



Czech Republic
Supreme Audit Office

INTERNATIONAL ORGANISATIONS' MODELS OF AUDIT

Luboš Rokos

SEMINAR AUDIT OF INTERNATIONAL ORGANISATIONS
AND INTERNATIONAL ACCOUNTING STANDARDS



PRAGUE, FEBRUARY 2018

INTERNATIONAL ORGANISATIONS

✓ International **governmental** organisations (IGOs)

- intergovernmental agreements – ratification process
- tax and employment privileges, immunities, ILO in charge of cases of employment law
- UN, OECD, NATO, ESA, CERN, EUROCONTROL, ...

✓ International **nongovernmental** organisations (INGOs)

- under national law
- INTOSAI, IFAC, ...



esa



International
Federation
of Accountants

INTOSAI perspective

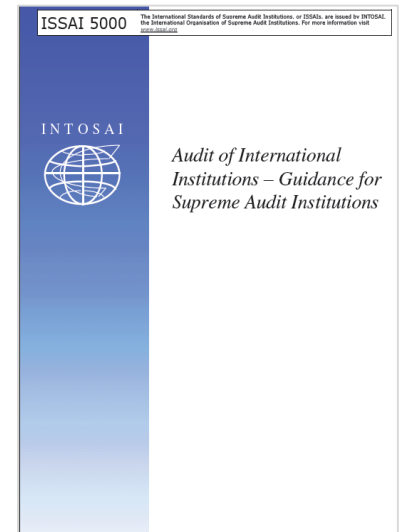
Principles for External Audit Arrangements

✓ International Organisation of Supreme Audit Institutions (INTOSAI) perspective reflected in:

- International Standards of Supreme Audit Institutions (ISSAI) – principles and auditing guidelines
- Guidance for good governance (INTOSAI GOV)

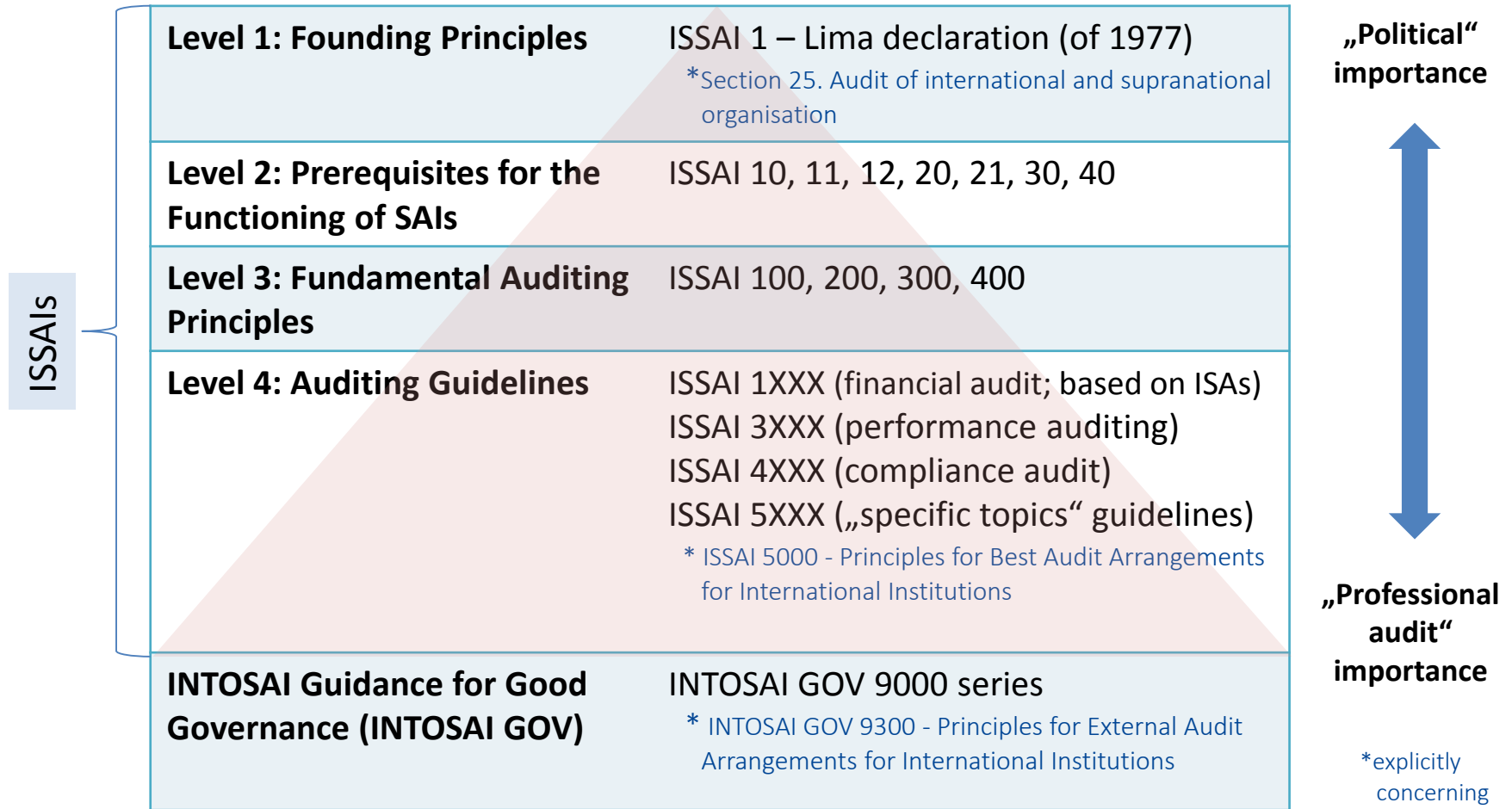
✓ ISSAIs and GOVs focus on IGOs (not INGOs)

- An international institution is an organisation whether or not established by a treaty, **in which two or more states** (or government agencies or publicly funded bodies) are members and in which a joint financial interest is overseen by a governing body. (GOV 9300/2)



SAI perspective

Principles for External Audit Arrangements



Source: adapted presentation „INTOSAI and Audit of International Organisations“ by Reinhard Rath, seminar „Audit of International Organisations“, Prague, NKÚ, 10/9/2010.

Lima Declaration

SECTION 25 – AUDIT OF INTERNATIONAL AND SUPRANATIONAL ORGANISATION

1. IGOs shall be subject to external, independent audit like individual countries
2. principles similar to those governing the audits carried out by Supreme Audit Institutions in member countries should be followed
3. to ensure the independence ...members of the external audit body shall be appointed mainly from Supreme Audit Institutions.



RECOMMENDED BASIC PRINCIPLES

Picture: INTOSAI: 50 Years (1959 – 2003), A Special Publication of the International Organization of Supreme Audit Institutions, 2004, www.intosai.org.

INTOSAI GOV 9300

PRINCIPLES RECOMMENDED (TO BE FOLLOWED BY IGOs)

1. IGOs **financed with or supported by public money** ... should be subject to external **audit by SAIs**

- support better governance, transparency, accountability
 - › IPSAS, IFRS, others
 - › ISSAIs, other int. recognised auditing standards

2. Appointment of the external auditor ... **open, fair and transparent manner**

- appointment for 3–4 years ... maximum 6 years

3. **Auditor's independence** in the conduct of the audit

- management shall not direct or interfere in execution of audit tasks, no restrictions
- auditor will neither seek nor receive instructions from an individual member state

INTOSAI GOV 9300

PRINCIPLES RECOMMENDED TO IGOs

4. IGO's legal Framework should guarantee possibility to carry out audit in accordance with **ISSAIs or other internationally recognised auditing standards.**
- as part of good governance, transparency and accountability: financial statements should be audited (financial audit)
 - audit mandate should also include compliance and performance audit

5. **Adequate resources** to carry out the audit

6. **Reporting** to the governing body of the institution
- presentation of the audit report as a separate agenda item at the meeting of the governing body
 - ISSAI 5000: how best to explain audit findings to a governing body (unfamiliar with general administrative and governance issues)

MODELS OF IGOs' EXTERNAL AUDIT

GOV 9300

- ✓ the international institution should appoint a single SAI (where possible)
- ✓ however, in case of large complex IGOs, board/group of auditors can be considered
 - no more than 3-4 SAIs to be involved
 - audit partnerships between experienced SAIs and other SAIs should be encouraged, IGOs should not prevent such arrangements

flexible arrangements,
simple line
communication



different perspective
represented, larger
base of audit expertise

Thank you for your attention

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