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FINANCE COMMITTEE

Hundred and Thirty-eighth Session

Rome, 21 – 25 March 2011

Renewal of the Term of Office of the External Auditor

Queries on the substantive content of this document may be addressed to:

Mr Nicholas T. Nelson

Director, Finance Division and Treasurer

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EXECUTIVE SUMMARY

- The Commission on Audit of the Republic of the Philippines was appointed, upon recommendation of the Finance Committee, as External Auditor of the Organization by the Council at its 132nd Session for a period of four years from 2008.
- At its 122nd Session, the Finance Committee agreed that in 2011 a determination be made as to whether an extension of two years to the appointment ought to be recommended to the Council.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Committee is invited to determine whether an extension of an additional two years to the current term of office of the External Auditor be recommended to the Council.

Draft Advice

- **The Finance Committee recommends the extension of the appointment of the Commission on Audit of the Republic of the Philippines as External Auditor of the Organization for a further two years, starting from the year 2012.**

Background

1. At its 132nd Session in June 2007, upon the recommendation of the Finance Committee, the Council appointed¹ the Commission on Audit of the Republic of the Philippines (COA) as External Auditor of the Organization for a period of four years commencing with the year 2008.
2. In considering a new policy on limitation of the term of office of the External Auditor at its 122nd Session in May 2008, the Finance Committee was informed that the invitation to tender, on the basis of which the incumbent External Auditor had been appointed, *indicated that the appointment was for four years, with a possibility of an extension (i.e. without a re-tendering process) for an additional period of two years.*²
3. At the same session, the Committee concurred with a proposal that, in 2011, as the term of four years of the External Auditor would be approaching completion, a determination would be made as to whether an extension of two years were to be recommended to the Council and whether the External Auditor would agree to that extension.³
4. The Commission on Audit of the Republic of the Philippines has communicated to the Chairperson⁴ its interest for the Finance Committee to consider an extension of its current term of office for an additional period of two years commencing with the year 2012.

Possible action by the Committee

5. The original appointment of the incumbent External Auditor for four years, commencing with the year 2008, expires at the end of the current biennium. In line with the policy confirmed during its 122nd Session, the Committee is now invited to consider whether the appointment of the Commission on Audit of the Republic of the Philippines as External Auditor of the Organization should be extended for a further two year period, commencing with the year 2012.
6. In the case in which the Committee decides to recommend an extension of the appointment, it may wish to propose the following resolution to the Council:

Draft Resolution for the Council

EXTENSION OF THE APPOINTMENT OF THE EXTERNAL AUDITOR

The Council

Noting that the current appointment of the External Auditor expires at the end of 2011 and that the Finance Committee recommends the extension of the appointment of the Commission on Audit of the Republic of the Philippines as External Auditor of the Organization for a further two years;

Decides to appoint the Commission on Audit of the Republic of the Philippines as External Auditor of the Organization for a further period of two years commencing with the year 2012.

¹ CL 132/REP, Resolution 1/132

² CL 135/7, para. 54

³ CL 135/7, para. 55

⁴ See attached letter



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

25 January 2011

Reynaldo A. Villar
Chairman

Mr. Yasser A. R. Sorour
Chairperson, Finance Committee
Food and Agriculture Organisation of the
United Nations
Rome, Italy

Dear Mr. Sorour,

With reference to the FAO Council's decision at its 132nd Session in June 2007 to appoint the Commission on Audit of the Republic of the Philippines as External Auditor of the Organisation for a period of four years commencing with the year 2008, and in line with the invitation to tender on the basis of which the appointment was made providing for a possible extension for another biennium, I would like to manifest our interest to be considered for an extension of the current term of office for an additional period of two years commencing with the year 2012.

For the past audit periods, our institution has endeavoured to deliver its duties and responsibilities by instituting audit strategies and applying audit procedures and techniques that were considered necessary based on our auditor's assessments, all within our audit framework. These initiatives, we have observed, triggered the enhancement of FAO's operational activities particularly in areas of good governance, cooperation and in other fundamental processes by way of the recommendations we have so far submitted to Management.

As a way to move forward, the COA will continue to strengthen its commitment to its audit mandate and strive for optimal utilization of its audit resources and the further enhancement of its audit base. We will provide support to the organization through value adding recommendations relevant to the needs and requirements of its stakeholders. We will always strive to exceed your expectations.

I wish to express my sincere gratitude for the support you have extended to us. Should our request merit your favourable consideration, we shall provide the necessary information for any further clarification the Finance Committee may require in this respect. Our Director of External Audit, Mr. Lito Q. Martin will be the focal person and he can be contacted at telephone number +6329319226 or at e-mail address lqmartin@coa.gov.ph.

Very truly yours,

A handwritten signature in black ink, appearing to be "R. Villar", written over a horizontal line.

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