

B: UPDATE ON THE APPOINTMENT OF THE EXTERNAL AUDITOR OF PAHO FOR 2012–2013 AND 2014–2015

1. The audit of an organization by an external entity is one of the key instruments ensuring transparency and oversight in its operations. The appointment of the current External Auditor of the Pan American Health Organization will expire at the completion of the audit of the 2010-2011 financial period. The current External Auditor, the National Audit Office of the United Kingdom of Great Britain and Northern Ireland, has held the appointment for nearly 30 years.

2. In accordance with Regulation 14.1 of the Financial Regulations, the Pan American Sanitary Conference or the Directing Council shall appoint 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. However, previous practice has been to appoint the External Auditor for two biennia.

3. A *note verbale* was sent to all Member, Participating, and Associate States in October 2010. The *note verbale* described in detail the process the Member States needed to follow in order to nominate an Auditor for the 2012-2013 and 2014-2015 biennia. The deadline for the receipt of submissions from the Member States was 30 April 2011. In order to provide the Member States additional time to fully participate in the process, the Director extended the deadline for the receipt of nominations by PASB to 1 June 2011.

4. PASB received three nominations as follows: the Government of Bolivia nominated the Controller and Auditor General of India; the Government of Panama nominated the Spanish Court of Audit; and the Government of Peru nominated the Supreme Audit Institution of Germany (Bundesrechnungshof).

5. Panama and Peru provided the proposals including all the requested documentation as per the *note verbale*, Bolivia sent only the formal letter of the Ministry of Health informing of their nomination. Even though all efforts were made by the Office to obtain the full proposal, it has not been provided to date.

6. All the documentation available for the nominations has been forwarded to PAHO's Audit Committee for review and comment.

7. The proposals, along with any comments made by the Audit Committee, will be submitted to the 51st Directing Council to be held in September 2011 for the consideration of the Member States. During the Directing Council, the representatives of the audit entities proposed by the aforementioned Member States will be invited to make

a summary presentation of their proposals to assist in the selection process. The selection of the External Auditor will be by secret ballot with the requirement of a simple majority.

Action by the Executive Committee

8. The Executive Committee is requested to take note of this report and to provide comments.