

**SECRETARIAT OF THE PACIFIC COMMUNITY**  
**THIRTY-FIFTH MEETING OF THE**  
**COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**  
(Koror, Palau, 14 - 17 November 2005)

**APPOINTMENT OF AUDITORS FOR FINANCIAL YEARS 2005 - 2007**

(Paper presented by the Secretariat)

**PURPOSE**

1. The purpose of this paper is to seek the approval of CRGA on the appointment of auditors to audit the organisation's financial records for the years 2005-2007.

**DISCUSSION**

2. Under SPC's Financial Regulation 27, the Governing Body is required to appoint one or more Auditors in no way connected with the Pacific Community to audit the organisation's annual financial records. The auditors are to be appointed for a period of three years, with an automatic call for tenders at three-year intervals. The regulation also stipulates that external auditors so appointed must have insurance cover against professional liability.
3. The current auditors for the organisation, Deloitte Touche Tohmatsu of Papua New Guinea, were appointed in 2002 and will finish their three-year assignment at the end of this year. The firm was awarded a contract to audit SPC's accounts for financial years 2002 to 2004. We now have to select a firm to audit the accounts for financial years 2005 to 2007.
4. The Secretariat called for tenders in July 2005 with a closing date of 5 September 2005. We received two proposals: one from our current auditors, and the second bid from our previous auditors, PricewaterhouseCoopers based in New Caledonia.

**Selection criteria**

5. The Secretariat convened a selection panel to assess the bids using the following criteria:
  - demonstrated experience in the audit of similar inter-governmental agencies or regional organisations of a similar size;
  - demonstrated ability to conduct the audit in a competent and professional manner;
  - qualified personnel to undertake the audit; bidders were asked to provide profiles of staff involved with the audit;
  - reasonable audit fees.

6. The fee for service quoted by the two firms are as follows:
  - Deloitte Touche Tohmatsu: 3.5 million CFP francs for the assignment, including auditing of Suva Office accounts
  - PricewaterhouseCoopers: 3.5 million CFP francs for auditing headquarters accounts, however, auditing the SPC Suva Office accounts would be extra (amount not provided).
7. Both audit firms are well known to the organisation and both have proven capable of providing the required professional and competent service. Deloitte Touche Tohmatsu has been SPC's auditors for the past three years. Prior to that, PricewaterhouseCoopers had audited SPC's financial records for nine years. Both firms have been proactive and instrumental in identifying improvements in our accounting and financial operational systems. Both will be able to deliver and carry out the assignment in a competent and professional manner.
8. The only difference between the two bids is the quoted fee, which is lower for Deloitte Touche Tohmatsu than for Pricewaterhouse Coopers.
9. Consequently, the Secretariat is recommending that CRGA appoint the auditing firm of Deloitte Touche Tohmatsu for another three-year period to audit the SPC accounts for financial years 2005 to 2007.

## **RECOMMENDATION**

10. CRGA is invited to consider and approve the Secretariat's recommendation to appoint the firm of Deloitte Touche Tohmatsu of Papua New Guinea to audit the SPC accounts for the financial years 2005 to 2007.

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20 September 2005