

**AGREEMENT No. 212
(of August 26, 2010)**

“Whereby the Acquisition Regulation of the Panama Canal Authority is amended”

**THE BOARD OF DIRECTORS
OF THE PANAMA CANAL AUTHORITY**

WHEREAS:

Article 18, item 5, paragraphs *c* and *f*, respectively, of the Panama Canal Authority Organic Law 19 of June 11, 1997, empowers the Board of Directors to approve the Regulation applicable to contracting work, supply acquisition, and the rendering of services contracts necessary for the proper functioning of the Canal.

The Board of Directors of the Panama Canal Authority approved the Panama Canal Authority Acquisition Regulation pursuant to Agreement No. 24 of October 4, 1999.

That Article 7 of the Acquisition Regulation establishes that the Board of Directors shall, on its own accord or as proposed by the Administrator, make any revisions and modifications to the Regulation that it considers necessary. The Administrator, in accordance with the policies of the Board of Directors and the provisions of this regulation, shall issue the instructions and adopt the internal procedures that will implement the provisions herein, as well as the pertinent provisions and contractual clauses.

That Article 40 of the Organic Law and Article 1 of the Financial Regulation of the Panama Canal Authority establish that the Board of Directors shall hire the services of independent auditors.

That Article 11 of the Regulation of the Inspector General of the Panama Canal Authority establishes that the Office of the Inspector General shall undergo an external quality assessment review of audit functions at least every two years.

That Article 190 of the Acquisition Regulation of the Panama Canal Authority empowers the Board of Directors to grant concessions and approve contracting for special services. This authority may be delegated to the Administration on a case-by-case basis depending on the nature of the activity and the contract amount.

That Agreement No. 30 of December 16, 1999, by which Articles 190 and 191 of the Acquisition Regulation are implemented, and Article 10 of the Acquisition Regulation define as special service contracts those which the Panama Canal Authority enters into to develop advisory activities, analysis, study and assessment, as well as those regarding the Authority’s risks and financial management, in accordance with the specifications described in the tender document.

That it is deemed convenient to modify the Acquisition Regulation to establish the procedure that should rule in the cases in which the Board of Directors must hire special services for external quality assessment review of the Authority's internal audit functions, in such way that it shall have the power to verify that the contracting process is conducted pursuant to the provisions of the Regulation.

That the norms of the Acquisition Regulation will be applied additionally to the special procedure proposed for the contracting of special services for the external quality assessment review of the Authority's internal audit functions.

That the Legal Affairs Committee has submitted for the consideration of the Board of Directors the draft project that contains the pertinent modifications to the above.

AGREES:

ARTICLE ONE: Article 195A of Chapter XVII, Procedure for Concessions and Special Services, Section Two of the Acquisition Regulation of the Panama Canal Authority is added, and will read as follows:

“Article 195A. When contracting special services for an external quality assessment review of the internal audit functions of the Panama Canal Authority, the Board of Directors shall exercise the following duties.

1. Prepare the terms of reference and approve or disapprove the tender document, as well as its amendments.
2. Determine which qualifications shall have the Panama Canal Authority employees who will serve on the Technical Evaluation Board appointed by the contracting officer.
3. Consider and make whatever remarks deemed appropriate to the technical evaluation report prepared by the Technical Evaluation Board, after its review by the contracting officer.
4. Once all the phases of the solicitation process have been complied with, award or not to award the respective special services contract.

Pertinent rules established in the regulation for negotiated or best-value tenders shall be applied provided they do not contravene any provisions in this article.

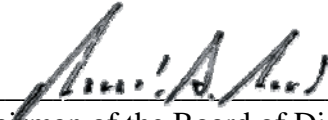
The Administration shall perform the solicitation process in support of the Board of Directors and, once the tender has been awarded by the Board of Directors, shall subscribe the contract and the corresponding documents pursuant to the Regulation.”

ARTICLE TWO: This Agreement shall become effective upon its publication in the Panama Canal Record.

Given in the City of Panama, on the twenty-sixth day of the month of August, two thousand and ten.

TO BE PUBLISHED AND ENFORCED.

Romulo Roux



Chairman of the Board of Directors

Rossana Calvosa de Fábrega



Secretary