



## Governing Body

320th Session, Geneva, 13–27 March 2014

GB.320/PFA/8

**Programme, Financial and Administrative Section**  
*Audit and Oversight Segment*

**PFA**

**Date:** 16 January 2014  
**Original:** English

### EIGHTH ITEM ON THE AGENDA

## Arrangements for the appointment of the External Auditor (2016–19)

#### **Purpose of the document**

In this paper the Governing Body is invited to revise its procedures for the selection and appointment of the External Auditor of the Organization.

**Relevant strategic objective:** Governance, support and management.

**Policy implications:** None.

**Legal implications:** None.

**Financial implications:** None.

**Follow-up action required:** Appointment of selection panel.

**Author unit:** Office of the Treasurer and Financial Comptroller (TR/CF).

**Related documents:** GB.276/9/1; GB.285/10/1; and GB.306/10/1(Rev.).

1. The External Auditor of the Organization, the Auditor General of Canada, will complete his second term of office with the audit of the 74th financial period ending on 31 December 2015. In accordance with the views expressed by the Governing Body during its 276th Session (November 1999) <sup>1</sup> and its 285th Session (November 2002), <sup>2</sup> the External Auditor may not be extended for a third term without a full competitive selection process.
2. The process to appoint the External Auditor of the Organization for the biennia 2016–17 and 2018–19 should commence immediately in order to allow sufficient time for a call for expressions of interest, formal submissions of complete applications, technical and commercial reviews of the applications received, consideration by a selection panel appointed by the Governing Body and, finally, preparation and planning for the new assignment by the successful candidate.
3. During the Governing Body’s discussion in November 1999, there was unanimous agreement that, given the importance of the external audit function, the primary consideration when appointing the External Auditor must be to ensure the highest possible standards of quality and competence.
4. It is proposed that the selection process closely follow that used when the current External Auditor was appointed in March 2007, with some revisions to update the procedures for the selection and appointment of the ILO External Auditor originally approved in 2002. <sup>3</sup> Since that time, an Independent Oversight Advisory Committee (IOAC) has been established comprising experts in, inter alia, audit matters. As provided for in the terms of reference of the IOAC, the Governing Body may wish to include in the selection process a technical evaluation by the IOAC of the submissions received from candidates and to provide this evaluation to a selection panel consisting of four government representatives and two representatives each of the Workers’ and Employers’ groups. The proposed revisions to the procedures (see appendix) reflect this approach and expand the information to be provided in order to evaluate the nominations received.
5. Proposed calendar and key dates:

| Event   | Date              |
|---|-------------------|
| Confirmation of selection process   | March 2014        |
| Letters of invitation sent to all member States to seek expressions of interest   | 31 March 2014     |
| Deadline for receipt of expressions of interest   | 15 April 2014     |
| Requests for proposals sent to Supreme Audit Institutions (SAIs) that have expressed interest in being considered for appointment | 15 May 2014       |
| Deadline for receipt of formal proposals from SAIs  | 15 July 2014      |
| Deadline for nominations for membership of the selection panel  | 30 September 2014 |
| Submission to the selection panel of results of a technical review by the IOAC, together with complete proposals received         | 15 October 2014   |

<sup>1</sup> GB.276/9/1.

<sup>2</sup> GB.285/10/1.

<sup>3</sup> “Procedures for the selection and appointment of the ILO External Auditor”, Annex VII, in *Compendium of rules applicable to the Governing Body of the International Labour Office*, ILO, 2011, <http://www.ilo.org/public/english/bureau/leg/download/compendium-nov2011-annex1-8-en.pdf> [accessed 20 Jan. 2014].

| <b>Event</b>  | <b>Date</b>  |
|---|--|
| Selection panel meets to review the proposals and identify a shortlist of up to three applicants to be invited for interviews | 15 November 2014 (during the 322nd Session of the Governing Body)          |
| Oral presentations by shortlisted candidates and interviews with the selection panel  | Immediately preceding the 323rd Session of the Governing Body (March 2015) |
| Selection panel recommendation to the Governing Body  | March 2015   |
| Appointment by the Governing Body   | 323rd Session of the Governing Body (March 2015)                           |

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**Draft decision**

**6. The Governing Body:**

- (a) approves the revised procedures for the selection and appointment of the External Auditor, as set out in the appendix to this document, for a term of office to commence on 1 April 2016 covering the 75th and 76th financial periods; and*
- (b) requests the Director-General to establish a selection panel consisting of one representative of each regional group and two representatives each of the Employers' and Workers' groups.*

## Appendix

### Procedures for the selection and appointment of the ILO External Auditor

#### *Invitation*

All member States will be invited to submit nominations from Auditors-General (or officers holding the equivalent titles) or other persons of high competence to act as the External Auditor of the ILO for a period of four years. This term of office may be extended for a further period of four years.

#### *Selection criteria*

The information to be provided by member States when making nominations will be sufficient to evaluate the nomination against selection criteria covering, but not limited to:

- (1) **independence** – demonstrated autonomy from other institutions of the government, integrity, objectivity in the discharge of duties and responsibilities, ability to self-determine the scope of audit;
- (2) **qualifications and competencies of workforce** – conformity to the auditing standards of the United Nations Panel of External Auditors and the code of ethics governing their work; range of professional qualifications and skills, and size and experience of workforce; membership of internationally recognized accounting or auditing bodies such as the International Organization of Supreme Audit Institutions or the International Federation of Accountants; proficiency in English and at least one other ILO official language; existence of a programme for continuing professional education of staff; and a quality improvement programme;
- (3) **experience and capacity** – experience in the audit of United Nations organizations or other national or international non-governmental organizations; audit experience with large organizations using enterprise resource planning systems; familiarity with the audit of financial statements prepared in accordance with International Public Sector Accounting Standards; and institutional capacity to undertake annual audits of the ILO;
- (4) **audit approach and strategy** – comprehensive workplans to ensure adequate audit coverage of all ILO resources; performance of financial and compliance audits, as well as value-for-money audits; and collaboration with the Office of Internal Audit and Oversight to optimize the use of limited audit resources;
- (5) **cost** – competitive all-inclusive fees.

#### *Receipt and opening of proposals*

The receipt and opening of proposals will be performed in accordance with ILO tender receipt and opening procedures.

Once opened, a summary of all proposals will be prepared by the Office of Internal Audit and Oversight for submission, together with the detailed proposals, to the Independent Oversight Advisory Committee for technical evaluation and then to a selection panel consisting of four Government representatives and two representatives each for the Workers' and Employers' groups.

***Evaluation of proposals***

The selection panel will evaluate the proposals and make its recommendation to the Governing Body.

***Appointment***

The Governing Body will decide on the appointment.