FINANCIAL REGULATIONS
OF THE WORLD HEALTH ORGANIZATION

Regulation I - Applicability and Delegation of Authority

1.1 These Regulations shall govern the financial administration of the World Health Organization.

1.2 The Director-General is responsible for ensuring effective financial administration of the Organization in accordance with these Regulations.

1.3 Without prejudice to Regulation 1.2 the Director-General may delegate in writing to other officers of the Organization such authority and related accountability as he or she considers necessary for the effective implementation of these Regulations.

1.4 The Director-General shall establish Financial Rules, including relevant guidelines and limits for the implementation of these Regulations, in order to ensure effective financial administration, the exercise of economy, and safeguard of the assets of the Organization.

Regulation II - The Financial Period

2.1 The financial period for the programme budget shall be two consecutive calendar years beginning with an even-numbered year.

Regulation III - The Budget

3.1 The budget estimates for the financial period, as referred to in Article 55 of the Constitution (hereinafter referred to as "budget proposals"), shall be prepared by the Director-General. The budget proposals shall be presented in United States dollars.

3.2 The budget proposals shall be divided into parts, sections and chapters, and shall include such information, annexes and explanatory statements as may be requested by, or on behalf of, the Health Assembly and such further annexes or statements as the Director-General may deem necessary and useful.

---

1 Text adopted by the Fifty-third World Health Assembly (resolution WHA53.6). Previous text adopted by the Fourth World Health Assembly (resolution WHA4.50) and amended by the Thirteenth, Eighteenth, Twenty-fifth, Twenty-sixth, Twenty-ninth, Thirtieth, Thirty-third, Thirty-seventh, Forty-first, Forty-fourth, Forty-eighth, Fifty-eighth, Sixtieth and Sixty-second World Health Assemblies (resolutions WHA13.19, WHA18.13, WHA25.14, WHA25.15, WHA26.26, WHA28.27, WHA30.21, WHA33.8, WHA41.12, WHA44.16, WHA48.21, WHA58.20, WHA60.9 and WHA62.6, and decision WHA37(10)).
3.3 The Director-General shall submit the budget proposals at least 12 weeks before the opening of the regular session of the Health Assembly, and before the opening of the appropriate session of the Executive Board, at which they are to be considered. At the same time, the Director-General shall transmit these proposals to all Members (including Associate Members).

3.4 The Executive Board shall submit these proposals, and any recommendations it may have thereon, to the Health Assembly.

3.5 The budget for the following financial period shall be approved by the Health Assembly in the year preceding the biennium to which the budget proposals relate, after consideration and report on the proposals by the appropriate main committee of the Health Assembly.

3.6 Should the Director-General, at the time of the session of the Executive Board that submits the budget proposals and its recommendations thereon to the Health Assembly, have information which indicates that there may, before the time of the Health Assembly, be a need to alter the proposals in the light of developments, he or she shall report thereon to the Executive Board, which shall consider including in its recommendations to the Health Assembly an appropriate provision therefore.

3.7 Should developments subsequent to the session of the Executive Board that considers the budget proposals, or any of the recommendations made by it, necessitate or render desirable in the opinion of the Director-General an alteration in the budget proposals, the Director-General shall report thereon to the Health Assembly.

3.8 Supplementary proposals may be submitted to the Board by the Director-General whenever necessary to increase the appropriations previously approved by the Health Assembly. Such proposals shall be submitted in a form and manner consistent with the budget proposals for the financial period.

**Regulation IV - Regular Budget Appropriations**

4.1 The appropriations approved by the Health Assembly shall constitute an authorization to the Director-General to incur contractual obligations and make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

4.2 Appropriations shall be available for making commitments in the financial period to which they relate for delivery in that financial period or the subsequent calendar year.
4.3 The Director-General is authorized, with the prior concurrence of the Executive Board or of any committee to which it may delegate appropriate authority, to transfer credits between sections. When the Executive Board or any committee to which it may have delegated appropriate authority is not in session, the Director-General is authorized, with the prior written concurrence of the majority of the members of the Board or such committee, to transfer credits between sections. The Director-General shall report such transfers to the Executive Board at its next session.

4.4 At the same time as budget proposals are approved an exchange rate facility shall be established by the Health Assembly, which shall set the maximum level that may be available to protect against losses on foreign exchange. The purpose of the facility shall be to make it possible to maintain the level of the budget so that the activities that are represented by the budget approved by the Health Assembly may be carried out irrespective of the effect of any fluctuation of currencies against the United States dollar at the official United Nations exchange rate.

Regulation V - Provision of Regular Budget Funds

5.1 Appropriations shall be financed by assessed contributions from Members, according to the scale of assessments determined by the Health Assembly, and by projected interest earned on regular budget, prior period collection of arrears and any other income attributable to the regular budget.

5.2 The amount to be financed by contributions from Members shall be calculated after adjusting the total amount appropriated by the Health Assembly to reflect that proportion of the regular budget to be financed by the other sources noted in Regulation 5.1 above.

5.3 In the event that the total financing for appropriations is less than the amount approved by the Health Assembly under the regular budget proposals, the Director-General shall review implementation plans for the regular budget in order to make any adjustments that may be necessary.

Regulation VI – Assessed Contributions

6.1 The assessed contributions of Members based on the scale of assessments shall be divided into two equal annual instalments. In the first year of the financial period, the Health Assembly may decide to amend the scale of assessments to be applied to the second year of the financial period.

6.2 After the Health Assembly has adopted the budget, the Director-General shall inform Members of their commitments in respect of contributions
for the financial period and request them to pay the first and second instalments of their contributions.

6.3 If the Health Assembly decides to amend the scale of assessments, or to adjust the amount of the appropriations to be financed by contributions from Members for the second year of a biennium, the Director-General shall inform Members of their revised commitments and shall request Members to pay the revised second instalment of their contributions.

6.4 Instalments of contributions shall be due and payable as of 1 January of the year to which they relate.

6.5 As of 1 January of the following year, the unpaid balance of such contributions shall be considered to be one year in arrears.

6.6 Contributions shall be assessed in United States dollars, and shall be paid in either United States dollars, euros or Swiss francs, or such other currency or currencies as the Director-General shall determine.

6.7 The acceptance by the Director-General of any currency that is not fully convertible shall be subject to a specific, annual approval on a case-by-case basis by the Director-General. Such approvals will include any terms and conditions that the Director-General considers necessary to protect the World Health Organization.

6.8 Payments made by a Member shall be credited to the Member's account and applied first against the oldest amount outstanding.

6.9 Payments in currencies other than United States dollars shall be credited to Members' accounts at the United Nations rate of exchange ruling on the date of receipt by the World Health Organization.

6.10 The Director-General shall submit to the regular session of the Health Assembly a report on the collection of contributions.

6.11 New Members shall be required to make a contribution for the financial period in which they become Members at rates to be determined by the Health Assembly. Such contributions shall be recorded as income in the year in which they are due.

Regulation VII – Working Capital Fund and Internal Borrowing

7.1 Pending the receipt of assessed contributions, implementation of the regular budget may be financed from the Working Capital Fund, which shall be established as part of the regular budget approved by the Health Assembly, and thereafter by internal borrowing against available cash reserves of the Organization, excluding Trust Funds.
7.2 The level of the Working Capital Fund shall be based on a projection of financing requirements taking into consideration projected income and expenditure. Any proposals that the Director-General may make to the Health Assembly for varying the level of the Working Capital Fund from that previously approved shall be accompanied by an explanation demonstrating the need for the change.

7.3 Any repayments of borrowing under Regulation 7.1 shall be made from the collection of arrears of assessed contributions and shall be credited first against any internal borrowing outstanding and secondly against any borrowing outstanding from the Working Capital Fund.

**Regulation VIII - Revenue: Other Sources**

8.1 The Director-General is delegated the authority, under Article 57 of the Constitution, to accept gifts and bequests, either in cash or in kind, provided that he or she has determined that such contributions can be used by the Organization, and that any conditions which may be attached to them are consistent with the objective and policies of the Organization.

8.2 The Director-General is authorized to levy a charge on extrabudgetary contributions in accordance with any applicable resolution of the Health Assembly. This charge shall be credited to the Special Account for Servicing Costs, together with any interest earnings or earnings from investments of extrabudgetary contributions, and used to reimburse all, or part of, the indirect costs incurred by the Organization in respect of the generation and administration of such resources. All direct costs of the implementation of programmes that are financed by extrabudgetary resources shall be charged against the relevant budget.

**Regulation IX - Funds**

9.1 Funds shall be established to enable the Organization to record income and expenditure. These funds shall cover all sources of income: regular budget, extrabudgetary resources, Trust Funds, and any other source of income as may be appropriate.

9.2 Accounts shall be established for amounts received from donors of extrabudgetary contributions and for any Trust Funds so that relevant income and expenditures may be recorded and reported upon.

9.3 Other accounts shall be established as necessary as reserves or to meet the requirements of the administration of the Organization, including capital expenditure.
9.4 The Director-General may establish revolving funds so that activities may be operated on a self-financing basis. The purpose of such accounts shall be reported to the Health Assembly, including details of sources of income and expenditures charged against such funds, and the disposition of any surplus balance at the end of a financial period.

9.5 The purpose of any account established under Regulations 9.3 and 9.4 shall be specified and shall be subject to these Financial Regulations and such Financial Rules as are established by the Director-General under Regulation 12.1, prudent financial management, and any specific conditions agreed with the appropriate authority.

**Regulation X - Custody of Cash and Cash Equivalents**

10.1 The Director-General shall designate the bank or banks or financial institutions in which cash and cash equivalents in the custody of the Organization shall be kept.

10.2 The Director-General may designate any investment (or asset) managers and/or custodians that the Organization may wish to appoint for the management of the cash and cash equivalents in its custody.

**Regulation XI - Investment of Cash and Cash Equivalents**

11.1 Any cash not required for immediate payment may be invested and may be pooled in so far as this benefits the return that may be generated.

11.2 Income from investments shall be credited as income to the Special Account for Servicing Costs in accordance with Regulation 8.2, unless otherwise provided in the regulations, rules or resolutions relating to a specific fund or account.

11.3 Investment policies and guidelines shall be drawn up in accordance with best industry practice, having due regard for the preservation of capital and the return requirements of the Organization.

**Regulation XII – Internal Control**

12.1 The Director-General shall:

(a) establish operating policies and procedures in order to ensure effective financial administration, the exercise of economy, and safeguard of the assets of the Organization;

(b) designate the officers who may receive funds, incur financial commitments and make payments on behalf of the Organization;
(c) maintain an effective internal control structure to ensure the accomplishment of established objectives and goals for operations; the economical and efficient use of resources; the reliability and integrity of information; compliance with policies, plans, procedures, rules and regulations; and the safeguarding of assets;

(d) maintain an internal audit function which is responsible for the review, evaluation and monitoring of the adequacy and effectiveness of the Organization's overall systems of internal control. For this purpose, all systems, processes, operations, functions and activities within the Organization shall be subject to such review, evaluation and monitoring.

**Regulation XIII - Accounts and Financial Statements**

13.1 The Director-General shall establish such accounts as are necessary and shall maintain them in accordance with International Public Sector Accounting Standards.

13.2 Financial statements shall be prepared annually in accordance with International Public Sector Accounting Standards, together with such other information as may be necessary to indicate the current financial position of the Organization.

13.3 The financial statements shall be presented in United States dollars. The accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary.

13.4 The financial statements shall be submitted to the External Auditor(s) not later than 31 March following the end of the year to which they relate.

13.5 The Director-General may make such ex gratia payments as deemed to be necessary in the interest of the Organization. A statement of such payments shall be included with the final accounts.

13.6 The Director-General may authorize, after full investigation, the writing-off of the loss of any asset, other than arrears of contributions. A statement of such losses written off shall be included with the final accounts.

**Regulation XIV – External Audit**

14.1 External Auditor(s), each of whom shall be the Auditor-General (or officer holding equivalent title or status) of a Member government, shall be appointed by the Health Assembly, in the manner decided by the Assembly. External Auditor(s) appointed may be removed only by the Assembly.
14.2 Subject to any special direction of the Health Assembly, each audit which the External Auditor(s) performs/perform shall be conducted in conformity with generally accepted common auditing standards and in accordance with the Additional Terms of Reference set out in the Appendix to these Regulations.

14.3 The External Auditor(s) may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

14.4 The External Auditor(s) shall be completely independent and solely responsible for the conduct of the audit and, except as permitted under Regulation 14.7 below, any local or special examination.

14.5 The Health Assembly may request the External Auditor(s) to perform certain specific examinations and issue separate reports on the results.

14.6 The Director-General shall provide the External Auditor(s) with the facilities required for the performance of the audit.

14.7 For the purpose of making a local or special examination or for effecting economies of audit cost, the External Auditor(s) may engage the services of any national Auditor-General (or equivalent title) or commercial public auditors of known repute or any other person or firm that, in the opinion of the External Auditor(s), is technically qualified.

14.8 The External Auditor(s) shall issue a report on the audit of the biennium financial report prepared by the Director-General pursuant to Regulation XIII. The report shall include such information as he/she/they deem(s) necessary in regard to Regulation 14.3 and the Additional Terms of Reference.

14.9 The report(s) of the External Auditor(s) shall be transmitted through the Executive Board, together with the audited financial report, to the Health Assembly not later than 1 May following the end of the financial period to which the final accounts relate. The Executive Board shall examine the interim and biennium financial reports and the audit report(s) and shall forward them to the Health Assembly with such comments as it deems necessary.

*Regulation XV - Resolutions involving Expenditures*

15.1 Neither the Health Assembly nor the Executive Board shall take a decision involving expenditures unless it has before it a report from the Director-General on the administrative and financial implications of the proposal.
15.2 Where, in the opinion of the Director-General, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the Health Assembly has made the necessary appropriations.

Regulation XVI - General Provisions

16.1 These Regulations shall be effective as of the date of their approval by the Health Assembly, unless otherwise specified by the Health Assembly. They may be amended only by the Health Assembly.

16.2 In case of doubt as to the interpretation and application of any of the foregoing Regulations, the Director-General is authorized to rule thereon, subject to confirmation by the Executive Board at its next session.

16.3 The Financial Rules established by the Director-General as referred to in Regulation 1.4 above, and the amendments made by the Director-General to such rules, shall enter into force after confirmation by the Executive Board. They shall be reported upon to the Health Assembly for its information.
Appendix

ADDITIONAL TERMS
OF REFERENCE GOVERNING THE EXTERNAL AUDIT
OF THE WORLD HEALTH ORGANIZATION

1. The External Auditor(s) shall perform such audit of the accounts of the World Health Organization, including all Trust Funds and special accounts, as deemed necessary in order to satisfy himself/herself/themselves:

(a) that the financial statements are in accord with the books and records of the Organization;

(b) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives;

(c) that the securities and moneys on deposit and on hand have been verified by the certificates received direct from the Organization’s depositaries or by actual count;

(d) that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereon;

(e) that procedures satisfactory to the External Auditor(s) have been applied to the recording of all assets, liabilities, surpluses and deficits.

2. The External Auditor(s) shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretariat and may proceed to such detailed examination and verification as he/she/they choose(s) of all financial records including those relating to supplies and equipment.

3. The External Auditor(s) and staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the External Auditor(s), necessary for the performance of the audit. Information classified as privileged and which the Secretariat agrees is required by the External Auditor(s) for the purposes of the audit, and information classified as confidential, shall be made available on application. The External Auditor(s) and staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor(s) may draw the attention of the Health Assembly to any denial of information classified as privileged which, in his/her/their opinion, was required for the purpose of the audit.

4. The External Auditor(s) shall have no power to disallow items in the accounts but shall draw to the attention of the Director-General for appropriate action any transaction that creates doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be immediately communicated to the Director-General.

5. The External Auditor(s) shall express and sign an opinion on the financial statements of the Organization. The opinion shall include the following basic elements:

(a) identification of the financial statements audited;

(b) a reference to the responsibility of the entity’s management and responsibility of the External Auditor(s);

(c) a reference to the audit standards followed;

(d) a description of the work performed;

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

(i) the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;

(ii) the financial statements were prepared in accordance with the stated accounting policies;

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

(f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;

(g) the date of the opinion;

(h) the External Auditor(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(s) on the financial statements.
6. The report of the External Auditor(s) to the Health Assembly on the financial operations of the period should mention:

(a) the type and scope of examination;
(b) matters affecting the completeness or accuracy of the accounts, including where appropriate:
   (i) information necessary to the correct interpretation of the accounts;
   (ii) any amounts that ought to have been received but which have not been brought to account;
   (iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;
   (iv) expenditures not properly substantiated;
   (v) whether proper books of accounts have been kept; where in the presentation of statements there are deviations of a material nature from a consistent application of generally accepted accounting principles, these should be disclosed;
(c) other matters that should be brought to the notice of the Health Assembly such as:
   (i) cases of fraud or presumptive fraud;
   (ii) wasteful or improper expenditure of the Organization’s money or other assets (notwithstanding that the accounting for the transaction may be correct);
   (iii) expenditure likely to commit the Organization to further outlay on a large scale;
   (iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements, or of supplies and equipment;
   (v) expenditure not in accordance with the intention of the Health Assembly, after making allowance for duly authorized transfers within the budget;
   (vi) expenditure not in conformity with the authority that governs it;
   (vii) expenditure not in excess of appropriations as amended by duly authorized transfers within the budget;
   (d) the accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records.

In addition, the report may contain reference to:

(e) transactions accounted for in a previous financial period, concerning which further information has been obtained, or transactions in a later financial period concerning which it seems desirable that the Health Assembly should have early knowledge.

7. The External Auditor(s) may make such observations with respect to his/her/their findings resulting from the audit and such comments on the financial report as he/she/they deem(s) appropriate to the Health Assembly or to the Director-General.

8. Whenever the External Auditor’s(s’) scope of audit is restricted, or insufficient evidence is available, the External Auditor’s(s’) opinion shall refer to this matter, making clear in the report the reasons for the comments and the effect on the financial position and the financial transactions as recorded.

9. In no case shall the External Auditor(s) include criticism in any report without first affording the Director-General an adequate opportunity of explanation on the matter under observation.

10. The External Auditor(s) is/are not required to mention any matter referred to in the foregoing which is considered immaterial.