UPDATE ON THE APPOINTMENT OF THE EXTERNAL AUDITOR OF PAHO FOR 2016-2017

1. The audit of an organization by an external entity is one of the key instruments to ensure transparency and oversight in its operations. In accordance with Regulation 14.1 of the Financial Regulations of PAHO, the Pan American Sanitary Conference or Directing Council appoints an External Auditor of international repute to audit the accounts of the Organization. The duration of the appointment is at the discretion of the Conference or Council.

2. The current External Auditor of PAHO, the Court of Audit of Spain, was appointed by the 51st Directing Council for the 2012-2013 and 2014-2015 biennia. The appointment of the Court of Audit of Spain will expire upon the completion of the audit of the 2015 financial period.

3. Best practices recommend that External Auditors hold a limited appointment to ensure transparency and objectivity, while taking into consideration the efficiency of the audit process. Practice has been to appoint the External Auditor for two biennia and to recommend reappointment for an additional period taking into consideration satisfactory completion of its mandate, as well as a willingness to be reappointed.

4. Therefore, taking due note of best practices with regard to the provision of external oversight services, as well as the satisfactory work of the current External Auditor, the Director recommends the extension of the appointment of the Court of Audit of Spain for an additional biennium, 2016-2017. The extension of the appointment of the Court of Audit of Spain will ensure continuity and effectiveness in the audit of the Organization throughout the design and implementation of the PASB Management Information System, of which Phase I is scheduled to “go live” in January 2015 and Phase II in January 2016.

5. During 2016, the Pan American Sanitary Bureau will issue a Note Verbale to Member States, Participating States, and Associate Members in accordance with established procedures, requesting nominations for an auditor of international repute to be
considered by the Governing Bodies for appointment as the External Auditor of PAHO for the 2018-2019 and 2020-2021 biennia.

**Action by the Subcommittee on Program, Budget, and Administration**

6. The Subcommittee is requested to take note of the report and make recommendations to the Executive Committee regarding the reappointment of the Court of Audit of Spain as the External Auditor of PAHO for the 2016-2017 biennium.