

**15th SESSION OF THE SUBCOMMITTEE  
ON PROGRAM, BUDGET, AND ADMINISTRATION  
OF THE EXECUTIVE COMMITTEE**

*Virtual Session, 24-26 March 2021*

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*Provisional Agenda Item 4.2*

SPBA15/8  
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**UPDATE ON THE APPOINTMENT OF THE EXTERNAL AUDITOR  
OF PAHO FOR 2022-2023**

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, the Pan American Sanitary Conference or Directing Council appoints an External Auditor of international repute to audit the accounts of the Pan American Health Organization (PAHO).
  2. The current External Auditor of PAHO, the National Audit Office (NAO) of the United Kingdom of Great Britain and Northern Ireland, was appointed by the 29th Pan American Sanitary Conference for the 2018-2019 and 2020-2021 biennia. The appointment of the National Audit Office will expire upon completion of the audit of the 2021 financial period.
  3. Best practices recommend that the External Auditor hold a time-limited appointment to ensure transparency and objectivity while taking into consideration the efficiency of the audit process. The duration of the appointment is at the discretion of the Pan American Sanitary Conference or Directing Council. However, previous practice has been to appoint the External Auditor for two biennia, with the option of reappointment for an additional period, conditional upon satisfactory completion of the External Auditor's mandate as well as a willingness to be reappointed.
  4. During the 58th Directing Council, the Director recommended extension of the appointment of the National Audit Office of the United Kingdom of Great Britain and Northern Ireland for an additional biennium (2022-2023) through Document CD58/14, 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. While delegates recognized the high standard of excellence demonstrated by the NAO and expressed their support for its reappointment, it was noted that many international organizations limit the appointment of an external auditor to one term of four to six years without the option to renew.
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5. The Pan American Sanitary Bureau (PASB or Bureau) has reviewed Financial Regulation 14.1 regarding the appointment of an External Auditor and continues to believe that the flexibility provided by the current practice is in the best interests of the Organization, while maintaining the standard of transparency and audit objectivity required of an external auditor. This flexibility has proved critical in the past when the Organization has not received appropriate nominations from the Member States for a new External Auditor. The extension of the NAO's appointment for the 2022-2023 period will ensure continuity and effectiveness in the audit of the Organization, especially during this unprecedented period of telework arrangements and limited travel capabilities.

6. During 2022, the 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 2024-2025 and 2026-2027 biennia. It will be critical that Member States meet this important responsibility to provide qualified nominations for consideration as the next External Auditor of the Organization.

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

7. The Subcommittee is invited to take note of this report and make any recommendations it deems pertinent to the Executive Committee regarding the reappointment of the National Audit Office of the United Kingdom of Great Britain and Northern Ireland as the External Auditor of PAHO for the 2022-2023 biennium.

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