AMENDMENTS TO THE FINANCIAL RULES OF PAHO

Introduction and Background

1. The Executive Committee, at its 152nd Session, adopted Resolution CE152.R8 requesting that the 52nd Directing Council approve the Director’s proposed amendments to the Financial Regulations of the Pan American Health Organization’s (PAHO). The Council approved the amendments to the Financial Regulations (Document CD52/14 [2013]) without change. The amendments to the Regulations reflect modern best practices of management which increase the efficiency and effectiveness of the implementation of the PAHO’s Program and Budget, as well as of the administrative operations that support PAHO’s technical programs.

Proposed Amendments to the Financial Rules

2. In connection with the amended Financial Regulations, the Director has determined that amendments to the Financial Rules are warranted in order to strengthen existing controls and provide additional guidance. The proposed amendments to the Financial Rules concern Regular Budget Appropriations in Rule IV (see attached table).

Action by the Executive Committee

3. In accordance with Financial Regulation 1.4, the Executive Committee may wish to adopt a resolution along the lines of the proposed resolution in Annex A.
## PROPOSED AMENDMENTS TO THE FINANCIAL RULES OF PAHO

<table>
<thead>
<tr>
<th>Current Text</th>
<th>Proposed Text</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rule IV – Regular Budget Appropriations</strong></td>
<td>104.8 In accordance with Regulation 4.2, <strong>a non-severable contractual agreement</strong> is one that cannot reasonably be subdivided or that results in a single or unified product. All requests for the carryover of Regular Budget appropriations pertaining to non-severable contractual agreements must 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.</td>
<td>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.</td>
</tr>
</tbody>
</table>

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.

---

Annex
PROPOSED RESOLUTION

AMENDMENTS TO THE FINANCIAL RULES OF PAHO

THE 153rd SESSION OF THE EXECUTIVE COMMITTEE,

Having considered the Director’s proposed amendments to the Financial Rules of the Pan American Health Organization (Document CE153/4);

Taking into consideration that the amendments will provide consistency with the Financial Regulations adopted by the 52nd Directing Council,

RESOLVES:

To confirm the amendments requested by the Director to the Financial Rules of PAHO as they appear below, and to make these amendments effective as of 1 January 2014.

To forward the amended Financial Rules of PAHO to the 53rd Directing Council for its information.

Annex
AMENDMENTS TO THE FINANCIAL RULES OF PAHO
AS APPROVED BY THE 153rd SESSION OF THE EXECUTIVE COMMITTEE
(2013)

New Text

<table>
<thead>
<tr>
<th>Regulation IV – Regular Budget Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>104.8 In accordance with Regulation 4.2, a non-severable contractual agreement is one that cannot reasonably be subdivided or that results in a single or unified product. All requests for the carryover of Regular Budget appropriations pertaining to non-severable contractual agreements must 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. As 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.</td>
</tr>
</tbody>
</table>

---