



International
Civil Aviation
Organization

Organisation
de l'aviation civile
internationale

Organización
de Aviación Civil
Internacional

Международная
организация
гражданской
авиации

منظمة الطيران
المدني الدولي

国际民用
航空组织

Tel.: +1 (514) 315-3505

Ref.: A 1/3.OPEN – 24/76

25 June 2024

Subject: Appointment of an External Auditor of the Organization

Action required: Submission of nominations to be received by 6 September 2024

Sir/Madam,

I have the honour to draw your attention to the matter of the appointment of the External Auditor of the International Civil Aviation Organization (ICAO). The accounts of ICAO are audited annually by an External Auditor, who is appointed by the Council and confirmed by the Assembly of ICAO.

Under the *ICAO Financial Regulations*, the External Auditor has to be the Auditor General (or officer exercising an equivalent function) of a Member State.

Accordingly, Member States are invited to nominate their Auditor General (or officer exercising an equivalent function) to be considered for the appointment of the External Auditor of ICAO.

To ensure rotation, a time limit has been set to the mandate of the External Auditor to serve two terms of three years each for a total of six years. The initial term will commence with the financial year 2026. The second term will be subject to confirmation by the Council of ICAO in the second year of the auditor's mandate. For this purpose, the auditor is required to communicate by 30 September in the second year of its mandate of its intention to continue or withdraw its candidacy from the second three-year term.

The submission must consist of a sealed envelope in which two separate and sealed envelopes will be inserted, as follows:

- *One envelope containing the technical proposal,*
- *One envelope containing the financial proposal.*

In the technical proposal envelope, please include an original hard copy of the signed technical proposal and a copy thereof on electronic media (USB).

Similarly, in the financial proposal envelope, include an original hard copy of the signed financial proposal and a copy thereof on electronic media (USB).

The nominations and the required information must be received in the Office of the Secretary General by no later than **close of business on 6 September 2024**. Please note that nominations which are received after the specified date, or are incomplete, or are not submitted in the specified format will not be considered for the appointment. Consequently, potential bidders must also account for the time required by couriers to deliver their respective proposals.

To assist in the preparation of the nomination and for all other information, please refer to the Attachment to this letter.

Accept, Sir/Madam, the assurances of my highest consideration.

Juan Carlos Salazar
Secretary General

Attachment

APPOINTMENT OF AN EXTERNAL AUDITOR OF THE ORGANIZATION

I would like to draw the attention of interested Member States particularly to: a) Article XIII of the Financial Regulations, which deals with the appointment of the External Auditor and the responsibility of the External Auditor; and b) the Additional Terms of Reference Governing the External Audit, which is an Annex to the *ICAO Financial Regulations*.

The *ICAO Financial Regulations* (Doc 7515/17), the audited Financial Statements and Reports of the External Auditor for the year ended 31 December 2022 (Doc 10198) are available on the ICAO website (<https://www.icao.int/publications/Pages/doc-series.aspx>). The audited Financial Statements and Reports of the External Auditor for the year ended 31 December 2023 will, when ready, also be made available on the above-referenced website.

To ensure that each nomination is evaluated on an equitable and fair basis, proposers shall submit nominations that include information requested in sections 1) and 2) below. The information requested in these sections relates directly to the selection criteria set forth in section 3).

The nominations submitted by interested Member States should be in a two-envelope system, separating the technical part from the financial part of the information. Both envelopes, to be placed in a sealed outer envelope, must be sealed, and include sufficient and relevant information in each section to enable ICAO to evaluate them against the criteria set forth in section 3.

- 1)
 - a) a profile of the Auditor General (or officer exercising an equivalent function) and of the organization headed by the Auditor General, including the nature of its mandate, the overall number of professional staff employed and the typical professional qualifications and certifications of its professional staff. Identification and profiles of the Director Manager, lead and any other key audit team members who will work on the audit of ICAO;
 - b) the membership status of the Auditor General's Organization in the International Organization of Supreme Audit Institutions;
 - c) audit experience (financial and performance) of the Auditor General with the United Nations, the UN Specialized Agencies, or other relevant international and inter-governmental entities in the last 3 years;
 - d) the number of staff, by category, proposed to be deployed in the engagement as well as the specific professional qualifications, certifications and experience of staff in each category, to be supplemented by resumes of all staff to be assigned to ICAO's audit;
 - e) an estimate of the total number of working weeks expected to be spent on the completion of the audit engagement and the proposed timing for the conduct of the audit;
 - f) a description of both the audit strategy and process, including use of IT audit, control audits and substantive testing that would be applied in conducting the assignment, including the presentation of annual audit plans, coordination with the ICAO Office of Internal Oversight (OIO), liaison with the Evaluation and Audit Advisory Committee (EAAC) in accordance with its Terms of Reference and a protocol for hand-over procedures from the preceding External Auditor. In particular the nomination should include references on how the audit processes follow the International Standards on Auditing (ISAs) in particular, ISA 300: *Planning an Audit of Financial Statements* and ISA 260: *Communication with those Charged with Governance*;

- g) a description of the process for selecting and reporting performance audit topics and likely areas where performance reporting might focus;
 - h) a description of the process for assessment/evaluation of ICAO's internal control framework;
 - i) a description of the process of quality control and independent assessment of the audit institution, and how findings are used and acted upon; and
 - j) any other relevant information likely to assist the Council in the consideration of the nomination, including the description of working methods to be used in the conduct of the audit and the presentation of the audit findings, taking into consideration that all reports should be prepared in English.
- 2) the total annual audit fee (in Canadian dollars only) for the completion of the audit of ICAO, including staff costs, travel as well as other supplementary and associated costs for each of the six financial years beginning 2026, subject to a possible adjustment for the second three-year term audit costs considering exchange rate fluctuations, details of the costing (staff costs by category, split across the elements of financial and performance audit at the planning, interim and final stages, travel and other costs) by year should be provided.
- 3) The evaluation criteria (with weighting) against which nominations will be assessed are:
- Overall Capacity to perform the Audit of ICAO (max. 10 points)
 - Audit Team Profile (max. 10 points)
 - Audit Experience (financial and performance) of the Auditor General with the United Nations, the UN Specialized Agencies, or other relevant international and inter-governmental entities in the last 3 years (max. 15 points)
 - Audit Process (Planning and Reporting) (max. 20 points)
 - Oral Presentation (short listed entities only) (max. 15 points)
 - Total Audit Costs (see Section 2 above) (max. 30 points)

It should be noted that only short-listed candidates who have obtained at least 75% of the points for each of the technical evaluation criteria, and the three highest overall scores, will be invited, at the expense of the Member State, to make an oral presentation (by remote means) on their nominations to assist ICAO in the consideration of the candidature.

Please note that the second envelope containing the financial information will only be opened if it has been determined that the submission has reached a minimum technical score of 52.5 points (representing 75 % of the overall technical score, including the interview)

The overall combined weighting has been set at 70% for technical merit and 30% for total audit cost.

The External Auditor will be required to sign a Letter of Engagement with ICAO at the beginning of the mandate and present an annual audit plan to the President of the Council and the Secretary General by 15 January of each year. The audit plan should meet the requirements of ISA 260 and ISA 300, and provided in advance to the EAAC for consideration, to enable them to advise Council and the Secretary General.

It is anticipated that findings and recommendations on operational issues shall be addressed to the Secretary General in a Management Letter while significant findings will be disclosed in an annual Audit Report, which will be presented to the Council during the spring session of the Council (that generally ends before July). All audit outputs will be reviewed by the EAAC to enable them to provide their observations and comments to the Council.

The External Auditor will submit the final report on performance audits no later than 30 April of the subsequent year. Noting that the annual financial statements are submitted to the External Auditor for audit not later than 31 March following the end of the financial year, the audit opinion, per Article 13.3 of the Financial Regulations, is required no later than 15 May.

By 30 September of the second year of the initial mandate, the External Auditor must present to the Secretary General and the President of the Council, a statement of intention to continue or withdraw from the engagement.

The total annual audit fee should include staff costs, all travel costs and living costs of the Auditor General and his/her staff. If for any reason some costs such as staff costs are not to be included for the provision of external audit services, reference to a national legislation or other reasons should be provided. Travel costs should include travel from the location of the Auditor General's Office to ICAO Headquarters in Montreal and to the various ICAO Regional Offices, as appropriate.

It is understood that the External Auditor, or a senior representative, will be physically or virtually present when the annual financial statements and audit reports are discussed in the Finance Committee, the EAAC, and in the Council.

ICAO will provide the External Auditor with adequate office space and related facilities in its Headquarter premises in Montreal.

The attention of Member States is drawn to the minimum information required to be submitted together with the nomination. Failure to provide the minimum information will result in the disqualification of the nomination.

In considering the nominations for the appointment, preference will be accorded to those nominations from Member States who do not have any financial obligations in arrears to ICAO other than the current year's assessment.