial management systems. Under an ambitious "Project for Improvement of Financial Reporting and Auditing" (PIFRA), launched with the assistance of the World Bank, the Government of Pakistan has established a country wide Integrated Financial Management Information System that has been configured on SAP/R3 platform requiring central networking and on-line communication with transaction nodes spread in 120 districts and 4 provinces of the country. Under this initiative, which is being supervised by the AGP's Department, the transaction based auditing system is being replaced with a systems based approach to state auditing implemented in a client-server environment using auditing tools like the ACL. The Department's critical capacity building requirements have been greatly enhanced under the PIFRA initiative.</p> <p>Since the AGP is responsible for the audit of the country wide SAP based financial management systems, his organization and personnel have acquired state of the art IT skills for audit of the Integrated Financial Management Information System being used at the IOM offices.</p>	
Number of auditors to be assigned to IOM with ERP experience:	18 (over the three year period)

6. List of professional auditing institutions affiliations/memberships (e.g. INTOSAI (and/or similar professional audit institutions))

- i. The Auditor-General of Pakistan (AGP) is a member of International Organization of Supreme Audit Institutions (INTOSAI) and has been on the Governing Board of the organization since 2010. The AGP plays an active role in various Committees and Working Groups of the INTOSAI.
- ii. The AGP has been on the Governing Board of the Asian Organization of Supreme Audit Institutions (ASOSAI) since 2000 and remained Chairman of ASOSAI for the period 2009-12.
- iii. The AGP is the permanent Secretary General of the Economic Co-operation Organization's Supreme Audit Institutions (ECOSAI), comprising 10 member states from South and Central Asia.
- iv. The Auditor-General of Pakistan is an active member of multilateral professional organizations such as Commonwealth Auditor General's Conference and the International Consortium on Governmental Financial Management (ICGFM).
- v. The SAI Pakistan has remained associated with different research projects undertaken by the ASOSAI.
- vi. The AGP's organization benefits from the training courses organized by the INTOSAI Development Initiative (IDI), ASOSAI and ECOSAI, and makes its own contribution towards international collaboration in the field of auditing.

7. It is hereby confirmed that each year, the AGP will undertake the following audits:

- i. certification of IOM's accounts (interim and final)
- ii. testing of compliance of IOM's internal controls using a risk based approach and in close collaboration with the IOM Office of the Inspector General
- iii. performance reviews of selected areas within IOM

7a. The AGP also confirms the following:

- i. That External Audit will cover, on a sample basis, IOM's financial transactions in its selected offices worldwide. AGP's proposed audit plan envisages audit of three IOM field offices every year.
- ii. Willingness to accept appointment as External Auditor for IOM for the three year period 2016, 2017, and 2018, with the possibility of renewal. For purposes of continuity, a focal person would be designated, for the three year period.
- iii. That the auditors would also be available for advice or consultation on accounting and auditing issues, keeping in mind the time constraints of IOM's Governing Body Sessions.
- iv. Acceptance of stipulation and principles governing IOM's external audit.

v. Existence of organization-wide expertise in audit of SAP based financial management systems.	
<input checked="checked" type="checkbox"/> Accepted	<input type="checkbox"/> Rejected

8. It is confirmed that the audit work would be conducted on a free-of-charge basis, with only travel costs and per diem allowances to be covered by IOM, in accordance with IOM travel regulations.	
<input checked="checked" type="checkbox"/> Accepted	<input type="checkbox"/> Rejected

9. Any other additional information to assist the Member States in reaching a decision (maximum 150 words). Please include brief information on risk-based and value-for-money audit approach.
<p>The Audit approach will be determined by following broad parameters:</p> <ul style="list-style-type: none"> • Statutory Objectives arising from requirements of IOM's Financial Regulations and its Annex "Principles to govern the audit of the Organization". • Organizational Environment emerging from the full range of operations of the IOM and the procedures, policies and practices adopted by it. <p>Portfolio of Audit Interventions will be selected for achieving an optimal balance between Certification, Compliance and Performance audits, considered most appropriate to meet the statutory objectives in given organizational environment. The audit(s) will be planned to enable the AGP to make significant and meaningful observations on efficiency of financial procedures, accounting system, internal financial controls, functioning of the internal audit, and, in general, the administration and management of the organization. The audit of financial systems and transactions will be supplemented with an evaluation of compliance with applicable statutes and regulations.</p> <p><u>Risk Based Audit Approach</u></p> <p>On the basis of the legacy information pertaining to previous audits of the IOM, the AGP may draw a tentative conclusion that meaningful reliance can be placed on Internal Controls of the IOM. The first order of business for undertaking the audit of the IOM accounts for the period 2016 onwards would be to re-validate this tentative conclusion by testing the effectiveness of the IOM systems to:</p> <ul style="list-style-type: none"> • Prevent or detect payments being made without being recorded • Ensure posting of valid transactions • Prevent and detect payments being made to other than proper recipients • Ensure posting of payments of valid expenditures • Prevent and detect payments being recorded for incorrect amounts

- Prevent and detect payments of incorrect amounts
- Prevent and detect payments not in accordance with supporting information

Testing of systems with the help of such walk through tests and standing files from previous audits would be reinforced by selective Compliance Testing to determine functioning of controls during the audited period. On the basis of Compliance Testing results, statistical techniques will be employed for determining the level of Substantive Testing. A Risk Model would be designed to provide a high level of assurance from the audit results.

Value for Money Audit Approach

The AGP would determine the most suitable audit approach for Value for Money (Performance) Audit(s). The main objective of Performance Audit(s) would be to suggest improvements for future. Generally the approach would include:

- Testing the validity of key controls, systems and operations
- Review of necessary data and documents.
- Formulation of audit scope, methodology and tentative audit objectives
- Review of HRM, MIS, Procurement, Contract / Inventory / Asset management systems, policies and practices
- Validation of information and discussion with target groups
- Application of suitable, statistical, financial and other quantitative techniques to available data
- Formulation of tentative findings and discussion with management and incorporation of management viewpoint.

IOM SELECTION OF EXTERNAL AUDITORS - FINANCIAL YEAR 2016 – 2018

To be completed and returned to DRM@iom.int by Monday 1 June 2015

1. National audit office - Government of:	Ecuador
2. Number of qualified auditors in the national audit office:	About 800
3. A summary of past and current International Organizations/Agencies (with field presence similar to IOM) audited by the national audit office, identifying the basis on which the accounts were prepared (e.g. IPSAS, GAAP, etc..)	
Organization of American States, OAS, from 2012 to 2014. The financial statements of the OAS are prepared in keeping with the Organization's GAAP-based standards.	
4. Knowledge/experience of International Public Sector Accounting Standards (IPSAS)	
General knowledge of NICSP or IPSAS.	
Number of auditors to be assigned to IOM with Accounting – IPSAS experience:	5
5. Experience with SAP or similar enterprise resource planning (ERP) systems	
The OAS has a system called OASES, which serves as the basis for managing resource planning and the conduct of financial transactions, and makes it possible to produce administrative and financial information for decision-making purposes.	
Number of auditors to be assigned to IOM with ERP experience:	5
6. List of professional auditing institutions affiliations/memberships (e.g. INTOSAI (and/or similar professional audit institutions):	
International Organization of Supreme Audit Institutions (INTOSAI) Member of the Governing Board and the Finance and Administration Committee of INTOSAI.	
Organization of Latin American and Caribbean Supreme Audit Institutions (OLACEFS).	
An application has been submitted for membership of the Organization of Supreme Audit Institutions of the countries of MERCOSUR and Associates (EFSUR).	

<p>7. Confirmation that each year the External Audit will undertake the following audits:</p> <ul style="list-style-type: none"> i. certification of IOM's accounts (interim and final) ii. testing of compliance of IOM's internal controls using a risk based approach and in close collaboration with the IOM Office of the Inspector General iii. performance reviews of selected areas within IOM <p><i>FYI: Example of the current External Auditor's 2014 audit schedule: certification audit – 5 weeks, compliance audit – 8 weeks, performance audit – 4 weeks.</i></p>	
X Accepted	Rejected

<p>8. Confirmation that the audit work would be conducted on a free-of-charge basis, with only travel costs and per diem allowances to be covered by IOM, in accordance with IOM travel regulations.</p>	
X Accepted	Rejected

<p>9. Any other additional information to assist the Member States in reaching a decision (maximum 150 words). Please include brief information on risk-based and value-for-money audit approach.</p>	
<p>The Office of the Comptroller General of Ecuador is an organization with 87 years of experience in controlling public resources and entities and persons that have public resources at their disposal. It currently controls some 6,500 entities and undertakes financial audits, management audits, environmental audits, audits of public works, and special reviews.</p> <p>The audits conducted by the Office of the Comptroller follow a risk-based approach, which assesses the audit risk (inherent, control, detection) and corporate risk (inherent) for each audit, thus making it possible to identify risk-prone areas and to test them selectively and objectively. Our management audit makes it possible to ascertain the degree of fulfilment of goals and objectives based on efficiency, effectiveness and economy. The findings serve as corrective measures for any possible shortcomings and as precautionary measures for effecting possible improvements to internal control systems.</p>	

IOM SELECTION OF EXTERNAL AUDITORS - FINANCIAL YEAR 2016 - 2018

1.	National audit office - Government of Ghana	Ghana Audit Service
2.	Number of qualified auditors in the national audit office	105 qualified Accountants and 120 partly qualified Accountants. Additionally, trained auditors include academic degree holders in various disciplines and other professionals (lawyers, architects etc.) all together numbering 678.
3.	<p>A summary of past and current International Organizations/ Agencies (with field presence similar to IOM) audited by the National audit office, identifying the basis on which the accounts were prepared.</p> <p>(a) Past audit experience (1976 - 2000)</p> <ul style="list-style-type: none"> i. UN Secretariat, UN Headquarters, New York ii. UNICEF/GCO iii. UNIDO iv. UNCTAD/ITC v. UNHCR vi. UNJSPF vii. WFP viii. UNRWA ix. ICT for Rwanda x. ECA, ECWA and ECLA xi. UNITAR xii. UNEP xiii. PEACEKEEPING MISSIONS: Lebanon, Kuwait, Former Yugoslavia, Somalia, Mozambique, Haiti and Cambodia <p>(b) Current experience (2012 to date)</p> <ul style="list-style-type: none"> i. International Maritime Organization (IMO) ii. World Maritime University (WMU) iii. International Maritime Law Institute (IMLI) iv. INTOSAI <p>(c) Accounting Standards</p> <ul style="list-style-type: none"> i. United Nations Systems Accounting Standards (UNSAS) ii. International Public Sector Accounting Standards (IPSAS) 	

4	Knowledge/experience of International Public Sector Accounting Standards Financial statements of IMO, WMU, UMLI and INTOSAI are audited by the Auditor-General of Ghana. Number of auditors assigned to IMO with Accounting – IPSAS experience	8
5	Experience with SAP or similar enterprise resource (ERP) planning systems ERP systems experience IMO uses SAP ERP system WMU uses Sages ERP system Number of auditors to be assigned to IOM with ERP experience	6
6.	List of professional audit institutions affiliations/membership INTOSAI AFROSAI-E	
7	Confirmation that each year, the External Audit will undertake the following audits: (i) Certification of IOM accounts (interim and final) (ii) Testing of compliance of IOM's internal controls using a risk based approach and in close collaboration with the IOM office of the Inspector-General (iii) Performance review of selected areas within IOM Accepted. The types of audit and time period for each type for the 2014 audit are accepted: certification – 5 weeks, compliance audit – 8 weeks and performance audit – 4 weeks	
8.	Confirmation that the audit work would be conducted on a free of charge basis, with only travel costs and per diem allowances to be covered by IOM, in accordance with IOM travel regulations Accepted. No fees will be charged; only travel costs and per diem allowances determined under IOM regulations will be due for payment.	

9.	Any other additional information to assist Member States in reaching a decision (maximum 150 words). Please include brief information on risk-based and value-for-money audit approach.
	<p>Mr. Richard Q. Quartey, a Chartered Accountant and member of the Audit Service was appointed as the Auditor-General in 2010. Between 1994 and 1999, he audited some UN organizations and is currently the External Auditor, IMO, WMU and IMLI Joint External Auditor, INTOSAI and member, Independent Audit Advisory Committee, UN. IOM stands to gain from his rich experience.</p> <p>The risk and performance audit approach involves (a) knowing and understanding IOM, its systems, inherent risks and operating environment, including its mission, vision and strategic objectives, internal controls, performance monitoring and evaluation arrangements, Enterprise Risk Management Framework and (b) Development of Audit Strategy based on information gathered in (a). These entail a pre-entry study of the regulatory framework, corporate governance arrangements, a trend analysis of current and previous budgets and financial statements, a review of external and internal audit reports and consideration of the work plans of the Inspector-General.</p>

General comments

The Auditor-General will be available for consultation and he is prepared for renewal of the mandate after the first 3-year term. In addition to Headquarters, 5 field mission audits will be conducted after consultation with the Inspector-General.

IOM SELECTION OF EXTERNAL AUDITORS - FINANCIAL YEAR 2016 – 2018

To be completed and returned to DRM@iom.int by Monday 1 June 2015

1. National audit office - Government of:	Kenya
2. Number of qualified auditors in the national audit office:	822
<p>3. A summary of past and current International Organizations/Agencies (with field presence similar to IOM) audited by the national audit office, identifying the basis on which the accounts were prepared (e.g. IPSAS, GAAP, etc..)</p> <p>All Ministries and County Governments in SAI Kenya, prepare financial statements using IPSAS(cash basis)while regulatory and non-commercial government entities use IPSAS (Accrual basis).. Therefore,all financial auditors have hands-on experience in IPSAS.</p> <p>The Team Leader,Mr. Edward R.O. Ouko, The Auditor-General of Kenya is currently a member of the Audit & Risk Committee of African Capacity Building Foundation (ACBF). Is a Member of Advisory Board of Vienna –based International Anti Corruption Academy (IACA). He is the immediate former chairman of Audit Committee of Food and Agricultural Organization (FAO). He served as external member of the Audit Committee of United Nation Relief and Works Agency for Palestinian Refugees (UNRWA).</p>	
<p>4. Knowledge/experience of International Public Sector Accounting Standards (IPSAS)</p> <p>As at 31st May, 2015, 671 auditors have been trained intensively on International Public Sector Accounting Standards (IPSAS) and IFRS. Further, auditors are members of the Institute of Certified Accountants of Kenya. In addition, all Ministries and County Governments prepare financial statements using IPSAS(cash basis)whole regulatory and non-commercial government entities use IPSAS (Accrual basis).. Therefore,all financial auditors have hands-on experience in IPSAS.</p>	
number of auditors to be assigned to IOM with Accounting – IPSAS experience:	13
<p>5. Experience with SAP or similar enterprise resource planning (ERP) systems</p> <p>The office of the Auditor-General has a fully Operational Information Technology (IT) audit unit with staff capacity of 20 with a minimal of Bachelors degree in Information Technology (IT) related fields and working experience in ICT industry.</p> <p>IT auditors are always on a continuous and on-the-job training in Audit of fully implemented SAP R/3; Microsoft Navision and SAGE ACCPAC ERP, Oracle suite (IFMIS) . The IT auditors have also audited Oracle business suite and Microsoft SQL (Sequential Query Language) Database, ERPs including SIP,NIV,ACCAP,SAP R/3 as well as core banking systems. The team also has a strong background in financial auditing.</p>	
number of auditors to be assigned to IOM with ERP experience:	3

<p>6. List of professional auditing institutions affiliations/memberships (e.g. INTOSAI (and/or similar professional audit institutions):</p>
<p>Membership;</p> <p>1. International Organization for Supreme Audit Institutions (INTOSAI)</p> <p>2. African Organisations for Supreme Audit Institutions (AFROSAI)</p> <p>Affiliations;</p> <p>Institute of Certified Public Accountants of Kenya (ICPAK)</p>

<p>7. Confirmation that each year the External Audit will undertake the following audits:</p> <ul style="list-style-type: none"> i. certification of IOM's accounts (interim and final) ii. testing of compliance of IOM's internal controls using a risk based approach and in close collaboration with the IOM Office of the Inspector General iii. performance reviews of selected areas within IOM <p><i>FYI: Example of the current External Auditor's 2014 audit schedule: certification audit – 5 weeks, compliance audit – 8 weeks, performance audit – 4 weeks.</i></p>	
<input checked="" type="checkbox"/> Accepted	<input type="checkbox"/> Rejected

<p>8. Confirmation that the audit work would be conducted on a free-of-charge basis, with only travel costs and per diem allowances to be covered by IOM, in accordance with IOM travel regulations.</p>	
<input checked="" type="checkbox"/> Accepted	<input type="checkbox"/> Rejected

<p>9. Any other additional information to assist the Member States in reaching a decision (maximum 150 words). Please include brief information on risk-based and value-for-money audit approach.</p>
<p>The office of the Auditor-General, apart from conducting financial audits, the other audits include value for money (VFM) audits with an aim of confirming whether government operations are performing in accordance with the principles of Economy, Efficiency & effectiveness.</p> <p>The Office of the Auditor-General is required by the Constitution of Kenya to provide Reports that address fiscal, managerial and programme accountability detailing the impact of public expenditure on the lives of the citizens. The responsibility therefore for audit include not only regularity audits but also Value for Money. Financial audits are performed in accordance with ISSAI-based manual that prescribes a risk-based approach to audit of Organizations. There is a clear approach to planning and assessment of risks. The manual prescribes the approach for interim and final audits.</p>