



Secretariat of the Pacific Regional Environment Programme

TWENTY-FIRST SPREP MEETING

Madang, Papua New Guinea

6 – 10 September 2010

Agenda Item 10.4: Appointment of Auditor

Purpose of Paper

1. To seek the Meeting's approval of the appointment of Auditors, to audit the SPREP's accounts for the financial year 2010 and 2011.

Background

2. The term of office of the Secretariat's current external auditor – Lesa ma Penn – expired upon the completion of the audit of the Secretariat's accounts for 2009. Financial Regulation 29 requires the Meeting, on the Director's recommendation, to "appoint biennially, one or more Auditors in no way connected with the Secretariat on such terms as it sees fit to undertake the audit of the Secretariat's annual accounts".

3. The Secretariat advertised for tenders both locally and regionally for the audit of its 2010 and 2011 accounts.

4. Tender criteria required the firms to demonstrate that they have:

- experience in the audit of similar inter-governmental agencies or similar regional organizations;
- qualified personnel to undertake the audit assignment;
- demonstrated in their proposal their ability to conduct the audit in a competent and professional manner; and
- a competitive quote for the conduct of the assignment

5. The tenders closed on 23rd July 2010 and only two tender proposals were received. Both tenders satisfied the required criteria regarding experience, personnel and demonstrated their abilities to conduct the audit in a competent and professional manner. The firms and their relevant backgrounds are as follows:

- (1) Betham & Co, Apia, Samoa, which originally operated under the name of Coopers & Lybrand, maintain an audit reporting/working relationship with other international audit firms and were auditors for SPREP from 1994 to 2001. It has experience in conducting audits for other similar regional organisations. The staff members designated for the audit assignment possess considerable relevant experience. It thoroughly outlined the auditing standards that it would apply in its approach and having regard to the EU requirements and International Financial Reporting Standards (IFRS).

(2) Lesa ma Penn, Apia, Samoa, which originally operated under the name Price Waterhouse & Co, maintain a professional audit arrangement with KPMG Peat Marvick Fiji, and some of the well-known international auditing firms and conducted audits for the Government of Samoa, multinational and regional organisations and were auditors for the Secretariat from 2001 to 2009. The staff members designated for the audit assignment possess highly relevant experience. It outlined in its approach to the assignment the use of the International Standards in auditing issued by the International Federation of Accountants.

6. The proposed audit fees from the two tenders are:

	2010	2011
	<u>(USD)</u>	<u>(USD)</u>
Lesa ma Penn	12,161	12,570
Betham & Co	13,800	13,800

7. The quote from Lesa ma Penn is slightly cheaper than Betham & Co, however the tender evaluation committee scored Lesa ma Penn lower overall, largely because that tender’s outline of the audit objectives and methodology was less comprehensive. Although Lesa ma Penn has the benefit of experience, of being the SPREP auditor for the last eight years, the Secretariat recommends Betham & Co for the next two years and considers the organisation would benefit from a “fresh” approach.

Recommendation

8. The Meeting is invited to:

- **endorse** the appointment of Betham & Co to audit SPREP’s accounts for the financial years 2010 and 2011.
