

# **Amendments to the Financial Regulations and Financial Rules**

## **Report by the Director-General**

### **BACKGROUND**

1. The Secretariat has embarked upon a far-reaching endeavour to modernize essential operational and administrative systems to support the results-based management framework to which the Organization is committed. A significant investment is being made in order to upgrade the systems used for budget and finance, planning and monitoring, payroll, procurement and human resources. In parallel with the system upgrades, WHO is participating in a United Nations system-wide review of financial policies and procedures to ensure that the best practices in the financial management of international public sector organizations are employed throughout the system.
2. That review has resulted in a decision, subject to approval by the respective governing bodies, to replace the United Nations System Accounting Standards (UNSAS) by the International Public Sector Accounting Standards (IPSAS) across the United Nations system by January 2010.
3. WHO plans to join the other organizations of the United Nations system in introducing IPSAS once it has the approval of its governing bodies. Certain financial regulations and rules will need to be amended to effect this decision. These amendments will be submitted to future sessions of the governing bodies as the detailed requirements of IPSAS are further developed. For the time being, the United Nations System Accounting Standards have been amended to permit the gradual introduction of individual standards until IPSAS is fully implemented in 2010.
4. The above information was considered by the Executive Board at its 120th session.<sup>1</sup>

In addition it is proposed:

- to revise Financial Regulation 4.4 in order to reflect more accurately the operation of the exchange rate facility;
- to amend Financial Regulation 4.5 in order to ensure that funding remains available for a period into the next biennium to pay for goods and services for which legal commitments were made before the end of the biennium, but which were not delivered;

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<sup>1</sup> See document EB119/2006–EB120/2007/REC/2, summary record of the twelfth meeting of the 120th session of the Board, section 1.

- to abolish Financial Regulations 6.5 and 8.2 in order to discontinue the financial incentive scheme for Member States' assessments, which has not proved to be effective in encouraging prompt payment.

The proposed effective date of implementation of the changes is 1 January 2008, to coincide with the start of the biennium 2008–2009, thereby assuring consistency.

#### **ACTION BY THE HEALTH ASSEMBLY**

5. The Health Assembly is invited to consider the draft resolution contained in resolution EB120.R9.

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