Attached are the Executive Director's proposals for the revised UNFPA financial regulations as they would appear published, should these proposals be approved by the Governing Council. All proposed new language which differs from the UNDP financial regulations has been underlined.
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A. APPLICABILITY

Article I - APPLICABILITY

Regulation 1.1: These regulations shall govern the financial management of the United Nations Fund for Population Activities (UNFPA) and shall, unless otherwise provided by the General Assembly or the Governing Council and except as specified in these Regulations, apply, mutatis mutandis, to all funds administered by UNFPA.

Regulation 1.2: Amendments and exceptions to these Regulations may be made only by the Governing Council.

Regulation 1.3: These Regulations shall become effective on 1 January 1984.

Regulation 1.4: In regard to any matter not specifically covered by these Regulations, the appropriate provisions of the United Nations Financial Regulations shall, mutatis mutandis, apply.

B. DEFINITION

Article II - DEFINITIONS

Regulation 2.1: For the purposes of the Financial Regulations of UNFPA, the following definitions of the main entities involved in the activities of UNFPA shall apply:

(a) "UNFPA" shall mean the United Nations Fund for Population Activities placed under the authority of the General Assembly by General Assembly resolution 3019 (XXVII);

(b) "UNDP" shall mean the United Nations Development Programme established by resolution 2029(XX) of the United Nations General Assembly;

(c) "General Assembly" shall mean the General Assembly of the United Nations;

(d) "Governing Council" shall mean the Governing Council of UNDP;

(e) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions;

(f) "Secretary-General" shall mean the Secretary-General of the United Nations or the official to whom the Secretary-General has delegated authority and responsibility for the matter in question;
(g) "Administrator" shall mean the Administrator of UNDP or the official to whom the Administrator has delegated authority and responsibility for the matter in question;

(h) "Executive Director" shall mean the Executive Director of UNFPA or the official to whom the Executive Director has delegated authority and responsibility for the matter in question;

(i) "Government" shall mean the Government of a State Member of the United Nations or of a Specialized Agency or of the International Atomic Energy Agency. "Recipient" when used in conjunction with "Government" shall mean the Government, as defined above, of a country which receives UNFPA assistance and applies also, mutatis mutandis, to all entities entitled, as a result of a Governing Council decision, to receive UNFPA assistance;

(j) "executing agency" shall mean an entity to which the Executive Director has entrusted the implementation of UNFPA assistance to a project and shall include the following:

(i) a recipient Government or Governments;

(ii) organizations of the United Nations system, i.e. the United Nations, the Specialized Agencies, the International Atomic Energy Agency and other organizations that are or become part of the United Nations system;

(iii) a governmental or intergovernmental institution or agency not part of the United Nations system;

(iv) the UNFPA itself.

 Regulation 2.2: For the purposes of the Financial Regulations of UNFPA, the following definitions in respect of specific terms used shall apply.

A

(i) "agency support costs" shall mean the expenses incurred by an executing agency as a result of its administration of programme activities financed from UNFPA funds;

(ii) "allocation" shall mean a financial authorization issued by the Executive Director to an executing agency empowering it to incur commitments and to make expenditures for specific purposes related to UNFPA programme activities and within specified limits, during a definite period;
(iii) "allotment" shall mean a financial authorization issued by the Executive Director to incur obligations for specific purposes related to the biennial budget and within specified limits, during a definite period;

(iv) "appropriation" shall mean the total amount approved by the Governing Council for specified purposes in the current biennial budget against which obligations may be incurred for those purposes up to the amounts so approved;

(v) "appropriation line" shall mean a subdivision of the appropriation for which a specific amount is shown in the appropriation resolution and within which the Executive Director is authorized to make transfers without prior approval.

B

(i) "biennial budget" shall mean the budget covering a period of two calendar years to cover programme support and administrative services costs of UNFPA.

C

(i) "capital assets" shall mean assets intended for long-continued use or possession, e.g., land, buildings and non-expendable equipment;

(ii) "commitment" shall mean an engagement involving a liability against the resources of one or more future years entered into by the Executive Director, or by an Executing Agency within the allocations issued to it;

(iii) "contribution-in-cash" shall mean payment made in cash received by UNFPA;

(iv) "counterpart contributions" shall mean the agreed contributions of recipient Governments made for the cost of specific services and facilities as set out in individual project documents related to programme activities undertaken for, or with that Government;

(v) "contribution-in-kind" shall mean the provision of goods and services including capital assets received by UNFPA.

D

(i) "disbursement" shall mean the actual amount paid.
"ex-gratia payment" shall mean a payment made where there is no legal liability but the moral obligation is such as to make payment justifiable;

"expenditure" shall mean total charges incurred whether paid or unpaid, i.e. the sum of disbursements and unliquidated obligations for the current year in respect of programme activities and for the biennium in respect of the biennial budget.

"fully funded" shall mean that funds are available in the form of cash on hand or an irrevocable letter of credit;

"funds administered by UNFPA" shall include funds in the UNFPA Account and funds of trust funds established by the Governing Council or the Executive Director.

"intercountry" when used with reference to a programme activity or project shall mean regional, interregional or global, as the case may be.

"obligation" shall mean an engagement involving a liability against the resources of the current year in respect of a programme activity, or of the current biennium in respect of the biennial budget.
(i) "partially funded" shall mean the authority to allocate funds against anticipated future years' income;

(ii) "programme activities" shall mean activities directly associated with the planning, programming and implementation of UNFPA assistance through country, regional, interregional and global projects and shall be distinguished from activities of a programme support and administrative services nature;

(iii) "programme" within the context of the form of presentation of the biennial budget shall mean a subdivision of the budget;

(iv) "programme support and administrative services" shall include those activities that are undertaken by UNFPA to provide management, technical, administrative, financial and logistical support to its programme activities;

(v) "project" shall mean a separately identified undertaking relating to population matters, carried out by an executing agency on behalf of one or more recipient governments and assisted by UNFPA;

(vi) "project document" shall mean the formal document, including revisions thereof, covering the agreed arrangements for the implementation of the project which includes, inter-alia, a statement of the immediate and long range objectives of the project, a project work plan, a budget for UNFPA assistance to the project, and pertinent background and supporting data.

(i) "resources" available to UNFPA shall include pledges of voluntary contributions, other governmental or intergovernmental payments to UNFPA, donations from non-governmental sources, interest earnings and miscellaneous income.
(i) "trust fund" shall mean a fund or funds accepted by UNFPA under the terms of these Financial Regulations to finance activities specified by the contributor, which activities must be consistent with the policies, aims and activities of UNFPA.

(ii) "UNFPA Account" shall mean the Account established for the purpose of accounting for all income to UNFPA, but excluding funds of trust funds established by the Governing Council or the Executive Director;

(iii) "UNFPA assistance to a project" shall mean the contribution to a project which is funded from the UNFPA Account;

(iv) "unliquidated obligation" shall mean an obligation or that portion of an obligation which is not yet disbursed.

C. ACCOUNTABILITY

Article III – ACCOUNTABILITY

Regulation 3.1: The Executive Director of UNFPA is responsible and accountable to the Governing Council for all phases and aspects of UNFPA's financial activities.

D. FUNDS

Article IV – UNFPA FUNDS

Voluntary Contributions

Regulation 4.1: Voluntary contributions may be accepted by UNFPA from Governments of Member States of the United Nations, of the Specialized Agencies or of the International Atomic Energy Agency.
Regulation 4.2: The Secretary-General shall convene annually a Pledging Conference at which Governments may announce their voluntary contributions to UNFPA.

Regulation 4.3: Voluntary contributions may be pledged either on an annual basis or for a number of years.

Regulation 4.4: Voluntary contributions shall be made without limitation as to use by a specific executing agency, in a specific recipient country or region, or for a specific project. No contributing Government shall receive special treatment with respect to its voluntary contributions, nor shall negotiation for the use of currencies contributed to UNFPA take place between contributing and recipient Governments.

Regulation 4.5: Voluntary contributions shall be made in currencies which are readily usable by UNFPA, consistent with the need for efficiency and economy of operations, or convertible to the greatest possible extent into currencies readily usable by UNFPA.

Regulation 4.6: The Executive Director shall report annually to the Governing Council on the nature of restrictions on the use of voluntary contributions and the extent to which such restrictions have affected the flexibility, efficiency and economy of UNFPA operations.

Contributions associated with programme activities

Regulation 4.7: Recipient Governments are expected to assist in defraying costs associated with UNFPA supported projects in their countries by making available, either in cash or in kind or in both, a substantial part of the project's requirements, normally at least that part payable in local currency, except in cases of hardship. In the light of policies established by the Governing Council, the level, nature and timing of such contributions will be determined in agreement with the recipient Government or Governments and will be described, as appropriate, in the relevant project document.

Assistance on a reimbursable basis

Regulation 4.8: Whenever the Governing Council has approved assistance on a reimbursable basis, the requesting Government shall reimburse the cost of such assistance to UNFPA in accordance with an agreement to be concluded between UNFPA and the Government concerned.
Donations

Regulation 4.9: Donations from intergovernmental and non-governmental sources may be accepted by UNFPA, for purposes consistent with those of UNFPA.

Regulation 4.10: Where the purpose of a donation is the general support of UNFPA and no limitations are imposed by the donor as to its use, the moneys received shall be treated as donations to UNFPA for credit to the UNFPA Account, as defined in Regulation 2.2 U(i). Donations proposed for specific purposes shall be treated under the provisions for trust funds in Article V.

Regulation 4.11: Individual donations of a value in excess of $25,000 shall be accepted only with the prior approval of the Governing Council.

Miscellaneous income

Regulation 4.12: All income to UNFPA shall be classified as miscellaneous income, except:

(a) The income from the items specified in Regulations 4.1 through 4.11;
(b) Direct refunds of expenditures in respect of projects during the approved duration of a project, i.e., before the final allocation for UNFPA assistance to a project is made;
(c) Direct refunds of expenditures in respect of the biennial budget during the current biennium;
(d) Advances or deposits to trust funds; and
(e) Revenue derived from the Staff Assessment Plan.

Regulation 4.13: Miscellaneous income shall be credited to the UNFPA Account, as defined in Regulation 2.2 U(i), or to other funds administered by UNFPA to which the income accrued or from which it was derived.

Article V - TRUST FUNDS

Regulation 5.1: Trust funds may be established by the Governing Council or by the Executive Director for specified purposes consistent with the policies, aims and activities of UNFPA. Trust funds which directly or indirectly involve additional financial liability for UNFPA shall be established only by the Governing Council. Trust funds established by the Executive Director shall be reported in detail to the Governing Council through the Advisory Committee.
Regulation 5.2: The purpose and limits of each trust fund shall be clearly defined at the time the fund is established and, unless otherwise specified by the Governing Council, trust funds shall be accepted only on a fully funded basis.

Regulation 5.3 Contributions or donations, other than those identified under Article IV, which are accepted for purposes specified by a donor shall be treated as trust funds.

E. FINANCIAL PERIODS

Article VI - FINANCIAL PERIODS

Planning period

Regulation 6.1: For the purposes set forth in Article VII, UNFPA shall have a planning period consisting of four consecutive calendar years to be revised annually by dropping the current calendar year and adding a new calendar year. The plan covering the planning period shall be known as the UNFPA Work Plan as defined in Regulation 7.2.

Regulation 6.2: To provide for continuity in the planning, programming and implementation of UNFPA assistance to projects, the financial period for the purpose of the proposed utilization of resources and of the entering into commitments in respect of programme activities, as defined in Regulation 2.2 P(ii), shall be the duration of each project as specified in the project document.

Regulation 6.3: The financial period for the purpose of incurring and accounting for expenditures in respect of programme activities, including reimbursement of related agency support costs, shall consist of a single calendar year.

Period for the biennial budget

Regulation 6.4: The financial period for the purpose of both the proposed utilization of resources and the incurring and accounting for expenditures in respect of the biennial budget shall consist of two consecutive calendar years (hereinafter referred to as a biennium), the first of which shall be an even year.
F. PROPOSED UTILIZATION OF RESOURCES

Article VII - GENERAL FRAMEWORK

Regulation 7.1: The Executive Director shall submit to the Governing Council for its approval at its first session following the coming into effect of these Regulations, and annually thereafter, a UNFPA Work Plan for the utilization of its expected resources during the forthcoming planning period. Each subsequent Work Plan shall contain such revisions of the plan as the Executive Director deems necessary. The Governing Council shall consider annually and approve the Work Plan with such amendments as it deems necessary.

Regulation 7.2: The UNFPA Work Plan shall set forth the objectives, programmes and projected financial requirements of UNFPA, together with full information as to the main directions of policy which UNFPA intends to pursue throughout the planning period. It shall include a multi-year estimate of resources, programme costs and programme activities sub-divided into appropriate functional and geographical categories.

Regulation 7.3: Subject only to the maintenance on a continuous basis of the Operational Reserve set forth under Article XII and for working capital, all resources available to UNFPA after provision has been made for the biennial budget, shall be available to the maximum extent possible for programme activities, including reimbursement of related agency support costs and expenditures of the UNFPA Deputy Representatives' Offices.

Regulation 7.4: In allocating the net resources available for programme activities as described in Regulation 7.3, the Executive Director shall be guided by the UNFPA Work Plan as approved by the Governing Council.

Regulation 7.5: Following consideration of the Work Plan, presented by the Executive Director, the Governing Council shall determine the distribution of resources available for programme activities as among country, regional, interregional and global programmes, and for such other purposes as the Governing Council shall decide.

Article VIII - PROGRAMME ACTIVITIES

UNFPA assistance to projects

Regulation 8.1: Consistent with the objectives set forth in the UNFPA Work Plan as approved by the Governing Council, the Executive Director shall plan for the delivery of UNFPA assistance to projects at rates expected to achieve the approved levels in the UNFPA Work Plan, subject to resources reasonably expected to be available.

/...
Regulation 8.2: Under such limits as the Governing Council may from time to time prescribe, the Executive Director is authorized to approve UNFPA assistance to country, regional, interregional and global projects.

Regulation 8.3: UNFPA assistance to projects approved under Regulation 8.2, above, whose duration is expected to extend beyond the current year shall be approved on a partially funded basis consistent with the provisions of Regulation 8.1 above.

Regulation 8.4: Arrangements for the establishment and financing of a country, regional or interregional project shall be subject to the written agreement of the requesting Government or Governments and UNFPA. Arrangements for project implementation shall be subject to the written agreement of the requesting Government or Governments, the executing agency where appropriate and UNFPA. Details of such arrangements shall be specified in the project document which shall also contain such provisions of a general nature as may be deemed necessary to ensure the satisfactory implementation of the project.

Regulation 8.5: Consistent with the overall management responsibility of Governments for their projects, the Executive Director shall consult the requesting Government or Governments concerning the implementation of UNFPA's assistance to a project. Keeping in mind the principle of Government execution, first consideration in the selection of an executing agency shall normally be given to organizations of the United Nations system. Such selection shall be subject to the agreement of the requesting Government or Governments.

Regulation 8.6 Under conditions established by the Governing Council, the Executive Director is also authorized, subject to the agreement of the requesting Government or Governments, to contract for the services of other agencies, private firms or individual experts in the execution of projects and to assign projects to a governmental or intergovernmental institution or agency not part of the United Nations system, or to UNFPA itself for execution.

Regulation 8.7: Executing agencies authorized by the Governing Council may be reimbursed for their support costs up to levels determined by the Governing Council.

Regulation 8.8: Approval of UNFPA's assistance to a project becomes effective upon signature of the project document by the Government or Governments and UNFPA and, where appropriate, by an executing agency or other party selected under Regulation 8.6 above.
Article IX - BIENNIAL BUDGET

**Proposed biennial budget**

Regulation 9.1: The biennial budget as defined in Regulation 2.2 B(i) shall be prepared by the Executive Director and shall be related to the Work Plan submitted for the current planning period or, should the biennium span more than one planning period, the current and the following period.

Regulation 9.2: The biennial budget shall cover proposed expenditures and anticipated income related to the biennial budget and shall be presented in United States dollars.

Regulation 9.3: The Executive Director shall, at each session of the Governing Council immediately prior to the commencement of a biennium, submit his proposed biennial budget for the coming biennium. This proposed biennial budget shall be transmitted to all Members of the Governing Council at least six weeks prior to the opening of that session of the Governing Council.

Regulation 9.4: The Executive Director shall also transmit the proposed biennial budget to the Advisory Committee for examination and report at the same time as it is transmitted to Members of the Governing Council under Regulation 9.3 above.

Regulation 9.5: The report of the Advisory Committee shall be transmitted to all Members of the Governing Council as soon as it is available.

Regulation 9.6: The Governing Council shall, at the session immediately prior to the commencement of a biennium, adopt the biennial budget for the following biennium.

**Form of the proposed biennial budget**

Regulation 9.7: The proposed biennial budget shall be divided into programmes and programme components, and shall be accompanied by such information annexes and explanatory statements as may be requested by the Governing Council or as the Executive Director may deem necessary and useful.

**Supplementary biennial budget proposals**

Regulation 9.8: Supplementary proposals to amend the biennial budget may be submitted by the Executive Director whenever necessary.
Regulation 9.9: The Executive Director shall prepare supplementary proposals to amend the biennial budget in a form consistent with the approved biennial budget and shall submit such proposals to the Governing Council. They shall also be submitted to the Advisory Committee for examination and report thereon to the Governing Council.

G. APPROVED UTILIZATION OF RESOURCES

Article X - ALLOCATIONS FOR PROGRAMME ACTIVITIES

Regulation 10.1: The project budget covering UNFPA's assistance to a project, as contained in an approved project document, shall constitute the allocation of funds by the Executive Director to the executing agency to implement UNFPA's assistance to the project. For the purposes of Regulation 10.2 below, the project budget shall be presented in annual segments.

Regulation 10.2: An allocation by the Executive Director which authorizes the incurring of expenditures and the entering into of commitments, shall constitute a ceiling on expenditures for the current year and on commitments for future years in connexion with UNFPA's assistance to the project for which the allocation was made.

Regulation 10.3: An allocation shall be available for expenditure and for commitment for the duration of the project to which it relates. Following project completion, the project budget shall be revised to reflect actual expenditure incurred and shall constitute the final allocation for UNFPA's assistance to the project. The balance of the allocation shall revert to the UNFPA Account.

Regulation 10.4: The final allocation for UNFPA's assistance to a project made under the provisions of Regulation 10.3 above shall remain available for the period of time required to discharge any outstanding legal obligation of the project. When all legal obligations against the final allocation have been discharged, any balance shall revert to the UNFPA Account and shall be classed as miscellaneous income.

Article XI - APPROPRIATIONS FOR THE BIENNIAL BUDGET

Regulation 11.1: Appropriations for the biennial budget approved by the Governing Council shall constitute an authorization to the Executive Director to incur obligations and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.
Regulation 11.2: Appropriations for the biennial budget shall be available for obligation during the biennium to which they relate.

Regulation 11.3: Appropriations shall remain available for 12 months following the end of the biennium to which they relate to the extent that they are required to discharge any outstanding obligation of the biennium. The balance of the appropriations shall revert to the UNFPA Account.

Regulation 11.4: At the end of the 12-month period provided in Regulation 11.3 above, the then remaining balance of any appropriation retained will revert to the UNFPA Account. Any unliquidated obligation of the biennium in question shall at that time be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriation.

Regulation 11.5: Transfers between the appropriation lines for the biennium may be made by the Executive Director with the concurrence of the Advisory Committee, subject to such limits as the Governing Council may specifically decide.

H. ADMINISTRATION OF RESOURCES

Article XII - THE UNFPA ACCOUNT

Regulation 12.1: There shall be established a UNFPA Account to which all of the income to UNFPA derived from the sources specified in Article IV and receivable in cash shall be credited and against which all expenditures on behalf of UNFPA shall be charged, except for income and expenditures in respect of trust funds administered by UNFPA.

Regulation 12.2: Within the UNFPA Account, the following reserves shall be established at levels set by the Governing Council:

(a) An Operational Reserve, the purpose of which is to guarantee the financial viability and integrity of UNFPA. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The elements to be compensated for and covered by it shall be limited to:

(i) Downward fluctuations or shortfalls in resources;

(ii) Uneven cash flows;

(iii) Increases in actual costs as compared to planning estimates or fluctuations in delivery; and

(iv) Other contingencies which result in a loss of resources for which UNFPA has made commitments for programming.
The decision to make a drawdown from the Operational Reserve shall rest solely with the Executive Director, who will report all drawdowns to the Governing Council at its next regular session and between sessions, to Members of the Governing Council as may be prescribed by the Council or whenever the situation in the Executive Director's opinion so merits;

(b) Such other reserves as may be approved by the Council.

Regulation 12.3: Separate accounts shall be maintained for all reserves within the UNFPA Account and for each trust fund administered by UNFPA.

Regulation 12.4: Working capital shall be provided from the cash resources of the UNFPA Account.

Article XIII - MANAGEMENT OF FUNDS

Custody of funds

Regulation 13.1: The Secretary-General shall act as custodian of UNFPA funds and shall designate the bank or banks in which such funds shall be kept.

Regulation 13.2: The Secretary-General may delegate to the Executive Director such authority with respect to custody of funds as would facilitate the efficient and effective management of UNFPA funds.

Management of currencies

Regulation 13.3: In consultation with the Executive Director, and, when necessary, with the contributing Government, the Secretary-General may exchange UNFPA currencies with other funds for which he is the custodian and, when required, utilize currencies in the UNFPA Account to purchase other currencies.

Regulation 13.4: The Executive Director and the Executing Agencies shall endeavour, consistent with the need for efficiency and economy of operations, to make the fullest possible use of all available currencies in the UNFPA Account.

Placement of funds

Regulation 13.5: Account being taken of the objectives and policies of the UNFPA and the special requirements of its operations including liquidity, moneys not required immediately may be placed mainly in short-term instruments by the Secretary-General, in consultation with the Executive Director.
Regulation 13.6: Notwithstanding the provisions of Regulation 13.5 above and within limits and under terms established by the Governing Council, funds may be placed in the form of participation in development loans by international or regional development banks.

Regulation 13.7: The specific advance approval of the Governing Council shall be required for any loan not clearly authorized under the provisions of these Regulations.

Regulation 13.8: Income derived from placement of funds other than Trust Funds shall be credited to miscellaneous income under the terms of Regulation 4.13. Income derived from investments of Trust Funds shall be credited in accordance with the terms and conditions of the Trust Funds concerned.

Article XIV - INTERNAL CONTROL

Regulation 14.1: The Executive Director, in consultation with the Administrator, shall:

(a) Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy, and circulate the Financial Rules to Members of the Governing Council for information at least 30 days before they become effective;

(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made;

(c) Designate the officers who may receive moneys, incur obligations or commitments and make payments on behalf of UNFPA;

(d) Maintain an internal financial control which shall provide for an effective current examination and review of financial transactions in order to ensure:

(i) The regularity of the receipt, custody and disposal of all funds and other financial resources of UNFPA;

(ii) The conformity of expenditures and commitments with the allocations, appropriations or other financial provisions decided upon by the Governing Council;

(iii) The economic use of the resources of UNFPA.
Regulation 14.2: Expenditures for the current year and commitments for future years shall be incurred only after allocations for programme activities, allotments in respect of the biennial budget or other appropriate authorizations have been made in writing under the authority of the Executive Director.

Regulation 14.3: The Executive Director, may make such ex gratia payments not exceeding $25,000 as he deems to be necessary in the interest of UNFPA, provided that a statement of such payments shall be submitted to the General Assembly and the Governing Council with the accounts. The Executive Director and the Administrator shall jointly consult with a view to ensuring the uniform application of this Regulation in any case involving an ex gratia payment to a staff member.

Regulation 14.4: The Executive Director may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Board of Auditors with the accounts.

Regulation 14.5: In conformity with decisions taken by the General Assembly, in particular in resolution 2688 (XXV), annex, paragraphs 41, 42 and 44, and resolution 3405 (XXX), annex, and guidelines issued by the Governing Council, the Executive Director shall be responsible for the purchasing of equipment and supplies and the contracting of services where budgetary provision has been made in the biennial budget and in the budgets of projects which UNFPA itself executes.

Article XV - EXECUTING AGENCIES

Regulation 15.1: The administration by executing agencies of funds obtained from or through UNFPA shall be carried out under their respective financial regulations, rules, practices and procedures to the extent that they are appropriate. Where the financial governances of an executing agency do not provide the required guidance, those of UNFPA shall apply.

Regulation 15.2: Each executing agency shall maintain such accounts and records as are necessary to enable it to report on the financial status of funds obtained from or through UNFPA, including in particular the balance of recorded allocations, expenditures and commitments.

Regulation 15.3: To ensure the uniformity and useability of data required for UNFPA management purposes, the Executive Director is authorized, after consultation with the executing agencies, to specify the basis, content and periodicity of reports on funds obtained from or through UNFPA which are to be submitted by executing agencies.
Regulation 15.4: Notwithstanding the provisions of Regulation 15.1, the Executive Director, in consultation with the Administrator, may issue guidelines regarding the procurement of equipment, supplies and services in accordance with principles approved by the General Assembly and in particular the Consensus of 1970, resolution 2688 (XXV), annex, paragraphs 41, 42 and 44, and resolution 3405 (XXX), annex. Such guidelines shall be drawn up in consultation with the executing agencies which are organizations of the United Nations system, and submitted to the Members of the Governing Council in accordance with Regulation 14.1.

Article XVI - THE ACCOUNTS

Regulation 16.1: The Executive Director shall submit financial statements annually in respect of the UNFPA Account and in respect of all other funds administered by UNFPA showing:

(a) The income and expenditures;

(b) The assets and liabilities;

(c) The status of allocations for programme activities and the amounts charged against those allocations;

(d) The status of appropriations approved by the Governing Council for the biennial budget and the amounts charged against those appropriations.

The Executive Director shall also give such other information as may be appropriate to indicate the current financial position and shall be responsible for the maintenance of such accounts and records as are necessary to report to the Governing Council and the General Assembly on the financial status of funds administered by UNFPA.

Regulation 16.2: The accounts shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Executive Director in consultation with the Administrator may deem necessary.

Regulation 16.3: The accounts shall be submitted by the Executive Director to the United Nations Board of Auditors not later than 30 April following the end of each calendar year.
I. EXTERNAL AUDIT

Article XVII - EXTERNAL AUDIT

Regulation 17.1: The External Audit provisions of Article XII of the United Nations Financial Regulations have been annexed for information to these Regulations and shall, mutatis mutandis, apply to UNFPA, except that:

(a) The reports of the Board of Auditors, together with the audited financial statement and the comments thereon of the Advisory Committee, shall also be transmitted to the Members of the Governing Council;

(b) Executing agencies which are organizations of the United Nations system shall transmit to the Executive Director for submission to the Governing Council annual accounts showing the status of funds allocated to them by the Executive Director for the execution of UNFPA activities. Such accounts shall bear audit certificates from the organizations' External Auditors and shall be accompanied by their reports, if any, and copies of any relevant resolutions adopted by their legislative or governing bodies;

(c) In submitting the above annual accounts to the Governing Council, the Executive Director shall comment on the Auditors' substantive observations and on their follow-up;

(d) Notwithstanding (b) and (c) above, executing agencies which are organizations of the United Nations system and which have adopted a biennial financial period but which do not receive audit certificates covering the accounts of the first year of biennium shall submit interim accounts for that year. Such interim accounts may be unaudited, provided that audited accounts are subsequently submitted covering both years of the biennial financial period.

Regulation 17.2: The Executive Director shall ensure that governments which are executing agencies, and parties selected for project implementation under Regulation 8.6, shall require their auditors to follow, to the extent feasible, the audit principles and procedures prescribed for the United Nations with respect to funds obtained from or through UNFPA and shall submit audit reports annually together with the reports specified in the project document and under Article XV of these Regulations.
FINANCIAL REGULATIONS OF
UNITED NATIONS FUND FOR POPULATION ACTIVITIES

INFORMATION ANNEX

United Nations Financial Regulations

ARTICLE XII. EXTERNAL AUDIT

Appointment of a Board of Auditors

Regulation 12.1: The General Assembly shall appoint a Board of Auditors to perform the audit of the accounts of the United Nations. This Board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.

Tenure of office of the members of the Board of Auditors

Regulation 12.2: The members of the Board of Auditors shall be elected for a three-year term of office. The term of office shall commence on 1 July and expire on 30 June three years subsequent thereto. The term of office of one of the Members shall expire each year. Consequently, the General Assembly shall elect each year a member to take office from 1 July of the following year.

Regulation 12.3: If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his own country, his tenure of office shall thereupon be terminated and he shall be succeeded as a member of the Board by his successor as Auditor-General. A Board member may not otherwise be removed during his tenure of office except by the General Assembly.

Scope of audit

Regulation 12.4: The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.

Regulation 12.5: The Board of Auditors 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.
Regulation 12.6: The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.

Regulation 12.7: The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.

Facilities

Regulation 12.8: The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.

Regulation 12.9: For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors 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 who, in the opinion of the Board, is technically qualified.

Regulation 12.10: The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 12.5 and in the additional terms of reference.

Regulation 12.11: The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.

Audit assignment allocation

Regulation 12.12: The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.
ANNEX TO THE UNITED NATIONS FINANCIAL REGULATIONS

Additional terms of reference governing the audit of the United Nations

1. The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:

(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 certificate received direct from the Organization's depositaries or by actual count;

(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;

(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits.

2. The Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to supplies and equipment.

3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board of Auditors, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his designated senior officials) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board of Auditors and its 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 connexion with the performance of the audit. The Board may draw the attention of the General Assembly to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit.
4. The Board of Auditors shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which it entertains doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be communicated immediately to the Secretary-General.

5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion in the following terms:

"We have examined the following appended financial statements, numbered to , properly identified, and relevant schedules of [name of the body] for the financial period ended 31 December 19 . Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination, we are of the opinion that the financial statements properly reflect the recorded financial transactions for the financial period, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position as at 19 ", adding, should it be necessary: "subject to the observations in our foregoing report".

6. The report of the Board of Auditors on the financial statements should mention:

(a) The type and scope of its 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 which 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 the generally accepted accounting principles applied on a consistent basis, these should be disclosed;
(c) Other matters which should be brought to the notice of the General 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 General 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 which governs it;

(d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;

(e) If appropriate, transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable that the General Assembly should have early knowledge.

7. The Board of Auditors may make such observations with respect to its findings resulting from the audit and such comments on the Secretary-General's financial report as it deems appropriate to the General Assembly or to the Secretary-General.

8. Whenever the scope of audit of the Board of Auditors is restricted, or whenever the Board is unable to obtain sufficient evidence, it shall refer to the matter in its report, making clear the reasons for its comments and the effect on the financial position and the financial transactions as recorded.

9. In no case shall the Board of Auditors include criticism in its report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.