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WORLD HEALTH ORGANIZATION



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CHANGES IN FINANCIAL REGULATIONS AND FINANCIAL RULES

Report of the Director

Introduction

1. The 27th Pan American Sanitary Conference, held in October 2007, adopted Resolution CSP27.R18 which approves the transition to International Public Sector Accounting Standards (IPSAS) for recording and reporting the financial activities of the Pan American Health Organization (PAHO), beginning with the 2010-2011 biennium. The PASC further noted that the Director shall submit to the Governing Bodies for their consideration at future sessions, proposals to amend the Financial Regulations and Financial Rules resulting from the adoption of IPSAS.

Background

2. The Financial Regulations govern the financial administration of the Organization, and must be approved by the Directing Council or the Pan American Sanitary Conference. The Financial Rules provide more detailed guidance to the Financial Regulations, and must be confirmed by the Executive Committee. Financial Regulation 13.1 stipulates that the Director shall establish and maintain the Organization's accounts in accordance with United Nations System Accounting Standards (UNSAS). Full adoption of IPSAS in 2010, in accordance with CSP27.R18, requires that amendments be made to both the Financial Regulations and the Financial Rules, in order to align them with IPSAS as of 1 January 2010. The proposed changes to the Financial Regulations are set out in Annex A.

3. The proposed amendments to the Financial Regulations have been prepared by a cross-functional working group after comprehensively reviewing the impact of IPSAS on the Organization's current Financial Regulations. The proposed amendments, which are based on decisions made by the United Nations IPSAS Task Force regarding individual accounting standards, have been reviewed by the Office of Legal Counsel and by the Executive Management.

Amendments to the Financial Regulations

4. The implementation of IPSAS has major implications for the Organization. The effect of the proposed amendments to the Financial Regulations and Financial Rules are summarized below.

- (a) In adopting IPSAS, PAHO must follow all IPSAS or risk a qualified audit opinion on grounds of non-compliance.
- (b) IPSAS shall replace UNSAS as the governing standards for financial accounting and reporting. Required financial statements will include:
 - i. Statement of Financial Position (replaces *Statement of Assets, Liabilities, and Reserves and Fund Balances*),
 - ii. Statement of Financial Performance (replaces *Statement of Income and Expenditure and Changes in Fund Balances*),
 - iii. Statement of Changes in Net Assets/Equity (new statement),
 - iv. Cash Flow Statement (replaces *Statement of Cash Flow*), and
 - v. Comparison of Budgeted and Actual Expenses for the Reporting Period (replaces *Statement of Regular Budget Appropriation*).
- (c) PAHO will present annual audited financial statements compared with a biennial Program Budget.
- (d) Income and expense will be recorded on an accrual basis. Expense is recognized on the delivery principle and fully supports the objectives of results-based management. At year end, the figure for expense will reflect the implementation of activities carried out during the financial reporting period, with undelivered commitments not being recognized as expense until their delivery in subsequent periods.

- (e) The Program Budget will remain on a cash basis, requiring that the Statement of Financial Performance and the Statement of the Regular Budget Appropriation be reconciled.
- (f) Under IPSAS, property, plant, and equipment will be capitalized as assets on the Statement of Financial Position, and depreciation expense will be recognized on the Statement of Financial Performance. Depreciation expense is a non-cash expense and, therefore, will be reflected in the Program Budget reconciliation noted in item (e) above.
- (g) The proposed amendments to the Financial Regulations also introduce new terminology, reflecting IPSAS concepts, as well as best practices in financial management.

Conclusion

5. PAHO is an active member of the United Nations IPSAS Task Force, which strives to ensure a coordinated approach and implementation of these standards. In revising the Financial Regulations, PAHO took into account the Task Force's deliberations and decisions, as well as the amendments to WHO's Financial Regulations and Financial Rules proposed in Executive Board document EB124/22 and the proposed amendments by the Programme, Budget, and Administration Committee in Executive Board document EB124/3. Proposed amendments to the Financial Rules will be presented to the 145th Session of the Executive Committee, contingent on the approval of the proposed amendments to the Financial Regulations at the 49th Directing Council.

Action by the Executive Committee

6. Should the Executive Committee agree with the proposed amendments to the Financial Regulations, it might wish to consider adopting a resolution in the terms of the proposed resolution in Annex B.

Annexes

FINANCIAL REGULATIONS OF PAHO

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
<i>Regulation I - Applicability and Delegation of Authority</i>		
1.1 These Regulations shall govern the financial administration of the Pan American Health Organization.		
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.		
1.3 Without prejudice to Regulation 1.2, the Director may delegate in writing to other officers of the Organization such authority as he or she considers necessary for the effective implementation of these Regulations.	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.	BEST PRACTICES Ties in with the Director's and other delegations of authority.
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.		
<i>Regulation II - The Financial Period</i>	<i>Regulation II - The Budgetary and Financial Reporting Periods</i>	
2.1 The financial period shall be two consecutive calendar years beginning with an even-numbered year.	2.1 The financial budgetary period shall be a biennium consisting of two consecutive calendar years beginning with an even-numbered year.	NEW TERMINOLOGY To differentiate between the budget and financial reporting periods.
	2.2 The financial reporting period shall be a calendar year.	NEW TERMINOLOGY Annual financial statements will be prepared in accordance with IPSAS.

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
Regulation III – The Budget	Regulation III – The Program and Budget	
3.1 The proposed program and budget for the financial period, as referred to in Article 14.C of the Constitution (hereinafter referred to as “budget proposals”), shall be prepared by the Director of the Pan American Sanitary Bureau.	3.1 The proposed program and budget proposals for the financial budgetary period, as referred to in Article 14.C of the Constitution (hereinafter referred to as “budget proposals”), shall be prepared by the Director of the Pan American Sanitary Bureau. The program and budget proposals shall be presented in United States dollars.	NEW TERMINOLOGY Consolidated Regulation 3.2 into this regulation.
3.2 The budget proposals shall cover income and expenditures for the financial period to which they relate, and shall be presented in United States dollars.	3.2 The budget proposals shall cover income and expenditures for the financial period to which they relate, and shall be presented in United States dollars.	Consolidated into Regulation 3.1
3.3 The 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.	3.2 3.3 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.	RENUMBER
3.4 The Director shall submit the budget proposals to the Executive Committee for examination.	3.3 3.4 The Director shall submit the program and budget proposals to the Executive Committee for examination and recommendation.	RENUMBER
3.5 The Executive Committee shall submit the budget proposals, and any recommendations it may have thereon, to the Conference or the Directing Council.	3.4 3.5 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.	RENUMBER Consolidated Regulation 3.6 into this regulation and clarified.

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
3.6 The budget proposals, together with recommendations made thereon by the Executive Committee, shall be transmitted to all Member States at least thirty days prior to the meeting of the Conference or the Directing Council.	3.6 The budget proposals, together with recommendations made thereon by the Executive Committee, shall be transmitted to all Member States at least thirty days prior to the meeting of the Conference or the Directing Council.	Consolidated into Regulation 3.4
3.7 The budget for the following financial period shall be approved by the Conference or the Directing Council in the year preceding the biennium to which the budget proposals relate.	3.5 3.7 The program and budget proposals for the following financial 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.	RENUMBER and NEW TERMINOLOGY
3.8 Supplemental proposals may be submitted by the Director when and as he or she may deem necessary.	3.6 3.8 Supplemental proposals may be submitted by the Director when and as he or she may deemed necessary.	RENUMBER
3.9 The Director shall prepare supplemental proposals in a form consistent with the budget proposal for the financial period and shall submit such proposals to the Executive Committee for examination and recommendation. The Director shall submit to the Conference or Directing Council for consideration the supplemental proposals, together with the comments of the Executive Committee.	3.7 3.9 The Director shall prepare supplemental proposals in a form consistent with the program and budget proposals for the financial budgetary period and shall submit such proposals to the Executive Committee for examination and recommendation. The Director Executive Committee shall 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. for consideration the supplemental proposals, together with the comments of the Executive Committee.	RENUMBER and NEW TERMINOLOGY

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
Regulation IV – Regular Budget Appropriations		
4.1 The appropriations approved by the Conference or the Directing Council shall constitute an authorization to the Director to incur contractual obligations and make payments for the purposes for which the appropriations were approved and up to the amounts so approved.	4.1 The Regular Budget appropriations approved by the Conference or the Directing Council shall constitute an authorization to the Director to incur contractual obligations enter into commitments and make payments for the purposes for which the Regular Budget appropriations were approved and up to the amounts so approved.	NEW TERMINOLOGY
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 contractually due to be delivered during that period.	4.2 Regular Budget appropriations shall be available for obligation for making commitments in the budgetary financial period to which they relate for delivery of programmed goods and services in that same budgetary period or, exceptionally, in the first year of the subsequent budgetary period for delayed delivery of such programmed goods and services due to unforeseen circumstances. 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 contractually due to be delivered during that period.	NEW TERMINOLOGY Enables a budget carry forward into a third year beyond the biennium. Expense will be recognized on the delivery principle in that third year against the previous biennium's budget carry over.
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.		

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
4.4 Any balance of the appropriation not obligated by the end of the current financial period, shall be used to replenish the Working Capital Fund to its fixed level after which any residual balance will be placed in a Holding Account for subsequent use as decided by the Conference or Directing Council.	4.4 Any balance of the Regular Budget appropriation not obligated committed by the end of the current budgetary financial period, shall be used to replenish the Working Capital Fund to its authorized fixed level after which any residual balance will be available placed in a Holding Account for subsequent use in accordance with the resolutions adopted as decided by the Conference or Directing Council.	NEW TERMINOLOGY
	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 by borrowing or by other authorized means.	IPSAS To stipulate financing of a budgetary deficit under accrual accounting.
	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. An implementation report of the surplus will be submitted to the Subcommittee on Program, Budget and Administration annually.	IPSAS To stipulate the disposition of unappropriated excess revenue.

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
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.	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. 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.	IPSAS Full accrual accounting.
4.6 Any claims for goods and services contractually due to be delivered in a subsequent financial period that exist against the Organization 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.	4.8 4.6 Any claims commitments for goods and services contractually due to be delivered in a subsequent financial budgetary periods that exist against the Organization at the end of a financial the current budgetary period shall be established as obligations commitments against future Regular Budget appropriations unless otherwise stated in these Regulations. established for the relevant subsequent financial period and shall be disclosed as a note to the Financial Statements.	RENUMBER and NEW TERMINOLOGY
Regulation V - Provision of Regular Budget Funds	Regulation V - Provision of Regular Program Budget 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 Member States, according to Article 60 of the Pan American Sanitary Code. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.	5.1 The Regular Budget appropriations, subject to the adjustments effected in accordance with the provisions of Regulation 5.2, shall be financed by assessed contributions from Member States, Participating States and Associate Members (hereinafter referred to as “Members”) and the budgetary estimate of Miscellaneous Income. Assessments shall be determined in accordance with according to Article 60 of the Pan American Sanitary Code. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.	NEW TERMINOLOGY Consolidated details of the financing of the Regular Budget from Regulation 5.2 into this regulation.

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
<p>5.2 In the assessment of the contributions of Member States, adjustments shall be made to the amount of the appropriations approved by the Conference or Directing Council of the following financial period in respect of:</p> <p>(a) Supplemental appropriations for which contributions have not previously been assessed on the Member States;</p> <p>(b) Contributions resulting from the assessment of new Member States under the provisions of Regulation 6.9 and contributions made by France, the Netherlands and the United Kingdom on behalf of their territories in the Region of the Americas, under the provision of Resolution XL of the V meeting of the Directing Council;</p> <p>(c) The estimated amount of miscellaneous income that shall be routinely credited to approved budget appropriations.</p>	<p>5.2 In the assessment of the contributions of Member States, Adjustments shall be made to the amount of the assessed contributions appropriations approved by the Conference or Directing Council of the following financial budgetary period in respect of:</p> <p>(a) Supplemental Regular Budget appropriations approved in the current budgetary period for which contributions have not previously been assessed on the Members States have not been assessed;</p> <p>(b) Assessed contributions resulting from the assessment of new Members States under the provisions of Regulation 6.910. and contributions made by France, the Netherlands and the United Kingdom on behalf of their territories in the Region of the Americas, under the provision of Resolution XL of the V meeting of the Directing Council;</p> <p>(c) The estimated amount of miscellaneous income that shall be routinely credited to approved budget appropriations.</p>	NEW TERMINOLOGY
Regulation VI - Assessed Contributions	Regulation VI – Revenue - Assessed Contributions	
<p>6.1 The Conference or the Directing Council shall adopt the total budget, and the amount of the assessments, determined in accordance with Regulation 5.1, for the financial period. The assessed contributions of Members shall be divided into two equal annual installments. In the first year of the financial period, the Conference or Directing Council may decide to amend the amount of assessments to be applied to the second year of the financial period.</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 financial period. The assessed contributions of Members shall be divided into two equal annual installments. In the first year of the financial budgetary period, the Conference or Directing Council may decide to amend the amount of assessments to be applied to the second year of the financial budgetary period.</p>	NEW TERMINOLOGY

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
6.2 After the Conference or the Directing Council has adopted the budget, the Director shall inform Member States of their commitments in respect of contributions for the financial period and request them to pay the first and second installments of their contributions.	6.2 After the Conference or the Directing Council has adopted the Program and Budget , the Director shall inform Members States of their commitments in respect of contributions for the financial budgetary period and request them to pay the first and second installments of their contributions.	NEW TERMINOLOGY
6.3 If the Conference or the Directing Council decides to amend the amounts of the assessments, or to adjust the amount of the appropriations to be financed by contributions from Member States for the second year of a biennium, the Director shall inform Member States of their revised commitments and shall request them to pay the revised second installment of their contributions.	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 States for the second year of a biennium, the Director shall inform Members States of their revised commitments and shall request them to pay the revised second installment of their assessed contributions.	NEW TERMINOLOGY
6.4 Installments of contributions shall be due and payable as of 1 January of the year to which they relate.	6.4 Installments of assessed contributions shall be due and payable as of 1 January of the year to which they relate.	NEW TERMINOLOGY
6.5 As of 1 January of the following year, the unpaid balance of such contributions shall be considered to be one year in arrears.	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.	NEW TERMINOLOGY
6.6 Contributions shall be assessed in U.S. dollars and shall be paid in either U.S. dollars or such other currency or currencies as the Director shall determine.	6.6 Assessed contributions shall be assessed denominated in U.S. dollars and shall be paid in either U.S. dollars or such other currency or currencies as the Director shall determined by the Director .	NEW TERMINOLOGY
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 by the Pan American Health Organization or at the market rate of exchange should conversion of excess currency be deemed prudent.	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 by the Pan American Health Organization or at the market rate of exchange should conversion of excess currency be deemed prudent.	

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
6.8 Payments made by a Member State shall be credited to the Member State's account and applied first against the oldest amount outstanding.	6.8 Payments made by a Member State shall be credited to the Member State's account and applied first against the its oldest amount assessed contribution.	NEW TERMINOLOGY
6.9 The Director shall submit to the regular session of the Conference or the Directing Council a report on the collection of contributions.	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.	NEW TERMINOLOGY
6.10 New Members shall be required to make a quota contribution for the financial period in which they become Members. If membership begins at any time during the first year of a financial period, new Members, will be assessed for the full two-year period. If membership begins at any time during the second year of a financial period, new Members will be assessed for the second year only. When received, such unbudgeted assessments shall be credited to Miscellaneous Income.	6.10 New Members shall be required to make an assessed a quota contribution for the budgetary financial period in which they become Members. If membership begins at any time during the first year of a budgetary financial 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 financial period, new Members will be assessed for the second year only. When received, such unbudgeted assessments shall be credit to Miscellaneous Income.	NEW TERMINOLOGY
<i>Regulation VII - Working Capital Fund</i>	<i>Regulation VII - Working Capital Fund and Internal Borrowing</i>	
7.1 There shall be established a Working Capital Fund in an amount and for purposes to be determined from time to time by the Conference or the Directing Council. The financing of the Fund will be as set forth in Resolutions adopted by the Conference or Directing Council.	7.1 There shall be established A Working Capital Fund shall be established, along with its authorized level, and in an amount and for purposes to be determined from time to time by the Conference or the Directing Council. The financing, of the Fund will be as set forth in accordance with Resolutions adopted by the Conference or Directing Council.	

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
7.2 Title to monies credited to the Working Capital Fund shall remain with the Pan American Health Organization.	7.2 Title to financial resources constituting monies credited to the Working Capital Fund shall remain with the Pan American Health Organization.	
7.3 The Working Capital Fund shall be used to finance the implementation of the regular budget and the Fund shall be reimbursed as soon as and to the extent that assessed contributions and income is available for that purpose.	7.3 The Working Capital Fund shall be made available to meet any temporary financial resource requirements used to finance the implementation of the Regular Budget. and The Fund shall be reimbursed in accordance with Regulations 4.4 and 7.1. as soon as and to the extent that assessed contributions and income is available for that purpose.	IPSAS/ NEW TERMINOLOGY
7.4 Transfers from the Working Capital Fund to finance unforeseeable and extraordinary expenses, replenish existing funds to authorized ceilings, or other authorized purposes shall be reimbursed from regular budgeted funds unless other authorized means are used to replenish the Fund.	7.4 Transfers from The Working Capital Fund shall be made available to finance unforeseeable and extraordinary expenses, replenish existing funds to authorized levels ceilings , or other authorized purposes. The Fund shall be reimbursed in accordance with Regulations 4.4 and 7.1. from regular budgeted funds unless other authorized means are used to replenish the Fund.	
	7.5 The Director, with the prior and written concurrence of a majority of the members of the Executive Committee, shall have the authority power to borrow funds.	RENUMBER This regulation was previously Regulation 9.5.

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
Regulation VIII - Miscellaneous and Other Income	Regulation VIII Revenue - Other Sources	
<p>8.1 Miscellaneous Income shall be applied in accordance with Regulation 5.2 (c) and shall include the following:</p> <ul style="list-style-type: none"> (a) interest earnings or investment income in accordance with Regulation 11.2 and 11.3; (b) refunds or rebates of expenditure received after the end of the financial period to which the original expenditure related; (c) proceeds of insurance claims that are not required to replace the insured item, or otherwise compensate for the loss; (d) the net proceeds generated on the sale of a capital asset after allowing for all costs of the acquisition, or improvement, of any asset concerned; (e) net gains or losses on exchange rates; (f) moneys accepted as gifts per Regulation 8.5; (g) unbudgeted quota receipts in accordance with Regulation 6.9; (h) income not otherwise specifically referred to in these Regulations. 	<p>8.1 Other sources of revenue not otherwise identified in these Regulations shall be reported as Miscellaneous Income. shall be applied in accordance with Regulation 5.2 (c) and shall include the following:</p> <ul style="list-style-type: none"> (a) interest earnings or investment income in accordance with Regulation 11.2 and 11.3; (b) refunds or rebates of expenditure received after the end of the financial period to which the original expenditure related; (c) proceeds of insurance claims that are not required to replace the insured item, or otherwise compensate for the loss; (d) the net proceeds generated on the sale of a capital asset after allowing for all costs of the acquisition, or improvement, of any asset concerned; (e) net gains or losses on exchange rates; (f) money accepted as gifts per Regulation 8.5; (g) unbudgeted quota receipts in accordance with Regulation 6.9; (h) income not otherwise specifically referred to in these Regulations. 	<p>IPSAS</p> <p>Removed individual details as their treatment is stipulated by IPSAS and will be included in the Accounting Manual.</p>
<p>8.2 Any refund of expenditure, or reimbursement for services and facilities provided, received from third parties during the biennium in which the original expenditure was incurred or services and facilities were provided shall be credited against that expenditure.</p>	<p>8.2 Any refund of expenditure, or reimbursement for services and facilities provided, received from third parties during the biennium in which the original expenditure was incurred or services and facilities were provided shall be credited against that expenditure.</p>	<p>IPSAS</p> <p>Treatment is stipulated by IPSAS and will be included in the Accounting Manual</p>
<p>8.3 Any payments received from insurance policies held by the Organization shall be credited towards mitigating the loss that the insurance covered.</p>	<p>8.3 Any payments received from insurance policies held by the Organization shall be credited towards mitigating the loss that the insurance covered.</p>	<p>IPSAS</p> <p>Treatment is stipulated by IPSAS and will be included in the Accounting Manual</p>

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
8.4 Under Article 25 of the Constitution, the Director is authorized to accept and administer donations and bequests, either in cash or in kind, provided that he or she has determined that such contributions can be used by the Organization, and that any conditions which may be attached to them are consistent with the objectives and policies of the Organization.	8.2 8.4 Under Article 25 of the Constitution, the Director is authorized to accept and administer Voluntary contributions , donations and bequests, either in cash or in kind, may be accepted by the Director provided that he or she has determined that such these contributions can be used by the Organization, and that any conditions which may be attached to them are consistent with the objectives and policies of the Organization.	RENUMBER and CLARIFICATION Provides explicit authorization for the Director to accept voluntary contributions.
8.5 Moneys accepted in respect of which the donor specifies no purpose shall be reported as “gifts” in the accounts.	8.3 8.5 Donations and bequests received without a specific purpose Moneys accepted in respect of which the donor specifies no purpose shall be reported as “gifts” in the accounts Miscellaneous Income unless otherwise specified by the Director in accordance with Regulation IX.	RENUMBER and CLARIFICATION
8.6 Service charges received from procurement services on behalf of Member States, program support charges on extrabudgetary funds, proceeds from the sale of publications and any income generated from services and sales of goods will be used to reimburse all, or part of, the direct and indirect costs incurred by the Organization in respect of the generation and administration of its activities.	8.4 8.6 Service charges received from procurement services on behalf of Member States, 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 charges on extrabudgetary funds, proceeds from the sale of publications and any income generated from services and sales of goods will be used to reimburse all, or part of, the direct and indirect costs incurred by the Organization in respect of the generation and administration of its corresponding activities.	RENUMBER and CLARIFICATION Provides explicit authorization for the Director to charge PSC.

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
	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.	CLARIFICATION
	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.	CLARIFICATION
Regulation IX- Funds		
9.1 Funds shall be established to enable the Organization to record income and expenditure. These funds shall cover all sources of income: regular budget, extrabudgetary resources including Trust Funds, and any other source of income as may be appropriate.	9.1 Funds shall be established to enable the Organization to effectively record and report on income and expenditure. These funds shall cover all sources of revenue, income, regular budget, extrabudgetary resources including Trust Funds, and any other source of income as may be appropriate.	CLARIFICATION
9.2 Ledger Accounts shall be established for amounts received from donors of extrabudgetary contributions including Trust Funds so that relevant income and expenditures may be recorded and reported upon.	9.2 Individual subsidiary ledger accounts shall be established to effectively record and report on voluntary contributions. for amounts received from donors of extrabudgetary contributions including Trust Fund so that relevant income and expenditures may be recorded and reported upon.	CLARIFICATION
9.3 Special Funds or Accounts shall be established by the Director as necessary, as reserves, or to meet the requirements of the Organization, including capital expenditures.	9.3 Special Funds or Accounts shall be established by the Director as necessary, as reserves, or to meet the requirements of the Organization. , including capital expenditures.	

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
9.4 The purpose of any Fund or Account established under Regulation 9.3 shall be specified and shall be subject to these Financial Regulations and such Financial Rules as are established by the Director under Regulation 12.1 and prudent financial management.	9.4 The purpose of any Fund or Account established under Regulation 9.3 shall be specified and shall be subject to these Financial Regulations and such Financial Rules. as are established by the Director under Regulation 12.1 and prudent financial management.	
9.5 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.	9.5 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.	Moved to Regulation 7.5
	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.	BEST PRACTICES
Regulation X- Custody of Funds	Regulation X- Custody of Funds Financial Resources	
10.1 The Director shall designate the bank or banks or financial institutions in which funds and securities in the custody of the Organization shall be kept.	10.1 The Director shall designate the bank or banks or financial institutions in which funds and securities the financial resources in the custody of the Organization shall be kept.	NEW TERMINOLOGY
10.2 The Director may designate any investment (or asset) managers and/or custodians that the Organization may wish to appoint for the management of the funds in its custody.	10.2 The Director may designate any external investment (or asset) managers and/or custodians. that the Organization may wish to appoint for the management of the funds in its custody.	

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
<i>Regulation XI - Investment of Funds</i>	<i>Regulation XI - Investments of Funds</i>	
11.1 Investment policies and guidelines shall be drawn up in accordance with best industry practice, having due regard for the preservation of capital and the return requirement of the Organization.	11.1 Investment policies and guidelines shall be established drawn up in accordance with best industry practice, having due regard for the preservation of principal, assurance of adequate liquidity, and maximization of total yield. capital and the return requirement of the Organization.	BEST PRACTICES Reflects terminology used in Investment Guidelines.
11.2 Any funds not required for immediate payment may be invested.	11.2 Any funds not required for Financial Resources in excess of immediate cash requirements payment may be pooled and invested.	
11.3 Investment income generated from regular budget resources shall be credited to Miscellaneous Income unless otherwise provided in the regulations, rules or resolutions relating to the Fund or Account from which the invested monies were derived.	11.3 Investment income, regardless of the source of funds, generated from regular budget resources shall be credited to as Miscellaneous Income to the Regular Budget unless otherwise stipulated provided in these Regulations, rules or in resolutions adopted by the Conference or Directing Council, or as decided by the Director. relating to the Fund or Account from which the invested monies were derived.	CLARIFICATION
11.4 Investment income generated from extra-budgetary resources will also be credited to Miscellaneous Income unless otherwise specified by the appropriate authorities.	11.4 Investment income generated from extra-budgetary resources will also be credited to Miscellaneous Income unless otherwise specified by the appropriate authorities.	Consolidated in Regulation 11.3

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
Regulation XII - Internal Control		
<p>12.1 The Director shall:</p> <p>(a) establish operating policies and procedures in order to ensure effective financial administration, the exercise of economy, and safeguard the assets of the Organization;</p> <p>(b) designate the officers who may receive funds, incur financial commitments or obligations and make payments on behalf of the Organization;</p> <p>(c) maintain an effective internal control structure to ensure the accomplishment of established objectives and goals for operations; the economical and efficient use of resources; the reliability and integrity of information; compliance with policies, plans, procedures, rules and regulations, and the safeguarding of assets;</p> <p>(d) maintain an internal audit function which is responsible for the review, evaluation and monitoring of the adequacy and effectiveness of the Organization's overall systems of internal control. For this purpose, all systems processes, operations, functions and activities within the Organization shall be subject to such review, evaluation and monitoring.</p>	<p>12.1 The Director shall =(a) establish and maintain an effective internal control structure with operating policies and procedures, based on best industry practice, in order to:</p> <p>(a) ensure efficient and effective financial administration,</p> <p>(b) the exercise of economy, and safeguard the assets,</p> <p>(c) accomplish the strategic objectives and goals in line with the mission of the Organization, and and</p> <p>(b) designate the officers who may receive funds, incur financial commitments or obligations and make payments on behalf of the Organization;</p> <p>(c) maintain an effective internal control structure to ensure the accomplishment of established objectives and goals for operations; the economical and efficient use of resources; the reliability and integrity of information; compliance with policies, plans, procedures, rules and regulations, and the safeguarding of assets;</p> <p>(d) maintain an internal oversight audit function reporting solely to the Director. which is responsible for the review, evaluation and monitoring of the adequacy and effectiveness of the Organization's overall systems of internal control. For this purpose, all systems, processes, operations, functions and activities within the Organization shall be subject to such review, evaluation and monitoring.</p>	<p>BEST PRACTICES and NEW TERMINOLOGY</p>

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
Regulation XIII - Accounts and Financial Reports	Regulation XIII - Accounts and Financial Reports Statements	
13.1 The Director shall establish such accounts as are necessary and shall, insofar as is not otherwise provided for in these Regulations and any Financial Rules established by the Director, maintain them in a manner consistent with the United Nations System Accounting Standards.	13.1 The Director shall establish and maintain a chart of such accounts as are necessary and shall, insofar as is not otherwise provided for in these Regulations and any Financial Rules established by the Director, maintain them in a manner consistent with the United Nations System Accounting Standards. accordance with the accounting standards adopted by the Conference or Directing Council.	IPSAS
13.2 Final financial reports shall be prepared for each financial period, and interim financial reports shall be prepared at the end of the first year of each such period. Such financial reports shall be presented in conformity with, and in the formats established under the Standards referred to in regulation 13.1, together with such other information as may be necessary to indicate the current financial position of the Organization.	13.2 Final Financial statements reports shall be prepared for each financial reporting period, and interim financial reports shall be prepared at the end of the first year of each such period. Such financial reports shall be presented in conformity with, and in the formats established under the Standards referred to in Regulation 13.1, together with such other information as may be necessary to indicate the current financial position of the Organization.	IPSAS and NEW TERMINOLOGY
13.3 The financial reports of the Organization shall be presented in United States dollars. The accounting records may, however, be kept in such currency or currencies as the Director may deem necessary.	13.3 The financial reports statements of the Organization shall be presented in United States dollars. The accounting records may, however, be kept in such currency or currencies as the Director may deem necessary.	IPSAS and NEW TERMINOLOGY
13.4 The financial reports shall be submitted to the External Auditor(s) not later than 15 March following the end of the financial period to which they relate.	13.4 The financial reports statements shall be submitted to the External Auditor(s) not later than 15 March following the end of the financial period to which they relate by a date mutually agreed upon with the Director.	

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
13.5 The Director may make such <i>ex gratia</i> payments as deemed to be necessary in the interest of the Organization. A statement of such payments shall be included with the final accounts.	13.5 The Director may make such <i>ex gratia</i> payments as deemed to be necessary in the interest of the Organization. <i>Ex gratia</i> payments will be disclosed in the financial statements. A statement of such payments shall be included with the final accounts.	
13.6 The Director may authorize, after full investigation, the writing-off of any asset other than arrears of contributions. A statement of such losses written off shall be included with the final accounts.	13.6 The Director may authorize, after full investigation, the writing-off of any asset other than assessed arrears of contributions. Write-offs will be disclosed in the financial statements. A statement of such losses written off shall be included with the final accounts.	
	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.	IPSAS Currently, there are no provisions to write-off assessed contributions.
Regulation XIV- External Audit		
14.1 The Conference or the Directing Council shall appoint External Auditor(s) of international repute to audit the accounts of the Organization. Auditor(s) appointed may be removed only by the Conference or the Directing Council.	14.1 The Conference or the Directing Council shall appoint an External Auditor(s) of international repute to audit the accounts of the Organization. The Auditor(s) 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(s) performs/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.	14.2 Subject to any special direction of the Conference or the Directing Council, each audit which the External Auditor(s) performs/ 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.	

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
14.3 The External Auditor(s), in addition to rendering its opinion on the account, may make such observations as he/she/they may deem 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.	14.3 The External Auditor(s), in addition to rendering its an opinion on the account financial statements , may make such observations as he/she/they may 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.	NEW TERMINOLOGY
14.4 The External Auditor(s) shall be completely independent and solely responsible for the conduct of the audit.	14.4 The External Auditor(s) shall be completely independent and solely responsible for the conduct of the audit.	
14.5 The Conference or the Directing Council may request the External Auditor(s) to perform certain specific examinations and issue separate reports on the results.	14.5 The Conference or the Directing Council may request the External Auditor(s) to perform certain specific examinations and issue separate reports on the results.	
14.6 The Director shall provide the External Auditor(s) with the facilities required for the performance of the audit.	14.6 The Director shall provide the External Auditor(s) with the facilities required for the performance of the audit.	
14.7 For the purpose of making a local or special examination or for effecting economies of audit cost, the External Auditor(s) 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(s) is technically qualified.	14.7 For the purpose of making a local or special examination or for effecting economies of audit cost, the External Auditor(s) 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(s) is technically qualified.	
14.8 The External Auditor(s) shall issue a report including its opinion, on the audit of the biennium financial report prepared by the Director pursuant to Regulation XIII. The report shall include such information as he/she/they deem(s) necessary in regard to Regulation 14.3 and the Additional Terms of Reference.	14.8 The External Auditor(s) shall issue a report including its opinion, on the audit of the biennium financial statements report prepared by the Director pursuant to Regulation XIII. The report shall include such information as he/she/they deemed(s) necessary in regard to Regulation 14.3 and the Additional Terms of Reference.	NEW TERMINOLOGY

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
14.9 The report(s) of the External Auditor(s) shall be completed and provided to the Director together with the audited final accounts no later than 15 April following the end of the financial period to which the final accounts relate. The Director will provide the report to the Executive Committee which shall examine the interim and final financial reports and the audit report(s) and shall forward them to the Conference or the Directing Council with such comments as it deems necessary.	14.9 The report(s) of the External Auditor (s) shall be completed and provided to the Director together with the audited final accounts financial statements no later than 15 April following the end of the financial reporting period to which they final accounts relate. The Director will provide the report to the Executive Committee which shall examine the interim and final financial reports statements and the audit report(s) and shall forward them to the Conference or the Directing Council with such comments as it deemed necessary.	NEW TERMINOLOGY
Regulation XV - Resolutions involving Expenditures		ENTIRE REGULATION TO BE DELETED
15.1 The Conference, the Directing Council, and the Executive Committee shall not make decisions involving expenditures unless it has before it a report from the Director on the administrative and financial implications of the proposal.	15.1 The Conference, the Directing Council, and the Executive Committee shall not make decisions involving expenditures unless it has before it a report from the Director on the administrative and financial implications of the proposal.	Covered under Regulation III
15.2 Where, in the opinion of the Director, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the 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.	15.2 Where, in the opinion of the Director, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the 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.	Covered under Regulation III and Regulation 7.4.
Regulation XVI - General Provisions		
16.1 These Regulations shall be effective as of the date of their approval by the Conference or the Directing Council and may be amended only by the Conference or the Directing Council.	16.1 These Regulations shall be effective as of the date of their approval by the Conference or the Directing Council and may be amended only by the Conference or the Directing Council.	

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
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.		
16.3 The Financial Rules established by the Director as referred to in Regulation 1.4, and the amendments made by the Director to such Rules, shall be confirmed by the Executive Committee and reported to the Conference or the Directing Council for its information.	16.3 The Financial Rules established or amended by the Director as referred to in Regulation 1.4, and the amendments made by the Director to such Rules, shall be confirmed by the Executive Committee and reported to the Conference or the Directing Council for its information.	
ADDITIONAL TERMS OF REFERENCE GOVERNING THE EXTERNAL AUDIT OF THE PAN AMERICAN HEALTH ORGANIZATION		
<p>1. The External Auditor(s) shall perform such audit of the accounts of the Pan American Health Organization, including all Trust Funds, Special Funds and Special Accounts, as he/she/they deem necessary in order to satisfy himself/herself/themselves:</p> <p>a. that the financial statements are in accord with the books and records of the Organization;</p> <p>b. that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives of the Organization;</p> <p>c. that the securities and funds on deposit and on hand have been verified by the certificates received direct from the Organization's depositaries or by actual count;</p> <p>d. that the internal controls, including the internal audit, are adequate in view of the extent of reliance placed thereon;</p> <p>e. that procedures satisfactory to the External Auditor(s) have been applied to the recording of all assets, liabilities, surpluses and deficits.</p>	<p>1. The External Auditor(s) shall perform such audit of the accounts of the Pan American Health Organization, including all Trust Funds, Special Funds and Special Accounts, as he/she/they deemed necessary in order to satisfy support the opinion himself/herself/themselves:</p> <p>a. that the financial statements are in accord with the books and records of the Organization;</p> <p>b. that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives of the Organization;</p> <p>c. that the financial resources securities and funds on deposit and on hand have been verified by the certificates received direct from the Organization's depositaries or by actual count;</p> <p>d. that the internal controls, including the internal audit, are adequate in view of the extent of reliance placed thereon;</p> <p>e. that the procedures satisfactory to the External Auditor(s) have been applied to the recording of all assets, liabilities, surpluses and deficits conform with industry best practices.</p>	NEW TERMINOLOGY

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
2. The External Auditor(s) shall be the sole judge as to the acceptance in whole or in part of certifications and representations by members of the staff of the Organization and may proceed to such detailed examination and verification as he/she/they choose(s) of all financial records including those relating to supplies and equipment.	2. The External Auditor(s) shall be the sole judge as to the acceptance in whole or in part of certifications and representations by members of the staff of the Organization and may proceed to such detailed examination and verification as needed . he/she/they choose(s) of all financial records including those relating to supplies and equipment.	
3. The External Auditor(s) and staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the External Auditor(s), necessary for the performance of the audit. Information classified as privileged and which the Director agrees is required by the External Auditor(s) for the purposes of the audit, and information classified as confidential, shall be made available upon request. The External Auditor(s) and staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor(s) may draw the attention of the Conference or the Directing Council to any denial of information classified as privileged which, in his/her/their opinion, was required for the purpose of the audit.	3. The External Auditor(s) and staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the External Auditor(s), necessary for the performance of the audit. Information classified as privileged and which the Director agrees is required by the External Auditor(s) for the purposes of the audit, and information classified as confidential, shall be made available upon request. The External Auditor(s) and staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor(s) may draw bring to the attention of the Conference or the Directing Council to any denial of information classified as privileged which, in his/her their opinion, was required for the purpose of the audit.	
4. The External 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 that creates doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be immediately communicated to the Director.	4. The External Auditor(s) shall have no power to disallow items in the accounts but shall draw bring to the attention of the Director for appropriate action any transaction that creates doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be immediately communicated to the Director.	

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
<p>5. The External Auditor(s) shall express and sign an opinion on the financial statements of the Organization. The opinion shall include the following basic elements:</p> <p>(a) identification of the financial statements audited;</p> <p>(b) a reference to the responsibility of the entity's management and responsibility of the External Auditor(s);</p> <p>(c) a reference to the audit standards followed;</p> <p>(d) a description of the work performed;</p> <p>(e) an expression of opinion on the financial statements as to whether:</p> <p>(i) the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;</p> <p>(ii) the financial statements were prepared in accordance with the stated accounting policies;</p> <p>(iii) the accounting policies were applied on a basis consistent with that of the preceding financial period.</p> <p>(f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;</p> <p>(g) the date of the opinion;</p> <p>(h) the External Auditor's(s') name and position;</p> <p>(i) the place where the report has been signed;</p> <p>(j) should it be necessary, a reference to the report of the External Auditor(s) on the financial statements.</p>	<p>5. The External Auditor(s) shall express and sign an opinion on the financial statements of the Organization. The opinion shall include the following basic elements:</p> <p>(a) identification of the financial statements audited;</p> <p>(b) a reference to the responsibility of the entity's management and responsibility of the External Auditor(s);</p> <p>(c) a reference to the audit standards followed;</p> <p>(d) a description of the work performed;</p> <p>(e) an expression of opinion on the financial statements as to whether:</p> <p>(i) the financial statements present fairly the financial position as at the end of the financial reporting period and the results of the operations for the such period;</p> <p>(ii) the financial statements were prepared in accordance with the stated accounting policies;</p> <p>(iii) the accounting policies were applied on a basis consistent with that of the preceding financial reporting period unless disclosed in the financial statements.</p> <p>(f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;</p> <p>(g) the date of the opinion and the signature of the External Auditor;</p> <p>(h) the External Auditor's(s) name and position;</p> <p>(i) the place where the report has been signed;</p> <p>(j) should it be necessary, a reference to the report of the External Auditor(s) on the financial statements, should one be provided.</p>	<p>NEW TERMINOLOGY</p>

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
<p>6. The report of the External Auditor(s) to the Conference or Directing Council on the financial operations of the financial period should mention:</p> <p>(a) the type and scope of examination;</p> <p>(b) matters affecting the completeness or accuracy of the accounts, including where appropriate:</p> <p>(i) information necessary to the correct interpretation of the accounts;</p> <p>(ii) any amounts that ought to have been received but which have not been brought to account;</p> <p>(iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;</p> <p>(iv) expenditures not properly substantiated;</p> <p>(v) whether proper books of accounts have been kept; where in the presentation of statements there are deviations of a material nature from a consistent application of generally accepted accounting principles, these should be disclosed.</p> <p>(c) other matters that should be brought to the notice of the Conference or the Directing Council such as:</p> <p>(i) cases of fraud or presumptive fraud;</p> <p>(ii) wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);</p> <p>(iii) expenditure likely to commit the Organization to further outlay on a large scale;</p> <p>(iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements, or of supplies and equipment;</p>	<p>6. The report of the External Auditor(s) to the Conference or Directing Council on the financial operations of the financial reporting period should mention:</p> <p>(a) the type and scope of examination;</p> <p>(b) matters affecting the completeness or accuracy of the accounts, including where appropriate:</p> <p>(i) information necessary to the correct interpretation of the accounts;</p> <p>(ii) any amounts that ought to have been received but which have not been brought to account;</p> <p>(iii) any amounts for which a legal or contingent obligation liability exists and which have not been recorded or reflected in the financial statements;</p> <p>(iv) expenditures not properly substantiated;</p> <p>(v) whether proper books of accounts have been kept; where in the presentation of statements there are deviations of a material nature from a consistent application of generally accepted accounting principles, these should be disclosed.</p> <p>(c) other matters that should be brought to the notice of the Conference or the Directing Council such as:</p> <p>(i) cases of fraud or presumptive fraud;</p> <p>(ii) wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);</p> <p>(iii) expenditure likely to commit the Organization to further outlay on a large scale;</p> <p>(iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements, or of supplies and equipment;</p>	<p>NEW TERMINOLOGY</p>

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
<p>(v) expenditure not in accordance with the intention of the Conference or the Directing Council, after making allowance for duly authorized transfers within the budget;</p> <p>(vi) expenditure in excess of appropriations as amended by duly authorized transfers within the budget;</p> <p>(vii) expenditure not in conformity with the authority that governs it.</p> <p>(d) the accuracy or otherwise of the supplies and equipment records as determined by stocktaking and examination of the records.</p> <p>In addition, the report may contain reference to:</p> <p>(e) transactions accounted for in a previous financial period, concerning which further information has been obtained, or transactions in a later financial period concerning which it seems desirable that the Conference or the Directing Council should have early knowledge.</p>	<p>(v) expenditure not in accordance with the intention of the Conference or the Directing Council, after making allowance for duly authorized transfers within the Program Budget;</p> <p>(vi) expenditure in excess of Regular Budget appropriations as amended by duly authorized transfers within the Program Budget;</p> <p>(vii) expenditure not in conformity with the authority that governs it.</p> <p>(d) the accuracy or otherwise of the inventory and fixed assets supplies and equipment records as determined by a physical count stocktaking and examination of the records.</p> <p>In addition, the report may contain reference to:</p> <p>(e) transactions accounted for in a previous financial reporting period, concerning about which further information has been obtained, or transactions in a later financial reporting period concerning about which it seems desirable that the Conference or the Directing Council should have early knowledge.</p>	
<p>7. The External Auditor(s) may make such observations with respect to his/her/their findings resulting from the audit and such comments on the financial report as he/she/they deem(s) appropriate to the Conference or the Directing Council or to the Director.</p>	<p>7. The External Auditor(s) may make such observations with respect to his/her/their findings resulting from the audit and such comments on the financial report as he/she/they deemed(s) appropriate to the Conference or the Directing Council, or to the Director.</p>	
<p>8. Whenever the External Auditor's(s') scope of audit is restricted, or insufficient evidence is available, the External Auditor's(s') opinion shall refer to this matter, making clear in the report the reasons for the comments and the effect on the financial position and the financial transactions as recorded.</p>	<p>8. Whenever the External Auditor's(s) scope of audit is restricted, or insufficient evidence is available, the External Auditor's(s) opinion shall refer to this matter, making clear in the report the reasons for the comments and the effect on the financial position and the financial transactions as recorded.</p>	

PAHO Current Regulations	PAHO Proposed Revised Text	Comments
9. In no case shall the External Auditor(s) include criticism in any report without first affording the Director an adequate opportunity of explanation on the matter under observation.	9. In no case shall the External Auditor (s) include criticism in any report without first affording the Director an adequate opportunity of explanation on the matter under observation.	
10. The External Auditor(s) is/are not required to mention any matter referred to in the foregoing which is considered immaterial.	10. The External Auditor (s) is/ are not required to discuss or report mention any matter referred to in the foregoing which is considered immaterial.	



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



144th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 22-26 June 2009

CE144/24 (Eng.)
Annex B
ORIGINAL: ENGLISH

PROPOSED RESOLUTION

CHANGES IN FINANCIAL REGULATIONS AND FINANCIAL RULES

THE 144TH SESSION OF THE EXECUTIVE COMMITTEE,

Having considered the report of the Director on the amendments proposed to the Financial Regulations, as they appear in the Annex to Document CE144/24, and

Taking into consideration that the amendments to the Financial Regulations reflect modern and best practices of financial management, and are in line with full adoption of IPSAS, approved by the 27th Pan American Sanitary Conference (Resolution CSP27.R18),

RESOLVES:

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

CHANGES IN FINANCIAL REGULATIONS AND FINANCIAL RULES

THE 49TH DIRECTING COUNCIL,

Having considered the recommendation of the 144th Executive Committee and the proposed amendments to the Financial Regulations, as they appear in the Annex to Document CD49/__, and

Taking into consideration that the amendments to the Financial Regulations reflect modern and best practices of financial management, and are in line with full adoption of IPSAS, approved by the 27th Pan American Sanitary Conference (Resolution CSP27.R18),

RESOLVES:

To approve the amendments to the Financial Regulations of the Pan American Health Organization as they appear in the Annex of Document CD49/___ and to make these amendments effective as of 1 January 2010.

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