



101st Session
4 – 6 October 2022

EC-101/DEC.7
5 October 2022
Original: ENGLISH

DECISION

MANNER OF APPOINTMENT OF THE EXTERNAL AUDITOR

The Executive Council,

Recalling that, according to Financial Regulation 13.1 of the OPCW Financial Regulations and Rules, the External Auditor of the OPCW, who shall be the Auditor-General (or an officer holding an equivalent title) of a State Party, shall be appointed in the manner and for the period determined by the Conference of the States Parties (hereinafter the “Conference”), and for a single period of not less than two years, but not exceeding six years;

Recalling also decision C-10/DEC.6 (dated 10 November 2005), in which the Conference confirmed that “in no case shall a single audit institution hold the position of External Auditor of the OPCW for more than six consecutive years”;

Recalling further that, at its Twenty-Fifth Session, the Conference requested the Executive Council (hereinafter the “Council”) to establish a working group to develop a proposal for the manner in which the Conference shall appoint the External Auditor of the OPCW in the future (C-25/DEC.10, dated 21 April 2021);

Recalling further that, at its Ninety-Seventh Session, the Council established the Working Group on the Manner of Appointment of the External Auditor (EC-97/3, dated 8 July 2021); and

Noting the Report by the Chairperson of the Working Group on the Manner of Appointment of the External Auditor of the OPCW and the Annexes thereto, including an explanatory note outlining the elements of the proposal on the manner in which the Conference shall appoint the External Auditor of the OPCW in the future (Annex 3 to EC-101/WP.1, dated 3 October 2022);

Hereby:

Recommends that the Conference at its Twenty-Seventh Session approve the procedure for the manner of appointment of the External Auditor of the OPCW as well as the selection criteria, as set out in the Annexes to this decision.

Annexes:

- Annex 1: Procedure for the Manner of Appointment of the External Auditor of the OPCW
- Annex 2: Selection Criteria



Annex 1**PROCEDURE FOR THE MANNER OF APPOINTMENT
OF THE EXTERNAL AUDITOR OF THE OPCW**

Step	Dates	Steps
1.	Not later than the October regular session of the Council of the year preceding the year of the appointment	The Director-General shall issue a call for nominations for External Auditor of the OPCW, establishing a deadline for the presentation of candidacies and including a “candidate’s questionnaire.”
2.	Not later than 31 March	The Secretariat shall receive the files and questionnaires, and process them into a report with comparative tables reflecting the information provided by the candidates in their responses to the questionnaire.
3.	Not later than 30 April	The Chairperson of Council, in consultation with the Vice-Chairpersons representing the regional groups, shall appoint the Evaluation Panel using the silence procedure. The Panel shall be comprised of 10 members, with two members each to be designated by the regional groups. States Parties proposing candidates should refrain from becoming members of the Panel. The Panel shall decide which of its members shall serve as Panel Chairperson, and conduct its work on the basis of consensus. However, dissenting views, should these arise, may be reflected in the recommendation of the Panel.
4.	30 April to 15 September	The Panel shall receive the documents submitted by the candidates together with the report produced by the Secretariat and, in its deliberations, apply the “selection criteria” and weighting formula to assess each candidate both in terms of technical merit and of the proposed auditing fees.
5.	30 April to 15 September	The Panel shall consult with the ABAF as it deems appropriate, for example by submitting questions or requests for clarification on how the qualifications of the candidates relate to the selection criteria, or on any other relevant matter. Candidates may be called for interviews by the Panel.
6.	30 April to 15 September	When requested, the ABAF shall assist the Panel, for example by reviewing assessments of the Panel and submitting comments, suggestions, and answers to the questions posed by the Panel, as deemed appropriate by the ABAF.
7.	30 April to 15 September	The Panel shall review the responses of the ABAF and may consider whether to adjust its assessments in light of the advice received.
8.	Not later than 15 September	The Panel shall report to the Council its final assessment of the candidates and also prepare a draft decision reflecting its recommendations for the appointment. The draft decision shall be sent to the Council for its consideration.
9.	October regular session of the Council	The Council shall consider the Panel’s report and recommendations at its regular session in October and submit the candidate(s) to the Conference, together with its recommendation, if any, regarding the appointment.
10.	Annual regular session of the Conference	The Conference shall decide on the appointment of the External Auditor in accordance with the applicable rules.

Annex 2

SELECTION CRITERIA

TECHNICAL		
A. Audit Team Profile		
1.	<p>Conformity with the auditing standards of international organisations and ethics governing their work</p>	<p>Audit institution demonstrates that its officers and staff have extensive experience in the performance of work in conformity with the International Standards of Supreme Audit Institutions (ISSAI), the Guidelines for Good Governance issued by the International Organization of Supreme Audit Institutions (INTOSAI GOV), and the International Standards on Auditing (ISA) developed by the International Auditing and Assurance Standards Board (IAASB).</p>
2.	<p>Professional qualifications, skills, and size of workforce</p>	<p>Audit institution demonstrates that it has a sufficient number of qualified professional accountant staff (and professional qualification certificates are from an internationally recognised board or standard), including staff with accounting, finance, operations, procurement, transport, and information technology audit experience.</p> <p>Audit institution demonstrates that it has a sufficient and commensurate number of professional staff to ensure adequate audit coverage of all resources of the OPCW, as well as to maintain any other commitments the institution may have in addition to the audit of the OPCW.</p> <p>Audit institution demonstrates that its staff has relevant skills and experience in the audit of international organisations and is qualified to conduct performance audits, including the principles of results-based management.</p>
3.	<p>Participation in the work of an internationally recognised accounting or auditing body such as INTOSAI and/or the International Federation of Accountants (IFAC)</p>	<p>Audit institution demonstrates proven and active participation in an internationally recognised accounting or auditing body.</p>
4.	<p>Language proficiency</p>	<p>Audit institution demonstrates that it has a sufficient number of staff who speak and are proficient in English, and that it has the ability to work in other official languages on an as-needed basis.</p>

B. Continuous Training and Experience		
1.	Existence of a programme for continuing professional education for staff	Audit institution professional staff are required to attend continuing professional education training of at least two weeks every two years, and the institution demonstrates how this requirement is monitored and adhered to.
2.	Extensive audit experience in the audit of financial statements prepared in accordance with International Public Sector Accounting Standards (IPSAS)	Audit institution demonstrates its officers and staff have experience in audit of financial statements prepared in accordance with IPSAS. Regular interaction with the IPSAS Board concerning proposed accounting standards by the audit institution is desirable.
3.	Staff with extensive audit experience and adequately trained in current standards and trends of auditing	Audit institution demonstrates that its officers and staff regularly and proficiently attend auditing best practices professional seminars or other means of adequate training in modern and emerging audit trends and techniques, and that officers and staff individually have extensive audit experience, including but not limited to intergovernmental or international non-governmental organisations.

C. Audit Approach and Strategy		
1.	Comprehensive work plans to ensure adequate audit coverage of all OPCW resources	Audit institution demonstrates that it prepares extensive and comprehensive work plans, and coordinates and communicates this with Management. Audit institution demonstrates that its audit methodology conforms to best practices, including the consideration of risks. Audit institution demonstrates that it implements adequate quality assurance procedures and programmes to ensure audit work is always of a high standard.
2.	Performance of financial and compliance audits as well as economy, efficiency, and value-for-money audits	Audit institution demonstrates that it has extensive experience in conducting financial, compliance, economy, efficiency, and value-for-money audits. Audit institution demonstrates that it has adequate division and structure in the organisation of responsibility along the lines of types and the nature of work undertaken (to ensure specialisation and that the extensive audit skills and experience resources are available to the institution). Audit institution

		demonstrates that it is able to take initiative and to deal effectively and in an innovative manner, in coordination and cooperation with Management, with new and emerging or particular issues relevant to the audit and business of the OPCW.
3.	The proposed approach to external audit staffing to minimise compliance costs	Audit institution's approach to staffing the audit demonstrates an appropriate balance between providing continuity of audit staff so as to minimise the learning curve for new audit staff and the ability to draw on additional audit staff or specialist skills where needed.
4.	Prospects of collaboration with the OPCW Office of Internal Oversight to optimise the use of audit resources	Audit institution demonstrates extensive experience and reliance placed on work of Office of Internal Oversight. The audit institution demonstrates how the use of limited audit resources has been optimised in the institution's own experience, and how the institution will optimise this in its audit of the OPCW.

D. Audit Reporting

1.	Timely communication of audit results presented to Management through comprehensive management letters and audit reports and meetings as necessary	<p>Audit institution demonstrates how it delivers messages to various functions, including the Office of Internal Oversight. Audit institution demonstrates that its audit reports are structured in a format deemed to be adequate to convey clearly the results of the audit.</p> <p>Audit institution demonstrates that it conveys audit results in a timely manner and with an effective basis to Management, discusses the audit results on a preliminary basis with Management, provides Management with an opportunity to make comments and provide input before management letters or audit reports are finalised, and reflects in the final management letter or audit report Management's comments and input, as necessary.</p> <p>Audit institution commits to presenting audit reports within established deadlines.</p>
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E. Independence		
1.	Objectivity, integrity, and demonstrated autonomy from other institutions of the government	Audit institution is independent and reports to the legislature, parliament, or other body independent of the government.
		Audit institution has full control over its budget (i.e. the institution's budget is not under the control of the executive or other government office).
		Audit institution has a code of professional and ethical conduct applicable to all its staff, and this code is periodically updated.
		Audit institution work is demonstrably guided and performed in accordance with generally accepted auditing standards.
		Audit institution demonstrates that the scope of its work is determined solely by the institution.

COST		
1.	Most competitive fees	Audit institution's fees are competitive and deemed to be adequate and proportionate to the work to be undertaken, and the institution demonstrates that these fees are not too low so as to inhibit effective and efficient execution of audit work, nor too high as may be deemed to be disproportionate to the work to be undertaken.

Relative weight and scoring

		Weight	
TECHNICAL			80
A.	Audit team profile	15	
B.	Continuous training and experience	15	
C.	Audit approach and strategy	25	
D.	Audit reporting	10	
E.	Independence	15	
COST			20
TOTAL			100

The Evaluation Panel scores each of the proposals based on the selection criteria using a scoring scale of 1 to 5, where 1 is the lowest/worst and 5 is the highest/best. Each of the selection criteria has been given a specific weighing percentage of a total of 100%, as shown in the table above, which reflects the relative relevance it represents in the overall competency of the proposals.

The scores given to each selection criterion are to be multiplied by the weighting percentage to arrive at the total score for each criterion, and these are added up to arrive at an overall score.