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 of PAHO. Detailed guidance on implementation of the Financial Regulations of PAHO is set forth in the Organization’s Financial Rules. In accordance with Financial Regulation 16.3, 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 amendment to the Financial Regulations of PAHO reflects International Public Sector Accounting Standards (IPSAS), which require a review of all assets for indications of impairment, and where such conditions exist, to ensure the assets are reported at a fair value. The proposed amendment to Financial Regulation 13.7 would align the Organization with IPSAS 29, Financial Instruments: Recognition and Measurement, and provide the Director with the authority to impair any receivable by establishing a reserve for doubtful accounts to report the asset at a fair value in the Financial Statements.

3. The proposed text, as well as specific comments and explanations, for Regulation 13.7 is set out in the Annex to this document. Any amendments to the Financial Rules as a result of the approval of amendments to the Financial Regulations by the 58th Directing Council will be presented to the 167th Session of the Executive Committee for confirmation.

Action by the Subcommittee on Program, Budget, and Administration

4. The Subcommittee is invited to review the proposed amendment to the Financial Regulations of PAHO and provide recommendations to the Executive Committee.

Annex
ANNEX

PROPOSED AMENDMENTS TO THE FINANCIAL REGULATIONS OF PAHO

<table>
<thead>
<tr>
<th>Regulation XIII – Accounts and Financial Statements</th>
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<tr>
<td><strong>Current Text</strong></td>
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<tr>
<td>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.</td>
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