

1ST SESSION OF THE IHO ASSEMBLY

Monaco, 24-28 April 2017



FINANCE DOCUMENT APPOINTMENT OF THE EXTERNAL AUDITOR

Submitted by the Secretary-General

APPOINTMENT OF THE EXTERNAL AUDITOR FOR THE PERIOD 2017-2019

Submitted by the Secretary-General, via the Finance Committee

Background

1. Article 19 of the Financial Regulations of the IHO provides that the Assembly shall appoint an external auditor to audit the accounts of the Organization submitted by the Secretary-General. Their term of appointment is normally for the period of three years between two ordinary sessions of the Assembly.
2. The current auditor is Cabinet Morel. They were initially appointed by the Conference in 2002 and re-appointed at subsequent IHCs. At the IHC-18, the Conference agreed to re-appoint Cabinet Morel again, on the understanding that consideration would be given to other candidates for the subsequent period.
3. In consultation with the Chair of the Finance Committee, the Secretariat invited offers from two well-known auditing firms: Price Waterhouse Cooper (PwC) and KPMG.

Analysis of the offers

4. KPMG has a network of offices in 144 countries and provides services related in particular to auditing, tax, accounting, company support, payroll, and IT. The KPMG office in Monaco comprises 4 associates, 6 auditors and 70 employees.
5. PwC has offices in 157 countries. PwC is a leading professional services network in the field of assurance, tax, audit and advisory services. PwC Monaco is part of the international PwC network and employs more than 60 professionals covering a wide range of expertise. PwC claims to hold a dominating position in the Monegasque market where it serves private firms, public companies and not-for-profit entities with a stated objective of enhancing quality and transparency for stakeholders.
6. Both companies propose to offer an internal control diagnostic and standard audit procedure, to gain more understanding of the processes implemented within the IHO and to refine their audit approach to best fit our organization.
7. The fee proposed by PwC is similar to the fee of the current auditor. KPMG calls for a significantly higher fee (+48%).
8. After interviewing representatives of the two candidate companies and in the absence of any significant difference in the scope of the offers, it is recommended to select PwC as the external auditor for the IHO accounts for the period 2017-2019.

Action required of the Assembly

9. Subject to the prior endorsement of the Finance Committee, the Assembly is invited to appoint PwC Monaco as the external auditor for the IHO accounts for the period 2017-2019.