



PO Box 240, Apia, Samoa
E: sprep@sprep.org
T: +685 21929
F: +685 20231
W: www.sprep.org



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

Twenty Eighth SPREP Meeting

Apia, Samoa
19 – 21 September 2017

Agenda Item 10.3: Appointment of External Auditors

Purpose

1. To seek the Meeting's approval for the appointment of external Auditors, to conduct the annual audit of SPREP's accounts for the financial years 2017 and 2018.

Background

2. The term of office of the Secretariat's current external auditor – BDO Samoa, formerly known as Betham & Co, will expire on 31st October 2017 after being extended for a period of one year as approved in last year's SPREP meeting in Niue.

Financial Regulation 29 requires the SPREP 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 2017 and 2018 accounts.
4. Tender criteria requires firms to demonstrate that they have:
 - i. extensive experience in the audit of similar inter-governmental agencies or international/regional organisations;
 - ii. qualified personnel to undertake the audit assignment;
 - iii. demonstrated in its proposal its ability to conduct the audit in a competent and professional manner and in line with the International Standards on Auditing; and
 - iv. a competitive quote for the conduct of the assignment. It is essential to note that the "value for money" assessment will consider economical, efficiency and effectiveness, which does not necessarily favour the cheapest tender.
5. The tender for the External Auditors 2017/2018 was initially advertised for a period of 4 weeks through the SPREP e-mail list, on the SPREP website, Samoa Observer paper, and the SPREP facebook (PEIN) page. However, upon closure of the tender, the panel noted only one bid was received. The panel decided to re-advertise the tender for an additional two week period to allow for a wider pool of applicants. After the re-advertisement period there were no additional bids received.

6. The panel concluded the proposal received from KPMG met the evaluation criteria and that KPMG is technically capable of carrying out the work required. The KPMG financial proposal is also within our budget (US\$20,000 per annum) and the proposed timeline noted by KPMG is also in line with our requirements.
7. KPMG Fiji is a branch of one of the world's largest audit professional organisations, which has over 100,000 professional staff, with offices in 155 countries and is one of the major audit firms in the world. KPMG Fiji's audit clientele is extensive, including being the external auditors for PIFS, UNDP, USP, and SPC. They also have experience in auditing companies in Samoa such as BAT, Bluesky and ANZ.
8. They have over 130 staff working out of offices in Suva and Nadi. 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.
9. Positive reference checks were received from KPMG's referees (attached) and they highly commend them for their professionalism, working well within timeframes and for providing appropriate technical and practical advice in various situations.
10. The proposed costs from KPMG is as follows:

Audit Firm	2017	2018	Total
KPMG	US\$19,200	US\$19,200	US\$38,400

Kindly note that the above quotation was stated at \$48,000 tala per annum and converted at the US exchange rate equivalency of 0.400 based on an average exchange rate for the last 12 months.

11. The panel concluded that KPMG was technically capable of carrying out the work required and thus to recommend awarding the contract for the external audits for the financial years ending 31 December 2017 and 2018.

Recommendation

12. The Meeting is invited to **consider** the paper and **endorse** the appointment of KMPG to audit SPREP's financial accounts for the financial years ending 31 December 2017 and 2018.

15 August, 2017