



WORLD HEALTH ORGANIZATION

EXECUTIVE BOARD
103rd Session
Provisional agenda item 7

EB103/18
20 October 1998

Financial matters

Amendments to Financial Regulations and Rules

Report by the Director-General

1. Pursuant to the suggestion of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency regarding the formulation of the audit opinion, and the proposal made by the External Auditor in his report to the Health Assembly on the 1996-1997 Financial Report,¹ the Director-General proposes to amend paragraph 5 of the additional terms of reference governing the external audit of the World Health Organization, contained in the appendix to the Financial Regulations, as shown in Annex 1.
2. The Director-General is proposing amendments to the Financial Rules, as shown in Annex 2, to reflect the effect of the new Financial Regulations, adopted in May 1998 by the Health Assembly, in resolution WHA51.20, in respect of the application of programme support costs, the financial procedures for the collection of arrears of contributions, the accounting procedure for casual income and the application of the United Nations System Accounting Standards to the preparation and presentation of WHO's accounts and financial reports.

ACTION BY THE EXECUTIVE BOARD

3. Should the Board agree with the proposed amendments to the Financial Regulations and Rules, it may wish to adopt a resolution along the following lines:

The Executive Board,

Having considered the report of the Director-General on the proposed amendments to the Financial Regulations and Rules,

1. **RECOMMENDS** to the Fifty-second World Health Assembly the adoption of the following resolution:

¹ Document A51/11.

The Fifty-second World Health Assembly,

Having considered the amendments to the Financial Regulations proposed by the Director-General and endorsed by the Executive Board at its 103rd session,

ADOPTS the proposed amendments to the Financial Regulations;

2. CONFIRMS the amendments to the Financial Rules as annexed to the Director-General's report.

ANNEX 1

**PROPOSED AMENDMENTS TO
FINANCIAL REGULATIONS**

PRESENT FINANCIAL REGULATIONS	AMENDED TEXT (with deletions in square brackets and additions underlined)	PURPOSE
Appendix - Additional terms of reference governing the external audit of the World Health Organization		
<p>5. The Auditor(s) shall express and sign an opinion in the following terms:</p> <p>I/We have examined the following appended financial statements, numbered ... to ... properly identified, and relevant schedules of the World Health Organization for the financial period ended 31 December My/Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I/we considered necessary in the circumstances.</p> <p>and which states, as appropriate, whether:</p> <p>(a) the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period then ended;</p>	<p>5. The Auditor(s) shall express and sign an opinion [in the following terms] <u>on the financial statements of the Organization. The opinion shall include the following basic elements:</u></p> <p>[I/We have examined the following appended financial statements, numbered ... to ... properly identified, and relevant schedules of the World Health Organization for the financial period ended 31 December My/Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I/we considered necessary in the circumstances.</p> <p>and which states, as appropriate, whether:]</p> <p>(a) [the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period then ended;] <u>identification of the financial statements audited;</u></p>	<p>To bring the format of the audit opinion in line with the text suggested by the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency and as proposed by WHO's External Auditor.</p>

(b) the financial statements were prepared in accordance with the stated accounting principles;

(c) the accounting principles were applied on a basis consistent with that of the preceding financial period;

(d) transactions were in accordance with the Financial Regulations and legislative authority.

(b) [the financial statements were prepared in accordance with the stated accounting principles;] a reference to the responsibility of the entity's management and the responsibility of the Auditor(s);

(c) [the accounting principles were applied on a basis consistent with that of the preceding financial period;] a reference to the audit standards followed;

(d) [transactions were in accordance with the Financial Regulations and legislative authority.] a description of the work performed;

(e) an expression of opinion on the financial statements as to whether:

- [(a)] the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period [then ended];
- [(b)] the financial statements were prepared in accordance with the stated accounting [principles] policies;
- [(c)] the accounting [principles] policies were applied on a basis consistent with that of the preceding financial period;

(f) [(d)] an expression of opinion on the compliance of transactions [were in accordance] with the Financial Regulations and legislative authority;

(g) the date of the opinion;

(h) the Auditor's(s') name and position;

(i) the place where the report has been signed;

(j) should it be necessary, a reference to the report of the External Auditor on the financial statements.

ANNEX 2

**PROPOSED AMENDMENTS TO
FINANCIAL RULES**

PRESENT FINANCIAL RULES	AMENDED TEXT (with deletions in square brackets and additions underlined)	PURPOSE
101.2 The Financial Rules are applicable to all offices and, irrespective of the source of funds, to all financial transactions of the Organization. The latter are also subject to the budgeting and accounting principles and rules applicable to the source of funds concerned. Funds are subject to either annual or biennial cycles, and related expenditures are accounted on either a cash or an accrual basis.	101.2 The Financial Rules are applicable to all offices and, irrespective of the source of funds, to all financial transactions of the Organization. The latter are also subject to the budgeting and accounting principles and rules applicable to the source of funds concerned. Funds are subject to either annual or biennial cycles, and related expenditures are accounted on [either a cash or] an accrual basis.	To reflect that under all sources of funds expenditures are accounted on an accrual basis.
103.4 The balances of the appropriations surrendered in accordance with Rule 103.3 above shall be taken into the accounts as casual income to be used in accordance with Financial Regulation 5.2(d).	103.4 The balances of the appropriations surrendered in accordance with Rule 103.3 above shall be taken into the accounts as casual income to be used in accordance with Financial Regulation 5.2[(d)].	To reflect new reference.
103.6 Assessments of Members joining the Organization during the current year but after the close of the Health Assembly shall be dealt with in accordance with Financial Regulations 5.2(c) and 5.8.	103.6 Assessments of Members joining the Organization during the current year but after the close of the Health Assembly shall be dealt with in accordance with Financial Regulations [5.2(c) and 5.8] <u>5.10</u> .	To reflect new reference.

110.1 Budget and Finance is responsible for establishing and maintaining all official accounts of the Organization.	110.1 Budget and Finance is responsible for establishing and maintaining all official accounts of the Organization <u>in a manner consistent with the United Nations System Accounting Standards.</u>	Self-explanatory.
114.1 Budget and Finance shall furnish:	114.1 Budget and Finance shall furnish:	
...	...	
(c) Periodic special statements showing:	(c) Periodic special statements showing:	
(i) Outstanding contributions; (ii) Status of advances to the Working Capital Fund; (iii) The operation and financial position of the Working Capital Fund including the use of internal borrowing against other available cash resources of the Organization;	(i) Outstanding contributions; [(ii) Status of advances to the Working Capital Fund;] [(iii)] (ii) The operation and financial position of the Working Capital Fund including the use of internal borrowing against other available cash resources of the Organization;	To delete the reference to advances to the Working Capital Fund which, following resolution WHA48.21, is no longer relevant.

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