



Governing Body

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Programme, Financial and Administrative Section
Audit and Oversight Segment

PFA

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SIXTH ITEM ON THE AGENDA

Appointment of the External Auditor (2016 to 2019)

Purpose of the document

In this paper the Governing Body is invited to appoint the External Auditor of the ILO for the 75th and 76th financial periods with the appointment to commence on 1 April 2016 for a period of four years.

Relevant strategic objective: Governance, support and management.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: None.

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

Related documents: GB.320/PFA/8.

1. At its 320th Session (March 2014), the Governing Body decided on arrangements for the appointment of the External Auditor for 2016–19. Document GB.320/PFA/8 contains the details of these arrangements which include the establishment of a Selection Panel to evaluate the applications for the appointment as External Auditor of the ILO. The Panel was also mandated to make a recommendation to the Governing Body at its current session on this appointment.
2. The members of the Panel were:

Governments: Ms Vivian Asempapa, Ghana, representing the Africa group

Mr Dongwen Duan, China, Regional Coordinator, Asia and Pacific group (ASPAG)

Ms Andrea Strano/Mr Douglas Sun, United States, representing the group of the Americas (GRUA)

Mr George Papadatos, Greece, representing Europe and Central Asia group

Employers: Mr Mthunzi Mdwaba, South Africa

Mr Hiroyuki Matsui, Japan

Workers: Mr Luc Cortebeeck, Belgium

Mr Jens Erik Ohrt, Denmark
3. The Governing Body will recall that invitations were sent to all member States seeking nominations for this appointment. Nominations were received for seven candidates. Detailed requests for proposals were then sent to these candidates together with documentation on the ILO relevant to the appointment. Formal proposals were finally submitted by four candidates. The Independent Oversight Advisory Committee (IOAC) undertook a technical review of each proposal and submitted a report to the Selection Panel.
4. The report of the Panel, attached to this document, describes its work and recommendations.

Draft decision

5. *Taking into account the selection process followed and the unanimous recommendation of the Selection Panel, the Governing Body appoints the Commissioner of the Commission on Audit, Republic of the Philippines, as the External Auditor of the ILO for the 75th and 76th financial periods, with the appointment to commence on 1 April 2016 for a period of four years.*

Appendix

Report of the Selection Panel to appoint the External Auditor of the International Labour Organization

In accordance with the approved arrangements for the selection of the External Auditor of the ILO, four formal proposals were received by the deadline of 15 July 2014.

On 6 November 2014 the Selection Panel (the Panel) met to review the proposals received from the four candidates in order to establish a shortlist of a maximum of three. The Panel's review included a summary of each proposal prepared by the ILO Chief Internal Auditor (CIA), the technical evaluation undertaken by the Independent Oversight Advisory Committee (IOAC) and the detailed proposals received.

Based on their review, the Selection Panel shortlisted the following three candidates, presented in alphabetical order:

- the First President of the Cour des Comptes, France;
- the Commissioner of the Commission on Audit, Republic of the Philippines; and
- the Comptroller and Auditor-General of the United Kingdom.

The three candidates were invited to orally present their proposal to the Panel on 14 March 2015. After each presentation there followed a question and answer session in which the Panel questioned each candidate further on the detail of their proposal and the organization they represented. The Panel was impressed with the quality and content of the candidates' presentations, noting each had demonstrated that the organization they represented was independent, comprised highly skilled professional staff with the technical capacity to provide the ILO with a value added external audit service, had an understanding of the major risks and challenges facing the ILO, and had a commitment to the ILO and its values.

Once all the candidates had made their presentation, the Panel deliberated on which of the shortlisted candidates to propose to the Governing Body as the next External Auditor of the ILO. Initially, the Panel put forward divergent views regarding the selection of the most appropriate candidate; however since a clear majority emerged in favour of one of the candidates, and due to the fact that the decision of the Panel had to be taken by consensus, the Panel eventually chose the Commissioner of the Commission on Audit. Therefore, the Panel's preferred candidate by unanimous decision was the Commissioner of the Commission on Audit, Republic of the Philippines.

During its deliberations the Panel discussed the relative strengths of each candidate and agreed that due to the high level of professionalism and technical qualities demonstrated by all candidates, technical issues alone would not lead to one candidate being favoured over another. Following another round of detailed discussion, including a more holistic view of the presentations that included non-technical aspects of the candidacies, such as diversity in the audit base, approach to client relations, the presentation of one candidate was more convincing with respect to these factors.

The Panel believed that there was therefore an opportunity to appoint an external auditor who had clearly reflected these more holistic issues in their presentation. In particular, there was appreciation of how the candidate had described their positive experience of working with management of a UN agency, to which it was external auditor, to develop the organization's Enterprise Resource Planning System (ERP), commitment to reviewing (and enthusiasm of) results-based management, diversity, and two-way learning culture.

Although, the Panel noted that the candidate appeared to have limited experience of working with the ILO, they felt that this would not be an obstacle for the candidate delivering a quality external audit to the highest professional standards, which would meet the expectations of the Governing Body and the ILO. Moreover, the Panel expressed the view that this could work to the ILO's advantage as the candidate could bring a fresh perspective to the external audit of the ILO. The candidate had experience of auditing other UN agencies and clearly demonstrated that they had the technical capacity to learn quickly and assimilate the unique governance and operating structure of the ILO into their audit approach.