

Board of the Centre

74th Session, Turin, 1-2 November 2012

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FOR INFORMATION

FOURTH ITEM ON THE AGENDA

External Audit Plan 2012

International Training Centre of the ILO

REPORT TO THE BOARD

ANNUAL AUDIT PLAN

1-2 NOVEMBER, 2012

For the year ending 31 December 2012

About the Office of the Auditor General of Canada

The Office of the Auditor General of Canada is an independent audit office and a world leader in legislative and environmental auditing. We promote good financial and environmental management and sustainable development by the federal government.



To the members of the Board of the International Training Centre of the ILO:

We are pleased to present a summary description of our plan for the annual audit of the transactions and financial statements of the International Training Centre of the ILO (the Centre) for the year ending 31 December 2012.

This report is intended for the use of the Board of the Centre and provides information on our audit mandate and objectives, our responsibilities as auditor in relation to the responsibilities of the Board and management, the significant audit areas identified and our plans to address them, a description of information we intend to report to you at the conclusion of the audit, and other relevant matters.

We look forward to working with the members of the Board and are available for consultation at any time. During your upcoming meeting of the Board, we will be pleased to discuss any matters of interest and provide any additional information relating to the audit that you may require.

Yours sincerely,

Aline Vienneau, CPA auditor, CA
Principal

Ottawa, 7 August 2012

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Our mandate

The Auditor General of Canada is the external auditor of the International Training Centre of the ILO (the Centre) in accordance with the Financial Regulations of the Centre whereby the external auditor of the International Labour Organization is the external auditor of the Centre.

The Auditor General of Canada is the external auditor of the ILO following appointment by the Governing Body for a period of four years commencing on 1 April 2008. This period was extended for an additional four years until the completion of the 31 December 2015 financial statement audit.

Audit objectives

An annual audit is an independent examination of evidence supporting the amounts and disclosures in the Centre's financial statements. We also assess the Centre's compliance with significant authority instruments and consider whether, during the course of our examination, we have become aware of any "other matters" that, in our opinion, should be brought to the attention of the Board.

The objectives of the annual audit are to provide an independent opinion on whether:

- the financial statements present fairly, in all material respects, the financial position of the Centre as at 31 December 2012, and its financial performance, its cash flows and the comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS);
- the accounting standards have been applied on a basis consistent with that of the preceding year; and
- the transactions that have come to our notice during the audit of the financial statements have, in all significant respects, been in accordance with the *Financial Regulations* and legislative authority of the Centre (the Statute of the Centre).

Deliverables

Our reports

At the conclusion of the audit, we will provide the following reports:

- **Auditor’s Report.** A standard auditor’s report is included in the appendix for your reference. This will be the first year that we will issue an auditor’s report on the Centre’s financial statements prepared using the International Public Sector Accounting Standards (IPSAS). The opinion will no longer make any reference to the United Nations System Accounting Standards, which was the previous accounting framework applied by the ITC.
- **Report to the Board of the Centre — Annual Audit Results.** This report is prepared to assist members in their review of the financial statements. The report provides disclosures required by professional standards and other information we believe will be useful to the Board.

In addition to our reports, we may also provide a management letter, which is a derivative communication that identifies opportunities for changes in procedures that would improve systems of internal control, streamline operations, and/or enhance financial reporting practices.

Responsibilities for financial reporting

Management

Management is responsible for the day-to-day activities of the Centre. This includes, among other things, the preparation of the financial statements in accordance with IPSAS, which includes responsibilities related to internal control, such as designing and maintaining accounting records, selecting and applying accounting policies, safeguarding assets, complying with legislative and other authorities, and preventing and detecting error and fraud. It is the responsibility of management to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring the orderly and efficient conduct of the Centre’s business. In determining which controls to implement to prevent and detect fraud, management should consider the risks that the financial statements may be materially misstated as a result of fraud.

Management is also responsible for the preparation, integrity, and objectivity of publicly reported information such as annual financial statements. In preparing financial statements, management is responsible for exercising sound judgment in selecting and applying accounting policies in accordance with the standards applied.

Board of the Centre

The Board is responsible for oversight of the management of the businesses, activities, and other affairs of the Centre. Among other things, this means that the Board has oversight responsibility for the financial reporting process. The Board reviews the financial statements of the Centre. In doing so, it indicates that it has

exercised its oversight responsibilities and is satisfied that the financial statements are appropriate. The Board reports on the annual activities of the Centre to the Governing body of the ILO.

The Board, through oversight of management, is responsible for ensuring that the Centre designs, implements, and maintains appropriate internal control with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable legislation and other authorities.

Auditor

The auditor's responsibility is to express an opinion on the financial statements based on an audit. An audit is performed to obtain reasonable, but not absolute assurance on whether the financial statements are free of material misstatement, including those caused by fraud or error.

Due to the inherent limitation of an audit, there is an unavoidable risk that some misstatements in the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed. Specific procedures that we perform regarding fraud and errors are discussed in the section on fraud and error, page 8.

The audit includes:

- obtaining an understanding of the Centre and its environment, including internal control, in order to plan the audit and to assess the risk that the financial statements may contain misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and their application; and
- assessing the significant estimates made by management.

When the auditor's risk assessment includes an expectation of the operating effectiveness of controls, sufficient appropriate audit evidence will be obtained by testing controls to support the assessment. However, the scope of the auditor's review of internal control will be insufficient to express an opinion on the effectiveness or efficiency of the entity's controls.

In addition, we will provide an opinion on whether the transactions coming to our notice in the course of our audit were, in all significant respects, in accordance with the *Financial Regulations*.

The audit of the financial statements does not relieve management or those charged with governance and oversight of their responsibilities.

Our audit approach

Overview

Our audit is conducted in accordance with International Standards on Auditing (ISA). When planning the audit, we update our understanding of the Centre and its environment, the business risks it faces, how the Centre manages those risks, and its overall control environment. This understanding is based primarily on interviews with senior management and our cumulative audit knowledge and experience with the Centre and its environment, including its internal control. We obtain such understanding in order to plan our audit and also to determine the nature, timing, and extent of audit procedures to be performed.

Significant audit areas

Our audit is risk-based. This means that we concentrate our audit work on areas with a higher risk of a material misstatement or non-compliance with significant authority instruments based on our understanding of the Centre and its environment, including its internal control.

Business and audit risks and audit implications

Business risks result from significant conditions, events, circumstances, actions, or inactions that could adversely affect the Centre's ability to achieve its objectives and execute its strategies. Business risk is broader than the risk of material misstatement of the financial statements. Most business risks will eventually have financial consequences and, therefore, an effect on the financial statements.

In assessing our business and audit risks, we reviewed the risks included in the Centre's risk assessment register, as well as the Office of Internal Audit and Oversight's audit plan for 2012 which includes its register of key risks for the Centre.

In planning the audit of the 2012 financial statements, we have obtained an understanding of the following business and audit risks that could have significant audit implications.

Business and audit risk areas	Financial statement or authority implication	Audit implication
Funding	This could result in non-compliance with the	We will review whether sufficient controls are in

Business and audit risk areas	Financial statement or authority implication	Audit implication
<p>Due to the current economic climate in many countries, the Centre is facing a substantial reduction in its traditional sources of funding.</p> <p>This may result in the Centre not being able to carry out certain activities, not being able to respect its budget, and could lead to the Centre not fully meeting its objectives.</p>	<p><i>Financial Regulations</i> of the Centre.</p>	<p>place to mitigate the risk of non-compliance, and we will ensure that the transactions we test are in compliance with the authorities of the Centre.</p> <p>In addition, we will ensure that funds are being used for their designated purpose.</p>
<p>New accounting standards</p> <p>The adoption of several new standards (IPSAS), in particular IPSAS 17 Property, Plant, and Equipment, could result in significant adjustments at year-end.</p> <p>The risk involves management's understanding, interpretation and application of the standards, as well as the availability of both historical and current information.</p>	<p>This could result in errors in the financial statements (over or understatement of property, plant & equipment and net assets) due to significant adjusting entries affecting the current and prior year.</p> <p>This could also result in inaccurate or incomplete note disclosure.</p>	<p>For each IPSAS adopted in 2012, we will review the Centre's position papers in order to determine whether the standards are implemented properly.</p> <p>We will examine the adjusting entries required for the standards implemented in 2012 in order to ensure they are properly accounted for. We will also review disclosures in the financial statements to ensure they are complete and accurate.</p>
<p>Management estimates</p> <p>The preparation of financial statements requires the use of accounting estimates. Certain accounting estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.</p> <p>We have identified the following potentially significant estimates that represent a higher than normal risk this year:</p> <ul style="list-style-type: none"> - Provision for doubtful accounts - Provisions and contingent liabilities 	<p>This could result in errors in the financial statements (over or understatement of accounts receivable, liabilities and/or expenses) if due diligence is not exercised in the determination of the estimates.</p>	<p>We will examine the reasonableness of the estimates by discussions with senior management and review the key assumptions used to establish the estimates, as well as the accuracy and completeness of data used to make these assumptions. We will also review disclosures made in the financial statements.</p>

Developments in accounting

1. Current year issues: Convergence to International Public Sector Accounting Standards

In order to facilitate the consolidation of the Centre's financial statements with those of the ILO, the Centre has synchronized its IPSAS implementation plan with that of the ILO. In November 2009, the Governing Body of the ILO adopted a revised implementation plan whereby it would be fully compliant with IPSAS in 2012.

Following the ILO's timeline, the Centre elected to implement IPSAS on a gradual basis beginning in 2010. The following standards have been identified for adoption by the ITC in 2012 to achieve full compliance as of 1 January 2012:

- IPSAS 1 – Presentation of Financial Statements
- IPSAS 17 – Property, Plant and Equipment
- IPSAS 21 – Impairment of non-cash generating assets
- IPSAS 23 – Revenue from Non-Exchange Transactions (for revenue from goods in kind)
- IPSAS 31 – Intangibles

In 2012, we will focus our attention on reviewing the opening adjustment as at 31 December 2010 and the 2011 adjustment relating to the adoption of IPSAS 17. The Centre will be recording in its financial statements for a first time the value of its leasehold improvements which are significant. We will also examine the appropriateness of the accounting and disclosure related to the land and buildings on the campus of the Centre which are owned by the City of Turin.

In addition, we will work with the Centre's management to improve the overall understandability of the financial statements, more specifically to ensure that the information provided is clear and sufficient for the reader. This is the first year that the Centre will be applying the full IPSAS accounting framework to its financial statements. It is important to take a step back and review the overall content of the financial statements to ensure a fair presentation of the financial position and performance of the organization.

2. International Public Sector Accounting Standards – Future impact

The following standards will be effective for annual financial statements covering periods beginning on or after January 1, 2013:

- IPSAS 28 – Financial Instruments: Presentation
- IPSAS 29 – Financial Instruments: Recognition and Measurement
- IPSAS 30 – Financial Instruments: Disclosures

In addition, a number of IPSAS were amended as a result of the IPSASB's *Improvements to IPSASs 2011 project*. This project involves making non-urgent but necessary changes to IPSASs. These amendments are effective for annual financial statements covering periods beginning on or after January 1, 2013.

The following standards will be effective for annual financial statements covering periods beginning on or after January 1, 2014:

- IPSAS 32 – Service Concession Arrangements: Grantor

Management will need to continue to monitor changes to IPSAS and consider their impact, if any, on financial statements and information systems.

Materiality

Materiality represents our judgment on the degree of significance of a misstatement(s) that could influence the decision of a knowledgeable user relying on the financial statements. In determining materiality, both quantitative and qualitative factors are considered.

We believe that a quantitative materiality of €800,000 (same as the 2011 audit) is an appropriate amount for planning this year's audit. This materiality threshold is based on our assessment of users' needs. We confirmed the reasonableness of our judgment of materiality by comparing it to quantitative guidelines found in professional standards and guidance material. The materiality level was determined using approximately 2% of the total expenses of the Centre in 2011.

We considered the following factors in establishing materiality: the needs of the ILO and other contributors, representatives of governments, employers and workers, the United Nations and other multilateral agencies and the recipients of training services.

We would like to make you aware, however, that the quantitative measure of materiality is not the only factor we consider in evaluating misstatements. Relatively small misstatements may have material effect on the financial statements because of qualitative considerations. For example, misstatements that have the effect of altering performance trends and turning operating losses into operating income could be considered material, even though they might be less than our quantitative measure of materiality.

We will update you at year-end on our final determination of materiality.

Reliance on internal control

We have assessed the overall control environment and the control activities relevant to the audit of the Centre and we intend to adopt a controls-reliant approach for the payroll cycle.

Our professional standards require us to communicate in writing significant deficiencies in internal control to management and those charged with governance on a timely basis. This includes deficiencies that may have been previously communicated, yet remain unresolved.

During the 2011 audit, we identified opportunities to improve systems of internal control, streamline operations, and enhance financial reporting practices. We will update this information as appropriate when we report back to you at the end of the 2012 audit.

Fraud and error

When planning and conducting the audit, we consider the possibility that fraud or error, if sufficiently material, may affect our opinion on the financial statements. Accordingly, we maintain an attitude of professional scepticism throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist.

In order to fulfill our responsibilities related to fraud, we plan to perform the following procedures:

- Inquiries of management, the Office of Internal Audit and Oversight, and others related to knowledge of fraud or suspected fraud, the fraud risk assessment process, and how fraud risks are addressed
- Inquiries about matters raised before the Accountability Committee regarding fraud and alleged fraud, and dishonesty, negligence, and disregard of established Centre procedures or directives
- Considering whether fraud risk factors exist as part of our client acceptance and continuance procedures
- Analytical procedures, primarily over revenue, and considering unusual or unexpected relationships identified in performing analytical procedures in planning the audit
- Incorporate an element of unpredictability in the selection of the nature, timing, and extent of audit procedures to be performed annually
- Identify and assess specific fraud risks based on the information gathered, and develop appropriate audit procedures to address the identified risks

- Perform additional required procedures to address the risk of management’s override of controls, including
 - Examining journal entries and other adjustments for evidence of possible material misstatement due to fraud;
 - Reviewing accounting estimates for biases that could result in material misstatement due to fraud, including a retrospective review of significant prior year estimates; and
 - Evaluating the business rationale of significant, unusual transactions.

If Board members acknowledge any actual, suspected, or alleged fraud affecting the Centre, please disclose this matter to us as soon as practicable.

If, at any point throughout the audit, we become aware of suspected fraud involving management, employees who have significant roles in internal controls, and other cases where fraud results in a material misstatement in the financial statements, we will advise the appropriate authority on a timely basis. We will discuss with you the nature, timing, and extent of the audit procedures necessary to complete the audit. We will also communicate any other matters related to fraud that are, in our judgment, relevant to the Board.

Internal audit

The *Financial Regulations* of the Centre require the Director of the Centre to maintain an internal audit that provides an effective current examination and/or review of financial transactions. We identify areas where internal audit work could provide us with audit assurance and determine the impact on the external audit procedures.

The Office of Internal Audit and Oversight (IAO) of the ILO provides internal audit services to the Centre. We obtained the IAO’s 2012 Audit Planning Memorandum for the Centre which includes an updated risk register. To date in 2012, the IAO has completed an internal audit on the IT security environment, and an investigation of long-term outstanding debt. We used this work to assess this year’s annual financial audit risks.

In addition, internal audits of campus cost sharing, as well as the costing of courses are expected to be completed before the end of the year. We will review the final audit reports once they are released and determine if we can also rely on this work in the scope of our audit.

Planned reliance on an auditor’s expert

We will rely on the work of the actuary hired by the ILO to determine the liability relating to After-Service Health Insurance (ASHI). The liability is recorded in the

ILO's financial statements, however the portion that is attributable to the Centre is disclosed in the Centre's financial statements. We will rely on the actuarial report for the ASHI liability at year end that is disclosed by the Centre. The ILO audit team will review the work of the actuary and assess management's assumptions used in the calculations.

Management representations

As part of our audit process, we will require a letter of representation from management confirming representations made to us verbally or in writing during the audit, as well as representations that are implicit in the Centre's financial statements and records. Management's representations are integral to the audit evidence gathered by us and they are required in writing so that we have appropriate documentation to support the content of our report.

Management's responsibility to provide written representations to the auditor is included in the engagement letter between the auditor and the Centre.

Compliance with authorities

All transactions which we review for the purpose of expressing an opinion on the Centre's financial statements are also reviewed for compliance with the *Financial Regulations* and legislative authority of the Centre. We integrate this work with our other audit procedures. The results of this work are included in a separate paragraph of the auditor's report.

Our responsibilities relating to other information in the annual report and similar documents

The Centre may wish to publish the financial statements, including our audit reports, in other documents, such as in an annual report. International Standards on Auditing require us to review publications before they are published to ensure that the financial statements and our auditor's report have been reproduced accurately. We also read other information within the publications for the purpose of identifying material inconsistencies, if any, with the audited financial statements or material misstatements of fact. We will also expand the review described above to include the Internet version of the publications.

Other services provided

As the external auditor of the Centre, we have been engaged to perform agreed-upon procedures regarding financial information related to one contract between the Centre and the European Commission. Our work in this area is conducted in accordance with

International Standards on Related Services applicable to agreed-upon procedures engagements. The third engagement related to this contract is planned to be completed over the summer 2012.

We have also been engaged to perform an audit of a Financial Status Report on a grant received by the Centre in 2008 from the World Bank. The auditor's report concluded that expenditures incurred under this grant were presented fairly, in all material respects, in accordance with the United Nations System Accounting Standards. This engagement was completed in June 2012.

Independence

The Office of the Auditor General of Canada's *Code of Values, Ethics and Professional Conduct*, the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario (Canada), and the International Federation of Accountants' *Code of Ethics for Professional Accountants* require us to maintain independence from the Centre. The latter requires that we communicate with you regarding all relationships between the Centre and us that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, we consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of Ontario (Canada) and applicable legislation, covering such matters as

- holding a financial interest, either directly or indirectly, in the Centre;
- holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of the Centre;
- personal or business relationships of immediate family, close relatives, senior officials, or retired senior officials, either directly or indirectly, with the Centre; and
- over familiarity with the Centre due to a long-standing relationship.

To provide further assurance, our quality management system requires us to ensure safeguards are applied to eliminate identified threats to independence, or reduce them to an acceptable level to ensure that we complied with relevant ethical requirements regarding independence. Our audit staff is required to annually declare any personal relationships that could be perceived as placing them in a conflict of interest position. We also have policies designed to ensure that auditors do not remain on the same audit for excessive periods of time.

At this time, we are not aware of any relationships between the Centre and our audit staff that, in our professional judgment, may reasonably be thought to bear on our independence.

Planned communications on the results of our audit

We anticipate, at the conclusion of the audit, to be in a position to report to you the following:

- that we met our responsibilities under International Standards on Auditing;
- that the Office of the Auditor General of Canada complied with relevant ethical requirements regarding independence throughout the duration of the audit;
- our views about significant qualitative aspects of the Centre's accounting practices, including accounting policies, accounting estimates, and financial statement disclosure, were, in our opinion, the most appropriate to the particular circumstances of the Centre;
- uncorrected misstatements and the effect that they, individually or in aggregate, may have on the opinion in the auditor's report. We will identify material uncorrected misstatements individually and request that uncorrected misstatements be corrected. Additionally, we will report the effect of uncorrected misstatements related to prior periods, if any, on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole;
- whether any significant difficulties were encountered in performing the audit;
- if there are any significant issues arising from the audit that were discussed, or subject to correspondence with management;
- whether events or conditions have been identified that may cast significant doubt on the Centre's ability to continue as a going concern;
- the nature and results of any review we performed on the Centre's designated public documents; and
- whether we were aware of any additional matters that should be brought to the attention of the Board, including material weaknesses in internal control, evidence of illegal or possibly illegal acts or fraud, and unusual or high-risk transactions and related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

Audit management

Terms of the engagement

As required by our professional standards, we obtain a written confirmation from management outlining our common understanding of, and our agreement on, the terms of the engagement for this audit. We will be pleased to discuss matters of interest relating to the terms of the engagement that you may require.

Audit team

The audit of the Centre's 2012 year-end will be completed by a team of audit professionals. This team is composed of senior personnel from Office of the Auditor General of Canada who are involved in the planning, coordination, and direction of the audit and staff members who perform detailed procedures during our on-site visits. The Auditor General of Canada is consulted by the audit team on sensitive, complex, and/or difficult issues.

The Audit Principal is responsible for audit quality and provides assurance to the Assistant Auditor General that the audit engagement is carried out in compliance with Office policies, professional standards, and the Office's System of Quality Control.

Senior staff involved in this year's audit includes:

Michael Ferguson, FCA	Auditor General
Marian McMahon, CA	Assistant Auditor General
Aline Vienneau, CA	Audit Principal
Tammy Meagher, CA	Director

Audit timetable

After consulting with management, we have established the following timetable that highlights the timing of the audit's major activities.

Board of the Centre meeting—presentation of audit plan	1-2 November 2012
Interim Audit	5 to 16 November 2012
Year-end Audit	11 February to 1 March 2013
Meeting with management – preliminary audit results	1 March 2013

Finalization of audit, including audit adjustments	15 March 2013
Signed audit opinion	End of March 2013
Board of the Centre meeting – presentation of audit results	November 2013

Audit fees

Fees, including travel costs, for the 2012 financial statements audit have been set at 150,000 USD. These fees are calculated on the basis of the time we anticipate spending on the audit of the ITCILO, and on the levels of skill and responsibilities involved. The various components of the fees were discussed with management of the ITCILO in determining the most economical alternatives and an agreement was reached that estimates for the various travel components are the lower of the best rates available to ITCILO or the Office of the Auditor General of Canada.

Appendix—Standard Auditor’s Report

INDEPENDENT AUDITOR’S REPORT

To the Board of the International Training Centre of the International Labour Organization

Report on the Financial Statements

I have audited the accompanying financial statements of the International Training Centre of the International Labour Organization, which comprise the statement of financial position as at 31 December 2012, and the statement of financial performance, statement of changes in net assets, statement of cash flow and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the International Training Centre of the International Labour Organization as at 31 December 2012, and its financial performance, its cash flows and the comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Regulations* of the International Training Centre of the International Labour Organization, I report that, in my opinion, the International Public Sector Accounting Standards have been applied, after giving retroactive effect to the changes as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the International Training Centre of the International Labour Organization that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Regulations* and legislative authority of the International Training Centre of the International Labour Organization.

In accordance with Article 27 of the *Financial Regulations* of the International Training Centre of the International Labour Organization, I will also issue a detailed report on my audit of the International Training Centre of the International Labour Organization's financial statements to the Board.

Michael Ferguson, FCA
Auditor General of Canada

Date
Ottawa, Canada