

**16th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

Virtual Session, 23-25 March 2022

Provisional Agenda Item 4.4

SPBA16/10*
14 February 2022
Original: English

**AMENDMENTS TO THE FINANCIAL REGULATIONS
AND FINANCIAL RULES OF PAHO**

Introduction

1. The Financial Regulations govern the financial administration of the Pan American Health Organization (PAHO). Amendments to the Financial Regulations must be approved by either the Pan American Sanitary Conference or the Directing Council of PAHO. Detailed guidance on implementation of the Financial Regulations of PAHO is set forth in the Organization's Financial Rules. In accordance with Financial Regulation 16.3, amendments to the Financial Rules require confirmation by the Executive Committee and are reported to the Conference or the Directing Council.

Proposed Amendment to the Financial Regulations of PAHO

2. During discussions on the extension of the appointment of the National Audit Office of the United Kingdom of Great Britain and Northern Ireland for the 2022-2023 biennium at the 58th Directing Council, it was noted that best practices governing the appointment of an external auditor would stipulate a limit on the total number of consecutive years appointed. The Pan American Sanitary Bureau (the Bureau) has historically recommended the appointment of an External Auditor for two biennia, with the option to extend for one additional biennium, resulting in a de facto limit of six years for the External Auditor.

3. The Bureau strives to adopt best practices in all areas of financial management, including adopting a term limit in the Financial Regulations governing the appointment of the External Auditor. Therefore, the proposed amendment to Financial Regulation 14.1 stipulates an initial term limit of four years with the option to extend for two additional years, for a total term limit of six years.

* This version contains an adjustment to the Item and Document numbers in accordance with the Provisional Agenda (Document SPBA16/1, Rev.1).

4. The proposed amended text for Financial Regulation 14.1 is set out in the Annex to this document.

Action by the Subcommittee on Program, Budget, and Administration

5. The Subcommittee is invited to review the proposed amendment to the Financial Regulations and provide recommendations to the Executive Committee.

Annex

ANNEX

**PROPOSED AMENDMENTS
TO THE FINANCIAL REGULATIONS OF PAHO**

<i>Regulation XIV – External Audit</i>		
Current Text	Proposed Text	Comments
14.1 The Conference or the Directing Council shall appoint an External Auditor of international repute to audit the accounts of the Organization. The Auditor appointed may be removed only by the Conference or the Directing Council.	14.1 The Conference or the Directing Council shall appoint an External Auditor of international repute to audit the accounts of the Organization. The term of office shall be four years, covering two budgetary periods, and may be extended once for an additional two years. The appointment of any External Auditor cannot exceed six consecutive years, unless otherwise approved by the Conference or the Directing Council. The Auditor appointed may be removed only by the Conference or the Directing Council.	In accordance with best practices, the term of an External Auditor should be expressly limited to ensure objectivity.
