



SECRETARIAT OF THE PACIFIC COMMUNITY

FORTY-FIRST MEETING OF THE COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS (Noumea, New Caledonia, 1 – 4 November 2011)

Policy and Governance

AGENDA ITEM 10.3 - SELECTION OF AUDITORS FOR THE 2011–2013 FINANCIAL YEARS

(Presented by the Secretariat)

PURPOSE

1. The purpose of the paper is to seek CRGA approval for the appointment of auditors for SPC for the 2011–2013 financial years.

DISCUSSION

2. Under SPC's Financial Regulation 27, the governing body is required to appoint auditors who are in no way connected with the Secretariat to audit the organisation's annual financial records. The auditors are to be appointed for a period of three years, with an automatic call for tenders at three-year intervals. The regulation also stipulates that external auditors so appointed must have insurance cover against professional liability.
3. The current auditors for the organisation, PricewaterhouseCoopers of New Caledonia, were originally awarded the contract to audit SPC's accounts for the 2008–2010 financial years. It is now necessary to select a firm to audit the accounts for the 2011–2013 financial years.

CALL FOR TENDERS

4. The Secretariat called for tenders on 11 July 2011 with a closing date of 19 August 2011.

SELECTION PANEL AND SELECTION CRITERIA

5. In accordance with SPC's Procurement and supply management guidelines, an Evaluation Committee comprising the following SPC staff was appointed to assess the bids:
 - Director, Corporate Services
 - Deputy Director, Corporate Services
 - Finance Manager
 - Financial Accountant
 - Accountant (SOPAC Division)
 - Finance and Administration Officer (SPBEA, Education, Training and Human Development Division)
 - Finance and Administration Coordinator, Land Resources Division
 - Systems Development Advisor, Economic Development Division

6. The following criteria, weighted as shown, were used in making the selection:

CRITERIA	WEIGHTING
An internationally recognised firm or one that is affiliated with a top tier firm	7%
Proven experience in auditing similar intergovernmental agencies or regional organisations, present in multiple locations	7%
List of reputable clients	7%
Profile of the firm	7%
Quality of control process	7%
Methodological approach that is applicable to international, non-profit organisations	6%
Approach that is compliant with international reporting and auditing standards	6%
Use of current information technology techniques in risk assessment and the assessment of internal controls	6%
Proposed approach to reporting	6%
Proposed timing of the overall auditing from scoping, conducting interim audit to the issuance of the audit report	6%
Formal qualifications and profile of the proposed audit team and suitability for the assignment	7%
Regional/intergovernmental experience	7%
Professional experience in assignments of a similar nature, size and scope	7%
Ability to work in both English and French environments	14%

TENDER RESPONSES

7. Two bids were received:
- PricewaterhouseCoopers, New Caledonia – 121,800 CFP units over three years. Present in both Noumea and Suva.
 - Deloitte, Papua New Guinea – 260,971 CFP units over three years.

BID ANALYSIS

8. The result of the technical and financial scores which were added to determine the accumulated score were as follows:

	Bidder	Technical score	Financial score	Accumulated score
1	PricewaterhouseCoopers	64.2	30.00	94.2
2	Deloitte	58.11	14.00	72.11

PricewaterhouseCoopers, New Caledonia

9. PricewaterhouseCoopers (PwC) is a top tier firm, present in both Noumea and Suva. They have had the opportunity to develop a good knowledge and understanding of SPC and its operations by virtue of being appointed as the current auditors. They have also conducted a number of programme audits, including audits of the:
- Global Fund;
 - Asian Development Bank HIV/AIDS Prevention and Capacity Development in the Pacific project;

- UNFPA-funded Socio-Cultural Research on Gender-based Violence and Child Abuse project and the Improving Adolescent Health and Development in the Pacific Region;
 - Fisheries projects including ProcFish, DevFish, SciCoFish, SciFish; and
 - European Commission-funded projects on sustainable agriculture and plant protection in the Pacific.
10. They also undertook the recent European Commission Institutional Assessment of SPC.
 11. PwC's services during the current three-year appointment as corporate auditors have proven to be entirely satisfactory and enabled them to demonstrate that they have the required experience and qualified personnel to undertake the audit.
 12. PwC's methodology is in line with the global PwC audit approach and is clearly laid out in terms of how the risk analysis, controls review and testing will filter through to the validation to be conducted at year end. Their presence in Noumea, together with their partnership with PricewaterhouseCoopers, Fiji will continue to facilitate the conduct of audits at both SPC's Noumea Headquarters and its Suva Regional Office. They are able to bring to the audit reviews a familiarity with both international and French audit processes. They also have bilingual capacity in SPC's official languages (French and English), which also serves to facilitate the conduct of the audit.
 13. PwC's price is 121,800 CFP units, which includes disbursements for the full three financial years 2011–2013. This fee covers the corporate audit of the post-RIF SPC (including SOPAC and SPBEA) and is in line with the 2010 combined fees for the audit of the three pre-RIF agencies: SPC, SOPAC and SPBEA.

Deloitte - Papua New Guinea

14. Deloitte is also a top-tier firm, although it is only present in PNG and not New Caledonia or Fiji. The proposal received from Deloitte PNG was briefer in its presentation than that of PwC, and therefore not as comprehensive in terms of outlining the firm's experience in conducting similar regional audits in a competent and professional manner. Deloitte also lacks the depth and knowledge of SPC corporate and project activities that PwC has been able to develop as a result of previous audit assignments, both for SPC and for donor organisations. These differences in terms of presentation were considered by some of the Evaluation Committee members who are familiar with the audits previously carried out by Deloitte and those currently being carried out by PwC to be reflective of the degree of analysis and discipline in the conduct of the audits and the presentation of the actual audit reports.
15. Some the members of the audit team proposed by Deloitte are also known to members of the Evaluation Committee as a result of having previously been appointed as corporate auditors to SPC. Overall, the proposed audit team was assessed as not having the same depth of knowledge and experience in conducting SPC-related audits as that proposed by PwC. Deloitte's fee is 260,971 CFP units for the full three financial years 2011–2013.

CONCLUSION

16. Taking into account the technical and financial scores of the two proposals and the subsequent discussion and analysis, the Evaluation Committee was unanimous in recommending the reappointment of the current corporate auditors, PricewaterhouseCoopers as auditors for the 2011–2013 financial years.

RECOMMENDATION

17. CRGA is invited to:
 - i. consider and approve the Secretariat's recommendation to appoint PricewaterhouseCoopers, Noumea to audit SPC's accounts for the financial years 2011 to 2013.

20 October 2011