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The Pacific environment, sustaining our livelihoods and natural heritage in harmony with our cultures.

Twenty Fifth SPREP Meeting of Officials

Majuro, Marshall Islands
30 September – 2 October 2014

Agenda Item 8.4bis: Appointment of External Auditors

Purpose of Paper

1. To seek the Meeting's approval of the appointment of external Auditors, to audit SPREP's accounts for the financial year 2014 and 2015.

Background

2. The term of office of the Secretariat's current external auditor – Betham & Co will expire on 31st October 2014. Financial Regulation 29 requires the Meeting, on the Director General'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 2014 and 2015 accounts.

4. Tender criteria requires firms to demonstrate that they have:

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

5. Six tender proposals were received at the closure of the tender, one from Australia, three from Fiji and two from Samoa. All six tenders satisfied the required criteria regarding experience and personnel and also demonstrated their abilities to conduct the audit in a competent and professional manner. The firms and their relevant backgrounds are as follows:

- i. Barrett & Co Accountant is based in Townsville, Australia. Their audit clients include educational facilities, non-profit organisations, local government and statutory bodies, some of which use the same accounting software as SPREP's. The audit assignment is expected to be done in two parts - an interim visit in December/January, with the final visit in March.

- ii. Betham & Co, Apia, Samoa, originally operated under the name of Coopers & Lybrand and had been the auditors for SPREP for from 1994 to 2001 as well as the last 4 consecutive years. This firm has also conducted audits for other similar regional organisations. The staff members designated for the audit assignment possess considerable relevant experience. The audit assignment is expected to be completed on timelines set by the Secretariat.
- iii. Lesa ma Penn, Apia, Samoa, which originally operated under the name of Price Waterhouse& Co, were the auditors for SPREP from 2002 to 2009. This firm has conducted audits for the Government of Samoa; multinational and regional Organisations The audit assignment is expected to be completed on timelines set by the Secretariat.
- iv. Ernst & Young, Suva, Fiji is part of a large global network with 167,000 staff worldwide and is one of the 'Big Four' audit firms in the world. Ernst & Young Fiji has extensive auditing experience in a wide range of companies, industries, institutions and organisations. They have done project audits for the Pacific Islands Forum Secretariat, USP, SPC, SPREP, UNDP and the EU. The staff designated for the audit assignment are highly qualified and experienced. The audit assignment is expected to be completed within the timelines set by the Secretariat.
- v. PriceWaterhouse Coopers, Suva, Fiji is a branch of one of the world's largest audit professional organisations and is one of the 'Big Four' audit firms worldwide. They have a total headcount in excess of 184,000 in 157 countries. PriceWaterhouse Coopers Fiji, is the largest professional services firm, in Fiji and has substantial client base in the region. They have done work for SPC, SPTO, the Pacific Islands Forum Secretariat (internal audit and project audits), EU, ANZ Banking Group as well as Westpac Banking Corporation. The staff designated for the audit assignment are highly qualified and experienced. The audit assignment is expected to be completed within the timelines set by the Secretariat.
- vi. KPMG Fiji is a branch of one of the world's largest audit professional organisations, which has 112 professional staff, with offices in 144 countries and is one of the 'Big Four' audit firms worldwide. KPMG Fiji's audit clientele is extensive. They are the external auditors for the Pacific Islands Forum Secretariat, USP, and FFA. The staff designated for the audit assignment are highly qualified and have had extensive exposure to external audits. The audit assignment is expected to be completed within the timelines set by the Secretariat.

6. The proposed costs from the six tenders are as follows :

Audit Firm	2013	2014	Total
Barret & Co Accountants	22,500	22,500	45,000
Betham & Co	14,295	14,295	28,590
Lesa ma Penn	19,659	19,659	39,318
Ernst & Young	22,800	22,800	45,600
PriceWaterhouse Coopers	23,235	23,235	46,470
KPMG	28,256	28,256	56,512

The quotes from the firms based outside Samoa included the out of pocket expenses such as travel costs.

7. Based on the evaluation criteria, the tender evaluation committee's aggregate ranking were as follows:

1. Betham & Co
2. Ernst & Young
3. PriceWaterhouse Coopers
4. KPMG
5. Barrett & Co
6. Lesa ma Penn

8. The tender evaluation committee also recommended that this appointment be the last term for Betham & Co as they have been the auditor for the last 4 consecutive years. This will then give the Secretariat the opportunity to rotate the auditors and benefit from a 'fresh and different' approach.

Recommendation

9. The Meeting is invited to:

- **consider** the paper and **endorse** the appointment of Betham & Co to audit SPREP's 2014 and 2015 financial accounts.
 - **endorse** that this will be Betham & Co's last appointment so as to allow the Secretariat to rotate the appointment of the auditors in future.
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17 September 2014