



PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION



145th SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 2 October 2009

CE145.R1 (Eng.)
ORIGINAL: ENGLISH

RESOLUTION

CE145.R1

AMENDMENTS TO THE FINANCIAL RULES*

THE 145th SESSION OF THE EXECUTIVE COMMITTEE,

Having considered the Director's presentation on the amendments proposed to the Financial Rules of the Pan American Health Organization Document CE145/2;

Taking into consideration that the amendments will provide consistency with the Financial Regulations adopted by the 49th Directing Council,

RESOLVES:

To confirm the amendments requested by the Director to the Financial Rules of the Organization as they appear in Document CE145.R1 and to forward, as information, the revised Financial Rules to the 50th Directing Council.

(Single plenary, 2 October 2009)

Annex

* Attached is a final version of the Financial Rules as established or amended by the Director and confirmed by the Executive Committee at its 145th Session.

THE FINANCIAL RULES OF THE PAN AMERICAN HEALTH ORGANIZATION

Rule I—Applicability and Delegation of Authority

- 101.1 These Financial Rules are established in accordance with Financial Regulation 1.4 and are supported by operational policies, procedures, and accounting manuals reflecting industry best practices.
- 101.2 The Director is responsible to the Pan American Sanitary Conference (hereinafter referred to as “Conference”) or the Directing Council for the implementation of the Financial Rules in order to ensure effective financial administration, the exercise of economy and safeguard of the assets of the Organization.
- 101.3 These Rules apply uniformly to all sources of funds and all activities of the Organization unless otherwise stated in these Rules.
- 101.4 Without prejudice to Financial Rule 101.2, the Director may delegate in writing, together with authorization for re-delegation to other officers of the Organization, such authority considered necessary by the Director for the implementation of these Rules including issuance of operational policies and procedures. All designated officers shall be responsible and accountable to the Director for the exercise of any authority delegated to them.

Rule II—The Budgetary and Financial Reporting Periods

(No Rules Established)

Rule III—The Program and Budget

- 103.1 Biennial Work Plans, including the planned program and budget, will be submitted by each managerial entity for the Director’s approval, and will serve as the basis for the program and budget proposals.

Rule IV—Regular Budget Appropriations

- 104.1 The Regular Budget appropriations approved by the Conference or Directing Council constitute a budgetary authority to incur expenses for the purposes for which the appropriations were adopted. The Director may determine the level amount of the appropriations that would be prudent to allocate as budgetary authority for making commitments, taking into account the available balance in the Working Capital Fund and other financial resources available to fund the approved Regular Budget appropriations.
- 104.2 Budgetary authority is granted in accordance with levels set by the Director, the appropriation resolution and the policies of the Conference, Directing Council and the Executive Committee.
- 104.3 Designated officers to whom budgetary authority has been granted are accountable to the Director for the correct use of the resources made available.
- 104.4 In order to incur expenses, the designated officers must establish commitments in line with their budgetary authority granted by the Director.
- 104.5 Commitments may only be established by designated officers and must be supported by satisfactory documentation. All activities that create liabilities against the resources of the Organization must be represented by commitments that are established when the liability arises.
- 104.6 Commitments by designated officers may be established only for the purpose indicated and may not exceed the budgetary authority granted.
- 104.7 Proposals for, and revisions to, commitments, including procurement of goods and services, must comply with the Financial Regulations, these Rules, and shall be rejected under the following conditions:
- (a) funds are not available
 - (b) the procedures of the Organization are not being observed
 - (c) the financial situation of the Organization will be prejudiced
 - (d) the purpose of the proposed commitment is not in the interests of the Organization.
- 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.

Rule V— Provision of Regular Program Budget Funds

(No Rules Established)

Rule VI—Revenue - Assessed Contributions

- 106.1 The Director shall inform Members of the status of their assessed contributions at least two times per year, immediately following the meetings of the Executive Committee and the Conference or Directing Council.
- 106.2 As set forth in Financial Regulation 6.6, the Director shall determine the acceptability of payment of assessed contributions in currencies other than United States dollars subject to annual approval on a case-by-case basis. The approvals will stipulate any terms and conditions that the Director considers necessary to protect the Organization, including any limits to the amount authorized to be paid in local currency.
- 106.3 Any payments in currencies other than United States dollars that have not received prior approval from the Director, or do not comply with the terms of approval stipulated by the Director may be automatically returned to the relevant Member, and the assessed contribution concerned shall continue to be due and payable.

Rule VII—Working Capital Fund and Internal Borrowing

- 107.1 In addition to Regular Budget funding requirements, resources may be made available from the Working Capital Fund to finance unforeseeable and extraordinary expenses.
- 107.2 The term “unforeseeable expenses” means expenses arising from, or incidental to, the carrying out of a program in accord with the policies approved by the Conference or the Directing Council, which expenses were not foreseen when the estimates were made.

- 107.3 The term “extraordinary expenses” means expenses for items or objects outside the scope of the budget.
- 107.4 A designated officer shall be responsible for the preparation of information on the status of all commitments relating to unforeseeable and extraordinary expenses to be submitted to the Executive Committee, and shall prepare the supplemental estimates required in connection therewith for submission to the Conference or Directing Council.

Rule VIII—Revenue - Other Sources

- 108.1 Other sources of revenue could include the net result of non-budgetary operational activities including, but not limited to, gains and losses on currency exchange, disposal of fixed assets, rebates, gifts, etc.
- 108.2 All voluntary contributions will be supported by a signed written agreement consistent with these Regulations and Rules, and policies and procedures in effect.
- 108.3 The Director may issue budgetary authority for expenses to be financed from sources other than the Regular Budget in amounts consistent with the terms of the signed written agreement and industry best practices governing cash management. These funds will be administered in accordance with Rules 104.3 to 104.7 unless otherwise stated in these Rules.
- 108.4 Program Support Costs will be levied on all voluntary contributions unless otherwise authorized in writing by the Director.
- 108.5 The standard Service Charge will be levied on procurement funds activities unless otherwise authorized in writing by the Director.

Rule IX—Funds

(No Rules Established)

Rule X—Custody of Financial Resources

- 110.1 Financial resources in the custody of the Organization shall only be kept in financial institutions designated by the Director or officers designated by the Director.
- 110.2 The Director of Administration or designated officer shall be responsible for the management of all financial institution accounts including investment and custody accounts.
- 110.3 All financial resources received by the Organization, other than assessed contributions, must be supported by a valid written agreement signed by the Director or designated officer. Otherwise such resources shall be returned to the originating source.

Rule XI—Investments

- 111.1 Investment policies shall be drawn up in accordance with Financial Regulation 11.1. An Investment Committee, chaired by the Director of Administration, shall assist the Director in formulating these investment policies. The Committee shall determine appropriate investment instruments and maturities, and shall monitor the performance of funds invested. In accordance with Regulation 10.2, the Committee may designate investment managers for the management of any of the financial resources in the custody of the Organization.
- 111.2 No interest shall be payable by the Organization on financial resources deposited with or administered by it unless otherwise requested in advance and authorized in writing by the Director.

Rule XII—Internal Control

- 112.1 In order to ensure effective internal control within the Organization, in accordance with Financial Regulation XII, the Director shall establish measures, including (i) an internal oversight and evaluation mechanism, (ii) appropriate delegations of authority, (iii) segregation of duties and (iv) other measures that are consistent with industry best practice.
- 112.2 The Director shall designate the officer responsible for establishing and maintaining an adequate internal control of the operations of the Organization as deemed necessary. The internal controls structure shall include:

- (a) The accomplishment of the strategic objectives and goals in line with the mission of the Organization,
- (b) The efficient and effective administration of resources,
- (c) The compliance with regulations and rules, policies and procedures, and decisions of the Governing Bodies,
- (d) The identification and management of organizational risks,
- (e) The appropriate designation of officers responsible and accountable for conducting the business of the Organization,
- (f) The integrity and reliability of information.

Payments

- 112.3 Payments shall not be made in advance except as where otherwise specified in these Rules. Payments shall only be made on the basis of satisfactory supporting documents duly certified by designated officials confirming that in accordance with the terms of the contract, the amount is correct and services have been rendered or delivery has been completed.
- 112.4 Where operationally justified and only on an exceptional basis, contracts or purchase orders may be entered into which require partial payment in advance prior to the delivery of goods or performance of services. Such practice shall be fully documented.
- 112.5 In order for any contract or purchase order to be entered into requiring full payment in advance, the officer requesting such terms shall provide full justification and demonstrate why such payments terms are necessary in the interest of the Organization. All such payment terms shall be subject to approval of the designated officer.
- 112.6 Designated officials may authorize advances to staff members and other persons in connection with the execution of official duties for PAHO and staff entitlements.
- 112.7 Designated officers are responsible and accountable for all resources under their control.
- 112.8 Panels of signatories shall be designated by officials authorized by the Director. All payments from the Organization's bank accounts shall be signed by two officials of the appropriate panels. Where deemed necessary, in exceptional circumstances, the officials authorized to designate panels of signatories, may

authorize the signature of payments by one official only, provided that there are adequate safeguards for the protection of funds.

- 112.9 Comprehensive policies and procedures for core functions must be properly documented, maintained and disseminated across the Organization.
- 112.10 Fixed asset records will be maintained by the designated officer, however acquired and from whatever source, in accordance with applicable policies, procedures and accounting standards.
- 112.11 An annual physical inventory shall be taken of all fixed assets.
- 112.12 The designated officer may declare a fixed asset to be surplus or obsolete if it has no further future economic benefit to the Organization. The disposal of a fixed asset should result in the best possible outcome to the Organization, including the sale, donation or scrapping.
- 112.13 The gain or loss from the disposal of a fixed asset shall be recognized in Other Revenue.
- 112.14 Subject to the provisions of Financial Rule 104.1, goods and services may be provided to governments, specialized agencies, and other international organizations on a reimbursable or reciprocal basis on such terms and conditions as may be prescribed by the Director.
- 112.15 Policies and procedures shall be established, documented, and disseminated for procurement and contracting activities.
- 112.16 Procurement and contracting activities shall be entered into for and on behalf of the Organization only by duly authorized officers.
- 112.17 All purchases and other contracts shall be made on the basis of competitive bids, except when otherwise authorized by the Chief of Administration.
- 112.18 Contracts are normally awarded to the lowest bidder. However, where it is considered to be in the interests of the Organization, the acceptance of a bid other than the lowest, or the rejection of all bids may be authorized by the designated officer.

Rule XIII—Accounts and Financial Statements

- 113.1 The accounts shall comprise a consolidated general ledger of the Organization, subsidiary ledgers and auxiliary systems, which shall include all financial and budgetary transactions of the financial period to which they relate, in accordance

with the accounting standards adopted by the Conference or the Directing Council. All official financial reporting shall be prepared from these accounts.

- 113.2 Subject to Financial Rule 101.3 and in line with accounting standards, the Director shall determine those entities administered by the Organization that shall be authorized to maintain their own accounting records, and which shall be reported periodically within the financial statements of the Organization.
- 113.3 All financial transactions and statements shall be supported by documentation to be retained as an integral part of the official records of the Organization for the period prescribed by industry best practice.
- 113.4 The Director shall submit financial statements, taken from the accounts referred to in Financial rule 113.1 to the Executive Committee for review and comment within the timeframe stipulated in the corresponding Rules of Procedure following the financial reporting period covered. The Executive Committee will subsequently forward the document to the Conference or the Directing Council. The statements shall be prepared in accordance with the accounting standards adopted by the Conference or the Directing Council, the Financial Regulations and these Rules, and shall include such other information as may be necessary to indicate the financial position of the Organization.
- 113.5 The financial statements shall also disclose any ex-gratia payments and any losses as a result of theft or fraud which have occurred during the financial reporting period.

Rule XIV—External Audit

- 114.1 The appointment process of the External Auditor by the Conference or the Directing Council must be based on professional criteria to ensure independence, objectivity and compliance with standards and best practices.

Rule XV—Resolutions involving Expenses

- 115.1 Notwithstanding Regulations 15.1 and 15.2, the Director may finance unforeseeable and extraordinary expenses from the Working Capital Fund in accordance with Financial Regulation 7.4 or from other sources of funds consistent with the terms and conditions of those funds.

Rule XVI—General Provisions

- 116.1 The Financial Rules established by the Director, and any amendments thereto, shall enter into force after confirmation by the Executive Committee.
- 116.2 In case of doubt as to the interpretation and application of any of the Financial Rules, the Director shall rule thereon.

- - -