

## 9 – FINANCE AND AUDIT COMMITTEE REPORT

### *9.1 – Renewal of the external auditor's mandate*

#### Note by the Secretariat

#### 1. CALL FOR TENDER

The mandate of the IALA Auditor, in charge of reviewing the accounts, has come to term in 2018. Council 66 in Korea tasked the Secretariat to issue a call for tenders in order to find other possible companies capable and suitable to carry out the audit.

Three auditors have been selected for consideration by the Council:

- a) **SCP GVA** was the previous IALA auditor. They propose to renew their mandate for the next 6 years for €14,000 per year (their quotation is detailed in annex 9.1.1)
- b) **St Germain Audit (SGA)** is a smaller accounting firm based in Paris. Their fees amount €17,000 per year (see annex 9.1.2)
- c) **RSM Paris** is an independent French firm of chartered accountants and business advisors. They propose their services for €16,000 per year (annex 9.1.3).

The Secretariat is of the opinion that it could be a good opportunity for IALA to change the auditor in this transition period from NGO to IGO. These three companies have been asked to provide not only their opinions on the accounts but also to help the Organization in its transition to an IGO.

After investigation, it appears that **RSM Paris** would be the most appropriate of the three for providing the necessary highest level of professional service, for the following reasons:

- RSM is the 6<sup>th</sup> largest audit, tax and advisory network in the world
- They are certified by American PCAOB (Public Company Accounting Oversight Board) and by ISO 9001.
- RSM Paris can provide for IALA its experts experienced in the non-profit sector
- This firm has a multi-disciplinary approach (experts can be provided in labour law, in IT, in IFRS/IPSAS, in IGO regulations etc.).

#### 2. POSSIBLE ADOPTION OF INTERNATIONAL FINANCIAL STANDARDS

Noting the planned evolution of IALA, it is envisaged that IALA should adopt the new International Accounting Standards (IPSAS/IFRS) with the aim of enhancing the comprehension of the financial statements by all IALA members.

By comparison, the IHO (International Hydrographic Organization) introduced International Accounting standards in 1999. Its finances are presented in two forms: one form is in accordance with the French accounting principles and one form is in accordance with international standards.

RSM proposes to study in 2019 what could be the best international standards for IALA with a view to implementing them in 2020.

### **3. THE COUNCIL IS REQUESTED TO**

**Decide** which company will be the new IALA external Auditor.