



**THIRD REGULAR SESSION**  
**Apia, Samoa**  
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**EXTERNAL AUDITOR APPOINTMENT TERM AND PROCESS**

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**WCPFC3-2006/21**  
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Prepared by the Secretariat

**Introduction**

1. The Commission's Financial Regulation 12 sets out the requirements for the appointment of an external auditor. The regulation provides for an initial appointment term of two years and that an auditor may be reappointed. In December 2005 the Commission appointed Deloitte & Touche LLP. That firm, which has its headquarters in Guam and an office in Kolonia, Pohnpei, was the only eligible firm that bid to provide audit services. There are no other audit firms in Pohnpei that meet the requirements set out in the Financial Regulations. The Federated States of Micronesia Public Audit Office has not varied its earlier advice that it is unable to provide annual audits of the Commission. The term of the current auditor will expire in December 2007.

**Continuity**

2. As the term of the external auditor will expire in December 2007 and a need will arise to audit the 2007 financial period financial statements in early 2008, the Commission may wish to consider the need to either seek to negotiate a reappointment or to generally canvass for an external auditor during 2007 in order that an appointment for 2008 and 2009 can be made at WCPFC4. In either case a capability to comply with the requirements of the Commission's Financial Regulations and an appropriate fee level would be important considerations.

3. In terms of general practice, an appointment of two years is a relatively short term, noting that longer appointment periods often result in audit efficiencies and effectiveness as the auditor becomes more familiar with an organisation and its operations.

**Recommendation**

4. The Commission is invited to decide whether to negotiate a reappointment with Deloitte and Touch LLP of Guam for two years, or some other period it considers appropriate; or to advertise for an external auditor in 2007.