

Committee on Budget, Finance and Administration

**WORKING GROUP ON THE SELECTION OF EXTERNAL AUDITOR
FOR WTO ACCOUNTS
AND THE WTO PENSION PLAN ACCOUNTS**

Report of the Chairman

1. The Committee on Budget, Finance and Administration, at its meeting of 25 May 2000 (WT/BFA/47) recommended that the General Council extends the mandate of the Netherlands Court of Audit for the audit of the 2000 and 2001 accounts. It further “noted that sufficient time should be given to the launching of the next call for tenders so that a smooth transition would be ensured.” A letter inviting competitive tenders for the external audit of the WTO accounts was sent out in February 2001 after the Committee had examined its contents.
2. A Working Group on the selection of the external auditor was formed. Thirteen Members (Brazil, Chile, Cuba, Denmark, Egypt, France, Germany, Indonesia, Japan, Malaysia, Mexico, Sri Lanka, and the United States) participated in the Group. It met on 9 and 23 July, and 10 and 14 September 2001 to examine the five tenders received from the various countries, namely: Austria, India, Pakistan, Sweden, and the United Kingdom.
3. The Working Group examined the various tenders in light of the terms contained in the letter calling for competitive tenders, which were: (i) audit costs including travel expenses, subsistence allowances, preparation and presentation of audit reports and certification of accounts, (ii) availability for supplementary audit measures and costs, (iii) minimum period of appointment, (iv) familiarity with international organizations’ practices, (v) knowledge of languages, (vi) availability for advice and consultation and costs, (vii) ability to operate using a value-for-money approach auditing, and (viii) readiness to undertake audit missions twice a year for the WTO accounts and once a year the WTO Pension Plan accounts.
4. A study of the tenders showed that, in order to be able to compare the offers, additional information was required. At the request of the Working Group, the Secretariat contacted the candidates and obtained the following additional information: (i) detailed breakdown of the costs, (ii) estimated work days necessary to undertake the audits, and (iii) detailed composition of the audit team by providing the names, title of the persons involved and their curriculum vitae.
5. During the course of discussion, the Working Group noted the following:
 - (a) All candidates possessed very high auditing quality and any one of the candidates could fulfill the auditing needs of both the WTO and the WTO Pension Plan.
 - (b) WTO Financial Rule 10.5 which states that “Whenever tenders have been sought or an assessment of competitive prices has been made, contracts shall normally be awarded to the supplier quoting the lowest price for an acceptable offer...”.

(c) It was considered that a 5-year mandate would be preferable in order to avoid the possibility of cost increase at the time of extension of a 3-year contract, as was the case with the current External Auditor. In addition, the mandate should include a provision allowing either party to terminate the arrangement with a one-year notice.

6. Considering the above, and given the fact that the Austrian Court of Audit quoted the most competitive bid, the Working Group proposes that the Committee recommends the nomination of the Austrian Court of Audit as External Auditor of the WTO accounts and the WTO Pension Plan accounts effective as from the audit of the 2002 accounts for a period of five years.
