

Amendments to the Financial Regulations

Implementation of the International Public Sector Accounting Standards, frequency of external audits and the term of office of the External Auditor

Report by the Secretariat

1. At its 124th session in January 2009, the Executive Board considered a report on amendments to the Financial Regulations and Financial Rules.¹ The report, submitted by the Director-General, indicated that the amendments would move WHO towards full implementation of the International Public Sector Accounting Standards (IPSAS). The Health Assembly endorsed the introduction of IPSAS in resolution WHA60.9, in line with the introduction of IPSAS throughout the United Nations system.
2. WHO has already adopted many individual standards as required within the United Nations System Accounting Standards and is committed to implementing IPSAS fully from 1 January 2012. Financial Regulation 13.2 requires financial statements to be prepared annually in accordance with IPSAS (IPSAS 1 paragraph 66). The report by the Secretariat to the Sixty-third World Health Assembly on amendments to the Financial Regulations² noted, inter alia, that 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. Therefore, to complete the adoption of IPSAS, amendments to the Financial Regulations are required in order to allow for annual rather than biennial audits of WHO's financial statements, starting in January 2012.
3. The amendments required involve Financial Regulations 14.8 and 14.9, which cover the issuance and periodicity of audited financial statements. The amendments would require the External Auditor to issue an annual report on the audit of the financial statements prepared by the Director-General, transmitting it through the Executive Board to the World Health Assembly.
4. The Executive Board, at its 128th session in January 2011, accepted the recommendation of the Programme, Budget and Administration Committee of the Executive Board³ on the amendments to Financial Regulations 14.8 and 14.9, and in addition, an amendment to Financial Regulation 14.1 to

¹ Document EB124/22.

² Document A63/34.

³ See document EB128/3.

set the term of office of the External Auditor to four years, covering two budgetary periods, renewable once for an additional term of four years.

5. It is proposed to have these amendments enter into force on 1 January 2012, in connection with the beginning of the next budget cycle.

ACTION BY THE HEALTH ASSEMBLY

6. The Health Assembly is invited to adopt the resolution recommended by the Executive Board in resolution EB128.R3.

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