



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



5th DIRECTING COUNCIL
3rd SESSION OF THE REGIONAL COMMITTEE

Washington D.C., 24 September - 3 October 1951

RESOLUTION

CD5.R9

FINANCIAL REGULATIONS

THE 5th DIRECTING COUNCIL,

Considering that the XIII Pan American Sanitary Conference requested the Director to submit draft financial regulations to the Executive Committee; and

Considering that the Executive Committee reviewed in detail the provisional Financial Regulations for the Pan American Sanitary Bureau and recommended that the Directing Council adopt the said Regulations,

RESOLVES:

To adopt the Financial Regulations for the Pan American Sanitary Bureau as set forth in the annex to the present resolution.

ANNEX:

Financial Regulations for the Pan American Sanitary Bureau

Article 1-Applicability

1.1 These regulations shall govern the financial administration of the Pan American Sanitary Bureau.

Article II-The Financial Year

2.1 The financial year shall be the period 1 January through 31 December.

Article III-The Budget

3.1 The Executive Committee shall prepare, with the cooperation of the Director of the Pan American Sanitary Bureau, a proposed annual budget for consideration by the Directing Council.

3.2 The estimates shall cover expenditures for the financial year to which they relate and shall be presented in U.S. dollars.

3.3 The annual budget estimates shall be divided into parts, sections, chapters, and articles, and shall be accompanied by such information annexes and explanatory statements as may be requested on behalf of the Directing Council, and such further annexes or statements as the Director may deem necessary and useful.

3.4 The Director shall submit to the Executive Committee budget estimates for the following financial year.

3.5 The Director shall transmit the proposed budget of the Executive Committee to all the Member States at least thirty days prior to the meeting of the Directing Council.

3.6 The Executive Committee shall present its proposed budget to the Directing Council at its annual meeting.

3.7 The budget for the following financial year shall be adopted by the Directing Council.

3.8 Supplementary estimates may be submitted by the Director when and as he may deem necessary.

3.9 The Director shall prepare supplementary estimates in a form consistent with the annual estimates and shall submit such estimates to the Executive Committee. The Executive committee shall review such estimates and report thereon to the Directing Council.

Article IV-Appropriations

4.1 The appropriations voted by the Directing Council shall constitute an authorization to the Director to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.

4.2 Appropriations shall be available for obligation for the financial year to which they relate.

4.3 Appropriations shall remain available for twenty-four months following the end of the financial year to which they relate, to the extent that they are required to discharge the outstanding legal obligations as of 31 December of that year. Any remaining balance of appropriation will revert to the Working Capital Fund.

4.4 At the end of the twenty-four-month period, the remaining balance of any appropriations will revert to the Working Capital Fund. Any unliquidated obligations of the prior twenty-four months shall at that time be cancelled; where the obligation remains a valid charge, it shall be transferred as an obligation against current appropriations.

4.5 Transfers within the total amount appropriated may be made to the extent permitted by the terms of the budget resolution adopted by the Directing Council.

Article V-Provision of Funds

5.1 The appropriations, subject to the adjustments effected in accordance with the provisions of Regulation 5.2, shall be financed by contributions from the Member States, in accordance with Article 60 of the Pan American Sanitary Code. Pending the receipt of such contributions, the appropriation may be financed from the Working Capital Fund.

5.2 In the assessment of the contributions of the Member States, adjustments shall be made to the amount of the appropriations approved by the Directing Council for the following financial year in respect of:

(a) Supplementary appropriations for which contributions have not previously been assessed on the Member States;

(b) Contributions resulting from the assessment of new Member States under the provisions of Regulation 5.8;

(c) The estimated amount of miscellaneous income shall be routinely credited to voted budget appropriations.

5.3 After the Directing Council has voted the appropriations, the Director shall request the Secretary General of the Organization of American States to:

- (a) Transmit the relevant documents to the Member States;
- (b) Inform the Member States of their commitments in respect of annual contributions;
- (c) Request the Member States to remit their contributions.

5.4 Contributions shall be considered as due and payable in full within thirty days of the receipt of the communication of the Secretary General of the Organization of American States, or as of the first day of the financial year to which they relate, whichever is the later. As of 1 January of the following financial year, the unpaid balance of such unpaid contributions shall be considered to be one year in arrears.

5.5 Annual contributions shall be assessed in United States dollars and paid in United States dollars.

5.6 Payments made by a Member State shall be credited to the earliest outstanding assessments in its account.

5.7 The Director shall submit to the regular session of the Directing Council a report on the collection of contributions.

5.8 New Members shall be required to make a quota contribution for the year in which they become Members.

Article VI-Funds

6.1 There shall be established a General Fund for the purpose of accounting for the expenditures of the Bureau. The contributions paid by the Member States under Regulation 5.1, miscellaneous income, and any advances made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.

6.2 There shall be established a Working Capital Fund in an amount and for purposes to be determined from time to time by the Directing Council. The source of monies for the Working

Capital Fund shall be from the surplus as of 31 December 1949 as reported by the Director and as adopted by the Directing Council under Resolution II of the III Meeting of the Directing Council of the Pan American Sanitary Organization and as set forth in Resolution III (Rev. 1) of the XIII Pan American Sanitary Conference.

6.3 Title to monies credited to the Working Capital Fund shall remain with the Pan American Sanitary Organization.

6.4 The Working Capital Fund shall be used to finance budgetary appropriations during a financial year, and the Fund shall be reimbursed as soon as and to the extent that income is available for that purpose.

6.5 Transfers from the Working Capital Fund to finance unforeseeable and extraordinary expenses or other authorized purposes shall be reimbursed from regularly budgeted funds unless other authorized means are used to replenish the Fund.

6.6 Income derived from investments of the Working Capital Fund shall be credited to miscellaneous income.

6.7 Trust, Reserve, and Special Funds may be established by the Director or other appropriate authority.

6.8 The purpose and limits of each Trust, Reserve, and Special Fund shall be clearly defined by the appropriate authority. Unless otherwise provided, such funds shall be administered in accordance with these Regulations.

6.9 The Director, with the prior and written concurrence of a majority of the members of the Executive Committee, shall have the power to borrow funds.

Article VII-Other Income

7.1 All income, other than:

(a) Contributions to the budget;

(b) Refunds of direct expenditures made during the financial year;

(c) Advances or deposits to the Funds shall be claimed as miscellaneous income for credit to the General Fund.

7.2 Voluntary contributions may be accepted by the Director, provided that the purposes for which the contributions are made are consistent with the policies, aims, and activities of the Bureau, and provided that the acceptance of such contributions as may directly or indirectly involve additional financial liability for the Bureau shall require the consent of the appropriate authority.

7.3 Monies accepted for purposes specified by the donor shall be treated as Trust or Special Funds under Regulations 6.7 and 6.8.

7.4 Monies accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the annual accounts.

Article VIII-Custody of Funds

8.1 The Director shall designate the bank or banks in which the funds of the Bureau shall be kept.

Article IX-Investment of Funds

9.1 The Director may make short-term investments of monies not needed for immediate requirements and shall inform the Executive Committee periodically of such investments as he has made.

9.2 The Director may make long-term investments of monies standing to the credit of Trust, Reserve, or Special Funds as may be provided by the appropriate authority in respect of each such Fund.

9.3 Income derived from investments shall be credited as provided in the rules relating to each Fund.

Article X-Internal Control

10.1 The Director shall:

(a) Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;

(b) Cause all payments to be made on the basis of supporting vouchers and other documents that ensure that the services or goods have been received and that payment has not previously been made;

(c) Designate the officers who may receive monies, incur obligations, and make payments on behalf of the Bureau;

(d) Maintain an internal financial control that shall provide for an effective current examination and/or review of financial transactions in order to ensure:

(i) The regularity of the receipt, custody, and disposal of all funds and other financial resources of the Bureau;

(ii) The conformity of obligations and expenditures with the appropriations or other financial provision voted by the Directing Council, or with the purposes and rules relating to Trust and other Special Funds;

(iii) The economic use of the resources of the Bureau.

10.2 No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Director.

10.3 The Director may make such ex-gratia payments as he deems to be necessary in the interests of the Bureau, provided that a statement of such payments shall be submitted to the Directing Council with the annual accounts.

10.4 The Director may, after full investigation, authorize the writing off of such losses of cash, stores, and other assets, provided that a statement of all such amounts written off shall be submitted to the Auditor(s) with the annual accounts.

10.5 Tenders for equipment, supplies, and other requirements shall be invited by advertisement, except where the Director deems that, in the interests of the Bureau, a departure from the rule is desirable.

Article XI-The Accounts

11.1 The Director shall maintain such accounting records as are necessary and shall submit annual accounts showing for the financial year to which they relate:

- (a) The income and expenditure of all funds;
- (b) The status of appropriations;
- (c) The assets and liabilities of the Bureau.

He shall also give such other information as may be appropriate to indicate the current financial position of the Bureau.

11.2 The accounts of the Bureau shall be presented in United States dollars. The accounting records may be kept in such currency or currencies as the Director may deem necessary.

11.3 Appropriate separate accounts shall be maintained for all Trust and other Special Funds.

11.4 The annual accounts shall be submitted by the Director to the External Auditor(s) by 1 March following the end of the financial year.

Article XII-External Audit

12.1 The Directing Council shall appoint External Auditor(s) of international repute to audit the accounts of the Bureau. Auditor(s) appointed may be removed only by the Directing Council.

12.2 The External Auditor(s) shall perform such an audit as he/they may deem necessary to certify:

- (a) That the financial statements are in accord with the books and records of the Bureau;
- (b) That the financial transactions reflected in the statements have been in accordance with the rules and regulations and other applicable directives;
- (c) That the securities and monies on deposit and on hand have been verified by certificate received direct from the Bureau's depositories or by actual account.

12.3 Subject to the provisions of the financial regulations, the Auditor(s) shall be the sole judge as to the acceptance in whole or in part of the certifications by members of the Staff of the Bureau and may proceed to such detailed examination and verifications of all financial records as he/they may choose, including those relating to supplies and equipment.

12.4 The Auditor(s) may affirm by test the reliability of the internal audit and may make such reports with respect thereto as he/they may deem necessary to the Directing Council.

12.5 The Auditor(s) and his/their staff have free access at all convenient times to all books of account and records that are, in the opinion of the Auditor(s), necessary for the performance of the audit. Information classified in the records of the Directorate as confidential, and which is required for the purpose of the audit, shall be made available on application to the Director or his alternate.

12.6 The Auditor(s), in addition to certifying the account, may make such observations as he/they may deem necessary with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls, and in general the financial consequences of administrative practices. In no case, however, shall the Auditor(s) include criticism in his/their audit report without first affording the Directorate an opportunity of explanation to the Auditor(s) of the matter under observation. Audit objections to any item in the accounts shall be immediately communicated to the Chief, Division of Administration.

12.7 The Auditor(s) shall have no power to disallow items in the accounts, but shall draw to the attention of the Director for appropriate action any transaction concerning which he/they entertain doubt as to legality or propriety.

12.8 The Auditor(s) shall prepare a report on the accounts certified, in which he/they should mention the extent and character of his/their examination or any important changes therein, matters affecting the completeness or accuracy of the accounts, or other matters that should be brought to the notice of the Directing Council, such as:

- (a) Cases of fraud or presumptive fraud;
- (b) Wasteful or improper expenditure of money or other assets of the Bureau (not with standing that the accounting for the transactions may be correct);
- (c) Expenditure likely to commit the Bureau to further outlay on a large scale;
- (d) Any defect in the general system or detailed regulations governing the control of receipts and expenditure, or of supplies and equipment;

(e) Expenditure not in accordance with the intention of the Directing Council, after making allowance for duly authorized transfers within the budget;

(f) Expenditure in excess of appropriation as amended by duly authorized transfers within the budget;

(g) Expenditure not in conformity with the authority that governs it.

12.9 The Auditor(s) shall submit his/their report to the Directing Council to be available to the Executive Committee not later than 15 April following the end of the financial year to which the accounts relate. The Director shall forward to the Executive Committee his comments, if any, on the audit report. The Executive Committee shall review the audit report and forward its comments, if any, to the Directing Council.

Article XIII-Resolutions Involving Expenditures

13.1 The Pan American Sanitary Conference, the Directing Council, and the Executive Committee shall not make decisions involving expenditures unless they have received a report from the Director on the administrative and financial implications of the proposal.

13.2 Where, in the opinion of the Director, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the Pan American Sanitary Conference or the Directing Council has made the necessary appropriations, unless such expenditure can be made under the conditions of the resolution of the Directing Council relating to the Emergency Procurement Revolving Fund.

Article XIV-Delegation of Authority

14.1 The Director may delegate to other officers of the Bureau such of his powers as he considers necessary for the effective implementation of these regulations.

Article XV-General Provisions

15.1 These regulations shall be effective as of the date of their approval by the Directing Council and may be amended only by the Directing Council or the Pan American Sanitary Conference.

15.2 In case of doubt as to the interpretation and application of any of the foregoing regulations, the Director is authorized to rule thereon.

Article XVI-Special Provisions

16.1 The Director shall report annually to the Directing Council or the Pan American Sanitary Conference such financial rules and amendments thereto as he may make to implement these regulations, after confirmation by the Executive Committee.

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