

General Conference

GC(51)/18

Date: 21 August 2007

General Distribution

Original: English

Fifty-first regular session

Item 12 of the provisional agenda
(GC(51)/1)

Appointment of the External Auditor

1. The term of office of the Agency's current External Auditor – the Vice-President of the German Supreme Audit Institution (Bundesrechnungshof) – will expire upon the completion of the audit of the Agency's accounts for 2007. It will therefore be necessary for the General Conference to appoint an External Auditor to audit the Agency's accounts for the financial years 2008 and 2009.
2. By 2006/Note 63 of 6 December 2006, the Secretariat invited Member States to nominate, by 14 January 2007, candidates whom they wished the General Conference to consider at its 2007 regular session (Attachment 1). As of 14 January 2007, the Secretariat had received one nomination, that of the Vice-President of the German Supreme Audit Institution (Bundesrechnungshof).
3. On 14 June 2007, the Board of Governors agreed to recommend to the General Conference the appointment of the Vice-President of the German Supreme Audit Institution as the External Auditor to audit the Agency's accounts for the financial years 2008 and 2009.
4. The material submitted to the Secretariat on behalf of the Vice-President of the German Supreme Audit Institution, which was considered by the Board of Governors, is reproduced as Attachment 2.

Recommended Action

5. The General Conference may wish to endorse the recommendation of the Board as set out in paragraph 3 above.



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国际原子能机构
International Atomic Energy Agency
Agence Internationale de l'énergie atomique
Международное агентство по атомной энергии
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2006/Note 63

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 2007. It will be necessary for the General Conference at its fifty-first regular session, in September 2007, to appoint a new External Auditor to audit the accounts for the financial years 2008 and 2009. Appointment is traditionally made for a period of two years, but may be extended.

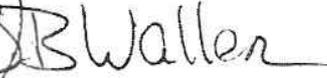
Member States are invited to nominate candidates whom they wish the General Conference to consider at its fifty-first regular session for appointment as the External Auditor of the Agency. The full text of Article XII of the Agency's Financial Regulations and the additional terms of reference governing 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 2008 and 2009.

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 14 January 2007, 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 2007. The Agency's Division of Budget and Finance would be pleased to provide any further information or clarification that may be required.




6 December 2006

ARTICLE XII. EXTERNAL AUDIT

APPOINTMENT OF EXTERNAL AUDITOR

Regulation 12.01

An External Auditor, who shall be Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed by the General Conference for a period determined by it.

TENURE OF OFFICE OF EXTERNAL AUDITOR

Regulation 12.02

If the External Auditor ceases to hold office as Auditor-General (or equivalent function) in his/her own country, his/her tenure of office as External Auditor shall thereupon be terminated and he/she shall be succeeded as External Auditor by his/her successor as Auditor-General. The External Auditor may not otherwise be removed during his/her tenure of office, except by the General Conference.

CONDUCT OF AUDIT

Regulation 12.03

Subject to any special direction of the General Conference or the Board, each audit which the External Auditor is required to make shall be conducted in accordance with the Additional Terms of Reference set out in the Annex to these Regulations.

RESPONSIBILITY OF EXTERNAL AUDITOR

Regulation 12.04

The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

SPECIFIC EXAMINATIONS

Regulation 12.05

The General Conference and the Board may request the External Auditor to perform certain specific examinations and to issue separate reports on the results.

PROVISION OF FACILITIES TO EXTERNAL AUDITOR

Regulation 12.06

The Director General shall provide the External Auditor with the facilities required for the performance of the audit.

USE OF LOCAL AUDITORS**Regulation 12.07**

Whenever it is necessary to make a local or special examination the External Auditor may arrange for the services of any national Auditor-General who is eligible to be appointed as External Auditor or of commercial public auditors of known repute.

TRANSMISSION OF AUDIT REPORT**Regulation 12.08**

The report of the External Auditor shall be transmitted to the Board for its observations and the Board shall transmit the report to the General Conference in accordance with Regulation 11.03. A representative of the External Auditor shall be present when his/her report is first under consideration by the Board or by a subsidiary body of the Board. In addition, the Director General shall arrange for such representation during subsequent consideration by the Board or during consideration by the General Conference, if so requested by a Member State, if the Director General considers it desirable or if the External Auditor considers it essential.

ARTICLE XIII. GENERAL PROVISIONS**DELEGATION OF AUTHORITY****Regulation 13.01**

The Director General may, in the Financial Rules or as part of the procedures established by him pursuant to Regulation 10.01 or in individual cases, delegate authority and responsibility to other officials of the Agency.

AMENDMENT AND SUSPENSION**Regulation 13.02**

The Board may amend these Regulations or suspend any of these Regulations, subject to the provisions of the Statute.

ADDITIONAL TERMS OF REFERENCE GOVERNING THE AUDIT OF THE INTERNATIONAL ATOMIC ENERGY AGENCY

1. The External Auditor shall perform an audit of the accounts of the Agency, including all Trust and Special Funds as he/she may deem necessary in order to satisfy himself/herself:
 - (a) That the financial statements are in accord with the books and records of the Agency;
 - (b) That the financial transactions reflected in the statements have been in accordance with the Financial Rules and Regulations, the budgetary provisions, and other applicable directives;
 - (c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Agency's depositories or by actual count.
2. Subject to the provisions of the Financial Regulations, the External Auditor shall be the sole judge as to the acceptance in whole or in part of certifications by or on behalf of the Director General and may proceed to such detailed examination and verification he/she chooses of all financial records, including those relating to supplies and equipment and materials of the Agency or for which the Agency is responsible.
3. The External Auditor may affirm by test the reliability of the internal audit, and may make such reports with respect thereto, as he/she may deem necessary, to the Board or to the Director General for transmission, where appropriate, to the General Conference.
4. The External Auditor and staff working under his/her direction shall subscribe to such oath as may be approved by the Board. Thereupon he/she shall have free access, at all convenient times, to all books of account and records which are, in his/her opinion, necessary for the performance of the audit. Information classified as confidential in the records of the Secretariat, and which is required by the External Auditor for the purposes of the audit, shall be made available on application to the Director General. In the event that the External Auditor is of the opinion that a duty rests on him/her to draw to the attention of the Board or of the General Conference any matter respecting which all or part of the documentation is classified as confidential, direct quotation shall be avoided.
5. The External Auditor, in addition to auditing the accounts, may make such observations as he/she may deem necessary with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls, and, in general, the financial consequences of administrative practices.
6. In no case, however, shall the External Auditor include criticism in his/her audit report without first affording the Director General an opportunity of explanation of the matter under observation. Audit objections to any items arising during the examination of the accounts shall be immediately communicated to the Director General or the Director, Division of Budget and Finance.
7. The External Auditor shall prepare a report on the accounts which shall include:
 - (a) The extent and character of his/her examination and of any important changes in the extent and character of such examination, including whether he/she has obtained all the information and explanations he/she has required;
 - (b) Matters affecting the completeness or accuracy of the accounts, such as:
 - (i) Information necessary to the correct interpretation of the audit;
 - (ii) Any amounts which ought to have been received but which have not been brought to account; and
 - (iii) Expenditures not properly substantiated.
 - (c) Other matters which should be brought to the notice of the Board and, where appropriate, of the General Conference, such as:

- (i) Cases of fraud or presumptive fraud;
 - (ii) Wasteful or improper expenditure of the Agency's money or other assets (notwithstanding that the accounting for the transactions may be correct);
 - (iii) Expenditures likely to commit the Agency to further outlay on a large scale;
 - (iv) Any defect in the general system or detailed regulations governing the control of receipts and expenditure or of supplies, equipment and materials of the Agency or for which the Agency is responsible;
 - (v) Expenditure not in accordance with the purpose of the appropriation concerned, after making allowance for duly authorized transfers between appropriation sections.
 - (vi) Expenditure in excess of appropriations, as amended by duly authorized transfers between appropriation sections; and
 - (vii) Expenditure not in conformity with the authority which governs it.
- (d) The accuracy or otherwise, as determined by stocktaking and examination of the quantitative records relating to supplies, equipment and materials of the Agency or for which the Agency is responsible; and
- (e) Transactions accounted for in a previous financial year, concerning which further information has been obtained, or transaction in a later financial year concerning which it seems desirable that the Board or the General Conference should have early knowledge.
8. The External Auditor, or such officers as he/she may designate, shall express and sign an opinion on the financial statements which shall:
- identify the financial statements examined; and
 - describe the scope and extent of audit procedures; and
- which shall address, as appropriate, whether:
- (a) The financial statements present fairly the financial position of the International Atomic Energy Agency as at the end of the financial year and the results of its operations in that year;
 - (b) The financial statements were prepared in accordance with the stated accounting principles;
 - (c) The accounting principles were applied on a basis consistent with that of the preceding financial year;
 - (d) Transactions were in accordance with the Financial Regulations and legislative authority.
9. The External Auditor shall have no power to disallow items in the accounts, but shall draw to the attention of the Director General for appropriate action any transaction concerning which he/she entertains doubt as to legality or propriety.

International Atomic Energy Agency (IAEA)

Offer of Services
as External Auditor

submitted by the
German Supreme Audit Institution
Bundesrechnungshof

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A Curriculum Vitae and Details of the National and International Activities

Norbert Hauser
Vice-President
German SAI¹
Bundesrechnungshof

Adenauerallee 81
D - 53113 Bonn
Germany

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

Civil status: married

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

as from 2002 Vice-President of the German SAI

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 the Medium-Sized Businesses Association

1979 University degree in law

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

¹ Supreme Audit Institution.

A Curriculum Vitae and Details of the National and International Activities

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 Middle and Eastern European countries. When he started his term in the German SAI Norbert Hauser was **appointed External Auditor** of the United Nations Industrial Development Organization - **UNIDO**. This mandate ended on 30 June 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 OPCW² has appointed Mr Hauser as External Auditor of the organization for an initial term of three years, from 2009 to 2011.

Norbert Hauser is founder and chairman of the **German-Spanish-Society**.

² Organization for the Prohibition of Chemical Weapons.

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 (German SAI), 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 to meet the IAEA's requirements for the following reasons:

- The proposed team is made up of auditors who have been auditing the IAEA for 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.
- Value-for-Money audit is a key focus in the Bundesrechnungshof's audit work.
- 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 the mandate. They would be able to provide continuous recommendations and advice.

The Bundesrechnungshof

Staff

Our staff totals some 1500. We have 9 audit divisions, 53 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. In some cases, the respective degrees have been awarded on the basis of training within the public administration. The professional qualifications found within our human resource pool range from public administration and law via 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. Most of them have participated in the audit of UN Organizations (our assignment as External Auditor of the United Nations Industrial Development Organization – UNIDO – in Vienna ended on 30 June 2002). All auditors have a record of several years of practical working experience in at least one government department or agency. This highly proficient workforce provides the German SAI with a sound basis for auditing international organizations.

Finally, the audit team consisting of the Director of External Audit and 15 experts in various fields has gained plenty of experience during their audit missions to IAEA and in Field Missions to seven countries ever since autumn 2004. This is strongly supported by intensive training in all areas relevant for the audit of IAEA.

National Audit Mandate

The German SAI'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, and
- the management of federal government shareholdings in private sector enterprises.

Reporting

The German SAI 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.

Advisory Role

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 step into 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 the 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.

Historical Background and Current Role of the Bundesrechnungshof

Government audit in Germany can look back to a track record of over 280 years. When Prussian King Frederic William I established the Prussian General Chamber of Accounts in 1714, this was the starting point for the development of independent government auditing in Germany. Today, the German SAI 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, so that performance audit is now a key focus in our work.

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 examinations into 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 SAI 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**, where government operations are checked against supporting documents, applicable statutory provisions, rules and regulations. Essential part of Financial Audit is the certification of the Federation's accounts.

Timely Audit

The German SAI'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 SAI'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 examinations 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 SAI also audited the UN specialized agency **UNIDO**. As from 1 July 2004 the German SAI'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 of the financial period 1 January to 31 December 2006. He will deliver his third report as External Auditor of the Agency on 31 March 2007 for consideration by the PBC of the Board of Governors on 7 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 SAI has participated e.g., 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 SAI 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 SAI's President served as **Chairman of INTOSAI's Governing Board** from 1989 to 1992. In addition, the German SAI 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 SAI 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 RBM 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 SAI is currently extensively dealing with a change of national accounting procedures and could, therefore, make use of the experience gained in that field for the implementation of International Public Sector Accounting Standards (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 a good way to familiarize 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, UNIDO's field operations at headquarters and in 6 field missions to UNIDO projects in Asia, South America and Africa.

In the audit of IAEA the German SAI entails ongoing examinations in all major areas of the Agency's activities. According to its plans it will extend these audits to eventually cover all issues of relevance and materiality over the years.

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

We would provide an internationally experienced team of auditors, mainly drawn from among the German SAI's staff, 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. The team is able to work in German, English, partly in Russian, Spanish and French. The audit team represents the vast specialized knowledge available within the German SAI 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 having assigned staff to the audit with excellent experience in national financial auditing and

all kinds of performance audits. The External Auditor would, as Vice-President of the German SAI, hold an office similar to an Auditor General.³

Audit Methods

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

Financial Audit

The financial audit mainly aims at assessing whether 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 the 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 called "WinIDEA". We use this software to generate the Financial Statements from the General Ledger. For every year we test whether the Agency's AFIMS leads to the same financial results as our own calculation. Parallel to the Secretariat we produce Financial Statements with our system. For the first two financial years we came to the same results as the Secretariat.

Performance Audit

The first step in conducting a performance audit is to gain an idea of the audit subject by carrying out a task analysis. Areas of high financial impact and high risk for the

³ As opposed to a Deputy Auditor General in the Anglo-Saxon SAI model, the Vice-President of the Federal Court of Audit is of **equal rank and function** as the President as regards auditing matters.

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 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 half and half. Accordingly, half of our team has financial and the other half technical backgrounds.

Risk Assessment to Attend 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 the assessment would help to determine the level of audit evidence needed to support the audit opinion, 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 internationally accepted audit standards, *especially those of the Panel of External Auditors of the United Nations, which were tailored to the special circumstances of UN Organizations.* Those are based on the INTOSAI standards, with reference to the standards of the International Federation of Accountants (IFAC).

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.

Other Details

Cooperation with Internal Audit and Oversight

We have already 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.

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 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

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

We would be able to quickly respond 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 were delivered at the IAEA. 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 2008-2009****Our offer for 2006 and 2007**

For 2006 and 2007 we are providing the following service for the IAEA:

No. of Working Days per Year	No. of Audit Managers	No. of Senior Auditors	Fee 2006-2007 (Euro)
700	2	13	244,000

The Bundesrechnungshof's offer for 2008 and 2009

We offer the Agency the service of the German SAI for 2008 and 2009 on the basis of zero real growth (the inflation rate until the end of 2009 is estimated at 3 percent only) at the following terms per year:

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

There shall not be an increase in the fee for the second year of the assignment.