



Finance Committee

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Appointment of an independent auditor

Note by the Secretary-General

I. Introduction

1. It is a requirement of the International Seabed Authority's Financial Regulations (regulation 12) that an internationally recognized independent auditor with experience in the audit of international organizations shall be appointed. The independent auditor may be appointed for a period of four years and reappointed for another term of four years.
2. At its ninth session, the Assembly of the International Seabed Authority appointed Deloitte and Touche as independent auditor for the 2003-2004 financial period. That term will expire in 2005. Accordingly, a new appointment is required.

II. Bids

3. In April 2005, the Authority invited bids for the conduct of future audits from Deloitte and Touche, Ernst and Young, KPMG Peat Marwick and PricewaterhouseCoopers, which are the four leading international firms based in Jamaica. A comparative summary of the bids received, all of which were for the 2005-2006 financial period only, is provided in the annex. Copies of the complete proposals are available on request. The comparative factors in the summary are those each firm was specifically requested to address based on the requirements of the Authority's Financial Regulations.

III. Recommendation

4. The Finance Committee is invited to recommend one of the firms to the Council and Assembly for appointment as the Authority's independent auditor for the 2005-2006 financial period.

Annex

Summary comparison of bids to provide independent audit services for the 2005-2006 financial period

<i>Comparative factors</i>	<i>Deloitte and Touche</i>	<i>Ernst and Young</i>	<i>KPMG Peat Marwick</i>	<i>PricewaterhouseCoopers</i>
Audit hours proposed	2005: 142.25 2006: 142.25	2005: 377 2006: 377	2005: 134 2006: 134	2005: 320 2006: 290
Fees and expenses (United States dollars) (2005-2006 budget is \$34,600)	2005: \$8,400-\$10,000 2006: \$8,400-\$10,000	2005: \$22,405 2006: \$24,645	2005: \$11,850 2006: not stated	2005: \$16,500 2006: \$15,500
Staff qualifications and experience	Proposed audit team is highly qualified and experienced	Proposed audit team is highly qualified and experienced	Proposed audit team is highly qualified and experienced	Proposed audit team is highly qualified and experienced
Timeliness	Proposes completion by end of April each year (unable to achieve that in either the 2003 or 2004 audits).	Proposes completion by end of May each year.	Proposes completion by end of May each year (unable to achieve that in either the 2001 or 2002 audits).	Proposes a completion target date of well before 30 April each year. Exact dates to be finalized through discussion.
Methodology and approach	<ul style="list-style-type: none"> • Risk, controls and systems-based focus • Timely communication • Information technology-based support • “Constructive suggestions” 	<ul style="list-style-type: none"> • Risk, controls and systems-based focus • Timely communication • Information technology-based support • “Value added ideas” 	<ul style="list-style-type: none"> • Risk, controls and systems-based focus • Timely communication • Information technology-based support • “Value added advice” 	<ul style="list-style-type: none"> • Risk, controls and systems-based focus • Timely communication • Information technology-based support • “Creative business ideas”
Experience with United Nations common system and international entities	<ul style="list-style-type: none"> • Served as independent auditor for the Authority for the 2003-2004 financial period • Projects audits for the Inter-American Development Bank, the World Bank and the United States Agency for International Development 	<ul style="list-style-type: none"> • None stated in the proposal but has an impressive and diverse range of public and private sector clients with international transactions 	<ul style="list-style-type: none"> • Served as independent auditor for the Authority, most recently for the 1999, 2000 and 2001-2002 financial periods • Project audits for the United Nations Development Programme 	<ul style="list-style-type: none"> • Inter-American Development Bank and United States Agency for International Development project audits; has an impressive and diverse range of public and private sector clients with international transactions
Institutional strength and resources	Deloitte and Touche — Jamaica is a partnership that is a separate and independent legal entity and a member of the Deloitte and Touche global network. It has 97 staff, including 6 partners.	Ernst and Young Caribbean is a licensed member of Ernst and Young Global. Caribbean-wide, the firm has 500 staff, including 27 partners.	KPMG Peat Marwick is a Jamaican partnership that is a separate and independent legal entity and a member of KPMG International, a Swiss cooperative. It has 186 staff, including 11 partners.	PricewaterhouseCoopers — Jamaica is a partnership that is a separate and independent legal entity and a member of the PricewaterhouseCoopers global network. It has 300 staff, including 15 partners.