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**Executive Board
Annual Session**

Rome, 7–11 June 2010

RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

For approval

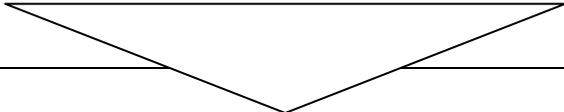


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FINAL REPORT OF THE EVALUATION PANEL ON THE SELECTION AND APPOINTMENT OF THE WFP EXTERNAL AUDITOR FOR THE TERM 1 JULY 2010–30 JUNE 2016

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NOTE TO THE EXECUTIVE BOARD



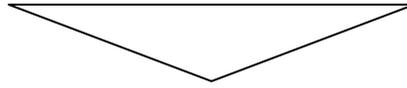
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The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact:

The Executive Board Bureau

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

DRAFT DECISION*



The Executive Board appoints the Comptroller and Auditor General of India as the WFP External Auditor for the term from 1 July 2010 to 30 June 2016.

The total annual remuneration of the External Auditor shall be US\$385,000, inclusive of fees and all other costs and expenses, to be paid in quarterly instalments.

Such annual remuneration may not be increased without prior authorization from the Board, following detailed justification by the External Auditor.

The Board authorizes the Board President to sign the contract between WFP and the Comptroller and Auditor General of India on its behalf.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

INTRODUCTION

1. At its 2009 First Regular Session, the Board decided that the WFP External Auditor would, from then, be appointed through a competitive selection process for a non-renewable six-year term (WFP/EB.1/2009/6-C/1). At the same session, the Board also decided that one of the functions of the Audit Committee would be to “advise and make recommendations to the Executive Board in relation to the arrangements for the appointment of the External Auditor under the Programme’s Financial Regulations” (see WFP/EB.1/2009/6-B/1, Annex I).
2. At its 2009 Annual Session, the Board initiated the process for selecting the WFP External Auditor for the term 1 July 2010–30 June 2016. The main stages of the process were as follows:
 - At the 2009 Annual Session, the Board requested the Bureau that had been elected for 2009 to develop a recommendation on the arrangements for the appointment of the WFP External Auditor (WFP/EB.A/2009/6-J).
 - On 6 October 2009 the Board approved by correspondence the procedure and criteria recommended by the Bureau, including the rating system for the evaluation of bids. The Board formally constituted the 2009 Bureau as the Evaluation Panel for this exercise and requested completion of the selection procedure for approval at its First Regular Session in 2010 (WFP/EB.2/2009/5-E/1).
 - At its 2010 First Regular Session the Board took note of the report of the Evaluation Panel, which requested a postponement of its final recommendation to the 2010 Annual Session in order to give time for further consideration of the bids and a technical conference with candidates (WFP/EB.1/2010/6-A/1).
3. This paper presents to the Board the recommendation of the Evaluation Panel on appointment of the WFP External Auditor for the term 1 July 2010–30 June 2016 for approval at its 2010 Annual Session.

TENDER PROCESS

4. The 2009 Bureau was formally constituted as the Evaluation Panel in October 2009, in accordance with the process approved by the Board. Throughout the process, the Evaluation Panel benefited from the advice of the Audit Committee and the support of a Technical Group drawn from the Secretariat.
5. On 9 October 2009 the Executive Board President, on behalf of the Board, issued the request for proposals. Invitations were sent to the Rome-based representatives of States Members of the United Nations and the Member Nations of the Food and Agriculture Organization of the United Nations (FAO) to forward the request for proposals to the Auditors General or officials holding equivalent positions in their countries. The deadline for reply was 18 December 2009.
6. A conference for bidders was held at WFP Headquarters on 29 October 2009 to give candidates an opportunity to clarify with WFP representatives, queries in respect to the selection process. Seven countries were represented. The Note for the Record of the conference was circulated to all WFP States Members through their representatives with a view to maintaining full transparency with regard to the process of selection.

7. By the close of business in Rome on 18 December 2009, five proposals had been received. The Technical Group assisting the Evaluation Panel met to open the proposals on 21 December 2009. All five proposals were validated as meeting procedural requirements as per the request for proposals, and were passed to the Evaluation Panel.
8. One member of the Executive Board Bureau and two members of the Audit Committee declared that their national audit offices were among the External Auditor candidates and consequently took no part in the selection process. The Bureau member would be represented in the Evaluation Panel, by his alternate from the same List.

TECHNICAL AND FINANCIAL EVALUATIONS

9. The Evaluation Panel met on 11 and 12 January 2010 to review the five technical proposals in light of the preliminary review performed by the WFP Technical Group, which identified relevant facts of the bids in relation to the criteria approved by the Board. The Evaluation Panel also took into account observations made by the Audit Committee.
10. The Evaluation Panel resumed its evaluation on 16 February 2010 and awarded scores to each of the five candidates on the basis of their technical proposals and the rating system approved by the Board. The agreed system allowed for assessment of staff qualifications, training and experience, audit approaches, quality controls and communication proposals (for details, see WFP/EB.2/2009/5-E/1). Members of the Evaluation Panel individually recorded their scores on forms prepared for the purpose, which were signed at the meeting.
11. Panel members demonstrated a high degree of consistency in their scoring. Two candidates emerged as clear front runners and were subsequently short-listed and invited to WFP Headquarters for formal interviews, which would include oral presentations. The invitations were sent on 17 February 2010 through their Rome-based representatives.
12. In accordance with the process approved by the Board, the Evaluation Panel met on 9 March 2010 to review the financial proposals submitted by the two short-listed candidates, in the light of the basic analysis prepared by the WFP Technical Group. The Evaluation Panel also met with the Audit Committee to exchange views and to benefit from its advice in formulating a standard set of areas to cover and questions to ask.

ORAL PRESENTATIONS AND INTERVIEWS

13. The interviews and oral presentations took place at WFP Headquarters on 10 March 2010. To ensure fairness, the procedure followed was exactly the same for both candidates: oral presentations were limited to 20 minutes; the questions agreed at the 9 March Evaluation Panel meeting were put to the candidates in the same order, by the same Panel members. The interviews were attended by the Audit Committee and the Technical Group as observers.

FINAL OVERALL RATING

14. Following the interviews, the Evaluation Panel discussed the bids in detail, consulting with the Audit Committee members who were present at the oral presentations. On the basis of all elements of the process (technical scores, financial proposals and oral presentations) the Panel made its final evaluation and agreed unanimously that the best overall bid was that of the Comptroller and Auditor General of India.

COST OF SERVICES OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

15. The bid of the Comptroller and Auditor General of India refers to total annual remuneration in the amount of US\$385,000, inclusive of fees and all other costs and expenses, to be paid in quarterly instalments.
16. The Comptroller and Auditor General of India has stated that it does not expect its costs to rise significantly. However, the Comptroller and Auditor General of India referred to the possibility of limited increases after 2010 due to variations in the cost of air travel, staff costs and rates of daily subsistence allowance, which it does not expect to exceed a cap of 8 percent during its term of office. The Comptroller and Auditor General of India further stated that any increase in cost on account of changes in the relevant exchange rate, or in the scope or programme of work would be the object of discussion with WFP.
17. Any increase in the total annual remuneration of US\$385,000 would require prior authorization from the Board, following detailed justification by the External Auditor.

RECOMMENDATION

18. Having followed all the prescribed selection procedures, the Evaluation Panel recommends that the Board appoint the Comptroller and Auditor General of India as the WFP External Auditor for the term 1 July 2010–30 June 2016.

The Evaluation Panel expresses its appreciation for the support received from the Audit Committee and the WFP Technical Group.