



Amendments to the Financial Regulations

Implementation of the International Public Sector Accounting Standards (IPSAS) and frequency of external audits

Report by the Secretariat

1. In May 2009, the Sixty-second World Health Assembly approved changes to WHO's Financial Regulations, including the introduction of International Public Sector Accounting Standards (IPSAS). Subsequently, it was noted that a change would be required to the frequency of external audit verification of WHO's financial statements. Annual audit verification is not expressly required by IPSAS, but the United Nations Panel of External Auditors, at its December 2009 meeting, confirmed that all United Nations organizations should adopt annual external audits in order to ensure maximum credibility and transparency of their IPSAS financial statements.

External audit mandate

2. The current mandate, which runs to the end of the present biennium, is held by the Comptroller and Auditor-General of India.¹ The External Auditor currently expresses an opinion on the accuracy of WHO's biennial financial statements, as presented to the Health Assembly, in accordance with Financial Regulations 14.8 and 14.9.

3. This work is supplemented by annual reviews of WHO accounting processes and controls, on the basis of which the External Auditor also provides a report to the Health Assembly in the interim year of the biennium.

4. The mandate of the External Auditor will be amended in the future so that it reflects the annual audit requirement for WHO's financial statements. This change will be made at the time of the next appointment of the External Auditor, which is due to be considered by the Health Assembly in May 2011.

5. In addition, it is the Secretariat's intention to present an amendment to Financial Regulations 14.8 and 14.9 for consideration by the Executive Board at its 128th session in January 2011 and, subject to the Board's decision, to the Sixty-fourth World Health Assembly in May 2011. The amendment would require annual external audits of WHO's financial statements to be conducted from 2012 onwards.

¹ See resolution WHA 60.7.

Progress in implementing IPSAS

6. WHO's implementation of IPSAS is nearing completion. However, there are two remaining issues that need to be resolved before full compliance is reached. First, the introduction of the Global Management System in the African Region must be completed in order to ensure the consistent, systematic and full application of IPSAS across the Organization. Secondly, complete financial data relating to the Organization's inventory and fixed assets must be gathered and checked to enable the establishment of opening asset positions in accordance with the relevant standards (for example, information on the exact number of years of effective use of fixed assets, and on stockpiles of supplies and equipment available for deployment in emergencies).

7. Significant progress has been made towards the introduction of IPSAS at WHO. The process cannot be considered complete, however, until these two issues are entirely resolved, a situation expected by the end of 2011. At that time the Secretariat will also establish closing balance sheets for the Organization in full accordance with IPSAS, so that IPSAS-compliant opening balances may be brought forward to 2012. Until then, biennial financial statements will continue to be presented, in accordance with United Nations System Accounting Standards, albeit with the majority of the elements of IPSAS already adopted.

ACTION BY THE HEALTH ASSEMBLY

8. The Health Assembly is invited to note this report, particularly the transitional situation described in relation to implementation of IPSAS.

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