

Appointment of INTERPOL External Auditor

Call for Expression of Interest

Attachment: Financial Regulations (extract)

BACKGROUND/GENERAL INFORMATION

INTERPOL is the world's largest international police organization, with 187 member countries. Since its creation in 1923, it has been increasingly facilitating cross-border police co-operation and supporting and assisting all organizations, authorities and services whose mission is to prevent or combat crime (*visit www.interpol.int for more details*).

The General Secretariat is located in Lyon, France. INTERPOL operates seven regional offices – in Argentina, Cameroon, Côte d'Ivoire, El Salvador, Kenya, Thailand and Zimbabwe – and a representative office at the United Nations in New York and at the European Union in Brussels.

As at 1 September 2009, the General Secretariat employed 620 staff members, from around 80 countries, including specialists from all fields of law enforcement who are seconded to INTERPOL by their national administrations. INTERPOL's four official languages are Arabic, English, French and Spanish.

INTERPOL is primarily financed by member countries, whose governments pay annual statutory contributions calculated using a framework agreed on by members. INTERPOL's budget in 2009 is 54.2 million euros (excluding externally funded projects). The accounts and financial statements of the Organization were being presented for the first time in 2007 in accordance with the International Public Sector Accounting Standards (IPSAS).

In April 2009, INTERPOL will be implementing the first phase of an integrated ERP system called IRMA, based on the reputable commercial software SAP. The first phase includes the full financial and accounting functions as well as procurement. A second phase will include further modules, including a payroll system.

In accordance with its Financial Regulations (*refer to Attachment*), INTERPOL shall appoint External Auditors to conduct an external audit of its annual accounts and financial statements.

The current External Auditors, the French *Cour des Comptes*, were appointed in 2004 by the General Assembly and their term of office was renewed in 2007 for another period of three years in conformity with Article 7.4(2) of the Financial Regulations, which provides that the term of office of External Audit may be renewed once. The mandate of the External Audit therefore expires in November 2010, at the 79th session of the General Assembly.

INTERPOL invites Supreme Audit Institutions of any country that is a member of the Organization to express their interest for providing the services of External Audit for a period of three years beginning in November 2010. Such Institutions are invited to inform the Secretary General of their interest by 29 January 2010 (see information request indicated under the "Expression of Interest" section of this paper).

SCOPE OF EXTERNAL AUDIT

(1) Audit of the Annual Financial Statements of the Organization

The External Auditor is responsible for auditing the annual financial statements of the Organization, including its accounts in accordance with International Standards on Auditing (ISAs) and issuing a “true and fair view” opinion thereon. They shall also provide an opinion on whether the annual financial statements of the Organization have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations of the Organization.

The External Auditor shall issue their report on the Annual Financial Statements of the Organization for transmission to INTERPOL’s organs and governing bodies: the Secretary General, the Executive Committee and the General Assembly.

(2) Performance and Management Audits

The External Auditor may conduct performance or management audits, with a view to examine management systems and practices and determine whether they provide the reasonable assurance expected by the Member countries that INTERPOL’s assets are safeguarded and that its operations are economic, efficient and effective.

The scope of performance and management audits shall be determined in consultation with the Secretary General or his representative and shall focus for a given financial year on no more than two management areas, except in case of specific requests from the Executive Committee and General Assembly as stipulated in Article 7.5 (2) of the Financial Regulations.

The External Auditor shall issue a separate report including all findings and observations relating to their performance or management audits for the Secretary General and the Executive Committee, who shall communicate the main elements to the General Assembly.

In any case, while conducting their financial and performance audit works, the External Auditor may rely on the work of the Office of Internal Audit (INA) to the extent practical, and liaise regularly with the Head of INA in order to avoid any unnecessary duplication.

EXPRESSION OF INTEREST

INTERPOL shall appoint External Auditors based on criteria comprising:

- Overall capabilities of the Institution,
- Audit approach and strategy,
- Professional expertise of the team assigned,
- Understanding and costing of the assignment.

The Supreme Audit Institutions shall therefore express their interest in the mandate of External Audit for INTERPOL by submitting to the Secretary General relevant information on the following areas:

- a) A brief description of the Institution, its structure and status in the framework of national legislation, as well an indication, where appropriate, of any previous experience with other international organizations;
- b) A description of the audit standards the Institution would apply, having regard to INTERPOL's accounting policies and to generally accepted accounting practice;
- c) Profiles or CVs of the members of the team to perform audit works for INTERPOL, including an indication of their level of proficiency with SAP, the Organization's integrated system;
- d) An estimate of the total number of working days that would be spent on audit works during the term of office as well as the total audit fee proposed (in euros), including travel and other supplementary costs;
- e) An indication of the measures and tools that the External Auditors will use to ensure safeguarding of the high-confidentiality material that they might be provided access to for the purposes of their audit work with INTERPOL;
- f) Any other relevant information likely to help the Organization to choose from among the interested Institutions.

For practical reasons, languages used at INTERPOL for external audit shall be English or French.

Any further question shall be sent in writing to the Director of Administration:

Mr Laurent Grosse
Director of Administration
E-mail: l.grosse@interpol.int

SELECTION PROCEDURE

On the basis of information received from the Supreme Audit Institutions having expressed their interest for the mandate of External Audit, the Secretary General will evaluate proposals in best consideration of compliance to the established criteria, quality of applications and costs entailed for the Organization. He will submit a short list of a maximum of three institutions to the Executive Committee. The Executive Committee will select one Institution for approval by the General Assembly.

INTERPOL maintains the right not to select any application if the applications received do not meet the criteria set for the selection of INTERPOL's External Auditor.

ATTACHMENT: INTERPOL'S FINANCIAL REGULATIONS ON EXTERNAL AUDIT

Regulation 7.4: External auditors

1. Following a proposal from the Executive Committee, the General Assembly shall appoint External Auditors to conduct an external audit of the Organization's accounts and financial statements.
2. The appointment shall be for a period of three years, and may be renewed once.
3. The External Auditors must be either an international firm of auditors or a governmental auditing service in a country that is a Member of the Organization.
4. The amount of the indemnities paid to the External Auditors, in connection with the performance of their duties for the Organization, shall be set by the Secretary General.

Regulation 7.5: Scope of external audit

1. The External Auditors shall audit the accounts and financial statements in accordance with generally accepted international auditing standards and subject to the Supplementary Terms of Reference set out in Appendix 2 to these Regulations.
2. The Executive Committee and the General Assembly may ask the Auditors to carry out certain specific tasks, which shall be the subject of separate reports.

Regulation 7.6: Independence and access to information

1. The External Auditors shall be independent and shall have sole responsibility for conducting the audit. The Secretary General shall provide them with all facilities and confidential documents having financial implications which are strictly necessary for the completion of their task.
2. In exceptional cases, the Secretary General may deny the External Auditors access to some of these documents. The Executive Committee is then immediately informed and the restriction may only be removed by a decision on its part.

Regulation 7.7: Audit report

1. The External Auditors shall draft their report on the basis of the financial statements submitted by the Secretary General.
2. The External Auditors shall communicate the draft of their report to the Secretary General and allow him to give any explanations needed for the final drafting of the report.
3. They shall send the final audit report to the President and the Secretary General at the latest 90 days after reception of the financial statements, and then present it to the Executive Committee and the General Assembly.

4. The schedule for the above-mentioned procedure shall be determined in each year by the Secretary General in consultation with the External Auditors.

Regulation 7.8: Approval of financial statements and discharge

1. The General Assembly shall approve the Organization's financial statements.
2. After approving the financial statements and reviewing the report of the External Auditors, the General Assembly shall grant the Secretary General a discharge in respect of the performance of his duties.

**APPENDIX 2: SUPPLEMENTARY TERMS OF REFERENCE
OF THE EXTERNAL AUDITORS**

1. The Auditors shall audit the accounts and financial statements of the Organization to satisfy themselves that:
 - a. the financial statements correspond to the Organization's accounts and give a true and fair view of the financial situation and operations of the Organization;
 - b. the financial transactions recorded in the accounts have been carried out in accordance with the applicable financial rules;
 - c. the accounting standards were applied on a consistent basis from one period to another; and
 - d. the securities and moneys on deposit and on hand have been certified by the depositaries or actually checked;
2. The Auditors shall make spot checks of the accounts and other supporting vouchers they deem necessary.
3. The Auditors' report should mention:
 - a. the type and scope of their examination;
 - b. matters affecting the completeness or accuracy of the accounts, including where appropriate:
 - (i) any amounts which ought to have been received but which have not been brought to account;
 - (ii) any amounts for which a legal obligation exists and which have not been recorded or reflected in the financial statements;
 - (iii) expenditure not properly substantiated;
 - (iv) whether proper accounts have been kept;
 - c. the following additional matters:

- (i) cases of fraud or presumptive fraud;
- (ii) wasteful or improper expenditure of the Organization's money or other assets;
- (iii) expenditure likely to commit the Organization to further outlay on a large scale;
- (iv) any defect in the general system or detailed regulations governing the control of income and expenditure, or of assets;
- (v) any commitment of expenditure which does not comply with the applicable provisions;

d. the accuracy of the records of assets as determined by stock-taking and examination of the records;

4. The External Auditors are not required to mention any matter referred to in the foregoing provisions which, in their opinion, is neither material to the financial position presented by the financial statements, or significant to the financial affairs of the Organization.

5. The Auditors may make appropriate observations concerning the accounting methods used and the financial statements.

6. The External Auditors shall respect the confidential nature of any information and documents which have been made available to them, and shall not make use of such information or documents except in direct connection with the performance of the audit.

7. The External Auditors shall have no power to disallow financial operations, but shall draw to the attention of the Secretary General any transaction concerning which they entertain doubt as to legality.

8. The External Auditors shall contact the head of the management and budget department for all practical matters related to the execution of their tasks.

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