

WORLD HEALTH ORGANIZATION

FIFTY-FOURTH WORLD HEALTH ASSEMBLY
Provisional agenda item 15

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Financial rules

In accordance with Financial Regulation 16.3, the Financial Rules, as confirmed by the Executive Board, at its 107th session,¹ are transmitted in the Annex to the Fifty-fourth World Health Assembly for information.

¹ Resolution EB107.R6.

ANNEX

REVISED FINANCIAL RULES OF THE WORLD HEALTH ORGANIZATION

RULE I – APPLICABILITY AND DELEGATION OF AUTHORITY

- 101.1 These Financial Rules are established in accordance with Financial Regulation 1.4.
- 101.2 The Director-General is responsible to the Health Assembly for the implementation of the Financial Rules in order to ensure effective financial administration, the exercise of economy, and safeguard of the assets of the Organization.
- 101.3 These Rules apply uniformly to all sources of funds, and all financial transactions of the Organization unless otherwise stated in these Rules.
- 101.4 The Financial Rules established by the Director-General, and any amendments thereto, shall enter into force after confirmation by the Executive Board.
- 101.5 In case of doubt as to the interpretation and application of any of the Financial Rules, the Director-General shall rule thereon.
- 101.6 In addition to the delegations of authority to designated officials expressed in these Financial Rules, and without prejudice to Financial Rule 101.2, the Director-General may delegate in writing, together with authorization for re-delegation to other officers of the Organization, such authority considered necessary by the Director-General for the implementation of these Rules, including for the issuance of operational procedures. All designated officials shall be responsible and accountable to the Director-General for the exercise of any authority delegated to them.

RULE II – THE BUDGET

- 102.1 Biennial budget proposals, and supplementary proposals if appropriate, reflecting all sources of funds in such manner and at such times as may be required shall be drawn up and submitted by designated officials to the Director-General.
- 102.2 The biennial budget proposals may be submitted to the Regional Committees which shall comment and make recommendations thereon.
- 102.3 In implementation of Financial Regulation 4.4, the Director-General's budget proposals to the Health Assembly shall include proposals for the application and limit of the Exchange Rate Facility for that biennium.

RULE III – REGULAR BUDGET APPROPRIATIONS

- 103.1 The appropriations approved by the Health Assembly constitute an authority to issue allotments up to the amount approved to enable expenditures to be incurred for the purposes for which the appropriations were approved. The Director-General may determine the maximum amount of the appropriations that it would be prudent to make available for

allotment, taking into account the prospects for payment of assessed contributions and the availability of both the Working Capital Fund and internal borrowing.

RULE IV – PROVISION OF FUNDS

- 104.1 The assessments of Members, in accordance with Financial Regulations 5.1-5.2 shall be computed on the basis of the membership of the Organization as at the last day of the relevant Health Assembly.
- 104.2 The grace period applicable under Financial Regulation 6.5 shall be 30 April.
- 104.3 In order that the Director-General may accept payment of Members' assessed contributions under Financial Regulation 6.8 in currencies that are not fully convertible, the following limits and guidelines shall apply:
- (a) the amount due shall be expressed in United States dollars;
 - (b) payments to WHO shall be required to be made on a specified date to a specific bank account;
 - (c) the amounts of any payment authorized shall be no greater than the expected monthly net cash outflow of the Organization in the currency concerned;
 - (d) for the purpose of crediting the relevant Members' account with WHO in United States dollars, the United Nations rate of exchange effective on the date of receipt by WHO shall apply.
- 104.4 Any payments in currencies, other than those specified in Financial Regulation 6.7 (United States dollars, euros or Swiss francs), that do not comply with the specific terms of any approval given by the Director-General shall be automatically returned to the relevant Member State, and the assessed contribution concerned shall continue to be due and payable.
- 104.5 In order for allotments to be issued for expenditure to be financed from sources other than the regular budget, advance deposits, or letters of credit, or other acceptable forms of financing must be available in amounts determined by designated officials.
- 104.6 In order to ensure that implementation of the regular budget is not prejudiced by late receipt of Members' assessed contributions, the Director-General shall take into account the anticipated funding required to meet expenditure under the regular budget.
- 104.7 The use of the Working Capital Fund and the amount of internal borrowing together shall not exceed the total amount of unpaid assessed contributions, and shall in any event not exceed 25% of the assessed contributions for the biennium concerned.
- 104.8 In formulating proposals to the Health Assembly to vary the level of the Working Capital Fund in accordance with Financial Regulation 7.2, the Director-General shall take into consideration the level of internal borrowing that it would be prudent to incur and the limit specified in Financial Rule 104.7.
- 104.9 In accordance with Financial Regulation 7.1, in order to determine the level of reserves available to finance internal borrowing the Director-General shall take into account the projected income and expenditure of each cash reserve.

RULE V – ALLOTMENTS

- 105.1 Allotments shall be issued to designated officials as authorization to incur expenditure.
- 105.2 Designated officials to whom allotments are issued are accountable to the Director-General for the correct use of the resources made available.

RULE VI – EXPENDITURE (OBLIGATIONS)

- 106.1 In order to incur expenditure, obligations shall be raised against allotments issued to designated officials.
- 106.2 Obligations may only be raised by designated officials and shall be supported by satisfactory documentation. All commitments or undertakings that create liabilities against the resources of the Organization shall be represented by obligations that are raised when the liability arises.
- 106.3 Obligations may be raised only for the purpose indicated on the allotment and may not exceed the amount available in the allotment.
- 106.4 Proposals for expenditure, including procurement of goods and services, shall be rejected if they do not comply with the Financial Regulations, the present Rules, and the following conditions:
- (a) funds are available;
 - (b) the procedures of the Organization are being observed;
 - (c) the financial situation of the Organization will not be prejudiced;
 - (d) the purpose of the proposed expenditure is in the interests of the work of the Organization.
- 106.5 Revisions to an obligation shall be subject to the same procedure as the original obligation.
- 106.6 Ex gratia payments may be authorized by the Director-General in accordance with Financial Regulation 13.5, provided such payments are justified in the interests of equity, or otherwise in the best interests of the Organization. Any such payment, together with an explanation of its justification, shall be promptly reported to both the External Auditor and the Head of the Office of Internal Audit and Oversight.

RULE VII – INTERNAL CONTROL

- 107.1 In order to ensure effective internal control within the Organization, in accordance with Financial Regulation XII, the Director-General shall establish measures, including (i) an internal audit framework as set out in Financial Rule XII, (ii) appropriate delegations of authority, (iii) segregation of duties and (iv) other measures that are consistent with best financial practice.
- 107.2 Payments shall not be made in advance except as where otherwise specified in these Rules. Payments shall only be made on the basis of satisfactory supporting documents duly certified by designated officials confirming that:

- (a) services have been rendered or delivery has been completed in accordance with the terms of contract;
 - (b) the amount is correct and in accordance with the terms of the contract.
- 107.3 As an exception and only where operationally justified, contracts or purchase orders may be entered into which require part payment in advance prior to the delivery of goods or performance of services. The justification for any such arrangements shall be fully documented.
- 107.4 In order for any contract or purchase order to be entered into requiring full payment in advance, the official requesting such terms shall provide full justification and demonstrate why such payment terms are necessary in the interest of the Organization. All such payment terms shall be subject to approval by designated officials.
- 107.5 Designated officials may authorize advances to staff members and other persons in connection with the execution of official duties for WHO and staff entitlements.
- 107.6 Funds of the Organization shall be deposited only in banks or financial institutions or invested with counterparties determined by the Director-General in accordance with the investment policies referred to in Financial Rule 107.11.
- 107.7 The Director-General shall designate officials to be responsible for all bank accounts, and for the management, receipt and disbursement of all funds of the Organization and proper accounting thereof.
- 107.8 Imprest account holders shall be accountable for all funds under their responsibility.
- 107.9 Panels of signatories shall be designated by officials authorized by the Director-General. All payments from the Organization's bank accounts shall be signed by two officials of the appropriate panels. Where deemed necessary, in exceptional circumstances, those officials authorized to designate panels of signatories may authorize the signature of payments by one official only, provided that there are adequate safeguards for the protection of funds, including limits on the funds that may be paid from the account.
- 107.10 All securities shall be deposited in the custody of duly appointed banks or financial institutions designated by the Director-General.
- 107.11 Investment policies shall be drawn up in accordance with Financial Regulation 11.4. An advisory committee shall assist the Director-General in formulating these investment policies and in monitoring the performance of funds invested.

RULE VIII – THE ACCOUNTS

- 108.1 The accounts shall comprise a consolidated general ledger of the Organization and subsidiary ledgers which shall include all financial transactions of the financial period in which they occur and which shall be accounted for on an accrual basis. All periodic and other financial statements shall be prepared from these accounts.
- 108.2 Subject to Financial Rule 101.3, the Director-General shall determine those parts of the Organization that shall be authorized to maintain their own accounting records, and which shall be consolidated periodically into the accounts of the Organization.

- 108.3 All financial transactions and statements shall be supported by documentation to be retained as an integral part of the official records of the Organization for such period or periods as may be agreed with the External Auditor, after which, on the authority of designated officials, such records and documents may be destroyed.
- 108.4 All accounting transactions shall be recorded in the general and subsidiary ledgers in accordance with a uniform chart of accounts.
- 108.5 Income and expenditure shall be recorded in accordance with a uniform system of classification.
- 108.6 The accounts (as defined in Financial Rule 108.1 above) shall record:
- (a) original appropriations voted by the Health Assembly;
 - (b) appropriations after modification by any transfers;
 - (c) credits, if any, other than appropriations made available by the Health Assembly;
 - (d) the operation of the exchange rate facility;
 - (e) income;
 - (f) allotments issued;
 - (g) expenditure (obligations) incurred;
 - (h) liabilities, including unliquidated obligations;
 - (i) assets, including cash, investments, securities and amounts due to the Organization;
 - (j) unallotted balances;
 - (k) unobligated balances of allotments;
 - (l) unobligated balances of appropriations.

RULE IX – FINANCIAL STATEMENTS

- 109.1 The Director-General shall submit interim and final financial reports, taken from the accounts referred to in Financial Rule 108.1, to the Health Assembly and the Executive Board or to such committees of the Executive Board as may be responsible for review and comment thereon, no later than 1 May. Such financial statements shall be prepared in accordance with the United Nations System Accounting Standards, the Financial Regulations and the present Rules and shall include such other information as may be necessary to indicate the financial position of the Organization.
- 109.2 Interim and final financial reports shall also disclose any ex gratia payments and any losses of cash, supplies, equipment and other assets that have occurred during the period, indicating their treatment in the accounts.

RULE X – PROPERTY, INCLUDING EQUIPMENT AND SUPPLIES

- 110.1 The acquisition of land and buildings, together with improvements thereto shall be capitalized in the accounts. Any other property, other than capital assets acquired by purchase, shall be charged as expenditure. Property acquired under lease shall be capitalized or charged as expenditure in accordance with the terms of the relevant lease.
- 110.2 Inventory records shall be maintained of all capitalized assets.
- 110.3 An asset management system shall be maintained for other property.

- 110.4 Periodic physical inventories shall be taken of all property.
- 110.5 Property may be declared to be surplus if it is of no further use to the Organization and disposed of for the best possible return to the Organization, including part-exchange, except when (i) destruction will be more economical or is required by law or environmental considerations, or (ii) the best interest of the Organization will be served by disposal by gift or at a nominal price to a non-profit organization.
- 110.6 The proceeds from the sale of surplus property shall be credited to Miscellaneous Income, except that, if an item is being replaced, the trade-in allowance or the proceeds from the sale of the replaced article shall serve to reduce the expenditure incurred in replacing the item.
- 110.7 Subject to the provisions of Financial Rule 104.5, goods and services may be provided to governments, specialized agencies, and other international organizations on a reimbursable or reciprocal basis on such terms and conditions as may be approved by designated officials.

RULE XI – PROCUREMENT OF GOODS AND SERVICES

- 111.1 The Director-General shall establish policies and procedures for the purchase of property, services, supplies, equipment or other requirements, and which shall set forth the requirements for invitations to tender and competitive bidding.
- 111.2 Contracts for the purchase of property, services, supplies, equipment or other requirements shall be entered into for and on behalf of the Organization only by designated officials.
- 111.3 All purchases and other contracts shall be made on the basis of competitive bids, except when otherwise authorized by designated officials.
- 111.4 Contracts are normally awarded to the lowest bidder. However, where it is considered to be in the interest of the Organization, the acceptance of a bid other than the lowest, or the rejection of all bids may be authorized by designated officials.

RULE XII – INTERNAL AUDIT

- 112.1 The Office of Internal Audit and Oversight (IAO) is responsible for internal audit, inspection, monitoring and evaluation of the adequacy and effectiveness of the Organization's system of internal control, financial management and use of assets as well as investigation of misconduct and other irregular activities. All systems, processes, operations, functions and activities within the Organization are subject to IAO's review, evaluation and oversight.
- 112.2 The Director-General shall appoint a technically qualified head of IAO after consultation with the Executive Board. The Director-General shall likewise consult the Executive Board before any termination of the incumbent of that office.
- 112.3 IAO shall function in accordance with the following provisions:
- (a) the head of IAO shall report directly to the Director-General;
 - (b) IAO shall have full, free and prompt access to all records, property, personnel, operations and functions within the Organization which, in IAO's opinion, are relevant to the subject matter under review;

- (c) IAO shall be available to receive directly from individual staff members complaints or information concerning the possible existence of fraud, waste, abuse of authority or other irregular activities. Confidentiality shall be respected at all times, and no reprisals shall be taken against staff members providing such information unless this was wilfully provided with the knowledge that it was false or with intent to misinform;
- (d) IAO shall report the results of its work and make recommendations to the Regional Director, Executive Director, Director or other responsible manager for action, with a copy to the Director-General and the External Auditor. At the request of the head of IAO, any such report shall be submitted to the Executive Board, together with the Director-General's comments thereon;
- (e) IAO shall submit a summary report annually to the Director-General with a copy to the External Auditor on IAO's activities, including the orientation and scope of such activities, as well as the implementation status of recommendations. This report shall be submitted to the Health Assembly together with comments deemed necessary.

112.4 The Director-General shall ensure that all IAO recommendations are responded to and implemented as appropriate.

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