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| **Agenda item: ADM 2** | **Document C25/42-E** |
| **23 April 2025** |
| **Original: English** |
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| Report by the Secretary-General |
| Renewal of the mandate of the external AUDITOR – THE UNITED KINGDOM’S National Audit Office (NAO) – FOR A PERIOD OF TWO YEARS |
| **Purpose**The Secretary-General has proposed the renewal of the mandate of the United Kingdom’s National Audit Office (NAO) as the external auditor of the ITU for an additional two years, covering the financial statements for 2026 and 2027. This recommendation follows a thorough appraisal in 2020, which identified the NAO as offering the best value for money based on technical competency and audit service costs. The current mandate of the External Auditor (NAO) relating to the auditing of the 2022, 2023, 2024 and 2025 financial statements will end on 30 June 2026. Pursuant to paragraph 2 of Article 28 of the Financial Regulations and as per the standard practice followed with the previous auditor it is recommended that the mandate of the External Auditor (NAO) be renewed for a period of two years for the auditing of the 2026 and 2027 financial statements.**Action required by the Council**1 to **take note** of this document, and 2 to **adopt** the draft decision in Annex.**Relevant link(s) with the Strategic Plan**n/a**Financial implications**Within the allocated budget 2026-2027.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**References**[*CWG-FHR website*](https://www.itu.int/en/council/cwg-fhr/Pages/default.aspx)*; Document* [*C20/83 – Decision 621*](https://www.itu.int/md/S20-CL-C-0083/en)*;* [*Resolution 94 (Rev. Bucharest, 2022)*](https://www.itu.int/dms_pub/itu-s/opb/conf/S-CONF-PLEN-2022-PDF-E.pdf)*; Article 28 of the* [*Financial Regulations*](https://www.itu.int/en/council/Documents/Financial-Regulations/2022/Financial_Regulations-2022-EN.pdf) |

# I Background

In 2020, the Appraisal Committee comprised of representatives of the ITU regions reviewed and assessed the technical and financial components and considered the strengths and weaknesses of each bid received at that period. In making its recommendation to the Council, the Appraisal Committee had to weigh up several competing factors including technical competency and cost of the audit service. The Committee’s recommendation aimed at identifying the bid that offered the best value for money.

Based on the above process and having considered all criteria, the Appraisal Committee agreed to recommend to the ITU Council that the United Kingdom’s National Audit Office (NAO) be appointed as the External Auditor of the ITU for the financial periods 2022/23 and 2024/25.

The mandate of the External Auditor (NAO) relating to the auditing of the 2022, 2023, 2024 and 2025 financial statements will end on 30 June 2026.

The renewal of the mandate of the NAO as the external auditor of the ITU for an additional two years is proposed, covering the financial statements for 2026 and 2027.

This adheres to the standard practice followed with the previous auditor, as per the ITU Financial Regulations Article 28 para 2: "The term may be renewed without a competitive selection process by the decision of the Council for a period of two years and a further period of two years."

# II Information requested by CWG-FHR – February 2025

Included below are the responses to the questions raised during the above-mentioned session.

Are there financial advantages in renewing the mandate without launching a new tender process?

In addition to internal observations:

– UN-wide practice shows that when External Auditor mandates are extended within their allowable period, organizations avoid direct costs associated with procurement (e.g. advertising, tender evaluation panels, onboarding).

– For example, UNESCO and WIPO have noted in governing body reports that auditor transitions cost range between USD 50 000 to USD 150 000 in indirect staff time and knowledge transfer alone.

– Continuity reduces re-audit risk: a new auditor often has to re-perform procedures to satisfy independence and completeness standards, which can duplicate prior work and extend timelines.

Does this approach minimize the risk of a gap in the audit function in the future?

Yes, and it is also aligned with international audit continuity practices:

– In the UN system, a 3-6-month onboarding period is typical for new external auditors.

– A renewal avoids that gap in institutional knowledge, particularly valuable during ITU’s ongoing financial transformation and IPSAS reforms.

How do continuity and diversity fit into audit best practices?

This is a balance recognized globally:

– Continuity ensures consistency of audit approach and institutional memory —especially important during periods of significant financial transformation (as is the case with ITU).

– Diversity in external auditors is achieved over time through transparent, competitive selection cycles —not necessarily by declining a renewal within a mandate.

Good practice balance:

– WIPO allows an initial period (typically 6 years), ensuring both diversity and effectiveness.

– Auditor rotation is important, but it should be weighed against performance, ongoing reforms, and audit delivery consistency.

# III Recommendation

1 Based on the above responses, benchmarking from other agencies, alignment to best practices and adhering to the standard practice and the provisions of the ITU Financial Regulations, and having considered all criteria, it is recommended that the mandate of the UK’s NAO be renewed for a period of two years for the auditing of the 2026 and 2027 financial statements.

2 The Council is invited **to adopt** the draft Decision contained in the Annex to this document.

**Annex:** Draft Decision

ANNEX

DRAFT DECISION […]

Renewal of the mandate of the External Auditor – the United Kingdom’s National Audit Office (NAO) for a period of two years

The ITU Council,

having examined

Document [C25/42](https://www.itu.int/md/S25-CL-C-0042/en),

considering

[Resolution 94](https://www.itu.int/en/council/Documents/basic-texts-2023/RES-094-E.pdf) (Rev. Bucharest, 2022) of the Plenipotentiary Conference and [Decision 621](https://www.itu.int/md/S20-CL-C-0083/en) (C20) of the Council,

taking into account

Article 28 of the [Financial Regulations](https://www.itu.int/en/council/Documents/Financial-Regulations/2022/Financial_Regulations-2022-EN.pdf),

decides

to renew the mandate of the United Kingdom’s National Audit Office (NAO) as the external auditor of the ITU for a period of two years for auditing its 2026 and 2027 financial statements,

instructs the Secretary-General

to bring this Decision to the notice of the Comptroller and Auditor General of the United Kingdom’s NAO.

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