

**14th SESSION OF THE SUBCOMMITTEE
ON PROGRAM, BUDGET, AND ADMINISTRATION
OF THE EXECUTIVE COMMITTEE**

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Provisional Agenda Item 4.5

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**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*,¹ 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.

¹ IPSAB 2018 Handbook of International Public Sector Accounting Pronouncements. Available from: <https://www.ifac.org/system/files/publications/files/IPSASB-HandBook-2018-Volume-2.pdf>

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

<i>Regulation XIII – Accounts and Financial Statements</i>		
Current Text	Proposed Text	Comments
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.	13.7 The Conference or Directing Council Director may stipulate a reserve for doubtful accounts, representing all or a portion of the an outstanding receivable , including assessed contributions. due from a Member State subject to the restrictions of Article 6.B of the Constitution.	<p>IPSAS requires that all assets are reviewed for indications of impairment, and where such conditions exist, ensure that the assets are reported at a fair value.</p> <p>Under IPSAS 29, impairment is recognized in the Financial Statements if there is “objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.”¹</p>

¹ IPSAB 2018 Handbook of International Public Sector Accounting Pronouncements. Available from: <https://www.ifac.org/system/files/publications/files/IPSASB-HandBook-2018-Volume-2.pdf>