



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



SEVENTH SESSION OF THE SUBCOMMITTEE ON PROGRAM, BUDGET, AND ADMINISTRATION OF THE EXECUTIVE COMMITTEE

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AMENDMENTS TO THE FINANCIAL REGULATIONS AND FINANCIAL RULES

Introduction

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

Proposed Amendments to the Financial Regulations and to the Financial Rules

2. The proposed amendments to the Financial Regulations and to the Financial Rules are set out in the Annex. The proposed modifications to the Financial Regulations concern Regulation III, *The Program and Budget*, as well as Regulation IV, *Regular Budget Appropriations*. The proposed modifications to the Financial Rules also concern *Regular Budget Appropriations* in Rule IV. These amendments are necessary in order to increase the efficiency and effectiveness of the implementation of the Program and Budget, as well as of the administrative operations that support PAHO's technical programs.

Action by the Subcommittee on Program, Budget, and Administration

3. The Subcommittee is invited to review the amendments, consider their ramifications, and provide recommendations to the Executive Committee.

Annex

PROPOSED AMENDMENTS TO THE FINANCIAL REGULATIONS AND FINANCIAL RULES

Proposed Amendments to the Financial Regulations

Current Text	Proposed Text	Comments
<i>Regulation III – The Program and Budget</i>		
New Regulation	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.	This new Regulation defines the “Program and Budget” to include prior period budgetary appropriations approved to be carried over into the subsequent budgetary period, as provided for in Financial Regulation 4.2. As a result, budgetary and financial reporting will henceforth reflect these new components of the Program and Budget.
<i>Regulation IV – Regular Budget Appropriations</i>		
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 or, exceptionally, in the first year of the subsequent budgetary period for delayed delivery of such programmed goods and services due to unforeseen circumstances.	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. or, eExceptionally 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 appropriations into a subsequent budgetary period for the delayed delivery of such programmed goods and services due to unforeseen circumstances.	The Financial Regulation is amended in order to expand the instances whereby the Organization can carry forward a budgetary appropriation beyond the two-year budgetary period. Allowing the budgetary appropriation that funds a non-severable contractual agreement to be carried over into a subsequent budgetary period, will increase the efficiency and effectiveness of the implementation of the Program and Budget, as well as of the administrative operations that support the technical programs. The only financial impact to the Organization is the reduction of any potential surplus at the end of a budgetary period.

Current Text	Proposed Text	Comments
<i>Regulation IV – Regular Budget Appropriations (cont.)</i>		
4.4 Any balance of the Regular Budget appropriation not committed by the end of the current budgetary period, shall be used to replenish the Working Capital Fund to its authorized level, after which any balance will be available for subsequent use in accordance with the resolutions adopted by the Conference or Directing Council.	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.	The introduction of a budgetary carry forward in Regulation 4.2 affects the availability of resources to replenish the Working Capital Fund, as those funds, although not expended in the current budgetary period, must be available for expenditure in the subsequent period. Therefore, they must be excluded from the determination of any surplus.

Proposed Amendments to the Financial Rules

Current Text	Proposed Text	Comments
Rule IV – Regular Budget Appropriations		
104.8 In accordance with Regulation 4.2, and as determined by the Director, the commitments and associated budgetary authority for those goods and services whose delivery was delayed due to unforeseen circumstances shall be carried forward to the subsequent budgetary period. Delivery and payment of these commitments must occur in the first six months of the new budgetary period, and will be reported separately within the new program and budget. The balance of any undelivered commitments will be credited to the budgetary surplus of the new budgetary period, and will be available for use in accordance with the applicable Regulations.	104.8 In accordance with Regulation 4.2, a non-severable contractual agreement shall represent a single undertaking that cannot be subdivided feasibly, or that produces a single or unified product. All requests for the carryover of Regular Budget Appropriations pertaining to non-severable contractual agreements shall be authorized by the Director of Administration. Delivery and payment of these commitments must occur in the first three months of the new budgetary period, and will be reported separately within the new program and budget. and as determined authorized by the Director, the commitments and associated budgetary authority for those goods and services whose delivery was delayed due to unforeseen circumstances shall be carried forward to the subsequent budgetary period. Delivery and payment of these commitments must occur in the first six months of the new budgetary period, and will be reported separately within the new program and budget. The balance of any undelivered commitments will be credited to the budgetary surplus of the new budgetary period and will be available for use in accordance with the applicable Regulations.	This Rule defines a non-severable contractual agreement for the purposes of identifying those contracts and their associated funding source that are eligible to be carried forward to a subsequent budgetary period, as provided for in Financial Regulation 4.2. This Rule also stipulates the authorization requirements, as well as the time period by which eligible contracts must be delivered and paid.