FINANCIAL REGULATIONS
AND
FINANCIAL RULES

World Health Organization

2014
PREFACE

This booklet on Financial Regulations and Financial Rules is intended as an easy means of referral to the most up-to-date versions of both the Financial Regulations and the Financial Rules of the World Health Organization, consolidating changes made by the governing bodies up to January 2014.1

The Financial Regulations and Financial Rules are two separate frameworks that follow parallel processes.

1. The Financial Regulations govern the financial administration of the Organization; their establishment follows a three-stage process:

   (a) The Executive Board considers the proposals of the Director-General for recommendation to the Health Assembly;
   (b) The Health Assembly considers the proposals of the Director-General and the recommendations of the Executive Board; it then approves the revised Financial Regulations;
   (c) The revised Financial Regulations become effective.

2. The Financial Rules are established by the Director-General, including relevant guidelines and limits for the implementation of the Financial Regulations, in order to ensure effective financial administration, the exercise of economy, and safeguard of the assets of the Organization. It is a four-stage process:

   (a) The Director-General establishes and amends the Financial Rules;
   (b) The Executive Board confirms the Financial Rules established by the Director-General, and amendments thereto;
   (c) The revised Financial Rules become effective;
   (d) The Health Assembly notes the new Financial Rules.

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1 Amendments to the Financial Regulations up to 31 May 2009 are provided in the 47th edition of Basic documents, a publication which brings together the seminal documents concerning the governance of the Organization.
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.

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.

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1 Text adopted by the Fifty-third World Health Assembly and amended by the Fifty-eighth, Sixtieth, Sixty-second, Sixty-fourth and Sixty-sixth World Health Assemblies (resolutions WHA53.6, WHA58.20, WHA60.9, WHA62.6, WHA64.22 and WHA66.3. 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 and Forty-eighth World Health Assemblies (resolutions WHA13.19, WHA18.13, WHA25.14, WHA25.15, WHA26.26, WHA29.27, WHA30.21, WHA33.8, WHA41.12, WHA44.16, WHA48.21, and decision WHA37(10)).
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 – Budget Approval**

4.1 The budget 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 budget was approved and up to the amounts so approved, subject to available funding.

4.2 Once the budget has been approved, commitments can be made by the Director-General in the financial period to which they relate for delivery in that financial period or the subsequent calendar year, subject to available funding.

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 Budget Funds**

5.1 The budget shall be financed by assessed contributions from Members, according to the scale of assessments determined by the Health Assembly, by voluntary contributions, by projected interest earned, prior period collection of arrears and any other income attributable to the budget. Members’ financial obligations under Article 56 of the WHO Constitution are limited to the assessed contributions.

5.2 The Health Assembly shall approve the amount to be financed by assessed contributions from Member States, and shall approve the amount to be raised by the Director-General from voluntary sources.
5.2.1 The amount to be financed by assessed contributions from Members shall be calculated after adjusting the total amount approved by the Health Assembly to reflect that proportion of the budget to be financed by the other sources noted in 5.1 above.

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

5.4 Assessed contributions are made available for implementation on 1 January of each year of the financial period. Voluntary contributions are made available for implementation upon recording of agreements with the resource contributors.

5.5 The Director-General shall submit to the Health Assembly annual reports on the collection of the contributions (both voluntary and assessed), and other sources of cash.

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 assessed 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 budget to be financed by assessed 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 assessed 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 assessed contributions shall be considered to be one year in arrears.

6.6 Where the total of annual assessed contributions for a Member is US$ 200 000 or greater, that Member’s contributions shall be assessed half in United States dollars and half in Swiss francs. Where the total of annual assessed contributions for a Member is less than US$ 200 000 that Member’s contributions shall be assessed in United States dollars only. The contributions 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 for assessed contributions shall be credited to the Member’s account and applied first against the oldest amount outstanding.

6.9 Payments of assessed contributions 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 New Members shall be required to make an assessed 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 that part of the budget financed from these contributions may be financed from the Working Capital Fund and thereafter by internal borrowing. The amount of the Working Capital Fund is approved by the Health Assembly. Internal borrowing may be made 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 from assessed contributions. 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. The term of office shall be four years, covering two budgetary periods, and can be renewed once for an additional term of four years. 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 annual financial statements 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 statements, to the Health Assembly not later than 1 May following
the end of the financial year to which the final accounts relate. The Executive Board shall examine the annual financial statements 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 depositories 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(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 in excess of appropriations as amended by duly authorized transfers within the
       budget;
   (vii) expenditure not in conformity with the authority that governs it;
(d) the accuracy or otherwise of the supplies and equipment records as determined by stocktaking
   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.
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 – Budget Approval

103.1 The budget approved by the Health Assembly constitutes an authority to issue awards up to the amount approved to enable expenditures to be incurred for the purposes for which the budget is approved. The Director-General may determine the maximum amount of the approved budget that it

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would be prudent to issue as awards taking into account the prospects for collection of contributions and the availability of both the Working Capital Fund and internal borrowing.

**Rule IV – Financing**

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 In order that the Director-General may accept payment of Members’ assessed contributions under Financial Regulation 6.7 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.

104.3 Any payments in currencies, other than those specified in Financial Regulation 6.6 (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.

104.4 In order for authorizations to be issued for expenditure, financing must be available, taking account of revenue recognized in accordance with IPSAS, of availability of cash or cash equivalents or other acceptable forms of financing in amounts determined by designated officials.

104.5 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.

104.6 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 104.5.

104.7 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 – Funding from Awards for Approved Workplans**

105.1 Funding from awards for approved workplans shall be issued to designated officials as authorization to incur expenditure.

105.2 Designated officials to whom funding from awards is issued are accountable to the Director-General for the correct use of the resources made available.
Rule VI – Expenditure (Commitments)

106.1 In order to incur expenditure, commitments shall be made against award funding issued against approved workplans to designated officials.

106.2 Commitments may only be made 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 signed contracts or similar documentation that are prepared when the liability arises.

106.3 Commitments may be made only for the purpose indicated in the workplan and may not exceed the amount available in the award.

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) award funding is 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 a commitment shall be subject to the same procedure as the original commitment.

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 Oversight Services.

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 11.3. 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 to enable the Organization to produce IPSAS-compliant financial statements. 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 reported periodically with 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.


**Rule IX – Financial Statements**

109.1 The Director-General shall submit annual financial statements, 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 International Public Sector Accounting Standards (IPSAS), 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 The annual 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, Plant and Equipment**

110.1 The acquisition and related depreciation of land, buildings, plant and equipment shall be capitalized in the accounts in accordance with IPSAS. Property, plant or equipment acquired under lease shall be capitalized or charged as expenditure in accordance with IPSAS.

110.2 Inventory records shall be maintained for all property, plant and equipment.

110.3 Periodic physical inventories shall be taken of all property, plant and equipment.

110.4 Property, plant and equipment 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.

110.5 The gain or loss from the derecognition of an item of property, plant or equipment shall be included in surplus or deficit. However, if an item is being replaced, any gain on derecognition of the replaced article shall serve to contribute towards the expenditure incurred in replacing the item.

110.6 Subject to the provisions of Financial Rule 104.4, 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 Oversight Services (IOS) 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 IOS’s review, evaluation and oversight.

112.2 The Director-General shall appoint a technically qualified head of IOS 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 IOS shall function in accordance with the following provisions:

(a) the head of IOS shall report directly to the Director-General;

(b) IOS shall have full, free and prompt access to all records, property, personnel, operations and functions within the Organization which, in IOS’s opinion, are relevant to the subject matter under review;

(c) IOS 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 willfully provided with the knowledge that it was false or with intent to misinform;

(d) IOS shall report the results of its work and make recommendations to the Regional Director, Assistant Director-General, 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 IOS, any such report shall be submitted to the Executive Board, together with the Director-General’s comments thereon;

(e) IOS shall submit a summary report annually to the Director-General with a copy to the External Auditor on IOS’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 IOS recommendations are responded to and implemented as appropriate.