



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



138th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 19-23 June 2006

Provisional Agenda Item 5.4

CE138/21 (Eng.)

22 May 2006

ORIGINAL: ENGLISH

AMENDMENTS TO THE FINANCIAL REGULATIONS

1. The Pan American Health Organization is committed to the effective implementation of a results-based management framework which entails a complete review of operational and administrative policies and systems in order to ensure that such policies and systems fully and efficiently support the Organization's operations and program of work.
2. The Director has determined that it is necessary to revise the Financial Regulations in order to reflect modern practices in financial management. Specifically, policy concerning the recognition of expenditure is to be revised to bring it in line with current best practice. This revision will improve the quality of financial reports such that there will be a more direct alignment between the achievement of expected results and the expenditure reported.
3. Changes are proposed to Financial Regulations 4.2, 4.5, 4.6, and 8.1 in order to implement this policy. Furthermore, these changes are closely aligned with the revisions made to the WHO Financial Regulations as approved by the World Health Assembly in Resolution WHA58.20.
4. The effective date of implementation of the changes is proposed as 1 January 2007. However, it is proposed that the existing language in Financial Regulation 4.5 pertaining to the disposition of unliquidated balances be retained as a transitional measure through the end of the 2006-2007 financial period so that unliquidated obligations from the previous financial period may be correctly reported in the 2006-2007 financial statements.

Action by the Executive Committee

5. Should the Executive Committee agree with the proposed revision of the Financial Regulations, it may wish to adopt a resolution along the following lines:

Proposed Resolution

THE 138th SESSION OF THE EXECUTIVE COMMITTEE,

Having considered the Director's report on the revisions proposed to the Financial Regulations contained in Document CE138/?; and

Taking into consideration that the revisions reflect modern and best practices and are in line with the revisions made by the World Health Organization as approved by the World Health Assembly (Resolution WHA58.20),

RESOLVES:

To recommend to the Directing Council the adoption of a resolution along the following lines:

THE 47th DIRECTING COUNCIL,

Having considered the recommendation of the Executive Committee and the proposed revisions to the Financial Regulations as they appear in Annex I of Document CD47/22; and

Taking into consideration that the revisions to the Regulations reflect modern and best practices in financial management, and are in line with the revisions approved by the 58th World Health Assembly (Resolution WHA58.20),

RESOLVES:

To approve the revisions to the Financial Regulations of the Pan American Health Organization as they appear in Annex I of Document CD47/22.

Annexes

Financial Regulations

Existing Text

Proposed Revised Text

Regulation IV – Regular Budget Appropriations

4.2 Appropriations shall be available for obligation for the financial period to which they relate. Obligations incurred and charged against appropriations during the current financial period, shall cover the cost of goods or services which were contracted during the period and which are to be supplied or rendered during that period or within the year following the end of the period.

4.5 Unliquidated or undisbursed obligations at the end of the current financial period, shall be carried forward and remain available for the following financial period to cover the costs of the activities set forth in Regulation 4.2. Any unliquidated balance at the end of the second financial period shall be canceled and credited to Miscellaneous Income.

4.6 Any claims that continue to exist against the Organization under unliquidated obligations canceled in accordance with regulation 4.5 shall be transferred to new obligations against appropriations established for the current financial period.

4.2 Appropriations shall be available for obligation for the financial period to which they relate. Obligations incurred and charged against appropriations during the current financial period, shall cover the cost of goods or services which were contracted during the period and which are ~~to be supplied or rendered~~ contractually due to be delivered during that period ~~or within the year following the end of the period.~~

4.5 Unliquidated or undisbursed obligations at the end of the current financial period; shall be carried forward as an accrual for accounts payable and remain available for the following financial period to cover the costs of the activities set forth in Regulation 4.2. ~~Any unliquidated balance at the end of the second financial period shall be canceled and credited to Miscellaneous Income.~~

4.6 Any claims ~~that continue to~~ for goods and services contractually due to be delivered in a subsequent financial period that exist against the Organization ~~under unliquidated obligations canceled in accordance with regulation 4.5 shall be transferred to new obligations against appropriations established for the current financial period~~ at the end of a financial period shall be established as obligations against appropriations established for the relevant subsequent financial period and shall be disclosed as a note to the Financial Statements.

Regulation VIII – Miscellaneous and Other Income

8.1 Miscellaneous Income shall be applied in accordance with Regulation 5.2 (c) and shall include the following:

- (a) unliquidated obligations in accordance with Regulation 4.5;
- (b) interest earnings or investment income in accordance with Regulation 11.2 and 11.3;
- (c) refunds or rebates of expenditure received after the end of the financial period to which the original expenditure related;
- (d) proceeds of insurance claims that are not required to replace the insured item, or otherwise compensate for the loss;
- (e) the net proceed generated on the sale of a capital asset after allowing for all costs of the acquisition, or improvement, of any asset concerned;
- (f) net gain or losses on exchange rates;
- (g) moneys accepted as gifts per Regulation 8.5;
- (h) unbudgeted quota receipts in accordance with Regulation 6.9;
- (i) income not otherwise specifically referred to in these Regulations.

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- ~~(b)~~ (a) interest earnings or investment income in accordance with Regulation 11.2 and 11.3;
- ~~(c)~~ (b) refunds or rebates of expenditure received after the end of the financial period to which the original expenditure related;
- ~~(d)~~ (c) proceeds of insurance claims that are not required to replace the insured item, or otherwise compensate for the loss;
- ~~(e)~~ (d) the net proceed generated on the sale of a capital asset after allowing for all costs of the acquisition, or improvement, of any asset concerned;
- ~~(f)~~ (e) net gain or losses on exchange rates;
- ~~(g)~~ (f) moneys accepted as gifts per Regulation 8.5;
- ~~(h)~~ (g) unbudgeted quota receipts in accordance with Regulation 6.9;
- ~~(i)~~ (h) income not otherwise specifically referred to in these Regulations.