

General Conference

GC(53)/27

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Appointment of the External Auditor

- The term of office of the Agency's current External Auditor — the Vice-President of the German Supreme Audit Institution (SAI) Bundesrechnungshof — will expire upon the completion of the audit of the Agency's accounts for 2009. It will therefore be necessary for the General Conference, at its forthcoming regular session, to appoint an External Auditor to audit the Agency's accounts for the financial years 2010 and 2011.
- In the Note by the Secretariat, 2008/Note 36, dated 16 December 2008 (Attachment 1), Member States were invited to nominate candidates — by 30 January 2009 — whom they wished the General Conference to consider at its 2009 regular session. As can be seen from the Note, the Secretariat specified that nominations should include: a curriculum vitae of the nominee; details of the national and international activities of the office of the Auditor General of the Member State submitting the nomination; an indication of the range of the audit activities envisaged and of the audit specialities that could be of benefit to the Agency; a presentation of the approach to the audit; the number and level of staff to be involved in the audit; a proposed audit fee and an estimate of the total number of auditor-months which would be devoted to the audit of the Agency's accounts for 2010 and 2011.
- The Secretariat has received the nominations of the Vice-President of the German Supreme Audit Institution (SAI) Bundesrechnungshof (Attachment 2) and of the Comptroller and Auditor General of India (Attachment 3). Attachment 4 gives a comparison of these bids. The nomination of the President of the Court of Accounts of the Kingdom of Morocco was also submitted but was subsequently withdrawn.
- The Board of Governors considered this matter at its meetings in June 2009. The Board did not make a recommendation on the matter to the Conference.

Recommended Action

- The Conference is requested to appoint an External Auditor, in accordance with Financial Regulation 12.01, to audit the Agency's accounts for the financial years 2010 and 2011.



IAEA

Atoms for Peace

الوكالة الدولية للطاقة الذرية

国际原子能机构

International Atomic Energy Agency

Agence internationale de l'énergie atomique

Международное агентство по атомной энергии

Organismo Internacional de Energia Atómica

GC(53)/27
Attachment 1

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2008/Note 36

Note by the Secretariat

The Secretariat has the honour to notify Member States that the present term of office of the Agency's External Auditor (German Supreme Audit Institution (SAI) Bundesrechnungshof) expires with the completion of the audit of the accounts for the financial year 2009. It will be necessary for the General Conference at its fifty-third regular session, in September 2009 to appoint a new External Auditor to audit the accounts for the financial years 2010 and 2011. Appointment is traditionally made for a period of two years, but may be extended.

Member States are invited to nominate candidates whom they wish the General Conference to consider at its fifty-third regular session for appointment as the External Auditor of the Agency. The full text of Article XII of the Agency's Financial Regulations and the additional terms of reference governing audits of the Agency's accounts are enclosed herewith.

The nominations should include the following:

- a) a curriculum vitae of the nominee and details of the national and international activities of the Auditor-General's office, with an indication of the range of audit activities envisaged and of the audit specialities that could be of benefit to the Agency;
- b) a presentation of the approach to the audit and the number and level of staff to be involved in the audit; and
- c) a proposed audit fee (expressed in Euros) and an estimate of the total number of auditor-months which would be devoted to the audit of the accounts for 2010 and 2011.

The proposed audit fee should cover the audit related salaries, secretarial and other support costs, travel costs and living expenses of the External Auditor and his/her staff. Travel costs should cover travel between the Auditor-General's office and the Agency's Headquarters in Vienna and – if deemed necessary for audit purposes – other Agency offices.

Nominations should reach the Agency's Director General as early as possible, and in any case not later than 30 January 2009, in order to allow sufficient time for further inquiries and subsequent forwarding of a proposal by the Board of Governors for consideration by the General Conference in September 2009. The Agency's Division of Budget and Finance would be pleased to provide any further information or clarification that may be required.

A handwritten signature in blue ink that reads "DB Waller". The signature is written in a cursive style with a long horizontal stroke at the end.

David B Waller

16 December 2008



Permanent Mission of the Federal Republic of Germany
to the Office of the United Nations and
to other International Organizations, Vienna

P.O. Box 160, 1037 Vienna

H. E. Dr. Mohamed El Baradei
Director General
International Atomic Energy Agency
VIC - A 2822
1400 Vienna

Rüdiger Lüdeking
Ambassador

Vienna, 29 January 2009

Excellency,

I have the honour to herewith submit the offer of services as External Auditor of the IAEA for the period 2010-11 by the German Supreme Court of Auditors.

Germany hopes that the German Supreme Court of Auditors is granted an extension of its current mandate for another period in office for it to complete the work that it set out to achieve at the beginning of its mandate in 2004.

Yours sincerely,

International Atomic Energy Agency

(IAEA)

Offer of Services
as External Auditor

submitted by the
German Supreme Audit Institution
Bundesrechnungshof

Table of contents

	<i>Page</i>
A Curriculum Vitae and Details of National and International Activities	3
B Introduction - Purpose of this Presentation	5
C A Profile of the German Supreme Audit Institution	10
D Audit Approach and Staff	15
E Proposed Audit Fee and Estimates of Auditor Work Months for the Financial Period 2010-2011	21
F Key Features	22

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A Curriculum Vitae and Details of the National and International Activities

Norbert Hauser
Vice-President
German Supreme Audit
Institution¹
Bundesrechnungshof

Adenauerallee 81
D - 53113 Bonn
Germany

Date and place of birth: born 20 May 1946 in Olpe, Germany

Civil status: married

As from January 2009 Chairman of the Panel of External Auditors of the United Nations

As from January 2008 Vice-Chairman of the Panel of External Auditors of the United Nations

As from July 2004 External Auditor of the International Atomic Energy Agency.

As from 2002 External Auditor of the United Nations Industrial Development Organization

As from 2002 Vice-President of the German Supreme Audit Institution

1998 - 2002 Member of the German Federal Parliament
Amongst others:
Member of the Public Accounts Committee
Member of the Education and Research Committee
Member of the Investigation Committee on Donations to Political Parties

1981 - 2002 Practice of a lawyer

1975 - 1999 Speaker of the Christian-Democratic Party in matters of Finance and Budget Policies
Member of the Municipal Council of the City of Bonn

1979 – 1981 Federal Managing Director of a Medium-Sized Businesses Association

1979 University degree in law

¹ **S**upreme **A**udit **I**nstitution

A Curriculum Vitae and Details of the National and International Activities

1969 - 1979	Law studies at the University of Bonn followed by Junior Barrister education
1967 - 1969	Military Service with promotion to Officer
1952 - 1967	School education with university entrance qualification

International Background:

Norbert Hauser's national activities cover the full range of external audit missions at federal departments and agencies and the relationship with Parliament. **International activities** include audit responsibilities regarding international organizations and permanent working contacts with supreme audit institutions of foreign countries, with a recent focus on technical support to Central and Eastern European countries. When he started his term in the German Supreme Audit Institution, Norbert Hauser was **appointed External Auditor** of the United Nations Industrial Development Organization - **UNIDO**. This mandate ended in 2002.

As from 1 July 2004, Mr. Hauser took over the mandate as **External Auditor of the International Atomic Energy Agency**. He delivered his first report as External Auditor of the Agency on 31 March 2005.

The Conference of the States Parties of the Organization for the Prohibition of Chemical Weapons (OPCW) has appointed Mr. Hauser as External Auditor of the organization for an initial term of three years, from 2009 to 2011.

The purpose of this presentation is to offer the Services of the German Supreme Audit Institution as External Auditor of the International Atomic Energy Agency (IAEA)

This paper is designed to illustrate why the German Supreme Audit Institution (Bundesrechnungshof) considers itself a suitable candidate for the office of the IAEA External Auditor. It outlines the Bundesrechnungshof's role as Germany's Supreme Audit Institution, its broad range of national and international audit experience, its highly professional staff resources, and its proposed strategy for fulfilling the IAEA's audit mandate.

The Bundesrechnungshof is confident of meeting the IAEA's requirements for the following reasons:

- The proposed team is made up of auditors who have been auditing the IAEA for several years and who would make use of the experience they continue to gain there.
- The Bundesrechnungshof has wide further experience in the external audit of international and supranational organizations, notably in the UN system.
- Performance audit is a key focus of the Bundesrechnungshof's audit work.
- As the Bundesrechnungshof is based in Bonn, the auditors would be able to carry out audit missions at the IAEA frequently and during the entire length of their mandate. As from March 2009, the Director of External Audit will be Resident Auditor in Vienna. Hence the team would be able to provide continuous recommendations and advice.

The Bundesrechnungshof has already provided services to the IAEA since 2004. It supports the principle of rotating the External Auditor after a certain period of time. However, one more period of the mandate would be beneficial to the Agency. The Bundesrechnungshof would like to follow up on the topics below. Especially the change-over from UNSAS to International Public Sector Accounting Standards (IPSAS) would benefit from continuous consultation. In addition, our audit has always

B**Introduction - Purpose of this Presentation**

been planned for eight years. So with one more period we would be able to complete our original plan, covering all major areas of the IAEA within this period of time. This would make sense for the Agency, since we could then deliver results in all the areas we audit.

Up to this date, the Bundesrechnungshof's audit work has benefited the IAEA in a number of ways:

The Bundesrechnungshof has advocated stronger **IT governance**. The IT personnel are now defined. The servers have been centralised in building C. These important steps have already been undertaken as a result of our recommendations. The efforts to complete, to centralize and to harmonize the information pool concerning the Agency's IT in the Intranet should be continued. The Bundesrechnungshof would like to follow up on the role of the **CIO** (Chief Information Officer), especially its budget responsibility.

The External Audit Director, Mr. Michael Schrenk, has taken part as a representative of the Panel of External Auditors in the **IPSAS** Task Force. As Vice-President, and as of January 2009, President of the Panel of External Auditors of the UN, Mr. Hauser is actively involved in all discussions. As External Auditor to the IAEA, the Bundesrechnungshof has already tackled areas such as the collection of arrears, harmonization of budget cycles, after-service health insurance, and contributions in-kind, which would all need to be addressed in the course of the IPSAS implementation. The Bundesrechnungshof would like to continue consulting in this area and help identifying further areas of work (such as to encourage budgeting on an accrual basis and capital budgeting). Having been the audit body making the recommendations, the Bundesrechnungshof would also like to supervise their implementation as External Auditor during the two years in question, which will be a very critical change-over period.

The Bundesrechnungshof emphasized that the implementation of IPSAS is heavily dependent on **AIPS** (Agency-wide Information System for Programme Support), which was delayed due to a lack of adequate funding. In the meantime, AIPS funding

is better secured through 50% of the surpluses of the Member States. The Bundesrechnungshof would like to keep track of this implementation.

The Bundesrechnungshof has recommended monitoring the effects of increasing **voluntary contributions**, particularly their impact on the utilization of regular budget resources. A common programme support cost mechanism has been introduced in order to compensate for the administrative burden. The Bundesrechnungshof also pointed out that core activities should be paid for from assessed contributions to avoid voluntary contributions being used as a means of influencing the IAEA's decision on which programmes to fund. The Bundesrechnungshof advocates a theme-based approach or pooled funding, which would facilitate programme execution. This would put an end to donor-imposed conditions. The Bundesrechnungshof would like to continue assisting in this process and in 2008 has already submitted this issue to the Panel of External Auditors. We will elaborate on that point and will carry forward further proposals after the 2009 Panel meeting in Bonn.

The Agency should also continue to seek a solution to the problems caused by voluntary contributions being provided under the condition of a special verification by the donor, e.g. the **FAPA** (Financial and Administrative Framework) agreement with the European Community. The requirement of donors of voluntary contributions to carry out special verifications is not in accordance with the Agency's financial regulations. The Panel of External Auditors of the UN has recently recommended reviewing the verification clause in the pertinent agreement since it violates the Single Audit Principle. So far, the verification is done by on the spot checks carried out by European Commission personnel. In the long term, these should be performed by the External Auditor instead. It is crucial to solve this issue since the volume of voluntary contributions continues to increase. A verification clause in donor agreements would lead to unnecessary duplication of audit work and thus put a severe burden on IAEA's administration. The Bundesrechnungshof is currently discussing this topic with the European Commission and the European Court of Audit to find a solution which would be most beneficial to the IAEA. We help the IAEA constructively by checking an EU project in the course of our field missions, and providing information thereon to the EU. Further attempts to impose a verification

clause should be considered by the Board of Governors. Mr. Hauser has led complex negotiations on this issue with both the European Commission and the European Court of Auditors. As a result, the EU has accepted that in the long term, verifications should be carried out by the members of the Panel. This is a first step forward, but is still not sufficient.

As a result of Mr. Hauser's initiative, the EU - after 2006 - did not make further attempts to carry out verification missions in the Agency, because they received sufficient information through our various field missions.

One example of an EC project verification is a field mission to a border controls project. The "Nuclear Security Project" aims to provide effective border controls. The Secretariat should define what it considers to be "effective". The Secretariat should continue coordinating its activities with other donors of border-monitoring projects in order to avoid ineffective investments. As a result of our findings, coordination activities now take place. We continue our field missions in this area and will carry out an audit in Zambia, Nigeria and Ghana in June 2009 of projects also co-financed by the EU in order to avoid further verifications by the European Commission.

The Bundesrechnungshof further recommended improving **asset protection and management**. This includes IT security, Seibersdorf security, and Safeguards equipment. While in all these areas progress has been made, important steps still remain to be taken. A physically secure Agency-wide data centre has been created, but fire protection, a highly important basic requirement, is still missing. Several years after we first drew attention to the need for a comprehensive protection system for the Seibersdorf laboratory compound, crucial elements of this have not yet been fully established. The Bundesrechnungshof would like to follow up on the remedial action initiated by the management and keep the issue of asset management and accounting for inspection equipment under review.

The Bundesrechnungshof has worked successfully in a variety of areas. With regard to the **TC** (Technical Cooperation) **fund**, the Bundesrechnungshof has pointed out

B**Introduction - Purpose of this Presentation**

that its purchasing power erodes with the decline of the dollar vs. the euro. This matter is now being dealt with. The Board asked the Secretariat to examine potential instruments, including a hedging mechanism, in order to protect the resources of the fund, to the extent possible, against the effects of such currency fluctuations in the future and to report to the Board thereon as soon as possible so that the Board may take an early decision. In the area of **procurement**, the departments of general procurement and safeguards procurement have merged, following our recommendation. The Bundesrechnungshof would like to follow up on potential further synergy effects (e.g. software). Economies in personnel and material could be achieved in the area of **publications**. The **PCMF** (Project cycle management framework) database for donors, recipients and the Agency is now in place. However, many member states do not have access to this, owing to poor electronic infrastructure. The Bundesrechnungshof encouraged further improving and intensifying interaction with all institutions that are involved in similar sectors of TC, work that is still in progress.

The Bundesrechnungshof recommended that the Secretariat continue to work on a more transparent treatment of savings due to **integrated safeguards**. The budgetary assessment should be more realistic. There should be greater transparency regarding savings and their later use.

A definition of the role of the National Liaison Officer in the Area of TC was also recommended by us. The Bundesrechnungshof has also recommended reviewing the split assessment system (its effectiveness in connection with late payments) and improving the collection of contributions.

The Bundesrechnungshof

Staff

Our staff totals some 1400. We have 9 audit divisions, 49 audit units and 9 regional audit offices. Administrative functions are carried out by a presidential division (comparable to a General Secretary). Our auditors all hold a university or other higher education degree. The professional qualifications found within our human resource pool range from public administration, law and various engineering specialties, to economics, management and computer science. The staff assigned to the audit of international organizations all have excellent knowledge and skills in accounting issues. All auditors have a record of several years of practical working experience in at least one government department or agency, or in business. This highly proficient workforce provides the German Supreme Audit Institution with a sound basis for auditing international organizations.

National Audit Mandate

The German Supreme Audit Institution's audit mandate covers:

- federal financial management,
- federal trading funds,
- public bodies incorporated under federal law,
- social security institutions incorporated under federal law or state law, such as health insurance and pension institutions, and
- the management of federal government shareholdings in private sector enterprises.

Reporting

The German Supreme Audit Institution submits annual reports on its audit findings to both chambers of the federal legislature and to the federal government. In addition to annual reporting, we may at any time report on matters of particular significance.

Role of the Bundesrechnungshof

We also conduct audits of administrative decisions that have not yet had a financial impact. That is a very far-reaching regulation and enables us to investigate certain issues with a performance audit at a very early stage. Thus we are used to checking government expenditure **before** the money is actually spent. We use our audit findings as a basis for advising government departments and agencies, and also Parliament, on decisions to be taken, notably in connection with budgeting. This advisory function has become increasingly important over the past decade.

Today, the German Supreme Audit Institution has the status of a supreme federal authority, i.e., it is equal in rank to a federal government department. It is an independent institution of government audit, subject only to the law. It is not part of the federal government and is not subject to any instructions from either the Executive Branch or the Legislature.

Audit Criteria***Performance Audit***

In Germany, the emphasis of government auditing has shifted over time. Formerly, the work of government Auditors focused on *ex post* financial audit work. The additional audit criterion of **performance** was imposed by statute decades ago. Performance audit has been the key focus of our work ever since, and even while we continuously expand our knowledge in this field, we are able to apply decades of experience on economy, efficiency and effectiveness.

Auditors do not only look into the figures of an account or into individual revenue or expenditure items, but also into the underlying **operations** and **programmes**. This operational audit of the Federal Government's overall financial management increases **timeliness** and **topicality**. It addresses entirely new audit fields. It includes the examination of the **structure**, **operations** and **human resources management** of departments and agencies. Audit work also focuses on **programme evaluations**, **effectiveness audits**, **efficiency audits** and **risk analyses**. We use the audit findings generated as a basis for advising Parliament and the Government. In many reports, the German Supreme Audit Institution presents the lessons learned from earlier audit missions to provide an insight into current issues and problems of financial management.

Financial Audit

Performance audit is supplemented by the audit of **regularity and compliance**, in which government operations are checked against supporting documents, applicable statutory provisions, rules and regulations. An essential part of Financial Audit is the certification of the Federation's accounts.

Timely Audit

The German Supreme Audit Institution's **timely audit approach** seeks to develop audit findings helping to enhance future action, rather than merely criticizing past deficiencies.

Our Track Record as External Auditor of International Organizations

Wealth of Experience Gained in the Audit of the United Nations

The German Supreme Audit Institution's President served as one of the three members of the United Nations Board of Auditors from 1989 to 1992. 17 Auditors assisted him in performing the relevant missions. The audit mandate covered the examination of the annual accounts and financial management of the **United**

Nations and some UN organizations, e.g. the **United Nations Development Programme (UNDP)**, the **United Nations Fund for Population Activities (UNFPA)**, the **International Trade Center (ITC)**, and the **United Nations Relief and Works Agency (UNRWA)**. The audit missions involved the collection of evidence at field offices and at UN development projects located worldwide.

From 1994 to 2002 the German Supreme Audit Institution also audited the UN specialized agency **UNIDO** with Mr. Hauser as External Auditor. As from 1 July 2004 the German Supreme Audit Institution's Vice-President took over the mandate as **External Auditor of the International Atomic Energy Agency**. This mandate has subsequently been renewed, and his team is just finalizing the audit of the accounts for the financial period 1 January to 31 December 2008. He will deliver his fifth report as External Auditor of the Agency on 31 March 2009 for consideration by the PBC of the Board of Governors in the beginning of May.

Other International Audit Missions

German auditors have been involved in the audit of a wide array of international projects. In recent years, the German Supreme Audit Institution has, for example, participated in the audits of the **European Organization for Nuclear Research (CERN)**, the **European Space Agency (ESA)**, the **Franco-German Research Center St. Louis (ISL)**, the **European Organization for the Safety of Air Navigation (EUROCONTROL)**, the **European Organization for the Exploitation of Meteorological Satellites (EUMETSAT)**, the **Western European Union (WEU)**, the **Organization for Joint Armament Cooperation (OCCAR)**, the **European Center for Medium-Term Weather Forecasting (ECMWF)**, the **European Patent Office**, the **Organization for Economic Cooperation and Development (OECD)**, and the **Franco-German and Polish-German youth foundations**. Moreover, our staff is seconded to the **International Board of Auditors for NATO**, to the **European Communities Court of Auditors** and to the **Council of Europe**.

Membership in INTOSAI/EUROSAI

The German Supreme Audit Institution is a member of the **International Organization of Supreme Audit Institutions (INTOSAI)**, to which the supreme audit institutions of most UN member countries are affiliated. We hosted INTOSAI's 13th World Congress held in Berlin in 1989, with participants from more than 130 nations and international organizations. The German Supreme Audit Institution's President served as **Chairman of INTOSAI's Governing Board** from 1989 to 1992. In addition, the German Supreme Audit Institution is a member of INTOSAI's European regional working group, the **European Organization of Supreme Audit Institutions (EUROSAI)**. Our institution hosted the VIth EUROSAI Congress in Bonn in 2005 and our President has subsequently been serving as EUROSAI's chairman.

International Cooperation

By tradition, we cooperate extensively with other Supreme Audit Institutions on a bilateral and multilateral basis. To name but a few, our partner countries include the Russian Federation, China, Romania, Bulgaria and Jordan. Furthermore, we chair a EUROSAI Working Group on the Coordinated Audit of Tax Subsidies which has 17 members all over Europe. We also chair the INTOSAI Sub-Committee whose task is to promote best practices and quality assurance through voluntary peer reviews among Supreme Audit Institutions.

Meeting IAEA's Audit Requirements

In its audit of IAEA, the German Supreme Audit Institution would make available the experience and expertise gained through its national and international audit work. This includes technical issues, as well as performance audits, in all areas of the Agency's operations. We strongly support the approach of results-based management and we would like to further accompany the Agency's process of streamlining its Technical Cooperation and its Information Technology activities. The Bundesrechnungshof plays a leading role in introducing and auditing results-based management in Germany. We monitor the prospect of Results-Based Management and provide on-going advice to Parliament and Government. Finally, we possess vast experience with all kinds of financial issues and with the audit of Financial Statements in general.

Finally, due to legal requirements in our country, the German Supreme Audit Institution is currently dealing extensively with a change in national accounting procedures and could, therefore, make use of the experience gained in that field for the implementation of IPSAS in the Agency.

Our Audit Approach

We would conduct the audit in accordance with best audit practice.

We plan, prepare, conduct and report on the audit exercises in compliance with internationally accepted standards. In all their work, our auditors are guided by a cooperative attitude towards IAEA's management and internal auditors and we would very much like to continue this practice.

Areas of special experience in UN Organizations

The assignment in the Board of Auditors we held from 1989 to 1992 was an excellent opportunity to familiarize ourselves with the special nature of UN Organizations. In our audit of UNIDO we addressed - besides financial audit – all performance issues arising in that UN organization over the period of eight years. This covered the effectiveness of Internal Control Systems as well as financial issues such as cash management and investments, procurement procedures, EDP and personnel management issues, and UNIDO's field operations at headquarters and in six field missions to UNIDO projects in Asia, South America and Africa.

In the audit of IAEA the German Supreme Audit Institution undertakes ongoing examinations in all major areas of the Agency's activities. According to its plans, it would extend these audits to cover all issues of relevance and materiality during the years of its mandate.

Our Audit strategy for the IAEA***Audit Staff***

We would provide an internationally experienced team of auditors who have participated in previous UN audits. The team will be led by a Director of External Audit and two Audit Managers and consists of 13 Senior Auditors, all of them having university degrees in various fields. They have gained much valuable experience during their audit missions to IAEA and in Field Missions to approximately 20 countries ever since autumn 2004. This is strongly supported by intensive training in all areas relevant to the audit of IAEA. As of March 2009, the Director of External Audit will be Resident Auditor in Vienna. Thus close consultation and cooperation with the Agency will be secured.

The team is able to work in German and English, and partly in Russian, Spanish and French. The audit team reflects the vast specialized knowledge available within the German Supreme Audit Institution in all audit fields in the public sector. Some auditors have worked in private sector audit companies. We are able to meet IAEA's requirements for a comprehensive financial audit, as well as its technical requirements, by assigning to the audit staff with excellent experience in national financial auditing and all kinds of performance audits. The External Auditor would, as Vice-President of the German Supreme Audit Institution, hold an office similar to an Auditor General.²

Audit Methods

The following methods would be applied in carrying out our audits:

Financial Audit

The financial audit mainly aims at assessing whether the financial statements fairly present the financial position at the end of a financial period, and whether the financial statements have been prepared in accordance with the relevant accounting guidelines and policies, applied on a basis consistent with that of the preceding financial period.

The financial audit will be based on analytical audit procedures. This includes detailed scrutiny of the financial statements, an examination of the Agency's Internal Control System and sample testing of transactions and vouchers. Our financial audit is supported by commercial audit software.

² As opposed to a Deputy Auditor General in the Anglo-Saxon Supreme Audit Institution model, the Vice-President of the Federal Court of Audit is of **equal rank and function** as the President as regards auditing matters.

Performance Audit

The first step in conducting a performance audit is to obtain an understanding of the audit subject by carrying out a task analysis. Areas of high financial impact and high risk for the Organization are identified. As a result of discussions with responsible officials and the collection of audit evidence on the premises of functional and programme management units, additional audit subjects may emerge.

Performance audits cover the whole range of IAEA's activities. We will measure these against the criteria of economy, efficiency and effectiveness. To make our own audits as efficient as possible, we will consider asking for support of Auditors General of developing countries, when special examinations in the fields of operations are necessary.

The overall ratio between Performance and Financial Audit will be about two thirds to one third. Accordingly, our team has financial and technical qualifications.

Risk Assessment as Part of the Conduct of Audits

The strengths and weaknesses of controls within the Agency's financial systems would be assessed in order to determine the likelihood of material error occurring. The results of this assessment would help to determine the level of audit evidence needed to support the audit opinion, to concentrate efforts towards high risk areas and to improve the cost-effectiveness of audit testing.

Professional Standards to be applied to Audits

We would carry out the audit of the IAEA in accordance with International Standards on Auditing (ISA). These standards were tailored to the special circumstances of UN Organizations by the Panel of External Auditors of the United Nations.

For financial audit work we would apply the United Nations System Accounting Standards (UNSAS) as adopted by the Panel of External Auditors of the United Nations for the time being. However, the change-over to IPSAS is already in our focus. As part of the cooperative approach with IAEA's staff, we consult continuously with the IPSAS project team. One example of this is the development of the specific accounting procedures, which we advocate discussing at an early stage. In addition, we choose among potential audit topics those with relevance for the change-over to IPSAS. We support such parallel implementation, treating some areas such as ASHI with the IPSAS change-over in mind.

Other Details

Cooperation with Internal Audit and Oversight

We have established close working relations with the Office of Internal Oversight (OIOS). In order to avoid duplication, we make use of the information provided by that office and exchange our findings and reports. As to the financial audit of certain funds, the External Auditor may consider relying on the audit work carried out by Internal Audit.

One example for the close cooperation between internal and external audit is the objective of improving IT governance, which was recommended by both OIOS and the External Auditor.

Reporting

At the end of a financial period, we will submit a report to the Board in accordance with Financial Regulation 12.08 and the additional terms of reference governing the external audit of the IAEA.

Before we report to IAEA's legislative body, we will, of course, inform management of any relevant data found, thus providing advice on how to enhance IAEA's daily work and giving Management the opportunity to comment.

Audit Missions

The Bundesrechnungshof is situated close to Vienna. The team would need little time and money to travel there. This in turn enables us to conduct audit missions not only once per year, but frequently, and all the year round.

We would be able to respond quickly to any request for a special examination – and to perform a special examination whenever we see a need to do so, giving recommendations not once per year, but as soon as possible.

We would like to base our observations on information that we gathered not only from written sources, but also from personal contact with representatives of the IAEA, especially with the Office of Internal Oversight.

In this context, we would like to point out that we only ask for reimbursement for those working days that are delivered at the IAEA. Mr. Hauser's presence in meetings with Governing Bodies is not taken into account. All work we undertake at the Bundesrechnungshof would be free of charge; "Number of working days" means "Working days at the IAEA".

E Proposed Audit Fee And Estimates of Auditor Work Months for the Financial Period 2010-2011

Our service for 2008 and 2009

For 2008 and 2009 we are providing the following service for the IAEA:

No. of Working Days per Year	No. of Audit Managers	No. of Senior Auditors	Fee 2008-2009 (Euro)
700	2	13	251,320

The Bundesrechnungshof's offer for 2010 and 2011

We offer the Agency the service of the German Supreme Audit Institution for 2010 and 2011 on the basis of zero real growth (the inflation rate until the end of 2009 is estimated at approximately 1.5 percent per year only) on the following terms per year:

No. of Working Days per Year	No. of Audit Managers	No. of Senior Auditors	Fee 2010-2011 (Euro)
700	2	13	260,000

There would be no increase in the fee for the second year of the assignment.

Key Features of Our Application

- Our audit approach goes beyond financial auditing. It focuses on economy, efficiency and effectiveness. These are key features for sound financial management, management by objectives and high organizational performance. Experience has shown that performance audit tends to generate very substantial findings, and thus savings, in areas which a mere financial audit approach does not address. We have vast experience in performance auditing and would dedicate two thirds of our work to it.
- In addition to our audit opinion we give recommendations rather than merely voice criticism at the end of the financial year when money may already have been wasted.
- Our price is calculated on a reliable and transparent basis and merely reflects the reimbursement of real and direct costs incurred by a balanced and comprehensive audit approach.
- Our offer comprises 700 working days at the IAEA on the ground in Vienna. This is what we believe is needed to perform our high-quality work. This excludes working days for preparatory and follow-up tasks spent at BRH headquarters in Bonn which are not invoiced. The Director of External Audit is the Resident Auditor in Vienna. Thus a close consultation and cooperation with the Agency is secured.
- Our team is highly experienced in the audit of international institutions.
- We would be able to follow up on our work. This would cover, inter alia, the IPSAS implementation, the implementation of an Enterprise Resource Planning System, a new, stronger format of information technology security and governance, improved performance of the technical cooperation department, asset protection and management, the effects of increasing voluntary contributions, particularly their impact on the utilization of regular budget resources. Furthermore, the Bundesrechnungshof presently discusses with the European Commission and the European Court of Auditors how to avoid the duplication of audit work caused by the Commission's requirement of verification visits to UN organizations (see above, part B).

In our opinion this comprehensive package, based only on cost-recovery, offering our work for no increase in actual costs, is highly competitive, emphasising quality and reflecting good value for IAEA's money.

Therefore we would like to request Member States to extend the Bundesrechnungshof's term for another two years. We will then have completed all the objectives contained in our long-term audit plan. At the same time we would be able to ensure that the Secretariat carries out agreed and urgently needed implementation work resulting from our past recommendations.



Norbert Hauser
Vice-President
Bundesrechnungshof
Germany



Permanent Mission of India

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A-1015 Vienna, AUSTRIA

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Delivered By Hand

The Permanent Mission of India to the International Organisations in Vienna presents its compliments to the International Atomic Energy Agency and has the honour to refer to the Secretariat's Note 2008/Note 36 dated 16 December 2008 and to send herewith the nomination of the Comptroller and Auditor General of India for appointment as IAEA's External Auditor for the financial years 2010 and 2011.

The Permanent Mission of India to the International Organisations in Vienna avails itself of this opportunity to renew to the International Atomic Energy Agency the assurances of its highest consideration.



29 January 2009

International Atomic Energy Agency
[Kind Attn: H.E. Dr. Mohamed ElBaradei,
Director-General]
Wagramer Strasse 5
A-1400 Vienna



**Proposal for Appointment
as External Auditor**

**of the
International Atomic Energy Agency
(IAEA)**

For the period 2010 - 2011

**By
The Comptroller & Auditor General of India**

JANUARY 2009

Contents

Sl. No.	Subject
1.	Introduction by the Comptroller and Auditor General of India
2.	Curriculum Vitae of the Comptroller and Auditor General of India
3.	Profile of Key Audit Personnel
4.	National and International Activities
5.	Information on our Special Strengths
6.	Our Appreciation of the sector
7.	Audit approach, Procedure and Standards
8.	Audit fee and auditor-months

1. Introduction by the Comptroller and Auditor General of India

I have the honor of presenting to the International Atomic Energy Agency (IAEA) my formal proposal for the External Audit of the Organisation for the period 2010-2011.

I affirm my commitment and complete assurance for providing high quality, cost effective professional external audit services.

Our extensive international audit experience includes audit of the United Nations (UN) Organisations from 1993 to 1999, Food and Agriculture Organisation (FAO) from 2002 to 2008, Organisation for Prohibition of Chemical Weapons (OPCW) from 1997 to 2003 and International Centre for Genetic Engineering and Biotechnology (ICGEB) from 1996 to 2004. We are currently the auditors for the World Health Organisation (WHO), International Maritime Organisation (IMO) and the World Tourism Organisation (WTO).

Our skilled professional staff are experienced auditors and accountants and we have a large cadre of professionals with qualifications in accounting, finance, business administration and law. The wide mandate of my organisation extends to audit of all transactions arising out of public funds, including attestation of financial statements, value for money audit and assessing compliance with rules and regulations. Our certified IT auditors have reported on critical and sophisticated IT systems both within the country and in international auditee organisations. We have substantial expertise in performance audits and carry out independent assessments of the extent to which a programme or organisation operates efficiently and effectively, with due regard to economy. Our strong professional credentials include knowledge of international accounting standards such as International Public Sector Accounting Standards (IPSAS). We are engaged with our international auditee organisations in their transition to IPSAS, and maintain regular bilateral interaction with them on technical aspects of accounting.

My organisation has received the International Organisation of Supreme Audit Institution's Jorg Kandutsch Award, in recognition of the professional expertise and contributions made.

I present this proposal to the IAEA for its favorable consideration. Our goal is to become a strategic and valued partner of the organisation in its programme for achieving greater efficiency and effectiveness in operations.



Vinod Rai
Comptroller and Auditor General of India

January 2009

2. Curriculum Vitae of Mr. Vinod Rai, Comptroller and Auditor General of India

Mr. Vinod Rai took over as the Comptroller and Auditor General of India on 7th January 2008. Mr. Rai has wide and long experience of working in various capacities at both the Federal and State Governments. His previous position was as Secretary in the Ministry of Finance, Government of India, where he was responsible for managing the Financial Services sector. He has been Director on the boards of public sector and private companies including the State Bank of India and Life Insurance Corporation of India. Mr. Rai has also been the Principal Secretary (Finance) in the State Government of Kerala, and has held senior positions in the Government of India in the Ministry of Commerce and Ministry of Defence.

Mr. Rai's responsibilities in the international arena include membership of the U.N. Panel of External Auditors and the Governing Board of the International Organisation of Supreme Audit Institutions (INTOSAI). He has the responsibility of steering INTOSAI's Knowledge Sharing Committee and the Working Group on IT Audit as Chairman of these committees. He is also member of the Professional Standards Committee and Sub-Committee on Compliance Audit of INTOSAI. He is a member of the Working Group on Environmental Auditing and Working Group on Public Private Partnerships. Mr. Rai is also the Secretary General of the Asian Organisation of Supreme Audit Institutions (ASOSAI).

Mr. Vinod Rai (born on 23.05.1948) has a Masters Degree in Economics from Delhi School of Economics, University of Delhi. He has a Masters Degree in Public Administration from Harvard University, USA.

He is a keen tennis player and his other interests include gardening, trekking and mountaineering.

3. Profile of key Audit Personnel

The audit staff to be assigned to the audit of IAEA will be drawn from a pool of experienced and well qualified audit professionals. They have high core competence in planning, implementing and reporting on financial, compliance and value for money (VFM) audits covering social and technical programmes, scientific departments, commercial undertakings, societies etc. The audit professionals available for the audit of IAEA fall into the following categories:

A. Senior Audit Directors and Audit Managers:

The Senior Audit Directors and Audit Managers in our organisation possess strong professional credentials. These are:

- Initial appointment by nation-wide competitive examinations.
- A two year rigorous post recruitment training in areas such as accountancy, auditing, financial management, cost and management accountancy, quantitative techniques, information technology, fiscal administration, revenue laws and commercial laws. This knowledge is tested through professional examinations.
- Periodic in-service trainings both within the country and abroad.
- Trainings abroad have included Fellowship Programs in Government Accountability Office of USA and the Office of Auditor General of Canada; Financial Management and Information Technology Audit Training in UK; Post graduate studies in UK, USA and Australia in areas such as Management, Economics and Finance; World Bank and Asian Development Bank funded training in specialised fields.
- They have experience in the audit of International organisations such as UN Head Quarters, the United Nations High Commissioner for Refugees, the United Nations Environment Programme, the United Nations Habitat and Human Settlements Foundations, Economic Commission of Asia and Pacific, Economic Commission of Latin America and the Caribbean, Peace keeping missions, Iraq Oil Pool Account and United Nations University, Food and Agriculture Organisation (FAO), World Health Organisation (WHO), International Maritime Organisation (IMO), World Tourism Organisation (WTO), Organisation for Prohibition of Chemical Weapons (OPCW) and International Centre for Genetic Engineering and Biotechnology (ICGEB).

B. Audit Supervisors and Professionals:

This category of audit personnel conducts audit operations in India. They possess very strong professional credentials.

- They are recruited through competitive exams and promoted after rigorous performance appraisals.
- They are trained on induction in areas of finance, law, accounts and auditing. Their skills in these areas are continuously upgraded through higher level professional training and periodic tests and evaluations. This knowledge is tested through professional examinations.
- The personnel in these categories have accounts and finance qualifications and approximately 500 have law degrees.
- All these personnel have extensive experience in conducting financial and compliance audits as well as performance (value for money) audits. They also have experience of auditing international organisations.
- High proficiency in IT and IT Audit.

Qualifications:

We would like to highlight the following additional strengths of our audit staff:

- We have more than 10500 professionals with auditing and accountancy qualifications, approximately 2000 of them have higher degrees in accounting/finance/business administration and law. About 650 auditing professionals conduct attest audit of public sector enterprises. Over 50 of them possess international certifications such as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Fraud Examiner (CFE) etc.
- All professionals are equipped with advanced computer skills and a large number are proficient in the use of computer applications including ERP systems such as SAP and Oracle financials in a client server environment. They have expertise in Information Technology Audit and are proficient in the use of Computer Assisted Audit Techniques (CAATs) such as IDEA, SQL, TOAD etc. Their skills are evident in over 350 such audits performed by them in India in the recent 5 years. Our IT Audit Experts have also been seconded to other SAIs to assist them in building up their IT Audit functions.
- Our professional staff have extensive experience of audit due to our broad audit mandate.

The staff included in our proposal are from the following grades:

- Senior Audit Directors.
- Audit Managers.
- Audit Supervisors and Audit Professionals.

All audit teams and staff members to be assigned to audit the IAEA are proficient in English.

Training and experience

Arrangements for continuing professional education

We attach the highest importance to the continuing professional education of our staff. Audit personnel are given rigorous induction training and their skills are continuously upgraded through higher level professional training, periodic tests and evaluations through a network of training institutes across the country. It is our policy that staff deputed for audit of international organisations must undergo specific training relating to his or her specialised audit assignment.

- The International Centre of Information Systems and Audit (*i*CISA), a training institute established by the CAG at the outskirts of Delhi with the highest level of technical facilities, is the designated nodal point for training of the pool of specialised professionals deputed to conduct audit of International Organisations. Apart from providing training on International Accounting and Auditing Standards, statistical sampling and auditing techniques, *i*CISA also maintains an Oracle database with dummy data which closely resembles financial data of international organisations. In addition, as and when necessary, selected professionals have been deputed to reputed training institutions to be specially trained on the functionalities of Oracle financials.
- The “National Academy of Audit and Accounts” is an exclusive training facility for Senior Audit Directors and Audit Managers. The academy holds professional courses for newly recruited Audit Managers besides in-service refresher and specialist courses.
- Training is also imparted through a country wide network of training institutions called Regional Training Institutes and Centres. These institutes largely cater to the needs of Audit supervisors, Audit professionals and Audit support staff.
- The organisation deposes a significant number of its professionals to training programmes

abroad. These include trainings conducted by INTOSAI, ASOSAI, and Supreme Audit Institutions such as US Government Accountability Office, National Audit Office of UK and the Office of the Auditor General of Canada.

- Seminars and Workshops are regularly used by our organisation to update and augment skills and expertise of audit staff. These help disseminate best practices and allow exchange of information and experiences with special focus on areas such as IT Audit, Performance Audits and Audit processes.

We also depute our staff for seminars organized by other agencies both in India and abroad, particularly those organized by INTOSAI and its committees and those organized by ASOSAI.

A representative list of prospective staff members who already have a wide experience of UN Organisations, and who could be deployed for the audit of IAEA is as follows:

AUDIT DIRECTORS	AUDIT MANAGERS	AUDIT SUPERVISORS/ AUDIT PROFESSIONALS
1. Ms. K. Ganga 2. Mr. Gautam Guha 3. Mr. K.R. Sriram 4. Mr. N. Nagarajan 5. Mr. R.G. Vishwanathan	1. Ms. C. Sailaja 2. Mr. M.S. Subramanyam 3. Mr. Sandip Roy 4. Dr. Ashutosh Sharma 5. Mr. G. Srinivas 6. Mr. Neeraj Kumar	1. Mr. B.K. Sethi 2. Mr. Ajay Kumar 3. Mr. UPS Sisodia 4. Mr. Satish Kumar Chugh 5. Ms. Vatsala Ramakrishnan

The resumes of the aforesaid members are given separately.

4. National and International Activities:

National Activities:

The SAI of India has a history of over a hundred years with its current constitutional status being conferred when the Constitution of India was enacted on 26 January 1950. The Comptroller and Auditor General (CAG) is the designated head of the Indian SAI. He is an officer created by the Constitution to ensure that diverse authorities under the government act in all financial matters in accordance with the Constitution and the laws and rules framed under it. The Constitution of India, and the laws made there under, fully secures his independent functioning.

With the primary role of ensuring accountability in the governance process, the CAG is responsible for auditing the accounts of the government and related activities including :

- All the Government of India departments and offices including departmental commercial undertakings such as Indian Railways, Post and Telecommunications.
- All the departments of the State Government; the States have financial autonomy and separate budgets.
- Over 1600 state owned public commercial enterprises controlled by Federal and State Governments.
- Over 350 non-commercial autonomous bodies and authorities controlled by the Federal and State Governments.
- Over 4800 bodies and authorities substantially financed by Federal and State Governments.
- Over 3000 large and medium sized Local Bodies responsible for municipal activities.

The scope of audit conducted by the CAG covers Financial audit, Performance audit and Compliance audit.

The CAG has a dual role to perform. Firstly, as the agency to function on behalf of the Legislature to ensure that the Executive complies both in letter and spirit with the various laws enacted by the Legislature and secondly, on behalf of the Executive to ensure compliance by subordinate authorities with the rules and orders issued by it. The CAG as the head of the Indian Audit and Accounts Department is however, neither an officer of the Legislature or the Executive. It is an independent office created by the Constitution.

The CAG is appointed by the President of India by warrant under his hand and seal and his oath of office requires him to uphold the Constitution and laws made there under. He can be removed from office only through a constitutional process. The term of the office of the CAG is six years from the date on which he assumes office.

The CAG presents his Audit Reports on the Federal and State Governments to the President of India and the Governors of States respectively, who in turn cause them to be tabled in Parliament and State Legislatures, respectively.

In order to protect the independence and autonomy of the institution of the CAG, the Constitution of India provides that the expenditure relating to the office of the CAG is not subject to vote in the Parliament. The budget is based on the programmed activity of the office and plans for capacity enhancements and infrastructural improvements.

The CAG has complete independence in the formulation of his Organisation's work plan. The following are note worthy:

- The CAG's Duties, Powers and Conditions of Service Act, 1971 specifically states that the

nature, scope and extent of audit shall be decided by the CAG of India.

- He is responsible for setting standards and establishing procedures for public sector accounting and auditing in India, including prescribing forms in which the government is required to keep its accounts.
- Work is taken up in consonance with the overall strategic vision for the department.
- The audit is executed through more than 100 field formations. Typically a field formation has specialised audit responsibilities and each field formation has different wings specialising in Financial audit besides Performance audit and Compliance audit.
- The field formations formulate their work plans based on a study of entities to be audited and after interaction with the auditee organisations.
- Preparation of work plans relating to Performance Audits is primarily based on Risk Assessment which then becomes the basis for the selection of units to be audited, priority to be assigned to each unit and resources to be deployed on each assignment.
- Audit work plans elaborate overall audit objectives, scope of audits, activities involved in each assignment, audit resource requirements, expected outputs, work and delivery schedules.
- Work plans are reviewed and discussed at the central office of the organisation before being finally approved for adoption.

The CAG is not subject to either the Parliament's or the Executive's direction in the preparation and execution of his work programmes.

The Comptroller and Auditor General of India has forged strategic alliances with a number of standard setting bodies:-

- The CAG of India is represented on the Governing Council of the Institute of Chartered Accountants of India, which is the leading professional body for private sector auditors in India.
- He is the patron of the Institute of Public Auditors of India, the leading professional body of public auditors in India.
- The CAG has established the Government Accounting Standards Advisory Board (GASAB) which is responsible for formulating and notifying accounting standards for the Indian Government on an accrual basis method after reviewing the corresponding IPSAS. GASAB has recently brought out a gap analysis of Indian Government accounts with International Accounting Standards.
- The Deputy Comptroller & Auditor General is elected member of the IPSAS Board.

International Activities:

We have a long association as external auditors of international organisations. These include audit of United Nations (UN) from 1993 to 1999, Food and Agriculture Organisation (FAO) from 2002 to 2008, World Health Organisation (WHO) from 2004 to 2012, World Tourism Organisation (WTO) from 2000 to 2010, International Maritime Organisation (IMO) 2000 to 2012, Organisation for Prohibition of Chemical Weapons (OPCW) from 1997 to 2003 and International Centre for Genetic Engineering and Biotechnology (ICGEB) from 1996 to 2004. This has enabled us to create a specialised pool of professionals experienced in the audit of UN Organisations, with substantial knowledge of standards, procedures, financial systems, and other operations relating to international organisations.

Internationally CAG is affiliated to the following standard setting organisations:

➤ **International Organisation of Supreme Audit Institutions (INTOSAI):**

- He is a member of the Governing Board of INTOSAI and Chairman of the Committee on Knowledge Sharing and Knowledge Services as also the Working Group on IT Audit (WGITA). He is a member of the Professional Standards Committee of INTOSAI and Compliance Audit sub-committee. He is also a member of the Working Group on the Audit of Privatisation, Economic regulation and Public-Private Partnerships, Environmental Auditing and Task Force on INTOSAI Communication Strategy. He has, therefore, been closely associated with the work related to setting and revising standards, establishing audit practices and preparation of audit guidance.
- **Asian Organisation of Supreme Audit Institutions (ASOSAI):** He is the Secretary General of ASOSAI and a member of its Governing Board. He is closely associated with ASOSAI's training, research and publication activities in the area of public auditing.
- **Panel of External Auditors of the United Nations, the Specialised Agencies and the International Atomic Energy Agency:** He is a member of the Panel and is thus, closely associated with its activities in establishing standards, best practices and guidance in the area of audit of International Organisations.
- **Auditors General Global Working Group (GWG):** The CAG of India is a member of this select group of Auditors General that has come together to address current and emerging audit issues of concern that have surfaced in the wake of new challenges such as globalization, privatisation and growth of Information Technology.

5. Information on our Special Strengths

The qualifications of our professional staff will be supplemented by the special strengths we believe we possess in relation to the audit of IAEA.

I. IT Audit:

Our capabilities as a world leader with respect to audit in Information Technology environment are internationally recognised and our processes are benchmarked with international best practices.

- The Comptroller and Auditor General of India is the Chairman of the Working Group on IT Audit (WGITA) which is the apex organisation for the Auditors General (or their equivalents) worldwide. The Chairmanship has been entrusted to India in recognition of its demonstrated proficiency in such audits. The CAG of India is also assisting several SAIs in capacity building in the field of IT Audit by training and secondment of experts to them.
- Domestically over 350 audits of IT systems of diverse platforms and databases have been conducted; COBIT has been adopted as the framework to guide the IT Audits in the country. Extensive audits of vast distributed database systems, Mainframes and ERP applications including Oracle financials and SAP of Fortune-500 company have been conducted apart from Information Security Audits using BS7799.
- Our team of Auditors won the “Prime Minister’s Award for excellence in Public Administration” for our Information Technology Audit in 2006-07.
- More than 200 IT audit reports have been brought out on critical and sophisticated IT systems covering planning, programme implementation and specific IT issues such as information security.
- We have a large number of officers who are Certified Information Systems Auditor (CISA) apart from 500 IT audit specialists (level II and III IT Auditors as defined in the IT Audit Curriculum of the INTOSAI IT Audit Committee) amongst our professional staff. They are proficient in use of Computer Assisted Audit Techniques such as IDEA, SQL, TOAD etc.
- The professionals who are deputed for audit of international organisations are well equipped to conduct audit in a computerized environment. Members of this pool have conducted audit of Integrated Management Information System at UN Headquarters in New York, ATLAS, PIREs and HRMS system. Another notable assignment was to assess the preparedness of UN to manage the Y2K problem.
- We have conducted audit of SAP and Oracle based ERP systems in WHO, FAO and IMO. In the case of WHO, apart from a detailed study of project processes in which several areas of risk were highlighted, we recently carried out an audit of data cleaning and conversion under the new ERP package to provide assurance to the organisation and the external auditors on the data conversion process.

II. Implementation of International Public Sector Accounting Standards (IPSAS):

- Our public sector audit professionals are familiar with various accounting frameworks including IFRS, Accounting Standards issued by the Institute of Chartered Accountants of India and IPSAS.
- We have established competencies in auditing UNSAS financial statements.
- With expertise in UNSAS, Indian GAAP and IPSAS, audit professionals of SAI-India are eminently placed to facilitate transition of UN and its agencies to IPSAS.
- In addition, with the ultimate objective of delivering a high value added professional output,

each member of the audit team selected for international audits is trained in IPSAS under our 'Continued Professional Education Programme', for the UN system under collaboration with Institute of Chartered Accountants of India. So far more than 100 people have been trained.

- We are external auditors of World Health Organisation (WHO), an early adopter of IPSAS and of International Maritime Organisation (IMO), which is targeting to go live with IPSAS in January 2010.
- We maintain regular bilateral dialogue with these auditee organisations on their approach to IPSAS implementation and provide advice as appropriate.

III. Performance (Value for Money) audit:

- We lay significant emphasis on performance audit, with a view to assessing the efficiency and effectiveness of programmes and activities with due regard to economy.
- We have been carrying out performance audits over the past several decades on a variety of subjects across all sectors of public sector programmes.
- More than 20 Value for Money (VFM) reports have been tabled before the Parliament of India on issues such as the nuclear power profile of the Department of Atomic Energy, property management, and waste management.
- We have the experience in conducting VFM audits in international organisations such as FAO and WHO. These include VFM audit of the functioning of the oversight mechanism, procurement of the services of consultants, contracting and procurement services.

6. Our Appreciation of the Sector

The IAEA serves as the world's primary inter-governmental forum for scientific and technical cooperation in the peaceful use of nuclear technology. Since its creation, in 1957, IAEA has been engaged in controlling and developing the use of atomic energy. Over the years its programme, services and activities have sought to reflect the needs of its member states.

Study of the Agency's documents and interaction with government agencies liaising with IAEA has provided us with an appreciation of critical initiatives being undertaken by the Agency, importantly, the movement to IPSAS, with consequent changes in financial and IT systems.

We have a broad understanding of the sector as we have the experience of auditing the Department of Atomic Energy (DAE) in India since 1954. Since 1980, we have a designated office and officers to audit the complex activities of the DAE with about 50 audit professionals who are specialised in the audit of atomic energy sector. Their knowledge is constantly updated through training programmes, seminars and interaction with our scientists as relevant and concerned with this sector. This cadre has implemented significant audit programmes that have contributed to a better functioning of the DAE.

Important audit initiatives to cite a few include review of :

Bhabha Atomic Research Centre (BARC): Functioning and setting up of research reactors (1987), Performance of the beryllium plant (1993), Setting up and functioning of a nuclear desalination plant (2007) and Performance of the R&D activities (1998).

Nuclear Fuel Complex (NFC): Performance of NFC covering all its activities (1997).

Heavy Water Board (HWB): Costing for the production of heavy water (2004).

Nuclear Power Programme: Nuclear power profile of the DAE (1998), Performance of Nuclear Power Corporation in operating its power plants (1988, 1991, 1992, 2000), Performance of second stage Fast Breeder Reactor (1992), Research and development activities in the frontier areas of lasers, accelerators and radioisotope applications (2007).

Energy Sector public companies: Audit extends annually to the activities of these Government companies since their incorporation, including Uranium Corporation of India Ltd., Nuclear Power Corporation of India Ltd., and Indian Rare Earths Limited.

7. Audit approach, Procedures and Standards:

The practice followed by us as external auditor of various International Organisations is to select the audit teams from our pool of professionals, who are then sent from India for specific audit assignments. While selecting personnel for these audit assignments, their qualifications and previous experience in auditing international organisations are considered along with a rigorous screening and a review of past performance/ tests / interviews. The Comptroller and Auditor General of India is committed to promoting gender equity and it is ensured that women professionals are represented adequately in the audit teams at all levels. The audit teams deployed for the audit of IAEA would consist of:

- A Senior Audit Director, designated as Principal Director/Accountant General of Audit with the organisation who is normally responsible in India for the audit of a State Government or a group of Federal Government departments;
- One or more Audit Managers, designed as Director/ Senior Deputy Accountant General of Audit within the organisation, who are normally responsible for the audit of a State Government or Federal Government departments or Commercial Undertakings;
- Audit Supervisors or Audit Professionals, designated as Audit Officers within the organisation, who are members of the teams conducting individual Certification / Performance audits.

Our proposal involves the annual audit of the IAEA. The scope of audit will cover the following:

- **Financial Audit:** includes attest functions of the financial statements and providing an opinion on the financial statements including those prepared under International Public Sector Accounting Standards (IPSAS).
- **Performance audit/Value for Money (VFM) audit:** covering audit of diverse areas including assessing whether the programmes, projects and schemes have achieved the desired objectives at optimum cost, extending to aspects of economy, efficiency and effectiveness, and
- **Compliance audit:** includes audit against appropriation and assessing compliance with applicable rules and regulations.

Audit will be carried out through a three stage process:

Planning

- Prioritisation of audit areas with reference to outlays, topical relevance as well as any specific areas indicated in Terms of Financial Regulation;
- Evaluating the Internal Control Environment, including Internal Audit and Oversight Services and deciding the extent of reliance thereon and based on the above, determining the nature and extent of substantive audit testing.

Each audit team will draw up an audit plan outlining the scope and objectives of the particular audit assignment, the areas of concern to audit, time frames for various activities and the exact job specification of each member of the audit team. Progress against the plan will be monitored in each case to ensure that the audit task is completed in an efficient and cost effective manner. A copy of the format of the Guidance for International Audits used by the Comptroller and Auditor General of India is *annexed* for reference.

Fieldwork

Audit fieldwork will commence with an Entry Conference where the audit plan will be discussed

with the Head of the Unit and, if considered necessary, for any agreed modifications. Field work will be conducted at the Headquarters of IAEA, Vienna, Austria as well as at its field locations, as required. Separate audits will also be conducted of the Funds for which the Agency has management responsibility. Further, audit will be performed with a view to obtaining assurance regarding the accuracy of the financial statements, compliance with rules, regulations and the adequacy of internal financial controls, and in general, the economy, efficiency and effectiveness of the administration and management of the Organisation. This would involve collection of evidence through financial records (both manual and computerized) and examination of supporting documentation, analysis of trends and variations, re-performance of calculations, interviews with key auditee staff etc.

The teams performing audit in the field will be provided specialist support for short periods through briefing sessions, workshops, seminars, training courses, and written guidance. Support in the use of IT audit methods and statistical techniques will also be provided by our core team of experts in these areas.

Reporting

While reporting the results of audit we will comply with the requirements as stated in the Financial Regulations 12.08 and in paras 6 - 9 of the Additional Terms of Reference governing the audit of the IAEA.

The principal steps in the reporting stage would be:

- Preliminary audit findings will be brought to the notice of the senior management of IAEA in the form of Audit Observations for comments and observations;
- An Exit Conference will be held with the Head of the Unit to discuss the results of audit and recommendations and if considered necessary, agreed modifications carried out;
- After taking into consideration the responses received, management letters will be issued to the designated nodal officer;
- Based on the reply of the Organisation to the management letters and discussions note of the Exit Conference, draft audit report will be issued to the nodal officer;
- Final audit report to be submitted to the Board of Governors after incorporation of the response of nodal officer.

We will, while communicating audit findings make constructive recommendations wherever appropriate. The issue of reports will be preceded by comprehensive discussions and consultation with the senior management. Adequate opportunity will be afforded to the management to respond to matters raised in the observation.

For the audit of international organisations like IAEA, the Comptroller and Auditor General of India would take into account the following standards:-

- The Common Auditing Standards and Auditing Guidelines issued by the Panel of External Auditors of the United Nations, its Specialised Agencies and the International Atomic Energy Agency;
- The Auditing Standards of the International Organisation of Supreme Audit Institutions (INTOSAI);
- The International Standards for Auditing (ISA) issued by the International Federation of Accountants (IFAC);
- The framework of UN Accounting Standards / International Financial Reporting Standards

(IFRS) and Accounting Standards applicable for the organisation i.e. International Public Sector Accounting Standards (IPSAS) of the IFAC.

Adherence to internationally accepted auditing standards and proven audit methods form the basis of our assurance for providing high quality professional audit services to IAEA.

8. Audit fee and auditor-months:

We will charge a total audit fee of Euro (€) 248,000 for the years 2010-2011. The fee is based on total recovery of audit costs and cover all costs specified in the Secretariat's Note 2008/Note 36.

For the above mentioned fee, it is estimated that we will devote a total number of 40 auditor months for the audit of 2010-2011 as per the details given:

No. of Senior Audit Director	No. of Audit Managers	Audit Supervisors/Audit Professionals
05	07	07

Our audit fee proposals are based on the expectation that the Agency will provide all customary facilities for conduct of the audit.

Calculations of auditor months and audit fees are based on working days at the IAEA and do not include related work undertaken at our Headquarters.

RESUME

Name : Ms. K. Ganga
Age 50 years
Academic Qualification : Degree Institution Date
(Institution, Degree, Dates, etc) M.A.
Professional Accounting Affiliation: 1. Member of Indian Audit and
(Name of Institute, Date joined) Accounts Services
2. Professional Government Auditor
Current Job Title : Principal Director
Years of work experience : No. of Years
a. UN Organisations : 02 Years 06 Months
b. Non-UN Organisations :
• Public Sector : 24 Years 8 Months
• Private Sector :
TOTAL 27 Years 2 Months
Knowledge of languages **Fluent Fair Slight**
Languages
Hindi √
English √
French
Spanish
Arabic

Summary of work experience and relevant skills:

- Ms. Ganga joined the Organisation in 1981 and has over 27 years of experience in the audit of government sectors.
- She has acquired significant external audit experience of International organisations having audited the United Nations on two occasions.
- She has the experience of audit the accounts of various international organisations as Team leader of the audit team.
- She was Principal Director of Audit, India Audit Office, London for two years and dealt with various reports.
- Completed M. Phil Programme in Defence Studies from Madras University, India conducted by National Defence College.

RESUME

Name : Mr. Gautam Guha

Age : 52 years

Academic Qualification (Institution, Degree, Dates, etc)	:	Degree	Institution	Date
		M.A. (English)		

Professional Accounting Affiliation:
(Name of Institute, Date joined)

1. Member of Indian Audit and Accounts Services
2. Professional Government Auditor
3. Certified Information System Analyst (CISA)

Current Job Title : Principal Director

Years of work experience : No. of Years

a. UN Organisations	:	1 Years	11 Months
b. Non-UN Organisations	:		
• Public Sector	:	25 Years	3 Months
• Private Sector	:		

TOTAL : 27 Years 2 Months

Knowledge of languages	Fluent	Fair	Slight
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Languages

Hindi : √

English : √

French : √

Spanish

Arabic

Summary of work experience and relevant skills:

- Mr. Guha joined the Organisation in 1981 and has over 27 years of experience in the audit of government sectors.
- For two years he was Director of External Audit of FAO at Rome. During his stay at Rome, he finalized various types of reports and handled all types of international audit work.
- He has also acquired significant external audit experience of International organisations having audited the United Nations.

RESUME

Name : Mr. K.R. Sriram

Age : 43 years

Academic Qualification (Institution, Degree, Dates, etc)	:	Degree	Institution	Date
		Bachelor of Engineering		
		Master of Business Administration		

Professional Accounting Affiliation:
(Name of Institute, Date joined) : Certified Information System Analyst (CISA),
Certified Internal Auditor (CIA), Member of
Indian Audit and Accounts Services and
Professional Government Auditor.

Current Job Title : Principal Director

Years of work experience	:	No. of Years	
a. UN Organisations	:	3 Months	
b. Non-UN Organisations :			
• Public Sector	:	21 Years	2 Months
• Private Sector	:		
TOTAL		21 Years	5 Months

Knowledge of languages	Fluent	Fair	Slight
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Languages

Tamil	√
English	√
French	
Spanish	
Arabic	

Summary of work experience and relevant skills:

- Mr. Sriram joined the organisation in 1987 and has more than 21 years of experience in auditing the government sector.
- He has also acquired significant external audit experience in international organisations having audited the United Nations.
- He has handled all types of international audit work for 2 years as Director (International Relations). He finalized reports of various international organisations.
- He has been on deputation to SAI-Oman for 6 years from 1998 to 2004 as an IT expert.
- He is currently holding charge of Principal Director of Audit, Economic and Service Ministries, New Delhi.

RESUME

Name : Mr. N. Nagarajan
 Age : 45 years
 Academic Qualification : Degree Institution Date
 (Institution, Degree, Dates, etc) : Master of Science

Professional Accounting Affiliation : Certified Information Systems Auditor (CISA),
 (Name of Institute, Date joined) : Certified Internal Auditor (CIA), Certified Fraud
 Examiner (CFE), Certified Information Security
 Manager (CISM). Member of Indian Audit and
 Accounts and Professional Government Auditor

Current Job Title : Principal Director

Years of work experience : No. of Years

a. UN Organisations : 3 Months

b. Non-UN Organisations :

- Public Sector : 19 Years 2 Months
- Private Sector :

TOTAL : 19 Years 5 Months

Knowledge of languages **Fluent** **Fair** **Slight**

Languages

Tamil √
 English √
 French √
 Spanish
 Arabic

Summary of work experience and relevant skills:

- Mr. Nagarajan joined the organisation in 1989 and has more than 19 years of experience in auditing the government sectors.
- He has also acquired significant external audit experience in international organisations having audited the United Nations.
- He is an expert in IT audit and fraud examination and has served as IT Audit expert for the Government of Mauritius.

RESUME

Name : Mr. A.M. Bajaj
 Age : 41 years
 Academic Qualification : Degree Institution Date
 (Institution, Degree, Dates, etc) Bachelor of Commerce (H),
 Chartered Accountant
 Professional Accounting Affiliation: Certified Internal Auditor (CIA), Member of
 (Name of Institute, Date joined) Indian Audit and Accounts Services and
 Professional Government Auditor
 Current Job Title : Principal Director
 Years of work experience : No. of Years
 a. UN Organisations : 3 Months
 b. Non-UN Organisations :
 • Public Sector : 17 Years 1 Months
 • Private Sector :
TOTAL 17 Years 4 Months

Knowledge of languages **Fluent** **Fair** **Slight**

Languages

Hindi √
 English √
 French √
 Spanish
 Arabic

Summary of work experience and relevant skills:

- Mr. Bajaj joined the organisation in 1991 and has over 17 years of audit experience.
- He has been Principal and Director of one of our training institutes and was during that time responsible for imparting training in IT audit areas.
- He is specialist IT Auditor and has received IT Audit training in United Kingdom. He is also a specialist IT Audit Trainer and he has conducted an International Training Programme on IT Audit for audit staff of several Asian, Pacific and African countries. He also provided IT audit training to the staff of the audit office of Mauritius.
- He has significant audit experience of auditing provincial revenues and provincial companies.
- He was a part of an audit team assigned with the audit office of the Programme Performance, Budget and Accounts of the United Nations.

RESUME

Name	:	Ms. C. Sailaja									
Age	:	41 years									
Academic Qualification (Institution, Degree, Dates, etc)	:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Degree</td> <td style="width: 30%;">Institution</td> <td style="width: 40%;">Date</td> </tr> <tr> <td>Master of Arts</td> <td></td> <td></td> </tr> <tr> <td>M. Phil.</td> <td></td> <td></td> </tr> </table>	Degree	Institution	Date	Master of Arts			M. Phil.		
Degree	Institution	Date									
Master of Arts											
M. Phil.											
Professional Accounting Affiliation: (Name of Institute, Date joined)	:	Certified Information System Analyst (CISA), Member of Indian Audit and Accounts Services and Professional Government Auditor									
Current Job Title	:	Director									
Years of work experience	:	No. of Years									
a. UN Organisations	:	3 Months									
b. Non-UN Organisations :	:										
• Public Sector	:	14 Years 0 Months									
• Private Sector	:										
TOTAL	:	14 Years 3 Months									
Knowledge of languages		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">Fluent</td> <td style="width: 33%; text-align: center;">Fair</td> <td style="width: 33%; text-align: center;">Slight</td> </tr> </table>	Fluent	Fair	Slight						
Fluent	Fair	Slight									
Languages											
Hindi		√									
English		√									
French											
Spanish											
Arabic											

Summary of work experience and relevant skills:

- Ms. Sailaja joined the organisation in 1994 and has more than 14 years of experience in auditing the government sector.
- She has also acquired significant external audit experience in international organisations.
- She has the experience of auditing World Bank Project for two times.

RESUME

Name : Mr. M.S. Subrahmanyam

Age : 44 years

Academic Qualification : Degree Institution Date
(Institution, Degree, Dates, etc) Bachelor of Law, Bachelor of Commerce
ICWA (Cost and Management Accountancy) and
Company Secretary (Finance)

Professional Accounting Affiliation: Certified Information Systems Auditor (CISA),
(Name of Institute, Date joined) Certified Internal Auditor (CIA), Certified Fraud
Examiner (CFE), Certified Information Security
Manager Administration (CISM), Member of
Indian Audit and Accounts Services and
Professional Government Auditor

Current Job Title : Director

Years of work experience : No. of Years

a. UN Organisations : 2 Months

b. Non-UN Organisations :

- Public Sector : 13 Years 10 Months
- Private Sector :

TOTAL 14 Years

Knowledge of languages **Fluent Fair Slight**

Languages

Telugu √

English √

French

Spanish

Arabic

Summary of work experience and relevant skills:

- Mr. Subrahmanyam joined the organisation in 1994 and has 14 years of experience in auditing the government sector.
- He has also acquired significant external audit experience in international organisations having audited the United Nations.
- He is expert in IT audit and fraud examination and has been trained at NAO (UK).

RESUME

Name : Mr. Sandip Roy

Age : 41 years

Academic Qualification : Degree Institution Date
(Institution, Degree, Dates, etc) B. Tech

Professional Accounting Affiliation: Certified Information Systems Auditor (CISA),
(Name of Institute, Date joined) Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Information Security Manager (CISM), Member of Indian Audit and Accounts Services and Professional Government Auditor

Current Job Title : Senior Deputy Accountant General

Years of work experience : No. of Years

a. UN Organisations : 3 Months

b. Non-UN Organisations :

- Public Sector : 13 Years 1 Month
- Private Sector :

TOTAL 13 Years 4 Months

Knowledge of languages **Fluent** **Fair** **Slight**

Languages

Bangla √

English √

French

Spanish √

Arabic

Summary of work experience and relevant skills:

- Mr. Roy joined the organisation in 1995 and has more than 13 years of experience in auditing the government sector.
- He has also acquired significant external audit experience in international organisations.
- He is expert in IT audit and fraud examination.

RESUME

Name : Dr. Ashutosh Sharma

Age : 36 years

Academic Qualification : Degree Institution Date
(Institution, Degree, Dates, etc) Bachelor of Medicine and Bachelor of Science (M.B.B.S)

Professional Accounting Affiliation: Certified Information Systems Auditor (CISA),
(Name of Institute, Date joined) Certified Internal Auditor (CIA), Member of Indian Audit and Accounts Services and Professional Government Auditor

Current Job Title : Director

Years of work experience : No. of Years

a. UN Organisations : 2 Months

b. Non-UN Organisations :

- Public Sector : 11 Years 2 Months
- Private Sector :

TOTAL 11 Years 4 Months

Knowledge of languages **Fluent Fair Slight**

Languages

Hindi √

English √

French

Spanish

Arabic

Summary of work experience and relevant skills:

- Dr. Sharma joined the organisation in 1997 and now has more than 11 years of experience in auditing the government sector.
- He has also acquired significant experience in handling the work relating to the finalization of reports of international organisations.
- He has worked on secondment to Government Accountability Office (USA)
- He is expert in IT audit and has conducted the Oracle E-business suite (ERP) implementation audit in WHO.

RESUME

Name : Mr. G. Srinivas

Age : 39 years

Academic Qualification : Degree Institution Date
(Institution, Degree, Dates, etc) Chartered Accountants, ICWA (Cost and Management Accountancy) and Bachelor of Commerce

Professional Accounting Affiliation: Certified Information Systems Auditor (CISA),
(Name of Institute, Date joined) Certified Internal Auditor (CIA), ICSI (Final), Information Systems Audit, Member of Indian Audit and Accounts Services and Professional Government Auditor

Current Job Title : Director

Years of work experience : No. of Years

a. UN Organisations : 3 Months

b. Non-UN Organisations :

- Public Sector : 11 Years 1 Months
- Private Sector :

TOTAL 11 Years 4 Months

Knowledge of languages **Fluent Fair Slight**

Languages

Telugu √

English √

French

Spanish

Arabic

Summary of work experience and relevant skills:

- Mr. Srinivas joined the organisation in 1997 and has more than 11 years of experience in auditing the government sector.
- He has also acquired significant external audit experience in international organisations having audited the United Nations.
- He has worked on secondment to Government Accountability Office (USA).
- He is expert in financial audit, IT audit and IPSAS related issues.

RESUME

Name	:	Mr. B.K. Sethi
Age		56 years
Academic Qualification (Institution, Degree, Dates, etc)	:	Degree Institution Date Bachelor of Science from Punjab University
Professional Accounting Affiliation: (Name of Institute, Date joined)		Member of Institute of Chartered Accountants of India, Member of Subordinate Accounts Service and Professional Government Auditor
Current Job Title	:	Senior Audit Officer (Commercial)
Years of work experience	:	No. of Years
a. UN Organisations	:	3 Months
b. Non-UN Organisations :		
• Public Sector	:	32 Years 0 Months
• Private Sector	:	
TOTAL		32 Years 3 Months
Knowledge of languages		Fluent Fair Slight
Languages		
Hindi		√
English		√
French		
Spanish		
Arabic		

Summary of work experience and relevant skills:

- Mr. Sethi joined the organisation in 1976 and now has more than 32 years of experience in auditing the government sector.
- He has also acquired significant external audit experience in conducting accounts of international organisations.

RESUME

Name	:	Mr. Ajay Kumar		
Age		50 years		
Academic Qualification (Institution, Degree, Dates, etc)	:	Degree	Institution	Date
		Bachelor of Commerce Chartered Accountant		
Professional Accounting Affiliation: (Name of Institute, Date joined)		Member of Institute of Chartered Accountants of India, Member of Subordinate Accounts Service and Professional Government Auditor		
Current Job Title	:	Senior Audit Officer (Commercial)		
Years of work experience	:		No. of Years	
a. UN Organisations	:		3 Months	
b. Non-UN Organisations :				
• Public Sector	:		25 Years 6 Months	
• Private Sector	:			
TOTAL			25 Years 9 Months	
Knowledge of languages		Fluent	Fair	Slight
Languages				
Hindi		√		
English		√		
French				
Spanish				
Arabic				

Summary of work experience and relevant skills:

- Mr. Kumar joined the organisation in 1983 and now has more than 25 years of experience in auditing the government sector.
- He has also acquired significant external audit experience in international organisations.

RESUME

Name : Mr. U.P.S Sisodia
Age : 49 years
Academic Qualification : Degree Institution Date
(Institution, Degree, Dates, etc) Bachelor of Commerce

Professional Accounting Affiliation: 1. Member of Subordinate Accounts
(Name of Institute, Date joined) Service
2. Professional Government Auditor

Current Job Title : Senior Audit Officer (Commercial)

Years of work experience : No. of Years

a. UN Organisations : 3 Months

b. Non-UN Organisations :

- Public Sector : 25 Years 6 Months
- Private Sector :

TOTAL 25 Years 9 Months

Knowledge of languages **Fluent Fair Slight**

Languages

Hindi ✓
English ✓
French
Spanish
Arabic

Summary of work experience and relevant skills:

- Mr. Sisodia joined the organisation in 1983 and now has more than 25 years of experience in auditing the government sector.
- He has also acquired significant external audit experience in international organisations.

RESUME

Name : Mr. Satish Kumar Chugh
Age : 58 years
Academic Qualification : Degree Institution Date
(Institution, Degree, Dates, etc) B. Com (Hon), Delhi University 1970

Professional Accounting Affiliation: 1. Member of Subordinate Accounts
(Name of Institute, Date joined) Service
2. Professional Government Auditor

Current Job Title : Senior Audit Officer (Commercial)

Years of work experience : No. of Years

a. UN Organisations : 3 Months

b. Non-UN Organisations :

- Public Sector : 37 Years 2 Months
- Private Sector :

TOTAL 37 Years 5 Months

Knowledge of languages **Fluent Fair Slight**

Languages

Hindi ✓
English ✓
French
Spanish ✓
Arabic

Summary of work experience and relevant skills:

- Mr. Chugh joined the organisation in 1971 and now has more than 37 years of experience in auditing the government sector.
- He has also acquired significant external audit experience having audited international organisations for two times.

RESUME

Name : Ms. Vatsala Ramakrishnan
Age : 53 years
Academic Qualification : Degree Institution Date
(Institution, Degree, Dates, etc) B.Com. Madurai University 1975

Professional Accounting Affiliation: 1. Member of Subordinate Accounts
(Name of Institute, Date joined) Service
2. Professional Government Auditor

Current Job Title : Senior Audit Officer (Commercial)

Years of work experience : No. of Years

a. UN Organisations : 3 Months

b. Non-UN Organisations :

- Public Sector : 31 Years 1 Months
- Private Sector :

TOTAL 31 Years 4 Months

Knowledge of languages **Fluent Fair Slight**

Languages

Tamil ✓
English ✓
French
Spanish
Arabic

Summary of work experience and relevant skills:

- Ms. Vatsala joined the organisation in 1977 and now has more than 31 years of experience in auditing the government sector.
- She has also acquired significant external audit experience in international organisations.

**Office of the Comptroller and Auditor General of India
Guidance on International Audit**

- | | | |
|-----------|---|---|
| 1 | Types of Audit | In an International Audit, normally an auditor is required to do
Financial Audit
Performance Audit
Attestation Audit
Special Audit |
| 2 | Financial Audit | Financial Audit are primarily concerned with expressing an opinion on the Financial Statements including Interim Financial Statements . This may also include:

(a) Providing report in the Long Form format about any element, account balances or items pertaining to Financial Statements;
(b) Reporting on processing of transactions by organisations. |
| 3. | Performance Audit | Performance Audit entails an objective assessment of the performance of a programme/ project. Performance audit can have more than one objective namely assessment of programme effectiveness, economy and efficiency, compliance issues. Usually such audit should culminate in a long form audit report which should include the findings, conclusions and recommendations, if necessary. |
| 4. | Attestation Audit/ Special Audit | Attestation Audit and Special Audit are such types of audit where the auditor is required to conduct the audit in accordance with a specific mandate, not necessarily excluding the scope and objectives of Financial Audit and Special Audit . The audit procedures should be devised keeping in mind the specific mandate. |
| 5. | Audit Plan | Audit Plan is one of the most important stages of Audit and any audit party will not undertake any audit without a documented audit plan. No audit plan will be treated as such unless it is documented and in such a format that actual performance of audit can be verified and compared with the audit plan. The audit Plan must, inter-alia, include the following sections:
a) Scope of Audit and Coverage;
b) Important characteristics of the entity, its main activities, its financial performance;
c) The accounting policies and procedures of the entity;
d) The auditor's cumulative knowledge of the accounting and internal control systems of the entity.
e) The expected assessment of inherent and control risks and identification of significant audit areas;
f) Materiality levels;
g) The identification of complex accounting areas.
h) An audit programme indicating nature, timing and extent of planned audit procedures required to implement the overall audit plan;
i) Schedule of audit programme;
j) Personnel and their individual job responsibilities with regard to the audit programme; |

The format of Audit Plan approved by the CandAG of

India may be followed.

The audit party must finalize the audit plan at least 15 days before actually departing for audit.

Audit Plan is a dynamic document and it is quite possible that part of the Plan will undergo some changes during the course of audit. All such changes must be documented under proper authorization of the Team Leader of the audit party. Reasons for such changes must also be documented. As far as possible, these reasons must also be supported by adequate documentation.

**6 Interaction with Auditee:
Entry Conference**

Each audit must start with an Entry Conference;

- a) In the Entry Conference, the auditee must be briefed about the general audit plan;
- b) In the Entry Conference, the auditee must be briefed about the audit procedures planned and the schedule;
- c) In the Entry Conference, the contact point in the auditee must be established;
- d) The audit party must try to engage the auditee to bring out their concerns, particularly the concerns of the Head of the organisation;
- e) The audit party must listen a great deal in the Entry Conference rather than try to talk out the auditee;
- f) As far as possible, only the Team Leader should talk in the Entry Conference;
- g) The Team Leader must assign the responsibility of taking notes during the Conference to one of the members;
- h) The Entry Conference should be set up beforehand, through e-mails etc.
- i) All entry conferences must be minuted and a copy of the minutes must be issued to the senior most representative of the auditee attending the Entry Conference.
- j) The audit party must not differ among themselves in the Entry Conference;
- k) The audit party must have a meeting among themselves to decide on any points to be brought up in the Entry Conference; Short minutes of this meeting must be documented.
- l) If for any reason, the Entry Conference does not take place, the matter may be brought to the notice of the Headquarters and should be mentioned in the Draft Management Letter;
- m) If the Entry Conference does not take place for lack of any action by the members of the audit party, it would be the personal responsibility of the Team Leader to bring it to the notice of the Principal Director(International Relations) of the Office of the CandAG of India, who would bring it to the notice of the CandAG;

**7 Interaction with Auditee:
Exit Conference**

Each audit must end with an Exit Conference.

- i. The Exit Conference must be set up well in time to enable all concerned to manage their appointments;
- ii. The Team Leader must, in the Exit Conference, sum up such audit observations , which he or she

proposes to include in the Draft Management Letter;

- iii. The audit party must have a meeting among themselves to decide on any points to be brought up in the Exit Conference; Short minutes of this meeting must be documented.
- iv. As far as possible, only the Team Leader should talk in the Exit Conference;
- v. The Team Leader must assign the responsibility of taking notes during the Conference to one of the members;
- vi. It should be made clear to the auditee that since the Exit Conference is taking place at the fag end, it may not be possible to issue minutes of the meeting. However, the auditee must be assured at the beginning of the meeting that what ever they say in response to the audit ;observations would be considered by the audit party.
- vii. Normally, the Exit Conference takes place at the fag end of the audit assignment, more often on the last day. Before that the auditee gets opportunity to reply to the audit observations, there should not be any serious disagreement on any of the audit observations. However, if there is any, the following steps must be followed:
 - 1) The Team Leader would request the auditee for written replies;
 - 2) The Team Leader should intimate the Headquarters about such disagreements giving a background note on the issue, clearly stating the audit observations, the replies of the auditee and the cause of serious disagreement and the justification by the Leader of the Audit Party for inclusion of the observation in the Draft Management Letter;
- viii. The audit party must review the Draft Management Letter after the Exit Conference in the light of any new points that emerge during the Conference.
- ix. The audit party must document such audit observations that underwent changes in view of the points raised during the Exit Conference.

**8 Interaction with auditee:
Audit Set Up**

Different SAIs use different terminologies for the various communication that is sent to the auditee during the course of audit. The following stages have been approved by the CandAG of India.

- a) **Audit Query:** Audit Query format should be used when the audit party
 - ✚ seek any information;
 - ✚ Requisition any Document;
 - ✚ Seek any clarification;
- b) **Audit Observation:** Audit observation format should be used to communicate to the auditee the findings of the audit. Normally it should contain:
 - ✚ A short background;
 - ✚ Findings of the Audit;
 - ✚ Methodology adopted;
 - ✚ Recommendations, if any;
- c) **Audit observations must also include such**

- evidence as are needed to justify the observations.
- d) Draft Management letter will be prepared by the audit party and will be transmitted to the Headquarters along with the audit evidence for further consideration by him or her.
 - e) All such communications would be signed by the Team Leader.
 - f) All such communications would be suitably numbered on the following pattern:
 - ✦ All Audit Queries will have AQ/location/time of audit/number;
 - ✦ All Audit observations will have AO/location/time of audit/number
 - g) No material should be included in the Draft Management Letter unless they have been issued as Audit Observations;
 - h) All Audit Queries and Audit observations must mention a reasonable deadline for replying and they should be pursued with the contact person;
 - i) Audit party should endeavor to discuss and consult with the auditee before issuing any Audit observations;
 - j) The language in the communications should be courteous and moderate;
 - k) The audit queries and observations should be logical.
 - l) Each query and observation must deal with only one issue. For different issues different queries and observations must be issued;
 - m) Even positive observation that audit intends to include in the Management letter must first be issued as audit observations; In other words, audit observations must communicate results of audit, not necessarily an objection, as we understand in the Indian milieu.
 - n) In case of Regional offices/ country offices, responses must be treated as response from the office and not from the Organisation.

9 Field Audit Work Sheet

Each Audit Party must maintain Field Audit Work Sheet as per the format prescribed.

FAWS is like a Top Sheet and each such FAWS must be accompanied by other supporting documents as mentioned in it. Together they will constitute the Working papers of the Audit.

Two copies of the FAWS along with documents should be made with one copy transmitted to the Principal Director (International Relations).

Comparison between the Nomination of the Vice President of the German Supreme Audit Institution (SAI) (Bundesrechnungshof) and Comptroller and Auditor General of India for Appointment of the External Auditor of the Agency for 2010 and 2011

Information requested ¹	Germany	India
Curriculum vitae of nominee	Provided curriculum vitae of Vice-President plus profile of audit team.	Provided curriculum vitae of Auditor General plus profile of audit team.
Details of national and international activities of Auditor General's Office	Included details of national and international Auditing activities.	Included details of national and international Auditing activities.
Indication of the range of audit activities envisaged	Included both scope of audit as well as audit approach.	Included both scope of audit as well as audit approach.
Audit specialties to be available	Described a wide range of audit specialties to be available.	Described a wide range of audit specialties to be available.
Proposed audit fee covering audit related salaries, secretarial and other support costs, travel costs and living expenses of external auditor and staff	Provided an audit fee covering costs of external auditor and staff. €520,000 for 2010 and 2011.	Provided an audit fee covering costs of external auditor and staff. €248,000 for 2010 and 2011.
Number of auditor-months to be devoted to the audit	Estimated at 1400 auditor days for the assignment for 2010 and 2011.	Estimated at 40 auditor months for the assignment for 2010 and 2011.

¹ Note by the Secretariat dated 16 December 2008.