

## 156th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 22-26 June 2015

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*Provisional Agenda Item 5.11*

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### AMENDMENTS TO THE FINANCIAL REGULATIONS AND FINANCIAL RULES OF PAHO

#### **Introduction**

1. The Financial Regulations govern the financial administration of the Pan American Health Organization (PAHO). Amendments to the Regulations must be approved by either the Pan American Sanitary Conference or the Directing Council. Detailed guidance on implementation of the Financial Regulations of PAHO is set forth in the Organization's Financial Rules. Amendments to the Financial Rules require confirmation by the Executive Committee and are reported to the Conference or the Directing Council.

#### **Proposed Amendments to the Financial Regulations of PAHO**

2. The proposed amendments to the Financial Regulations of PAHO reflect the concept of a unified Program and Budget comprised of PAHO Assessed Contributions, the Budgeted Miscellaneous Revenue, PAHO Voluntary Contributions, and World Health Organization (WHO) funds including the allocation from WHO Assessed Contributions and WHO Voluntary Contributions. These amendments would increase the efficiency and effectiveness of the implementation of PAHO's Program and Budget, and reflect the direction recently taken by WHO.

3. The PAHO Program and Budget 2016-2017 will be presented to the Governing Bodies for approval as the biennial program of work with the entire budget rather than Regular Budget appropriations. Based on realistic cost estimates of biennial results, the integrated budget represents total financial resources required by the Pan American Sanitary Bureau to provide agreed support to Member States. Available funding from various sources will be allocated to agreed priority programs and organizational entities responsible for delivering stated results.

4. Amendments to the Financial Regulations and Financial Rules are required to mark the difference between the approved budget and the available funding which comes

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from the different sources described in paragraph 2. The segregation of budget approval from funding allocation is necessary in the context of results-based management because it would provide the flexibility to allocate available funding to priority areas and organizational levels. This flexibility could accelerate implementation and delivery of programmatic results in Member States, and improve the allocation of financial resources to programmatic priorities during the budgetary period.

5. The proposed text and explanations for each Regulation are set out in the Annex A. Any amendments to the Financial Rules as a result of the approval of amendments to the Financial Regulations will be presented to the 157th Session of the Executive Committee.

**Action by the Executive Committee**

6. The Executive Committee is invited to examine the proposed amendments to the Financial Regulations contained in Annex A and approve the proposed resolution in Annex B, which recommends that the 54th Directing Council approve the amendments to Financial Regulations III, IV, V, VI, VII, VIII, XI, and XV. If the proposed amendments to the Financial Regulations are approved by the 54th Directing Council, the Director will submit the corresponding modifications to the Financial Rules to the 157th Session of the Executive Committee for confirmation.

Annex

## Annex A

## PROPOSED AMENDMENTS TO THE FINANCIAL REGULATIONS

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p><i>Regulation I – Applicability and Delegation of Authority</i></p> <p>1.1 These Regulations shall govern the financial administration of the Pan American Health Organization.</p>	No change.	
<p>1.2 The Director of the Pan American Sanitary Bureau is responsible for ensuring effective financial administration of the Organization in accordance with these Regulations.</p>	No change.	
<p>1.3 Without prejudice to Regulation 1.2, the Director may delegate in writing to other officers of the Organization such authority and related accountability as he or she considers necessary for the effective implementation of these Regulations.</p>	No change.	
<p>1.4 The Director shall establish Financial Rules, including relevant guidelines and limits for the implementation of these Regulations, in order to ensure effective financial administration, the exercise of economy, and safeguard of the assets of the Organization.</p>	No change.	

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p><i>Regulation II – The Budgetary and Financial Reporting Periods</i></p> <p>2.1 The budgetary period shall be a biennium consisting of two consecutive calendar years beginning with an even-numbered year.</p>	<p>No change.</p>	
<p>2.2 The financial reporting period shall be a calendar year.</p>	<p>No change.</p>	
<p><i>Regulation III – The Program and Budget</i></p> <p>3.1 The program and budget proposals for the budgetary period, as referred to in Article 14.C of the Constitution shall be prepared by the Director of the Pan American Sanitary Bureau. The program and budget proposals shall be presented in United States dollars.</p>	<p>No change.</p>	
<p>3.2 The program and budget proposals shall be divided into parts and shall include such information annexes and explanatory statements as may be requested on behalf of the Pan American Sanitary Conference (hereinafter referred to as “Conference”), the Directing Council, or the Executive Committee, and such further annexes or statements as the Director may deem necessary and useful.</p>	<p>No change.</p>	

<p><b>EXISTING TEXT</b></p>	<p><b>PROPOSED TEXT</b></p>	<p><b>COMMENTS</b>  <i>Deleted Language</i>  <i>Inserted Language</i></p>
<p>3.3 The Director shall submit the program and budget proposals to the Executive Committee for examination and recommendation.</p>	<p>No change.</p>	
<p>3.4 The Executive Committee shall submit the program and budget proposals, and any recommendations it may have thereon, to the Conference or the Directing Council within the timeframe stipulated in the corresponding Rules of Procedure.</p>	<p>No change.</p>	
<p>3.5 The program and budget proposals for the following budgetary period shall be approved by the Conference or the Directing Council in the year preceding the biennium to which the program and budget proposals relate.</p>	<p>No change.</p>	
<p>3.6 Supplemental proposals may be submitted by the Director when deemed necessary.</p>	<p>No change.</p>	
<p>3.7 The Director shall prepare supplemental proposals in a form consistent with the program and budget proposals for the budgetary period and shall submit such proposals to the Executive Committee for examination and recommendation. The Executive Committee shall</p>	<p>No change.</p>	

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<p>submit the supplemental proposals, and any recommendations it may have thereon, to the Conference or Directing Council within the timeframe stipulated in the corresponding Rules of Procedure.</p>		
<p>3.8 The Program and Budget shall consist of the Program and Budget as originally approved by the Conference or Directing Council, and any supplemental proposals as well as Regular Budget appropriations which have been carried over from the previous budgetary period in accordance with Regulation IV.</p>	<p>3.8 The Program and Budget shall consist of the Program and Budget as originally approved by the Conference or Directing Council, and any <b>approved</b> supplemental proposals <del>as well as Regular Budget appropriations which have been carried over from the previous budgetary period</del> in accordance with Regulation IV.</p>	<p>Changed <i>supplemental proposals</i> to <b>approved</b> supplemental proposals. Delete <i>Regular Budget appropriations which have been carried over from previous budgetary period</i> since these become a source of financing for the Program and Budget as explained in Regulation 4.3.</p>
<p><i>Regulation IV – Regular Budget Appropriations</i></p> <p>4.1 The Regular Budget appropriations approved by the Conference or the Directing Council shall constitute an authorization to the Director to enter into commitments and make payments for the purposes for which the Regular Budget appropriations were approved and up to the amounts so approved.</p>	<p><i>Regulation IV – Regular Financing the Program and Budget Appropriations</i></p> <p>4.1 The <del>Regular</del> <b>Program and Budget</b> <del>appropriations</del> approved by the Conference or the Directing Council shall constitute an authorization to the Director to enter into commitments and make payments for the purposes for which the <del>Regular</del> <b>Program and Budget appropriations</b> <del>were</del> <b>was</b> approved <del>and up to the amounts so approved,</del> <b>subject to availability of funding.</b></p>	<p>Revised to change <i>regular budget appropriations</i> to <b>approved Program and Budget</b>; the authorization to incur expenditures comes with the approved budget, but is subject to availability of funds which will come from many different sources. Remove <i>up to the amount approved</i> as there is no limit on the amount of Voluntary Contributions that can be mobilized and spent.</p>
<p>4.2</p>		<p>Regulation 4.2 moved to 4.5.</p>

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p>4.3 Transfers within the total amount appropriated may be made to the extent permitted by the terms of the budget resolution adopted by the Conference or the Directing Council.</p>	<p><del>4.3</del> <b>4.2</b> Transfers within the total amount <del>appropriated</del> <b>approved</b> may be made to the extent permitted by the terms of the budget resolution adopted by the Conference or the Directing Council.</p>	<p>Changed total amount <i>appropriated</i> to total amount <b>approved</b> to make the difference between budget approval and appropriation of funds.</p>
	<p><b>4.3 The Program and Budget shall be financed by:</b></p> <ul style="list-style-type: none"> <li><b>a) Assessed Contributions from PAHO Member States, Participating States, and Associate Members (herein after referred to as "Members") in accordance with Article 60 of the Pan American Sanitary Code and as defined in Regulation V;</b></li> <li><b>b) Budgeted Miscellaneous Revenue;</b></li> <li><b>c) the funded allocation from the World Health Organization to the Region of the Americas;</b></li> <li><b>d) Voluntary Contributions mobilized by the Pan American Health Organization for the Program and Budget;</b></li> <li><b>e) any other income attributable to the Program and Budget.</b></li> </ul>	<p>New regulation to reflect the funding sources of the unified budget (extension of current regulation 5.1).</p>

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
	<p><b>4.4 Assessed Contributions and the Budgeted Miscellaneous Revenue shall be made available for implementation on the first day of the budgetary period to which they relate. The funded allocation from the World Health Organization to the Region of the Americas shall be made available for implementation upon receipt from WHO. Voluntary Contributions mobilized by the Pan American Health Organization for the Program and Budget shall be made available for implementation as of the effective date of fully executed agreements.</b></p>	<p>New Regulation to define the availability of the funding sources of the unified budget.</p>
<p>4.2 Regular Budget appropriations shall be available for making commitments in the budgetary period to which they relate for delivery of programmed goods and services in that same budgetary period. Exceptionally Regular Budget appropriations may be made available in the first year of the subsequent budgetary period in order to support operational effectiveness for non-severable contractual agreements due to be delivered in the first quarter of the subsequent year. Exceptions may also be considered by the Director to carry over Regular Budget</p>	<p><del>4.2</del> <del>4.5—Regular—Budget appropriations</del> <b>Assessed Contributions, Budgeted Miscellaneous Revenue, and the assessed portion of WHO funded allocation</b> shall be available for making commitments in the budgetary period to which they relate for delivery of programmed goods and services in that same budgetary period. Exceptionally <del>Regular—Budget appropriations</del> <b>Assessed Contributions and Budgeted Miscellaneous Revenue</b> may be made available in the first year of the subsequent budgetary period in order to support operational</p>	<p>Replace <i>Regular Budget appropriations</i> to individually reflect the various funding sources constrained by the budgetary period.</p>



EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p>appropriations into a subsequent budgetary period for the delayed delivery of programmed goods and services due to unforeseen circumstances.</p>	<p>effectiveness for non-severable contractual agreements due to be delivered in the first quarter of the subsequent year. Exceptions may also be considered by the Director to carry over <del>Regular Budget appropriations</del> <b>Assessed Contributions and Budgeted Miscellaneous Revenue</b> into a subsequent budgetary period for the delayed delivery of programmed goods and services due to unforeseen circumstances.</p>	
<p>4.4 Any balance of the funded Regular Budget appropriation not committed by the end of the current budgetary period, or not authorized to be carried over into the subsequent budgetary period, shall be used to replenish the Working Capital Fund to its authorized level. Thereafter any balance will be transferred to surplus and made available for subsequent use in accordance with the resolutions adopted by the Conference or Directing Council.</p>	<p><del>4.4</del> <b>4.6</b> Any balance of the funded <del>Regular Budget appropriation</del> <b>Assessed Contributions and Budgeted Miscellaneous Revenue</b> not committed by the end of the current budgetary period, or not authorized to be carried over into the subsequent budgetary period, shall be used to replenish the Working Capital Fund to its authorized level. Thereafter any balance will be transferred to surplus and made available for subsequent use in accordance with the resolutions adopted by the Conference or Directing Council.</p>	<p>Replace <i>Regular Budget appropriation</i> to individually reflect the various funding sources constrained by the budgetary period.</p>
<p>4.5 Any deficit of revenue over expenses of the Regular Budget appropriation at the end of the current budgetary period shall be funded first by the Working Capital Fund to the extent possible, and then</p>	<p><del>4.5</del> <b>4.7</b> Any deficit of revenue over expenses of the <del>Regular Budget appropriation</del> <b>Assessed Contributions and Budgeted Miscellaneous Revenue</b> at the end of the current budgetary period shall be funded first by</p>	<p>Replace <i>Regular Budget appropriation</i> to individually reflect the various funding sources constrained by the budgetary period.</p>

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
by borrowing or by other authorized means.	the Working Capital Fund to the extent possible, and then by borrowing or by other authorized means.	
4.6 Any excess of revenue over the Regular Budget appropriation at the end of a budgetary period shall be considered a revenue surplus and shall be available for use in subsequent periods to cover the unfunded portion of the Strategic Plan, as determined by the Director and with the concurrence of the Subcommittee on Program, Budget, and Administration.	<del>4.6</del> <b>4.8</b> Any excess of revenue over the <del>Regular Budget appropriation</del> <b>Budgeted Miscellaneous Revenue</b> at the end of a budgetary period shall be considered a revenue surplus and shall be available for use in subsequent periods to cover the unfunded portion of the Strategic Plan, as determined by the Director and with the concurrence of the Subcommittee on Program, Budget, and Administration.	Replace <i>Regular Budget appropriation</i> to individually reflect the various funding sources constrained by the budgetary period.
4.7 An accrual shall be established for undisbursed commitments that have been charged against Regular Budget appropriations during the current financial reporting period and that cover the cost of goods or services which were delivered during the financial reporting period.	<del>4.7 An accrual shall be established for undisbursed commitments that have been charged against Regular Budget appropriations during the current financial reporting period and that cover the cost of goods or services which were delivered during the financial reporting period.</del>	Covered by IPSAS accounting standards.
4.8 Any commitments for goods and services due to be delivered in subsequent budgetary periods that exist against the Organization at the end of the current budgetary period shall be established as commitments against future Regular Budget appropriations unless otherwise stated in these Regulations.	<del>4.8</del> <b>4.9</b> Any commitments for goods and services due to be delivered in subsequent budgetary periods that exist against the Organization at the end of the current budgetary period shall be established as commitments against <del>future Regular Budget appropriations</del> <b>the subsequent Program and Budget</b> unless otherwise stated in these Regulations.	Replace <i>future Regular Budget appropriations</i> with <b><i>the subsequent Program and Budget</i></b> to reflect the concept of the unified budget.

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p><i>Regulation V – Provision of Regular Budget Funds</i></p> <p>5.1 The Regular Budget appropriations shall be financed by assessed contributions from Member States, Participating States, and Associate Members (herein after referred to as “Members”) and the budgetary estimate of Miscellaneous Revenue. Assessments shall be determined in accordance with the Article 60 of the Pan American Sanitary Code.</p>	<p><del><i>Regulation V – Provision of Regular Budget Funds</i></del></p> <p><del>5.1 The Regular Budget appropriations shall be financed by assessed contributions from Member States, Participating States, and Associate Members (herein after referred to as “Members”) and the budgetary estimate of Miscellaneous Revenue. Assessments shall be determined in accordance with the Article 60 of the Pan American Sanitary Code.</del></p>	<p>Covered in new Financial Regulation 4.3.</p>
<p>5.2 Adjustments shall be made to the amount of the assessed contributions of the following budgetary period in respect of:</p> <p>a) Supplemental Regular Budget appropriations approved in the current budgetary period for which Members have not been assessed; and</p> <p>b) Assessed contributions of new Members under the provisions of Regulation 6.10.</p>	<p><del>5.2 Adjustments shall be made to the amount of the assessed contributions of the following budgetary period in respect of:</del></p> <p><del>a) Supplemental Regular Budget appropriations approved in the current budgetary period for which Members have not been assessed; and</del></p> <p><del>b) Assessed contributions of new Members under the provisions of Regulation 6.10.</del></p>	<p>Covered in new Financial Regulations 5.3 and 5.10.</p>
<p><i>Regulation VI – Assessed Contributions</i></p> <p>6.1 The Conference or the Directing Council shall adopt the total Program and Budget, and the amount of the assessments, determined in accordance with Regulation 5.1, for the budgetary period. The assessed contributions of</p>	<p><del><i>Regulation VI V – Assessed Contributions</i></del></p> <p><del>6.1</del> <b>5.1</b> The Conference or the Directing Council shall adopt the total Program and Budget, and the amount of the assessments, determined in accordance with Regulation <del>5.1</del> <b>4.3</b>, for the budgetary period. The Assessed Contributions of</p>	<p>Renumber to keep the sequence.</p>

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p>Members shall be divided into two equal annual installments. In the first year of the budgetary period, the Conference or Directing Council may decide to amend the amount of assessments to be applied to the second year of the budgetary period.</p>	<p>Members shall be divided into two equal annual installments. In the first year of the budgetary period, the Conference or Directing Council may decide to amend the amount of assessments to be applied to the second year of the budgetary period.</p>	
<p>6.2 After the Conference or the Directing Council has adopted the Program and Budget, the Director shall inform Members of their commitments in respect of contributions for the budgetary period and request them to pay the first and second installments of their contributions.</p>	<p><del>6.2</del> <b>5.2</b> After the Conference or the Directing Council has adopted the Program and Budget, the Director shall inform Members of their commitments in respect of contributions for the budgetary period and request them to pay the first and second installments of their contributions.</p>	<p>Renumber to keep the sequence.</p>
<p>6.3 If the Conference or the Directing Council decides to amend the amounts of the assessments, or to adjust the amount of the Regular Budget appropriations to be financed by assessed contributions from Members for the second year of a biennium, the Director shall inform Members of their revised commitment and shall request them to pay the revised second installment of their assessed contributions.</p>	<p><del>6.3</del> <b>5.3</b> If the Conference or the Directing Council decides to amend the amounts of the assessments <del>or to adjust the amount of the Regular Budget appropriations to be financed by assessed contributions from Members for the due from Members in the course of a biennium,</del> the Director shall inform Members of their revised commitments and shall request them to pay the revised second installment of their Assessed Contributions.</p>	<p>Renumber to keep the sequence.</p> <p>Delete reference to <i>adjustments of amount of Regular Budget appropriations to be funded by assessed contributions</i> as it is redundant.</p>
<p>6.4 Installments of assessed contributions shall be due and payable as of 1 January of the year to which they relate.</p>	<p><del>6.4</del> <b>5.4</b> Installments of Assessed Contributions shall be due and payable as of 1 January of the year to which they relate.</p>	<p>Renumber to keep the sequence.</p>

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
6.5 As of 1 January of the following year, the unpaid balance of such assessed contributions shall be considered to be one year in arrears.	<del>6.5</del> <b>5.5</b> As of 1 January of the following year, the unpaid balance of such Assessed Contributions shall be considered to be one year in arrears.	Renumber to keep the sequence.
6.6 Assessed contributions shall be denominated in U.S. dollars and shall be paid in either U.S. dollars or other currencies as determined by the Director.	<del>6.6</del> <b>5.6</b> Assessed Contributions shall be denominated in U.S. dollars and shall be paid in either U.S. dollars or other currencies as determined by the Director.	Renumber to keep the sequence.
6.7 Payments in currencies other than U.S. dollars shall be credited to Members' accounts at the United Nations rate of exchange in effect on the date of receipt or at the market rate of exchange, should conversion of excess currency be deemed prudent.	<del>6.7</del> <b>5.7</b> Payments in currencies other than U.S. dollars shall be credited to Members' accounts at the United Nations rate of exchange in effect on the date of receipt or at the market rate of exchange, should conversion of excess currency be deemed prudent.	Renumber to keep the sequence.
6.8 Payments made by a Member shall be applied against its oldest outstanding assessed contributions.	<del>6.8</del> <b>5.8</b> Payments made by a Member shall be applied against its oldest outstanding Assessed Contributions.	Renumber to keep the sequence.
6.9 The Director shall submit to the regular session of the Conference or the Directing Council a report on the collection of assessed contributions.	<del>6.9</del> <b>5.9</b> The Director shall submit to the regular session of the Conference or the Directing Council a report on the collection of Assessed Contributions.	Renumber to keep the sequence.

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p>6.10 New Members shall be required to make an assessed contribution for the budgetary period in which they become Members. If membership begins at any time during the first year of a budgetary period, new Members will be assessed for the full two-year period. If membership begins at any time during the second year of a budgetary period, new Members will be assessed for the second year only.</p>	<p><del>6.10</del> <b>5.10</b> New Members shall be required to make an Assessed Contribution for the budgetary period in which they become Members. If membership begins at any time during the first year of a budgetary period, new Members will be assessed for the full two-year period. If membership begins at any time during the second year of a budgetary period, new Members will be assessed for the second year only.</p>	<p>Renumber to keep the sequence.</p>
<p><i>Regulation VII – Working Capital Fund and Internal Borrowing</i></p>		<p>Regulation VII moved to Regulation VIII</p>
<p><i>Regulation VIII – Revenue – Other Sources</i></p> <p>8.1</p>		<p>Regulation 8.1 moved to 7.1</p>
<p>8.2 Voluntary contributions, donations, and bequests, either in cash or in kind, may be accepted by the Director, provided that these contributions can be used by the Organization, and that any conditions which may be</p>	<p><i>Regulation VI – Voluntary Contributions</i></p> <p><del>8.2</del> <b>6.1</b> Voluntary Contributions, donations, and bequests, either in cash or in kind, may be accepted by the Director, provided that these contributions can be used by the Organization, and that any conditions which may be</p>	<p>New Regulation section to segregate Voluntary Contributions, including Program Support Costs, as a primary funding source of the Program and Budget.</p> <p>Moved Regulation 8.2 from Revenue - Other Sources.</p>

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
attached to them are consistent with the objectives and policies of the Organization.	attached to them are consistent with the objectives and policies of the Organization.	
8.3		Regulation 8.3 moved to 7.2.
8.4 The Director is authorized to levy a charge (hereinafter referred to as “Program Support Costs”) on voluntary contributions in accordance with applicable resolutions of the Conference or Directing Council. These Program Support Costs will be used to reimburse all, or part of, the indirect costs incurred by the Organization in respect of the administration of corresponding activities.	<del>8.4</del> <b>6.2</b> The Director is authorized to levy a charge (hereinafter referred to as “Program Support Costs”) on Voluntary Contributions in accordance with applicable resolutions of the Conference or Directing Council. These Program Support Costs will be used to reimburse all, or part of, the indirect costs incurred by the Organization in respect of the administration of corresponding activities.	Moved Regulation 8.4 from Revenue - Other Sources.
<i>Regulation VIII – Revenue – Other Sources</i>  8.1 Other sources of revenue not otherwise identified in these Regulations shall be reported as Miscellaneous Revenue.	<del>Regulation VIII</del> <b>VII</b> – Revenue – Other Sources  <del>8.1</del> <b>7.1</b> Other sources of revenue not otherwise identified in these Regulations shall be reported as Miscellaneous Revenue.	Renumber to keep the sequence.
8.3 Donations and bequests received without a specific purpose shall be reported as Miscellaneous Revenue unless otherwise specified by the Director in accordance with Regulation IX.	<del>8.3</del> <b>7.2</b> Donations and bequests received without a specific purpose shall be reported as Miscellaneous Revenue unless otherwise specified by the Director in accordance with Regulation IX.	Renumber to keep the sequence.

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
8.5 Revenue generated from sales and services will be used to reimburse all or part of the direct and indirect costs incurred by the Organization in respect of the administration of its activities.	<del>8.5</del> <b>7.3</b> Revenue generated from sales and services will be used to reimburse all or part of the direct and indirect costs incurred by the Organization in respect of the administration of its activities.	Renumber to keep the sequence.
8.6 Revenue from Services Charges on procurement funds will be used to capitalize the respective fund or to reimburse all or part of the costs incurred by the Organization in respect of the administration of its activities.	<del>8.6</del> <b>7.4</b> Revenue from Services Charges on procurement funds will be used to capitalize the respective fund or to reimburse all or part of the costs incurred by the Organization in respect of the administration of its activities.	Renumber to keep the sequence.
<i>Regulation VII – Working Capital Fund and Internal Borrowing</i>  7.1 A Working Capital Fund shall be established, along with its authorized level, and financing in accordance with Resolutions adopted by the Conference or Directing Council.	<i>Regulation <del>VII</del> VIII – Working Capital Fund and <del>Internal</del> Borrowing</i>  <del>7.1</del> <b>8.1</b> A Working Capital Fund shall be established, along with its authorized level, and financing in accordance with Resolutions adopted by the Conference or Directing Council.	Renumber to keep the sequence.  Delete <i>Internal</i> . With the adoption of IPSAS and full accrual accounting, Internal Borrowing is no longer applicable.
7.2 Title to financial resources constituting the Working Capital Fund shall remain with the Pan American Health Organization.	<del>7.2</del> <b>8.2</b> Title to financial resources constituting the Working Capital Fund shall remain with the Pan American Health Organization.	Renumber to keep the sequence.



EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p>7.3 The Working Capital Fund shall be made available to meet any temporary financial resource requirements of the Regular Budget. The Fund shall be reimbursed in accordance with Regulations 4.4 and 7.1.</p>	<p><del>7.3</del> <b>8.3</b> The Working Capital Fund shall be made available to meet any temporary financial resource requirements <del>of the Regular Budget</del> <b>pending the receipt of Assessed Contributions or Budgeted Miscellaneous Revenue.</b> The Fund shall be reimbursed in accordance with Regulations <del>4.4</del><b>4.6</b> and <del>7</del><b>8.1</b>.</p>	<p>Renumber to keep the sequence.</p> <p>Replace <i>Regular Budget</i> with <i>Assessed Contributions or Budgeted Miscellaneous Revenue</i> to reflect the revised terminology used throughout the document.</p>
<p>7.4 The Working Capital Fund shall be made available to finance unforeseeable and extraordinary expenses, replenish existing funds to authorized levels, or other authorized purposes. The Fund shall be reimbursed in accordance with Regulations 4.4 and 7.1.</p>	<p><del>7.4</del> <b>8.4</b> The Working Capital Fund shall be made available to finance unforeseeable and extraordinary expenses, replenish existing funds to authorized levels, or other authorized purposes. The Fund shall be reimbursed in accordance with Regulations <del>4.4</del><b>6</b> and <del>7</del><b>8.1</b>.</p>	<p>Renumber to keep the sequence.</p>
<p>7.5 The Director, with the prior and written concurrence of a majority of the members of the Executive Committee, shall have the authority to borrow funds.</p>	<p><del>7.5</del> <b>8.5</b> The Director, with the prior and written concurrence of a majority of the members of the Executive Committee, shall have the authority to borrow funds.</p>	<p>Renumber to keep the sequence.</p>
<p><i>Regulation IX – Funds</i></p> <p>9.1 Funds shall be established to enable the Organization to effectively record and report on all sources of revenue.</p>	<p>No change.</p>	

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p>9.2 Individual subsidiary ledger accounts shall be established to effectively record and report on voluntary contributions.</p>	<p>No change.</p>	
<p>9.3 Special Funds or Accounts shall be established by the Director as necessary to meet the requirements of the Organization.</p>	<p>No change.</p>	
<p>9.4 The purpose of any Fund or Account established under Regulation 9.3 shall be specified and subject to the Financial Regulations and Financial Rules.</p>	<p>No change.</p>	
<p>9.5 In establishing any Special Fund or Account under Regulation 9.3, the Director may stipulate that the use of the cash balance of the Fund or Account is restricted for pooling or internal borrowing purposes consistent with the terms and conditions of the funding sources.</p>	<p>No change.</p>	
<p><i>Regulation X – Custody of Financial Resources</i></p> <p>10.1 The Director shall designate the financial institutions in which the financial resources in the custody of the Organization shall be kept.</p>	<p>No change.</p>	

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
10.2 The Director may designate external investment managers and/or custodians.	No change.	
<p><i>Regulation XI – Investments</i></p> <p>11.1 Investment policies and guidelines shall be established in accordance with best industry practice, having due regard for the preservation of principal, assurance of adequate liquidity, and maximization of total yield.</p>	No change.	
11.2 Financial Resources in excess of immediate cash requirements may be pooled and invested.	No change.	
11.3 Investment income, regardless of the source of funds, shall be credited as Miscellaneous Revenue to the Regular Budget unless otherwise stipulated in these Regulations, in resolutions adopted by the Conference or Directing Council, or as decided by the Director.	11.3 Investment income, regardless of the source of funds, shall be credited as Miscellaneous Revenue <del>Regular Budget</del> unless otherwise stipulated in these Regulations, in resolutions adopted by the Conference or Directing Council, or as decided by the Director.	Remove <i>Regular Budget</i> .
<p><i>Regulation XII – Internal Control</i></p> <p>12.1 The Director shall establish and maintain an effective internal control structure with operating policies and procedures based</p>	No change.	

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p>on best industry practice, in order to:</p> <ul style="list-style-type: none"> <li>a) ensure efficient and effective financial administration,</li> <li>b) safeguard assets,</li> <li>c) accomplish the strategic objectives and goals in line with the mission of the Organization, and</li> <li>d) maintain an internal oversight function reporting to the Director.</li> </ul>		
<p><i>Regulation XIII – Accounts and Financial Statements</i></p> <p>13.1 The Director shall establish and maintain a chart of accounts in accordance with the accounting standards adopted by the Conference or Directing Council.</p>	No change.	
<p>13.2 Financial statements shall be prepared for each financial reporting period in conformity with the Standards referred to in Regulation 13.1.</p>	No change.	
<p>13.3 The financial statements shall be presented in United States dollars. The accounting records may, however, be kept in such currencies as the Director may deem necessary.</p>	No change.	

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
13.4 The financial statements shall be submitted to the External Auditor by a date mutually agreed upon with the Director.	No change.	
13.5 The Director may make such ex gratia payments as deemed to be necessary in the interest of the Organization. Ex gratia payments will be disclosed in the financial statements.	No change.	
13.6 The Director may authorize, after full investigation, the write-off of any asset other than assessed contributions. Write-offs will be disclosed in the financial statements.	No change.	
13.7 The Conference or Directing Council may stipulate a reserve for doubtful accounts, representing all or a portion of the outstanding assessed contributions due from a Member State subject to the restrictions of Article 6.B of the Constitution.	No change.	
<p><i>Regulation XIV – External Audit</i></p> <p>14.1 The Conference or the Directing Council shall appoint an External Auditor of international repute to audit the accounts of the Organization.</p>	No change.	

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
The Auditor appointed may be removed only by the Conference or the Directing Council.		
14.2 Subject to any special direction of the Conference or the Directing Council, each audit which the External Auditor performs shall be conducted in conformity with generally accepted common auditing standards and in accordance with the Additional Terms of Reference set forth in the Appendix to these Regulations.	No change.	
14.3 The External Auditor, in addition to rendering an opinion on the financial statements, may make such observations as deemed necessary with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls, and in general, the administration and management of the Organization.	No change.	
14.4 The External Auditor shall be completely independent and solely responsible for the conduct of the audit.	No change.	

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
14.5 The Conference or the Directing Council may request the External Auditor to perform certain specific examinations and issue separate reports on the results.	No change.	
14.6 The Director shall provide the External Auditor with the facilities required for the performance of the audit.	No change.	
14.7 For the purpose of making a local or special examination or for effecting economies of audit cost, the External Auditor may engage the services of any national Auditor-General (or equivalent title) or commercial public auditors of known repute or any other person or firm that, in the opinion of the External Auditor is technically qualified.	No change.	
14.8 The External Auditor shall issue a report including its opinion, on the audit of the financial statements prepared by the Director pursuant to Regulation XIII. The report shall include such information as deemed necessary in regard to Regulation 14.3 and the Additional Terms of Reference.	No change.	

EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
<p>14.9 The report(s) of the External Auditor shall be completed and provided to the Director together with the audited financial statements no later than 15 April following the end of the financial reporting period to which they relate. The Director will provide the report to the Executive Committee which shall examine the financial statements and the audit report(s) and shall forward them to the Conference or the Directing Council with such comments as deemed necessary.</p>	<p>No change.</p>	
<p><i>Regulation XV – Resolutions including Expenses</i></p> <p>15.1 The Conference, the Directing Council, and the Executive Committee shall not make decisions involving expenses unless it has before it a report from the Director on the administrative and financial implications of the proposal.</p>	<p>No change.</p>	
<p>15.2 Where, in the opinion of the Director, the proposed expense cannot be made from the existing appropriations, it shall not be incurred until the Conference or the Directing Council has made the necessary appropriations, unless such expense can be made under the conditions of</p>	<p>15.2 Where, in the opinion of the Director, the proposed expense cannot be made from the existing <b>Program and Budget</b> appropriations, it shall not be incurred until the Conference or the Directing Council has made the necessary appropriations, unless such expense can be made under the</p>	<p>Replace <i>appropriations</i> with <b>Program and Budget</b> to reflect the concept of a unified budget.</p>



EXISTING TEXT	PROPOSED TEXT	COMMENTS <i>Deleted Language</i> <i>Inserted Language</i>
the resolution of the Directing Council relating to the Emergency Procurement Revolving Fund.	conditions of the resolution of the Directing Council relating to the Emergency Procurement Revolving Fund.	
<p><i>Regulation XVI – General Provisions</i></p> <p>16.1 These Regulations may be amended only by the Conference or the Directing Council.</p>	No change.	
16.2 In case of doubt as to the interpretation and application of any of the foregoing Regulations, the Director is authorized to rule thereon.	No change.	
16.3 The Financial Rules established or amended by the Director as referred to in Regulation 1.4 shall be confirmed by the Executive Committee and reported to the Conference or the Directing Council for its information.	No change.	



Pan American  
Health  
Organization



World Health  
Organization  
REGIONAL OFFICE FOR THE Americas

## 156th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 22-26 June 2015

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CE156/29  
Annex B  
Original: English

### ***PROPOSED RESOLUTION***

#### **AMENDMENTS TO THE FINANCIAL REGULATIONS**

##### ***THE 156th SESSION OF THE EXECUTIVE COMMITTEE,***

Having considered the report of the Director on the amendments proposed to the Financial Regulations, as they appear in Annex A to Document CE156/29;

Taking into consideration that these amendments to the Financial Regulations reflect modern best practices of management and introduce the concept of a unified Program and Budget, which increases the efficiency and effectiveness of the implementation of the Program and Budget,

#### ***RESOLVES:***

To recommend to the 54th Directing Council that it approve the amendments to the Financial Regulations by adopting a resolution along the following lines:

#### **AMENDMENTS TO THE FINANCIAL REGULATIONS**

##### ***THE 54th DIRECTING COUNCIL,***

Having considered the proposed amendments to the Financial Regulations of the Pan American Health Organization as they appear in Annex A to Document CD54/\_\_\_;

Taking into consideration that the amendments to the Financial Regulations reflect modern best practices of management and introduce the concept of a unified Program and Budget, which increases the efficiency and effectiveness of the implementation of the Program and Budget,

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***RESOLVES:***

To approve the amendments to the Financial Regulations of the Pan American Health Organization pertaining to the Program and Budget as set forth in Annex A of Document CD54/\_\_\_\_, and to make these amendments effective as of 1 January 2016.

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