



ASSEMBLY - 35TH SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 43: Appointment of External Auditor

APPOINTMENT OF EXTERNAL AUDITOR

SUMMARY

This paper recalls the action taken by the 33rd Session of the Assembly regarding the interim arrangements for the external audit of the Organization's accounts for the financial years 2000 and 2001. It reports on the action taken by the Council to appoint the External Auditor for the accounts of the financial years 2002 to 2004 and for the accounts of the years 2005, 2006 and 2007, and seeks confirmation by the Assembly of the action taken by the Council.

Action by the Assembly: Paragraph 4

REFERENCES

A33-WP/29, P/6
Doc 9790, *Assembly Resolutions in Force* (as of 5 October 2001)
Doc 7515/11, *The ICAO Financial Regulations*

1. INTRODUCTION

1.1 Article XIII of the revised Financial Regulations provides that:

“13.1 Subject to confirmation by the Assembly, the Council shall appoint an External Auditor, who shall be the Auditor General (or officer exercising an equivalent function) of a Contracting State, to make annually, and at such other time as may be necessary for special purposes, an independent audit of the funds, assets and accounts of the Organization. The appointment shall be for such period as determined by the Council and confirmed by the Assembly.

13.2 If the External Auditor ceases to hold office as the Auditor General (or officer exercising an equivalent function) in his/her own country, his/her tenure of office as External Auditor shall thereupon be terminated and he/she shall be succeeded as External Auditor by his/her successor as Auditor General subject to the approval of the Council. The External Auditor may not otherwise be removed during his/her tenure of office, except by the Assembly.”

1.2 It should be noted that the Auditor General of Canada has been ICAO’s External Auditor since 1 January 1952, that the services of the External Auditor have been entirely satisfactory, and that the Assembly has periodically expressed its gratitude to the Auditor General of Canada for the high quality of the work performed and for the effective and cooperative assistance to the officials and organs of ICAO.

1.3 In Assembly Resolution A33-22, the Assembly confirmed the action taken by the Council to appoint, on an interim basis, Mrs. Sheila Fraser, the Auditor General of Canada, as the External Auditor for the financial years 2000 and 2001 in accordance with Financial Regulation 13.1. The Council reported to the 33rd Session of the Assembly the view that the selection of ICAO’s External Auditor for the longer term deserved measured consideration, and that action in this regard would be reported to the next ordinary session of the Assembly.

1.4 The Council, at its 11th meeting of the 166th Session, extended the appointment of Mrs. Sheila Fraser as the External Auditor of ICAO for the financial years 2002 and 2003. At the 4th meeting of the 168th Session of the Council, a further extension was approved for the current External Auditor of ICAO to cover the financial year 2004. At that meeting, the Council also approved the procedures for the selection and the appointment of the External Auditor of ICAO for future years.

1.5 In January 2004, a State Letter was issued asking for nominations for the position of ICAO’s External Auditor for the financial years 2005, 2006, and 2007. Nominations were received from the Chairman of the Philippine Commission on Audit and the Office of the Auditor General of Canada. The applications were evaluated by a working group of the Council on the basis of the criteria approved by the Council.

2. APPOINTMENT BY THE COUNCIL

2.1 The Council reviewed the evaluation of the nominations at its 19th meeting of the 172nd session held on 22 June 2004. The Council noted the excellent qualifications of both nominees, however, the offer by the OAG was preferred because the OAG has extensive institutional knowledge and the audit strategy presented was considered to be more appropriate to ICAO’s current needs. Accordingly, taking into consideration the quality of services offered by both nominees and the cost of the audit services, the Council approved (in C-DEC 172/19), at a cost not to exceed a total of U.S.\$ 626 667 for the triennium, the appointment of Mrs. Sheila Fraser, the Auditor General of Canada, as the External Auditor of ICAO for the accounts of the financial years 2005, 2006, and 2007.

3. FINANCIAL IMPACT OF THE DECISION

3.1 The cost of the services of the External Auditor for the next triennium is not to exceed U.S.\$ 626 667, and has been provided for in the Programme Budget of the next triennium.

4. ACTION BY THE ASSEMBLY

4.1. The Council invites the Assembly to:

- a) confirm the appointment of Mrs. Sheila Fraser, the Auditor General of Canada, as ICAO's External Auditor for the accounts of the financial years 2002, 2003 and 2004;
- b) confirm the appointment of Mrs. Sheila Fraser, the Auditor General of Canada, as ICAO's External Auditor for the accounts of the financial years 2005, 2006 and 2007; and
- c) consider and approve the draft Assembly Resolution in the Appendix.

APPENDIX

DRAFT RESOLUTION FOR ADOPTION BY THE 35TH SESSION OF THE ASSEMBLY

Resolution 43/1

Appointment of the External Auditor

The Assembly:

1. *Notes that:*

- a) the Financial Regulations provide that, subject to confirmation by the Assembly, the Council shall appoint an External Auditor to the Organization;
- b) the Council approved the extension of the appointment of Mrs. Sheila Fraser, the Auditor General of Canada and a member of the Joint Panel of External Auditors of the United Nations and Specialized Agencies, as ICAO's External Auditor for the accounts of the financial years 2000 to 2004, in accordance with Financial Regulation 13.1; and
- c) the Council reviewed the nominations submitted by Contracting States in 2004 and approved the appointment of Mrs. Sheila Fraser, the Auditor General of Canada, as ICAO's External Auditor for the accounts of the financial years 2005, 2006 and 2007; and therefore

2. *Expresses* its sincere appreciation to Mrs. Sheila Fraser for the high quality of her service to the Organization as its External Auditor (2000 - 2003) and for her effective and cooperative assistance during that period to the officials and organs of ICAO; and

3. *Confirms:*

- a) the action taken by the Council in appointing Mrs. Sheila Fraser, the Auditor General of Canada, as ICAO's External Auditor for the accounts of the financial years 2000 to 2004; and
- b) the action taken by the Council in appointing Mrs. Sheila Fraser, the Auditor General of Canada, as ICAO's External Auditor for the accounts of the financial years 2005, 2006 and 2007; and

4. *Declares* that this resolution supersedes Resolutions A29-34 and A33-22.

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