

**ENERGY CHARTER  
SECRETARIAT**

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CCDEC 2021

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Brussels, 21 March 2021

Related documents: CC 707, Mess 1802/21
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**DECISION OF THE ENERGY CHARTER CONFERENCE**

**Subject: Adoption by correspondence - Updated Terms of Reference of the External Auditor and Call for Tender**

By document CC 707, dated 1 March 2021, the Energy Charter Conference was invited to approve the attached updated Terms of Reference of the External Auditor and call for tender. As specified by Rule 19 of the Rules of Procedure concerning the adoption of decisions by correspondence, members of the Energy Charter Conference were informed that any delegation that wished to object to that decision should notify the Secretariat of its position in writing by 21 March 2021.

Having received no objections within the specified time limit, on 21 March 2021, the Conference **approved**, with immediate effect, the attached updated Terms of Reference of the External Auditor and call for tender, which will be published on the website of the Secretariat on 22 March 2021.

Keywords: Budget Committee, ToR, Terms of Reference, External Auditor, Call for Tender

# **TERMS OF REFERENCE GOVERNING THE EXTERNAL AUDITOR**

## **ARTICLE 1**

The External Auditor (hereinafter called the Auditor (s)) shall perform such financial Audit of the financial statements of the Secretariat based on the International Public Sector Accounting Standards (IPSAS), comprised of the balance sheet, the statement of income and expenditure and the notes in order to issue an opinion on the financial statements of the Secretariat.

In addition to the financial Audit, the Auditor (s) shall report on the compliance of the Secretariat's financial management and administration with the Financial Rules and Implementing Instructions of the Secretariat.

## **ARTICLE 2**

The Auditor (s) shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretariat and may proceed to such detailed examination and verification as required.

## **ARTICLE 3**

The Auditor (s) shall have free access at all convenient times to all books and records and other documentation, and staff of the Secretariat which are, in the opinion of the Auditor (s), necessary for the performance of the Audit. The Auditor (s) shall respect the privileged and confidential nature of any classified information, and shall not make use of such information, except in direct connection with the performance of the Audit.

## **ARTICLE 4**

The Auditor (s) shall verify the annual financial transactions of the Secretariat as regards income, expenditures, receipts and disbursement and shall perform such audits as they deem necessary to certify that:

(1) the financial statements give a true and fair view of the Energy Charter Secretariat's net equity and financial position as at 31 December 20xx, and of its Income and Expenditure for the year then ended, prepared in accordance with the Financial Rules and their Implementing Instructions, International Public Sector Accounting Standards (IPSAS) and with the Accounting Policies which are described in Note 2 to the financial statements of the Energy Charter Secretariat.

(2) The financial management and administration of the Secretariat has been carried out on a sound, economical and efficient basis, i.e. in compliance with the Financial

Rules and Implementing Instructions of the Secretariat based on reasonable assurance standard.

#### **ARTICLE 5**

The Report of the Auditor (s) should comply with the International Standards on Auditing (ISA) (for (1) above) and the International Standards on Assurance Engagements (ISAE) (for (2) above).

#### **ARTICLE 6**

The Auditor (s) shall be completely independent of the Secretariat and solely responsible for the Audit.

#### **ARTICLE 7**

The Secretary-General shall give the Auditor (s) such assistance and furnish them with such facilities as they may need for the proper discharge of their duties.

#### **ARTICLE 8**

- (1) Each year the Auditor (s) shall prepare an audit report in compliance with the abovementioned standards. They can also report any observations and recommendations as they deem necessary on the economy and efficiency of financial procedures, the accounting system and internal control, including review of the internal structure of the Secretariat in a separate letter of recommendations as annex to the Report
- (2) Such observations that, in the professional judgement of the Auditor (s), need not be brought to the attention of the Conference shall be attached as an addendum for consideration by the Budget Committee.

#### **ARTICLE 9**

The audit report shall be submitted to the Budget Committee not later than eight months after the financial period to which the accounts refer. The draft report shall be transmitted to the Secretary-General beforehand, so that opportunity is given to furnish within 30 days such explanations and justifications as may be required.

#### **ARTICLE 10**

The Budget Committee shall transmit the audit report to the Conference, together with the explanations of the Secretary-General and, if necessary, with its own observations.

## CALL FOR TENDER

The Energy Charter Secretariat (ECS), located in Brussels, is the administrative body responsible for facilitating the implementation of the Energy Charter Treaty (ECT) and further developing the Energy Charter Process under the supervision of the Energy Charter Conference. The Secretariat invites applications for:

### CALL FOR EXTERNAL AUDITOR

**Deadline for applications: 23 April 2021**

The international Organisation based in Brussels issues this call for the external Auditor to conclude an agreement for the provision of the external Audit of financial statements. The External Auditor will be appointed for

- a) the Audit of Financial Statements of the Energy Charter Secretariat prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the internal Financial Rules and Implementing instructions based on reasonable assurance standard. The financial year runs from 1 January until 31 December.
- b) To report on the compliance of the Secretariat's financial management and administration with the Financial Rules and Implementing Instructions of the Secretariat based on a reasonable assurance standard.

The Financial Rules were adopted in 1995 [CCDEC1995\(28\) BUD, 22-23 November 1995](#), and amended in 2016 by [CCDEC2016\(27\)BUD, 31 October 2016](#). Between 1996 and 2020 inclusive, the financial Audit was performed by a private international auditing firm. The current Financial rules and their implementing instructions may be consulted on the ECS website, as well as some [other relevant provisions of the Organisation](#). However, Rules and instructions are under the review process and might be revised at the end of 2021. The revised regulations and implementing instructions might include the biennial Programme of Work and Budget and some other substantial changes.

Besides the Financial Rules and implementing instructions, all members of staff are subject to Staff Rules and Regulations, Code of Conduct and Manual on Data Protection.

Each year since 1998 the Conference approves the recommendation of the Budget Committee to discharge the Secretary-General from his/her management and administrative responsibilities in respect of the budget of the corresponding year in accordance with Article 32(4) of the Financial Rules. To formulate such recommendation, the Budget Committee receives the independent Auditor's Report in the form of a letter. The selected External Auditor will be expected to submit an audit report and certified accounts to the Conference so that they may be available to the Budget Committee not later than eight months after the end of the financial year to which the accounts relate.

### **Conditions of tendering**

- The successful audit company will be required to enter into a formal contract with

the ECS for 4 years with the possibility of extension for 2 years.

- Offers shall remain open for acceptance for six months from the submission of the proposal.

### **Selection Criteria**

The Budget Committee will be guided in its selection of external Auditor to the following criteria:

- Overall cost of the mission, broken by items
- Qualification of team members: the proposed team members to have at least five years' experience of auditing the annual financial statements of international organisations and public-sector institutions. Evidence to be provided by the CV of the members of the audit team and the availability of the proposed team. Team members should demonstrate affiliation to specific auditing standards, such as the International Federation of Accountants, Institute of International Auditors or similar.
- The Audit firm shall take particular care to avoid conflict of interests.
- Audit methodology: quality of the description of auditing methodology, including any risk assessment relevant to the audit work for each type of Audit, methods of communication with the Secretariat and the previous External Auditor
- Quality Assurance, Integrity and Objectivity: policy for maintaining the audit team members' independence and objectivity
- Technical quality of the tender and its compliance with the specifications in respect of the specified subject matter, the objective to attain and the aspects to be taken into account
- Reliability and efficiency of the tools: procedure and quality plan proposed to ensure and verify the quality monitoring of the service rendered
- The methodology proposed for the Organisation and timely provision of the service including the Organisation of relationship proposed between the Secretariat and the Budget Committee
- The contract will be awarded to tender applications that offer the best value for money. Ranking of the applications in order to determine their relative value for money will be based on the quality/price ratio of each application, calculated by dividing the total number of points obtained following the evaluation based on the above-mentioned award criteria by the price component of the bid.

Proposals from any audit company should be submitted to the Secretariat to arrive no later than **23 April 2021** and would be assessed against the above criteria.

Further details on the Energy Charter process can be obtained from the Energy Charter website at [www.encharter.org](http://www.encharter.org).

*Disclaimer: All personal information contained in the CV and application will be duly processed by the Secretariat. You can change your data or have them deleted at any time. If you have any questions or comments, please refer to [legallaffairs@encharter.org](mailto:legallaffairs@encharter.org)*