UNited Nations Population Fund

Financial Regulations and Rules (Rev. 7)

Contents

Foreword

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FINANCIAL REGULATIONS AND RULES OF THE UNITED NATIONS POPULATION FUND

CHAPTER A. - APPLICABILITY

ARTICLE I. - APPLICABILITY

Regulation 1.1: These regulations shall govern the financial management of the United Nations Population Fund (UNFPA) and shall, unless otherwise provided by the General Assembly or the Executive Board 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 Executive Board.

Regulation 1.3: These Regulations shall become effective on 1 March 2005.

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.

Applicability

Rule 101.1

(a) Subject to the provisions of the UNFPA Financial Regulations these Rules shall apply to the administration of all financial activities of UNFPA except as may be otherwise provided by the General Assembly or the Executive Board.

(b) The Executive Director may amend these Rules in accordance with Regulation 14.1 (a).

(c) Exceptions to these Rules may be made by the Executive Director provided each such exception is not inconsistent with the Regulations.

(d) These Rules shall come into effect on 1 May 2005; any financial policies and procedures in effect on that date, except where they are in conflict with the Regulations and these Rules, shall remain in effect until cancelled, replaced or amended by the Executive Director or an authorized delegate.
CHAPTER B. - DEFINITIONS

ARTICLE II. - DEFINITIONS

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

(a) "UNFPA" shall mean the United Nations Population Fund placed under the authority of the General Assembly by General Assembly resolution 3019 (XXVII) and as amended by General Assembly decision 42/430.

(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) "Executive Board" shall mean the Executive Board of UNDP and of UNFPA;

(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 an Executive Board decision, to receive UNFPA assistance;

(j) “Host” Government shall mean the Government, as defined, of a country within whose legal boundaries UNFPA provides a programme of assistance.

(k) "executing agency” (also referred to as “executing entity”) shall mean:

(i) for UNFPA project activities not carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the entity responsible for the overall management of UNFPA assistance for a project or a part of a project along with the assumption of full responsibility and accountability for the effective use of UNFPA resources and the delivery of outputs, and shall include the following: (a) a recipient Government or Governments; (b) 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; (c) a governmental or intergovernmental institution or agency not part of the United Nations system; (d) UNFPA itself; and (e) a non-governmental organization.

(ii) for UNFPA project activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the entity that assumes the overall ownership of and responsibility for UNFPA project activities and the acceptance of accountability for results shall normally be the recipient Government but can also include UNFPA.

(l) "implementing partner” (also referred to as “implementing agency”) shall mean, for UNFPA project activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the entity to which the Executive Director has entrusted the implementation of UNFPA assistance specified in a signed document, along with the assumption of full responsibility and accountability for the effective use of UNFPA resources and the delivery of outputs as set forth in such document.
Regulation 2.2: For the purposes of the Financial Regulations of UNFPA, the following definitions in respect of specific terms used shall apply, in alphabetical order.

A

(i) "administrative and operational support costs" shall mean the expenses reimbursed as a result of the administration of programme activities financed from UNFPA funds;

(ii) "allotment" shall mean a financial authorization issued by the Executive Director to incur expenditures for specific purposes related to the biennial support budget and within specified limits, during a definite period;

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

(iv) "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 support budget" shall cover the budget over a period of two calendar years for the costs of programme support and management and administration services of UNFPA.

(ii) "budget" shall mean a financial authorization issued by the Executive Director to incur commitments and to make expenditures for specific purposes related to UNFPA activities and within specified limits, during a definite period.

C

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

(ii) "co-financing" shall mean a resource mobilization modality through which contributions, as defined in 2.2C(iv), may be received in support of specified purposes consistent with the policies, aims and activities of UNFPA. These contributions may be in the form of cost-sharing or Trust Funds and shall be considered over and above the regular resources available for programmes.

(iii) "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 or, under the harmonized operational modalities, implementing partner, within the budgets issued to it;

(iv) "contribution" shall mean cash or in-kind resources received from a Government or intergovernmental institution; United Nations agencies; or non-governmental sources, including foundations, private sector organizations and individuals. Contributions cover programme costs as well as programme support and management and administration costs.

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

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

(vii) "cost sharing" shall mean an arrangement by which the costs of projects that are normally charged to UNFPA regular resources, including the reimbursement of indirect costs, are covered in full or in part by a contribution or contributions from the recipient Government, or from one or more Governments other than the recipient Government, or from an organization or organizations of the United Nations system, or from intergovernmental institutions or agencies.
not part of the United Nations system. Such arrangement may be made on the following basis:

- **Project cost sharing** whereby the contribution relates to a specific project;

- **Programme cost sharing** whereby the contribution relates not to a specific project but to all or several projects in a recipient country or region; and

- **Third party cost sharing**, which can be either project or programme cost sharing, whereby the contribution is paid by one or more entities other than the recipient Government.

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

(ix) **"country programme"** shall mean the programme of UNFPA assistance in a particular country, prepared by the Government of that country in line with the UNDAF, if any, in collaboration with UNFPA, indicating the proposed use of UNFPA resources towards the achievement or furtherance of national goals in line with the UNFPA mandate during the period covered by the country programme.

(x) **“country programme action plan” (CPAP)** shall mean the management plan for the UNFPA country programme. It is signed with the recipient Government and contains information on the implementation of the country programme and the commitments of both parties.

\[D\]

(i)**"disbursement"** shall mean the actual amount paid.
(i) "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;

(ii) "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 support budget.

(i) "fully funded" shall mean that funds in support of a project are available in the form of cash received, an irrevocable letter of credit, or, subject to guidelines established by the Executive Director, an agreement signed by UNFPA and the donor;

(ii) "funds administered by UNFPA" shall include funds in the UNFPA Account, co-financing funds and other funds established by the Executive Board or the Executive Director.

(i) "implementation" shall mean:

(a) for UNFPA project activities not carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the procurement and delivery of UNFPA project activity inputs and their use in producing outputs;

(b) for UNFPA project activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the overall management and delivery of project activities to achieve specified results, including the
procurement and delivery of UNFPA project activity inputs and their use in producing outputs.

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

(iii) “indirect costs” shall mean the expenses incurred as a result of the management and administration of programme activities and funds.

(i) "management and administration" shall mean the activities of the organizational units whose primary function is the maintenance of the identity, direction and well-being of UNFPA. This would include the units that carry out the functions of executive direction, organizational policy and evaluation, external relations, information, administration and audit.

(ii) "managerial and support services" shall mean the full range of management and administrative support provided directly to develop, oversee and monitor projects financed by co-financing contributions in accordance with the provisions of the funding agreement.

(iii) “multi-year funding framework” (MYFF) shall mean an integrated four-year financial plan for the planning and management of total resources and by which the Executive Board authorizes the use of funds.

(i) "net budget" shall mean the biennial support budget that reflects estimates of payments to be received which offset, in whole or in part, the related gross budget estimates.
O

(i) "obligation" shall mean an engagement, such as a contract, agreement or undertaking that has been entered into, 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 support budget.

(ii) "other resources" shall mean the resources of UNFPA, other than regular resources, which are received for a specific programme purpose consistent with the mandate of UNFPA and for the provision of specific services to third parties.

P

(i) "partially funded" shall mean the authority to allocate funds against anticipated future years’ income;

(ii) "programme" within the context of the form of presentation of the biennial support budget shall mean the direct inputs needed to achieve the goals of a specific project or programme for development cooperation. This may typically include experts, support personnel, supplies and equipment, subcontracts, cash assistance and individual or group training;

(iii) "programme activities" shall mean activities directly associated with the planning, programming and implementation of UNFPA assistance through country, regional and interregional programmes/projects and shall be distinguished from activities of a programme support and management and administration nature;

(iv) "programme support" shall mean organizational units whose primary function is the development, formulation, delivery and evaluation of UNFPA’s programmes. This would include units that provide backstopping of programmes either on a technical, thematic, geographic, logistical or administrative basis;
(v) "project" shall mean a separately identified undertaking relating to matters assisted by UNFPA in accordance with its mandate that forms part of a country or inter-country programme, unless it is a stand-alone project;

(vi) "project document" shall mean the formal document, including revisions thereof, covering the agreed arrangements for the implementation of a project. It shall also include other instruments as the parties may conclude to define the particulars of such assistance and the respective responsibilities of the parties in more detail in regard to such projects.

Q

R

(i) "regular resources" shall mean resources available to UNFPA that are commingled and untied. These shall include pledges of voluntary contributions, other governmental or intergovernmental payments to UNFPA, other contributions from non-governmental sources, including foundations, private-sector organizations and individuals, interest earnings and miscellaneous income.

S

T

(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.

U

(i) "United Nations Development Assistance Framework" (UNDAF) shall mean the common strategic framework for the operational activities of the United Nations system at the country level;

(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 Executive Board 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.

V

(i) "voluntary contributions" shall mean annual contributions to UNFPA from Governments of States Members of the United Nations, of the specialized agencies or of the International Atomic Energy Agency, or from non-governmental sources, including foundations, private-sector organizations and individuals.

W

(i) “written” or “writing” shall mean a duly signed paper document or a document in electronic/digital form that can be authenticated as being produced by an authorized individual.

X

Y

Z
CHAPTER C. – ACCOUNTABILITY

ARTICLE III. – ACCOUNTABILITY

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

Delegation of authority

Rule 103.1

a) The Executive Director shall be responsible for the administration of these Rules.

(b) The Executive Director may delegate to the Deputy Executive Director, UNFPA, the Director, Division for Management Services, UNFPA, and/or to other UNFPA or UNDP officials any of his/her responsibilities which have not been expressly assigned under these Rules.

(c) Except as otherwise provided in Rules 114.2 (b) and 114.3 (b), each of the officials to whom any responsibilities are delegated or assigned under these Rules may name an authorized delegate to act on his or her behalf in any such matters.

(d) In the administration of these Rules, the Executive Director or his/her delegate shall be responsible for prescribing and arranging for the maintenance of financial records which are required, and for reviewing and approving all financial processes of UNFPA. The Executive Director or the official to whom responsibility is delegated may issue instructions or establish such procedures as may be deemed necessary for the administration of these Rules.

(e) The delegation of authority under 103.1 (b) and (c) and changes thereof shall be done in writing.
CHAPTER D. - FUNDS

ARTICLE IV. - UNFPA FUNDS

Voluntary contributions

Regulation 4.1: Contributions may be accepted by UNFPA from Governments of States Members of the United Nations, of the specialized agencies and of the International Atomic Energy Agency, as well as from those organizations and agencies themselves. Other contributions from intergovernmental or non-governmental sources, including foundations, private-sector organizations and individuals, may be accepted by UNFPA and utilized for the general support of UNFPA or for purposes consistent with those of UNFPA.

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 or multi-year basis.

Regulation 4.4: Voluntary contributions shall be made without limitation as to use. 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 Executive Board 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.

Recording of pledges

Rule 104.1

A record of pledges shall be maintained in the currency pledged. Pledges made in other than U.S. dollars shall be reported in the equivalent of U.S. dollars converted at the United Nations operational rate of exchange in effect on the date of the pledge.
Recording of payments

Rule 104.2

Payments of voluntary contributions in other than U.S. dollars shall be recorded as income expressed in U.S. dollars at the United Nations operational rate of exchange in effect on the date of payment.

Exchange adjustments

Rule 104.3

Gains or losses resulting from exchange adjustments arising from payments of voluntary contributions shall be recorded in a separate account as an offset to these contributions. All other exchange adjustments (net) shall be recorded as miscellaneous income or expenditure in the accounts.

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 Executive Board, 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.

Regulation 4.8: Host-government contributions to the costs of UNFPA country offices.

(a) The Executive Director shall arrange for the collection from host Governments of their contributions in cash and/or in kind towards the costs of UNFPA country offices, in accordance with the agreements between the Executive Director and the host Governments concerned, where they exist. Negotiations with respect to the amount and/or form of such contributions shall be in accordance with relevant Executive Board decisions and take into consideration the economic conditions of the countries concerned and may result in the granting by the Executive Director of a partial waiver of contributions.

(b) Contributions in cash towards the costs of UNFPA country offices shall be credited to the biennial support budget of UNFPA.
Assistance on a reimbursable basis

**Regulation 4.9:** Whenever the Executive Board has approved assistance on the 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.

Other contributions

**Regulation 4.10:** Where the purpose of a contribution as described in Regulation 4.1 is the general support of UNFPA and no limitations are imposed by the donor as to its use, the resources received shall be credited to the UNFPA Account, as defined in Regulation 2.2 U(ii). Other contributions proposed for specific purposes shall be treated under the provisions for cost-sharing in Article IV or Trust Funds in Article V.

**Regulation 4.11:** The Executive Director shall report annually to the Executive Board on individual contributions received from intergovernmental or non-governmental sources, including foundations, private-sector organizations and individuals, subject to such limits as the Executive Board may specifically decide.

Reporting on contributions

**Rule 104.4**

Individual contributions above a value of $100,000 received from intergovernmental, non-governmental, including foundations, private sector organizations and individuals shall be reported annually to the Executive Board.

Cost-sharing contributions

**Regulation 4.12:** The Executive Director is authorized to enter into cost-sharing agreements, as defined in Regulation 2.2C(vii), provided such cost-sharing arrangements have been accepted by the recipient country or countries, subject to such principles as the Executive Board may establish.

**Regulation 4.13:** Cost-sharing agreements and contributions there under shall be subject to the following conditions:

(a) Contributions would be denominated for accounting purposes in United States dollars; however, UNFPA would accept payment in the local currency of a recipient Government to the extent that such currency could be used to meet project expenditure requirements;
(b) Contributions would be paid pursuant to a written agreement made between the contributor and UNFPA. Such agreement would specify that the contributions should be fully funded in advance of the implementation of planned activities. All third-party contributions would be accepted subject to the agreement of the recipient Government.

(c) The Executive Director shall require reimbursement of indirect costs up to the rates authorized by the Executive Board

Contributions towards costs of project activities

Rule 104.5

(a) Government counterpart contributions to a project may be provided in the form of cash or in kind, and provision for these, whenever applicable, shall be made in the annual work plan and budget contained in the relevant project document.

(b) Cost-sharing contributions shall be set forth in the project document and in an agreement with the contributing party. These contributions shall be payable subject to a schedule of payments. Payments must be received prior to authorization of commitments through allocation of funds.

(c) Should the Executive Director agree to accept payment of a cost-sharing contribution in a currency other than United States dollars, any consequent identifiable loss on exchange shall be reimbursed by the contributing party. If reimbursement is not made, the recorded contributions shall be reduced accordingly.

(d) Any unexpended cost-sharing contributions remaining after formal closing of the relevant project accounts shall be disposed of by UNFPA, in consultation with the contributing party.

(e) Cost-sharing contributions shall be recorded in the UNFPA Account as “other resources” and any interest accruing to temporarily surplus balances shall be credited to the UNFPA Account.

Miscellaneous income

Regulation 4.14: All income to UNFPA shall be classified as miscellaneous income, except:

(a) The income from the items specified in Regulations 4.1 through 4.13;

(b) Interest income;

(c) 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;
Refunds of expenditures

Rule 104.6

(a) Refunds of expenditures financed from a given biennial support budget, including refunds obtained as proceeds of the sale of equipment and supplies, shall be credited to the accounts originally charged if received in the same financial period. Refunds subsequently received shall be credited to miscellaneous income.

(b) Refunds of project expenditures during the life of a project, i.e., before the project is financially closed, including refunds obtained as proceeds of the sale of equipment and supplies relating to that project, shall be credited to the project account originally charged. Refunds subsequently received shall be credited to miscellaneous income.

Regulation 4.15: Miscellaneous income shall be credited to the UNFPA Account, as defined in Regulation 2.2 U(ii), or to other funds administered by UNFPA to which the income accrued or from which it was derived.

Return of miscellaneous income by executing agency and implementing partner

Rule 104.7

Miscellaneous income attributable to UNFPA activities which accrues to the accounts of an executing agency or implementing partner, if any, shall be attributed at the end of each financial year to the UNFPA Account or to the Trust Fund account to which it relates.

ARTICLE V. - TRUST FUNDS

Regulation 5.1: Trust Funds may be established by the Executive Board 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 Executive Board. These Trust Funds shall be reported in detail to the Executive Board 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 Executive Board, Trust Funds shall be accepted only on a fully funded basis.

Rule 105.1

Expenditures or commitments for such trust funds may be authorized as specified by the agreement between the donor(s) and UNFPA and the availability of financial resources in the form of cash received, an irrevocable letter of credit or, subject to guidelines established by the Executive Director, an agreement signed by UNFPA and the donor.

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.

Regulation 5.4: Funds received by UNFPA under Regulation 14.7 for procurement of supplies, equipment and services on behalf and at the request of Governments, specialized agencies or other intergovernmental or non-governmental organizations shall be treated as Trust Funds. The income relating to procurement services provided to third parties shall be used to meet the direct cost of these services. At the close of a biennium, any excess of income shall be credited to the biennial support budget.

Regulation 5.5: The Executive Director shall require reimbursement of indirect costs up to the rates authorized by the Executive Board.

Rule 105.2

The Executive Director may reduce or waive the reimbursement of costs in circumstances where a reduction or waiver is warranted. Such a waiver should be done in writing.

Trust Fund reports

Rule 105.3

The Executive Director shall, in the annual financial statements, report for each Trust Fund the balance on hand at the beginning of the year, the total of contributions and other income, including interest received, and total expenditures incurred during the year, as well as the balance remaining at the end of the year.
Administration of Trust Funds

Rule 105.4

(a) The Executive Director shall issue guidelines for the establishment and administration of Trust Funds.

(b) Each Trust Fund shall be established on the basis of a written agreement signed by the Executive Director or his/her authorized delegate, and the donor or donors, or on the basis of terms of reference established by the Executive Director.

(c) Unless otherwise provided by the Executive Board, the Trust Fund and activities financed therefrom shall be administered in accordance with and governed by the applicable regulations, rules and directives.

(d) Should payments of Trust Fund contributions towards a specific activity not be received in accordance with the agreed payment schedule, or the necessary additional financing required to cover unforeseen increases in expenditures or commitments not be forthcoming from the donor or donors, the Executive Director may modify or terminate the activity concerned.

Unexpended Trust Fund balances

Rule 105.5

Any unexpended funds remaining after formal closing of the relevant Trust Fund accounts shall be disposed of by UNFPA in agreement with the donor or donors.
CHAPTER E. – FINANCIAL PERIODS

ARTICLE VI. – FINANCIAL PERIODS

Planning period

Regulation 6.1: The planning period, for the purposes set forth in Article VII, shall be defined in the multi-year funding framework.

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 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 indirect costs, shall consist of a single calendar year.

Maximum financial period for project planning

Rule 106.1

The financial period for the purposes of committing funds pursuant to regulation 6.2 shall not exceed the duration of the project length as specified in the project document.

Period for the biennial support 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 support budget shall consist of two consecutive calendar years (hereinafter referred to as a biennium), the first of which shall be an even year.
CHAPTER F. – PROPOSED UTILIZATION OF RESOURCES

ARTICLE VII. - GENERAL FRAMEWORK

Regulation 7.1: The Executive Director shall submit to the Executive Board for its approval a multi-year funding framework for the utilization of its expected resources during the forthcoming planning period.

Regulation 7.2: The multi-year funding framework shall set forth the goals, outcomes 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 and programme costs.

Regulation 7.3: Subject only to the maintenance on a continuous basis of the reserves set forth under Article XII, all resources available to UNFPA after provision has been made for the biennial support budget, shall be available to the maximum extent possible for programme activities.

Regulation 7.4: In allocating the resources available for programme activities as described in Regulation 7.3, the Executive Director shall be guided by the multi-year funding framework as approved by the Executive Board.

ARTICLE VIII. – PROGRAMME ACTIVITIES

UNFPA assistance to projects

Regulation 8.1: Consistent with the goals set forth in the multi-year funding framework as approved by the Executive Board, the Executive Director shall plan for the delivery of UNFPA assistance in order to achieve the goals set out in the multi-year funding framework, subject to resources reasonably expected to be available.

Estimates of resources and project allocation levels

Rule 108.1

(a) The Executive Director shall review, as often as may be necessary, the adequacy of the multi-year funding framework in order to ensure that actual and planned expenditures do not exceed resources available and correspond as closely as possible to the level of resources expected to be available for that purpose.

(b) Programme activities and expenditures are approved and implemented subject to the availability of funds i.e cash at hand or irrevocable letter of credit.
Regulation 8.2: Under such limits as the Executive Board may from time to time prescribe, the Executive Director is authorized to approve UNFPA assistance to country, regional and interregional projects.

Approvals reserved for Executive Board

Rule 108.2

Subject to such limits as the Executive Board may from time to time prescribe, the following items shall be submitted to the Board for prior approval:

(a) Country programmes, intercountry programmes and other comprehensive programmes;

(b) Individual projects not part of a programme in the amount of $1 million or more;

(c) Projects which because of their innovative aspects or policy implications require the Board's prior consideration;

(d) Any other projects or types of projects which the Executive Board decides that the Executive Director should submit to the Board;

(e) Any individual project which the requesting Government or Governments may ask the Executive Director to submit to the Board; and

(f) Any other project or type of project which the Executive Director for any reason considers it advisable to submit to the Board.

(g) Extension of Country programmes.

Reporting of project approvals by Executive Director

Rule 108.3

The Executive Director shall each year in his/her Annual Report to the Executive Board provide a list of all project approvals given by him/her under Rule 108.2 (b through g).

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: Agreements shall be entered into between UNFPA and executing agencies or, under the harmonized operational modalities, implementing partners, specifying the general terms and conditions which are
Project document requirements

Rule 108.4

(a) No project may be approved and no budget shall be approved for any such project in the absence of a project document. A project document shall be prepared for each project and agreed to by the Executive Director, and the executing agency and/or the implementing partner, if any, designated pursuant to Rule 108.5.

(b) The project document, when approved and signed by or on behalf of the Executive Director, shall constitute a commitment on the part of UNFPA to make available to the recipient Government(s) or party(s) through the executing agency and/or the implementing partner, if any, where applicable and subject to the availability of the necessary funds to UNFPA and to the implementing partner’s compliance with its undertaking and commitments as set out in the project document, the inputs making up the UNFPA assistance described in the project document. It shall serve as the official control document for the project.

(c) Each project document shall include, to the extent applicable, all pertinent information as determined by the Executive Director from time to time.

(d) Where the executing agency or implementing partner is a Government or an NGO, the respective organization and UNFPA will enter into a letter/memorandum of understanding defining, inter alia, the following:

(i) The respective responsibilities of the organization and UNFPA in the formulation, implementation, monitoring and evaluation of projects;

(ii) Arrangements for the disbursement of funds;

(iii) Arrangements for evaluation, internal and external audit, financial and non-financial reporting, and other requirements in respect of accountability for UNFPA resources; and

(iv) Any other arrangements necessary for the Executive Director to follow the implementation of projects or which would otherwise enable him/her to exercise his/her accountability.

Regulation 8.5: Arrangements for the establishment and financing of a project shall be subject to the written agreement of the requesting party(s) and UNFPA. Arrangements for project implementation shall be subject to the written agreement of the requesting party(s), the executing agency or, under the harmonized operational modalities, the implementing partner, 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 8.6: 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. In keeping with the principle of national capacity building, recipient Governments or national non-governmental organizations must be given first consideration in the selection as an executing agency or, under the harmonized operational modalities, implementing partner. Such selection shall be subject to the agreement of the requesting Government or Governments.

Designation of executing agencies

Rule 108.5

The Executive Director, in agreement with the recipient Government, may designate in the project document an executing agency and/or implementing partner, if any, to implement UNFPA assistance to a project. With the agreement of the recipient Government the executing agency and/or implementing partner if any, the Executive Director may designate one or more associate agencies to assist in the implementation of such assistance.

Rule 108.6

No indirect costs shall be reimbursable to a Government.

Regulation 8.7: Under conditions established by the Executive Board, the Executive Director is also authorized, subject to the agreement of the requesting Government(s), to appoint as executing agency an entity other than the recipient Government(s) and as defined in Regulation 2.1(k). The Executive Director may also contract for services of other agencies, private firms or individual experts in the implementation of UNFPA-funded projects.

Regulation 8.8: The Executive Director may reimburse executing agencies or, under the harmonized operational modalities, implementing partners, as defined in regulations 2.1(k) and (l) for their indirect costs up to levels determined by the Executive Board.

Regulation 8.9: The net recovery of indirect costs shall be credited to the biennial support budget.

Suspension or termination of project assistance

Rule 108.7
(a) Following appropriate consultations with the parties concerned, the Executive Director may, if he/she finds that the conditions set out in the project document have not been complied with, or that the successful implementation of the project is not in his/her opinion proceeding satisfactorily, by written notice to the recipient Government and, if applicable, the executing agency and/or implementing partner, if any, suspend UNFPA assistance to a project.

(b) Unless action is taken within a reasonable time, not being less than fourteen days, after the receipt of such notice, to remedy the situation which occasioned the suspension referred to in (a), the Executive Director may, by written notice to the recipient Government and, if applicable, the implementing partner, and with effect from a date specified in such notice,

(i) terminate the UNFPA assistance to the project; or

(ii) with the government’s concurrence entrust it to another executing agency or implementing partner.

(c) In the event of termination of UNFPA assistance to a project under (b), UNFPA shall reimburse the organization for the costs it may incur or may have incurred (and for which provision has been made in the project document) in implementing UNFPA assistance to such project up to the effective date of termination, including:

(i) reasonable costs incurred in winding up its implementation of UNFPA assistance to the project; and

(ii) a pro rata share of the indirect costs allowable for the project, corresponding to the proportionate amount that had been expended on the project on the date of termination in relation to the total UNFPA allocation for the project as determined in the project document.

Regulation 8.10: 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, under the harmonized operational modalities, implementing partner, or other party selected under regulation 8.7 above.

Article IX – BIENNIAL SUPPORT BUDGET

Proposed biennial support budget

Regulation 9.1: The biennial support budget as defined in Regulation 2.2 B(i) shall be prepared by the Executive Director and shall be linked to the multi-year funding framework for the current planning period.

Preparation of biennial support budget

Rule 109.1
(a) The proposed biennial support budget, both for income and for expenditure, shall be prepared in accordance with the guidelines contained in document DP/1997/2, “Harmonization of Budgets: UNDP, UNFPA and UNICEF” and any revisions thereto.

(b) Budget expenditures shall include salaries and other emoluments of staff members calculated, for the purposes of the proposed biennial support budget, on a net basis corresponding, for each grade, to the net salary scales approved for United Nations staff members of the same grade by the General Assembly.

(c) The Executive Director, as authorized to do so by decision of the Executive Board at the time of its approval of the biennial support budget, may transfer appropriations between appropriation lines within the biennial support budget, within authorized limits.

(d) The proposed biennial support budget shall contain provision to reimburse UNFPA staff members for income taxes levied on them in respect of earnings derived from employment with UNFPA.

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

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

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

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

**Regulation 9.6:** The Executive Board shall, at the session immediately prior to the commencement of a biennium, adopt the biennial support budget for the following biennium.

**Budget implementation**

**Rule 109.2**

The Director, Division for Management Services, shall issue annual guidelines concerning budget
allotments and expenditures.

**Form of the proposed biennial support budget**

**Regulation 9.7:** The proposed biennial support budget shall be prepared in accordance with the guidelines approved by the Executive Board, and shall be accompanied by such information annexes and explanatory statements as may be requested by the Executive Board or as the Executive Director may deem necessary and useful.

**Budgetary contingency provision**

**Regulation 9.8:** Subsequent to a session of the Executive Board in the second year of a biennium, the Executive Director may utilize a budgetary contingency provision of up to three per cent (3%) of the approved gross appropriation for unforeseen requirements resulting from currency movements, inflation or decisions of the General Assembly. Such usage shall be reported to the Executive Board at its next regular session through the Advisory Committee.

**Rule 109.3**

Subject to the provisions in regulation 9.8 the Executive Director is authorized to commit funds in excess of the approved gross appropriations to a maximum of 3% and is required to report such over-expenditures to the Executive Board through the Advisory Committee.

**Supplementary biennial support budget proposals**

**Regulation 9.9:** Supplementary proposals to amend the biennial support budget may be submitted by the Executive Director whenever necessary.

**Regulation 9.10:** The Executive Director shall prepare supplementary proposals to amend the biennial support budget in a form consistent with the approved biennial support budget and shall submit such proposals to the Executive Board. They shall also be submitted to the Advisory Committee for examination and report thereon to the Executive Board.

**Supplementary biennial support budget proposals**

**Rule 109.4**

At the time of submitting supplementary budget proposals the Executive Director shall provide such detailed information as may be necessary to explain the extent to which the additional appropriation requested is due to changed inflation experience or forecasts, unexpected currency fluctuations or other unforeseen cost factors.
CHAPTER G. – APPROVED UTILIZATION OF RESOURCES

ARTICLE X. – BUDGETS FOR PROGRAMME ACTIVITIES

Regulation 10.1: The project budget concerning 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 or, under the harmonized operational modalities, implementing partner, 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: Budgets issued 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 budget was given.

Regulation 10.3: Budgets shall be available for expenditure and for commitment for the duration of the project to which they relate. Following project completion, the balance of the unspent funds shall revert to the UNFPA Account.

Regulation 10.4: Within the limit of the total annual estimated programme expenditure, the Executive Director shall be authorized to incur expenditures above or below the individual annual estimates made for each project in accordance with the actual progress and requirements of such projects.

Budgets for programme activities

Rule 110.1

(a) The Executive Director may approve budgets on either an annual or multi-year basis, in accordance with the multi-year funding framework, to cover expenditures that may be incurred with respect to country and intercountry projects financed from the UNFPA Account. Such budgets shall in each case be subject to the availability of funds.

(b) Subject to the multi-year funding framework as approved by the Executive Board and to the provisions of Regulation 8.2 and Rule 108.1, the Executive Director may, from time to time, approve revisions of the approved budgets referred to in sub-paragraph (a) including:

(i) revisions for the purpose of reflecting changes in the rate of actual expenditure on a project, with a consequent rephasing of inputs to the project from one year to another; or
(ii) revisions made following completion of a project in accordance with Regulation 10.3.

(c) The Executive Director shall monitor closely the need for such revisions in consultation with the executing agency and/or implementing partner (if any) and the recipient Government, and, subject to the over-all limits set out in the multi-year funding framework, shall give effect to such changes in budgets as may be necessary in order to ensure the optimum utilization of all resources available to UNFPA.

Winding-up of a project

Rule 110.2

(a) The executing agency and/or implementing partner, if any, responsible for carrying out a project shall notify the Executive Director when it considers that all operational activity connected with a project has been completed or ceased and that the project should be wound up.

(b) A project which has been operationally completed, or terminated, and for which all financial transactions have been recorded and the project accounts closed shall be considered financially completed.

(c) The financial completion of a project shall be accomplished within 12 months after the month in which it is operationally completed or terminated.

Accounting for financially completed projects

Rule 110.3

(a) Savings/deficits on the liquidation of obligations charged to financially completed projects shall be credited/charged to the UNFPA Account under Miscellaneous Income or to other funds administered by UNFPA from which the savings/deficit was derived.

(b) Unforeseen disbursements or refunds in respect of financially completed projects shall be charged/credited to the UNFPA Account under Miscellaneous Income or to other funds administered by UNFPA from which the disbursement/refund derived.

(c) The Executive Director shall establish policies and procedures with respect to net adjustments on account of financially completed projects.

Regulation 10.5: The final budget 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 budget have been discharged, any balance of funds advanced shall be reimbursed to UNFPA.
ARTICLE XI - APPROPRIATIONS FOR THE BIENNIAL SUPPORT BUDGET

Regulation 11.1: Appropriations for the biennial support budget approved by the Executive Board 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.

Appropriations for the biennial support budget

Rule 111.1

(a) Subject to the provisions in Regulation 9.8, the Director, Division for Management Services, shall be responsible for ensuring that all expenditures relating to the biennial support budget as approved by the Executive Board remain within the appropriations and are incurred only for the purposes approved. He/She shall at the beginning of each biennial period make allotments of funds on a basis that conforms to the main objects of expenditure approved by the Executive Board.

(b) The Director, Division for Management Services, may increase or decrease the amount of an allotment as required. No office may transfer allotments between expenditure categories, except with his/her written approval.

(c) At the end of the first calendar year of a biennium any unencumbered balance of appropriations shall be carried over and remain available for expenditure in the second year, as authorized by the Director, Division for Management Services.

Staffing table

Rule 111.2

The Deputy Executive Director, Management, together with the Director, Division for Management Services, and the Director, Division for Human Resources shall issue at the beginning of each year a staffing table indicating the number and grade of posts approved for that year by the Executive Board in the biennial support budget.

Commitments re future years

Rule 111.3

The Executive Director may, within such limits as the Executive Board may prescribe, authorize commitments to be made against funds to be made available in future years for which no budgetary appropriations or other financial authorization has been made. Such commitments shall constitute a first charge against the relevant future appropriations as these are approved for future years by the Executive Board.
Regulation 11.2: Appropriations for the biennial support 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.

Review of unliquidated obligations

Rule 111.4

Unliquidated obligations retained against appropriations of the previous biennium shall be reviewed periodically by the Director, Division for Management Services, within the 12 month period following the end of the biennium to which they relate, and to the extent that they are no longer valid or necessary they shall be cancelled.

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

(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 Executive Board at its next regular session and in between sessions, to Members of the Executive Board as may be prescribed by the Board or whenever the situation in the Executive Director's opinion so merits;

(b) A fully funded reserve for field accommodation for housing for internationally recruited, UNFPA-financed field personnel and for office accommodation;

(c) Such other reserves as may be approved by the Board.

Operational reserve
Rule 112.1

The level of the operational reserve, to be established at the end of each fiscal year, shall be calculated at 20 per cent of total regular income for that year.

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.*

**Signatories of bank accounts**

*Rule 113.1*

No less than two signatories shall be designated to operate any account or accounts in any bank or branch thereof in which funds administered by UNFPA are kept. Where a UNDP account is utilized both to receive and to disburse UNFPA funds the signatories designated by UNDP shall also be deemed to have been designated as signatories by UNFPA. In the case of any account which is operated exclusively on behalf of UNFPA, the Executive Director shall, pursuant to Regulation 14.1 (c), designate the signatories of that account. Such signatories may, in the same manner, be changed from time to time, as circumstances require.

**Reporting re bank accounts**

*Rule 113.2*

(a) The Executive Director shall conclude agreements with the Administrator concerning the mutual responsibilities for the use of UNDP bank accounts for disbursing and receiving UNFPA Funds, wherever applicable. Such agreements shall include details on the mutual provision of information, such as funds deposited or withdrawn from accounts, including records of transactions, statements, bank reconciliations, or any other information required for closing of the accounts of UNDP and UNFPA.
(b) Bank statements relating to accounts that are administered by UNFPA shall be reconciled by the organizational unit authorized to use such accounts for disbursement.

**Rates of exchange**

*Rule 113.3*

The United Nations operational rate of exchange which is in effect on the date when a transaction is carried out involving other than United States dollars shall be used whenever such transaction requires to be translated into U.S. dollars for the purpose of being recorded in the UNFPA accounts.

*Rule 113.4*

UNFPA funds placed in short-term instruments shall be registered with relevant details in a separate UNFPA ledger and shall be included as assets of UNFPA in the financial accounts and reports of UNFPA.

**Management of currencies**

*Regulation 13.3:* The Executive Director may, in the absence of restrictions imposed by contributing Governments, exchange currencies between UNFPA funds and funds of other organizations in the United Nations system and may utilize them to purchase other currencies, whenever the Executive Director determines it would be in the interest of UNFPA.

*Regulation 13.4:* The Executive Director and the executing agencies or, under the harmonized operational modalities, implementing partners, 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 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:* Income derived from placement of funds other than Trust Funds shall be credited to the UNFPA Account. 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 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 Executive Board 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 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 budgets, appropriations or other financial provisions decided upon by the Executive Board;

(iii) The economic use of the resources of UNFPA.

Regulation 14.2: *There shall be a separation of duties:*

(a) between the staff who may incur obligations or commitments on behalf of UNFPA and the staff who may verify that payments may be made on behalf of UNFPA; and

(b) between the staff who may verify that payments may be made on behalf of UNFPA and the staff who may disburse resources on behalf of UNFPA.

(c) In any case, at least two signatories are required to authorize the expenditure of funds.

Regulation 14.3: *The Executive Director shall:*

(a) (i) designate the staff who may make financial commitments on behalf of UNFPA;

(ii) cause all financial commitments to be made on the basis of supporting documents which ensure that funds are available to cover the anticipated claim;
and

(iii) ensure that all financial commitment decisions are within the UNFPA mandate and provide best value for money to the organization.

(b) (i) designate the staff who may verify that payments may be made on behalf of UNFPA; and
(ii) 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.

Expenditure control

Rule 114.1

(a) The Director, Division for Management Services, shall ensure that, except as provided in Rule 114.4(a)(iii), no proposed expenditure shall be incurred unless it is supported by an appropriate obligating document, signed by a committing officer pursuant to Rule 114.2, who has recorded in the accounts an obligation sufficient to cover any expenditure which may be incurred during the period covered by the obligating document. Except as otherwise provided in Rule 114.1(b), action to obligate shall be based on a written contract, purchase order, agreement or other form of undertaking or acknowledgement of liability by UNFPA.

(b) Any increase in the amount of an obligation recorded in the accounts in excess of an amount established by the Executive Director from time to time pursuant to sub-paragraph (a) shall require an amended obligating document to be issued. Should an invoice be presented for payment in an amount which exceeds the amount of the obligation as recorded by more than an amount established by the Executive Director from time to time, prior committing of the payment is required. The Executive Director shall specify the amounts above which establishment or amendment of an obligation are required. Such amounts shall include a series of obligations for the same purpose.

Committing officers

Rule 114.2

(a) The Executive Director shall designate:

(i) one or more staff as committing officer for the procurement of all goods and services, for each organizational unit including country offices.
(ii) the responsibilities of those committing officers, including those for specific accounts assigned to them.

(b) Any authority granted and responsibility assigned to such staff is for the individual and cannot be delegated. Alternates may also be designated to act in the absence of the committing officer(s).
(c) The purpose of committing funds is to ensure that:

(i) The activities to be financed are within the UNFPA mandate and policies, within the approved strategy, and within the framework and plans of UNFPA;

(ii) Funds necessary to satisfy the present or anticipated claim are currently available in the relevant account for which the committing officer is responsible;

(iii) The commitment decision provides best value for money to the organization;

(iv) The commitment is not made for personal purposes.

(d) Any undue interference with the committing process should be brought to the attention of the Executive Director and, if appropriate, referred to the Disciplinary Committee.

(e) The Executive Director may arrange for an electronic/digital committing process provided that the payments ledger and the associated payment system have adequate safeguards to ensure the integrity of the committing process as required by this Rule.

Verifying officers

Rule 114.3

(a) The Executive Director shall designate the staff who may have authority to approve all payments under all accounts and establish applicable procedures.

(b) Those staff so designated shall have the responsibility to verify that payments and other financial transactions may be carried out on behalf of UNFPA. The responsibility assigned to a verifying officer cannot be delegated.

Rule 114.4

(a) A verifying officer shall approve a voucher for payment when:

(i) It has been determined that payment had not previously been made;

(ii) It is supported by documents which indicate that the goods or services for which payment is claimed have been received or rendered in accordance with the terms of the contract and the related obligation;

(iii) The payment is made against a recorded commitment of resources entered into by an appropriate committing officer or a valid budget, where applicable;

(iv) the payment is not made for personal purposes; and
(v) No other information is available which would bar the payment.

(b) Should an invoice be presented for payment in an amount which exceeds the existing relevant obligation by the amount specified by the Executive Director in accordance with Rule 114.1(b) or more, prior commitment of resources by a committing officer is required.

(c) For payments for which funds did not need to be reserved by the recording of an obligation in accordance with Rule 114.1(b), the documentation supporting the payment voucher must be signed by a committing officer before the payment may be approved by a verifying officer.

(d) The Executive Director may arrange for an electronic/digital verification process provided that the ledger and the associated payment system have adequate safeguards to ensure the integrity of the verification process.

(e) Any undue interference with the verification process should be brought to the attention of the Executive Director and, if appropriate, referred to the Disciplinary Committee.

**Issuance of receipts for moneys received**

*Rule 114.5*

All moneys received shall be acknowledged by an official receipt issued by a duly authorized official as of the date such moneys are received and shall be deposited forthwith in an official bank account.

**Making and recording of disbursements**

*Rule 114.6*

(a) All disbursements shall be made by cheque, electronic (EFT) or bank transfer except to the extent that cash disbursements are authorized by the Executive Director or his/her delegate. Disbursements shall be recorded in the accounts as of the date they are made, i.e., when the cheque is issued, the bank transfer requested, or the cash paid out. Adequate evidence of receipt of payment, either by a cancelled cheque, a payee's receipt or other evidence, shall be obtained for all disbursements.

(b) The Executive Director may arrange for electronic/digital signatures, provided that the electronic disbursement systems have adequate security.

**Advances**

*Rule 114.7*

(a) Petty cash advances may be made to officials designated by the Executive Director or his/her
delegate. The accounts therefor shall be maintained on an imprest basis. The amount and purposes of each advance shall be defined by the Director, Division for Management Services, and limited to the minimum compatible with working requirements.

(b) In addition to advances specified in sub-paragraph (a) of this Rule, the Executive Director or his/her delegate may also authorize the issuance of such other cash advances as may be permitted by the Staff Regulations and Rules and administrative instructions or as may be specifically approved by him/her.

(c) Officials to whom such advances are issued may make use of them only for the purposes for which they were authorized and shall be held personally responsible and financially liable for the proper management and safekeeping of the advances so made. They shall be in a position at all times to account for such advances and shall submit monthly accounts with respect to petty cash advances unless otherwise decided by the Executive Director or his/her delegate.

(d) Any loss of cash or negotiable instruments must be reported at once to the Director, Division for Management Services.

Remittances to executing agencies and implementing partners

Rule 114.8

The Executive Director shall arrange for advances to be made by remittances to executing agencies and/or implementing partners, if any. Such remittances shall be sufficient to ensure that the advances will provide an amount that is adequate to cover for a reasonable period the disbursements which the Agency concerned is called upon to make with respect to UNFPA’s financial activities. Prior to the remittance of funds, the Executive Director may require the information to substantiate the need for the proposed remittance.

Regulation 14.4: Expenditures for the current year and commitments for future years shall be incurred only after budgets for programme activities, allotments in respect of the biennial support budget or other appropriate authorizations have been made in writing under the authority of the Executive Director.

Regulation 14.5: The Executive Director, may make such ex gratia payments not exceeding $25,000 as he/she 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 Executive Board with the accounts.

Ex gratia payment

Rule 114.9

(a) Before approving an ex gratia payment, the Executive Director shall first ascertain that there is no legal liability on the part of UNFPA. For this purpose he/she shall refer the details of the case

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43 Effective 1 March 2005 for Regulations and 1 May 2005 for Rules
under consideration to the United Nations Office of Legal Affairs with a request for an opinion as to whether or not any legal liability exists. Following receipt of the opinion of the Legal Office that no legal liability exists, the Executive Director may approve an ex gratia payment if he/she is satisfied, after an examination of all relevant facts in the case, that the moral obligation to make such payment is such as to make payment desirable in the interest of UNFPA.

(b) The amount of the ex gratia payment shall be established on the basis of standards set by the Executive Director, but shall not exceed the maximum amount provided in Regulation 14.5

**Regulation 14.6**: The Executive Director may, after full investigation, authorize the writing-off 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. The Executive Director may establish from time to time an amount below which formal write-off is not required. Such amounts shall, for administrative efficiency, be charged directly to the relevant allotment/budget line.

**Procedures for dealing with losses**

*Rule 114.10*

(a) Any loss of cash or negotiable instruments shall be reported at once to the Director, Division for Management Services.

(b) The Executive Director shall require the Director, Division for Management Services, to make a full investigation of all cases involving the writing off of losses of cash or the recorded value of accounts or notes receivable. He/she shall also require a similar investigation and report of all cases involving the loss of UNFPA stockholdings or property before writing off such losses or authorizing the adjustment of UNFPA inventory or property records to bring the balance shown by the records into conformity with actual quantities held following such loss.

(c) If satisfied, following receipt of the report of the Director, Division for Management Services, that the losses which were the subject of the investigation are irrecoverable and must be written off or written down in value on the records of UNFPA, the Executive Director may approve the writing off or writing down of such losses.

(d) In each investigation and report, the Director, Division for Management Services, shall state whether or not the loss is, in any way, due to the neglect, carelessness or culpability of any official of UNFPA. In any case where it is established to the satisfaction of the Executive Director that neglect, carelessness or culpability existed, he/she may take such disciplinary or other action as he/she deems appropriate in accordance with the Staff Regulations and Rules, and may require the responsible official to reimburse the loss fully or partially.

The amount authorized for waiver of investigation and write-off is $2,500.
(e) The Executive Director shall issue fraud prevention policies.

Regulation 14.7: The Executive Director is responsible and accountable for carrying out the procurement functions of UNFPA and for managing its property effectively and efficiently, in furtherance of the mandate and activities of UNFPA.

(a) The procurement functions of UNFPA include all actions necessary for the acquisition, by purchase or lease, of goods, real property and services, including construction.

(b) The management of property includes all actions necessary for receipt, maintenance and disposal of property of UNFPA.

(c) The Executive Director may delegate authority, as appropriate, for such procurement functions and management of property.

Regulation 14.8: The following general principles shall be given due consideration in carrying out the procurement functions of UNFPA:

(a) Best value for money considering all relevant factors, including costs and benefits to UNFPA;

(b) Fairness, integrity and transparency;

(c) Open and effective international competition; and

(d) The interest of UNFPA.

Procurement authority

Rule 114.11

(a) The Deputy Executive Director, Management (DED-M), is accountable to the Executive Director for all procurement functions of UNFPA at all its locations. The DED-M is the Chief Procurement Official (CPO) of the organization, except for those procurement actions governed by sub-paragraph (c), below. The CPO may further delegate authority to staff at headquarters and other locations, as may be appropriate in fulfilling the purposes of these Rules. Hereinafter references to the CPO shall also be understood to mean, as appropriate, those acting under delegated authority from the CPO.

(b) The CPO shall ensure that the procurement functions are carried out in accordance with the relevant Financial Regulations and Rules. To this end, the CPO:

(i) shall establish the necessary controls, including for delegations of authority, and
shall issue administrative instructions for purposes necessary to protect the integrity of the procurement process and the interest of the organization; and

(ii) shall establish review committees, at headquarters and other locations, to render written advice to the CPO on procurement actions leading to the award or amendment of procurement contracts, which, for purposes of these Regulations and Rules, includes agreements or other written instruments such as purchase orders, and contracts that involve income to UNFPA. The CPO shall establish the composition and the terms of reference of such committees, which shall include the types and monetary values of proposed procurement actions subject to review.

(c) The DED-M is accountable for the contracting of individual consultants who provide personal or professional services to UNFPA. The DED-M shall establish the necessary controls and may delegate authority to staff in fulfilling the purposes of this paragraph.

**Procurement modalities**

*Rule 114.12*

(a) **Entering into procurement by contract.** No contract shall be entered into on behalf of UNFPA except by the CPO or an authorized delegate.

(b) **Cooperating with other organizations of the United Nations system.** The CPO may cooperate with other organizations of the United Nations system to meet the procurement requirements of UNFPA, provided that the regulations and rules of those organizations are in principle consistent with those of UNFPA. The CPO may, as appropriate, enter into agreements for such purposes. Such cooperation may include carrying out common procurement actions together, or UNFPA entering into a contract in reliance on a procurement decision of another organization, or requesting another organization to carry out procurement activities on behalf of UNFPA.

(c) **Cooperating with Governments and other organizations.** The CPO may, to the extent authorized by relevant legislation of the Executive Board, cooperate with a Government, non-governmental organization, or other public international organization, in respect of procurement activities, and, as appropriate, enter into agreements for such purposes.

**Reliance on competition**

*Rule 114.13*

Consistent with the provisions contained in Regulation 14.8, above, and except as otherwise provided in Rule 114.15 below, procurement contracts shall be awarded on the basis of effective competition, and to this end, the competitive process shall, as necessary, include:

(a) acquisition planning for developing an overall procurement strategy and procurement methodologies;
(b) market research for identifying potential suppliers;

(c) consideration of prudent commercial practices; and

(d) formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers; or informal methods of solicitation, such as requests for quotations. The CPO shall issue administrative instructions concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used.

**Award of procurement contracts on the basis of formal methods of solicitation**

*Rule 114.14*

(a) The award of a procurement contract shall be made after due consideration has been given to the general principles described in Regulation 14.8 and in accordance with the following:

(i) When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the lowest cost to UNFPA.

(ii) When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documents.

(b) The CPO may, in the interest of UNFPA, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The CPO shall then determine whether to undertake a new solicitation, or to directly negotiate a procurement contract pursuant to Rule 114.15, below, or to terminate or suspend the procurement action.

**Award of procurement contracts on the basis of exceptions to the use of formal methods of solicitation**

*Rule 114.15*

(a) The CPO may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of UNFPA:

(i) When the value of the procurement is below the monetary amount established for formal methods of solicitation;

(ii) When there is no competitive marketplace for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation, or where the requirement involves a proprietary product or service;
(iii) When there has been a previous determination or there is a need to standardize the requirement;

(iv) When the proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to Rule 114.12(b), above;

(v) When offers for identical requirements have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;

(vi) When, within a reasonable prior period, a formal solicitation has not produced satisfactory results;

(vii) When the proposed procurement contract is for the purchase or lease of real property;

(viii) When there is a genuine exigency for the requirement;

(ix) When the proposed procurement contract relates to obtaining services that cannot be objectively evaluated; or

(x) When the CPO otherwise determines that a formal solicitation will not give satisfactory results.

(b) When a determination is made pursuant to sub-paragraph (a) above, the CPO shall record the reasons in writing and may then award a procurement contract, either on the basis of an informal method of solicitation, or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.

**Written procurement contracts**

*Rule 114.16*

Written procurement contracts shall be used to formalize every procurement for a monetary value over specific thresholds established by the CPO. Such arrangements shall, as appropriate, specify in detail:

(a) the nature of the products or services being procured;

(b) the quantity being procured;

(c) the contract or unit price;

(d) the period covered;

(e) conditions to be fulfilled, including the UNFPA conditions of contract;
The requirement for written procurement contracts shall not be interpreted to restrict the use of any electronic means of data interchange. Before using any electronic means of data interchange the CPO shall ensure that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information.

**Advance and progress payments**

*Rule 114.17*

(a) Except where normal commercial practice or the interests of UNFPA so require, no contract shall be made on behalf of UNFPA which requires a payment or payments on account in advance of the delivery of products or the performance of contractual services. Whenever an advance payment is agreed to in accordance with administrative instructions issued by the CPO, the reasons therefor shall be recorded.

(b) Progress payments may be permitted pursuant to normal commercial practice or in the interest of the organization, in accordance with administrative instructions issued by the CPO.

**Regulation 14.9:** Supplies, equipment and services may be provided by UNFPA under procurement arrangements on behalf and at the request of Governments, specialized agencies or other intergovernmental or non-governmental organizations, where such supplies, equipment and services are required for purposes related to UNFPA activities and are consistent with the aims and policies of UNFPA, on the basis of full payment in advance of the procurement activities, to cover all costs, including insurance and service fees, connected with the procurement of such supplies, equipment and services.

**Regulation 14.10:** In conformity with Executive Board decision 96/3, UNFPA may procure and hold stocks of essential contraceptive products in order to promptly respond to emergency requests for assistance. The inventory value of these stock holdings shall be shown in the accounts as an asset.

**Management of property**

**Regulation 14.11:** The Executive Director is responsible and accountable for managing the property of UNFPA effectively and efficiently in furtherance of its mandate and activities.

(a) The management of property includes all actions necessary for its receipt, custody, maintenance and disposal;
Management of Property

Rule 114.18

The CPO is accountable to the Executive Director for the management of the property of UNFPA. The CPO shall establish such controls necessary for the recording, safekeeping, maintenance and disposal of such property. The CPO may further delegate authority to staff at headquarters and other locations, as may be appropriate in fulfilling the purposes of these Rules. The CPO is also responsible for establishing the types and values of property that shall be recorded.

Property survey boards

Rule 114.19

(a) The CPO shall establish property survey boards for headquarters and other locations, to render written advice to him/her in respect of loss, damage or other discrepancy regarding the property of UNFPA. The CPO shall establish the composition and terms of reference of such boards, which shall include procedures for determining the cause of such loss, damage or other discrepancy, the disposal action, and the degree of responsibility, if any, attaching to any official of UNFPA or other party, for such loss, damage or other discrepancy.

(b) The CPO shall establish administrative instructions governing the sale of property and may delegate authority to staff as may be appropriate in fulfilling the purposes of this paragraph.

Internal audit and evaluation

Rule 114.20

(a) The Executive Director shall arrange for an internal audit service to review and report to him/her with comments and recommendations relating to the administration and management of UNFPA’s financial affairs. Such reviews and reports shall include both UNFPA Headquarters operations and operations and offices in the field.

(b) The Division for Oversight Services shall be responsible for the review of internal controls and internal audit of UNFPA and shall have free access to all books, records and other documents which are, in its opinion, necessary for the performance of the audit. Its reviews shall be conducted in accordance with generally accepted auditing standards, and shall provide comments and recommendations to the Executive Director on financial management, internal controls, and operational activities.

(c) Such reviews and reports shall provide comments and recommendations, to the extent considered necessary, on
(i) the regularity of the receipt, custody, expenditure, accounting and reporting of all financial resources of UNFPA, and the effectiveness of UNFPA’s existing internal controls and financial accounting systems;

(ii) the conformity of expenditures with the purposes for which funds were appropriated or otherwise provided by the Executive Board and the financial authorizations issued thereunder, or with the purposes and rules relating to Trust Funds administered by UNFPA or with agreements with other United Nations organizations and other entities;

(iii) compliance of all UNFPA financial activities and transactions with established UNFPA Regulations, Rules, policies, procedures and administrative instructions;

(iv) the effective and efficient management of UNFPA and the effective, efficient and economic use of UNFPA resources, funds administered by UNFPA and non-UNFPA funds administered by UNFPA; and

(v) practices relating to the administration and management of UNFPA financial matters which in the opinion of the Director, Division for Oversight Services, are unsatisfactory and should be brought to the attention of the Executive Director.

(d) The Division for Oversight Services serves as Secretariat of the Oversight Committee. The Oversight Committee provides guidance on the organization’s strategies and plans to ensure organizational and personal accountability and annual plans for internal audits, policy application reviews, assessments and investigations.

(e) The Executive Director will issue guidelines to assist country offices and programme divisions at headquarters in effectively monitoring and evaluating UNFPA-funded programme activities. In this context the Division for Oversight and Evaluation is responsible for setting organisational standards for monitoring and evaluation.

Insurance of stockholdings

**Rule 114. 21**

Stockholdings of contraceptive products established under Regulation 14.8 above may be held at the premises of the supplier or at an alternative secure premises deemed suitable for the storage of contraceptives, medical and pharmaceutical products. Where payment has been made by UNFPA to the supplier, either in part or in full, to secure title to such products prior to shipment to the designated recipient, UNFPA shall ensure that appropriate insurance is maintained in order to safeguard the interest of the Fund.

**Regulation 14.12:** Notwithstanding the provisions of regulation 15.1, the Executive Director 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 or, under the harmonized operational modalities, implementing partners, which are organizations of the United Nations system, and submitted to the Members of the Executive Board in accordance with Regulation 14.1.

ARTICLE XV. – EXECUTING AGENCIES AND IMPLEMENTING PARTNERS

Regulation 15.1: The administration by executing agencies or, under the harmonized operational modalities, implementing partners, of funds obtained from 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 or, under the harmonized operational modalities, implementing partner, do not provide the required guidance, those of UNFPA shall apply.

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

Regulation 15.3: To ensure the uniformity and usability of data required for UNFPA management purposes, the Executive Director is authorized, after consultation with the executing agencies or, under the harmonized operational modalities, implementing partners, to specify the basis, content and periodicity of reports on funds obtained from UNFPA which are to be submitted by executing agencies or, under the harmonized operational modalities, implementing partner.

Financial reports of executing agencies and implementing partners

Rule 115.1

(a) At intervals to be agreed with the Executive Director each executing agency and/or implementing partner, if any, shall submit to the Executive Director reports on the status of allocations issued to it by UNFPA, including, inter alia, information relating to total recorded allocations, disbursements, unliquidated obligations, commitments and cash holdings for each project.

(b) The internal audit procedures in effect for each executing agency and/or implementing partner, if any, shall apply to any funds entrusted to it by UNFPA.
ARTICLE XVI. - THE ACCOUNTS

Regulation 16.1: The Executive Director shall submit financial statements biennially in respect of the UNFPA Account and in respect of all other funds administered by UNFPA, in accordance with United Nations System Accounting Standards, showing:

(a) The income and expenditures;

(b) The assets and liabilities, reserves and resource balances;

(c) The statement of cash flows;

(d) The financial implementation of programme activities;

(e) The status of appropriations approved by the Executive Board for the biennial support 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 maintain such accounts and records as are necessary to report to the Executive Board and the General Assembly on the financial status of funds administered by UNFPA.

The UNFPA Account

Rule 116.1

(a) All financial transactions, including pledges from Governments, shall be recorded in the accounts on an accrual basis, except as may otherwise be required by the terms of any Trust Fund or special account or as authorized by the Executive Director.

(b) The principal accounts which the Executive Director shall arrange to be maintained shall be those which at the time of coming into effect of the Regulations on 1 January 1984 were being maintained on behalf of UNFPA by the Director, Division of Finance, UNDP. The Executive Director may arrange for such changes or additions to these accounts as he/she may consider necessary for the purpose of ensuring that the accounts reflect correctly UNFPA’s financial position.

(c) The Executive Director is responsible for the management and maintenance of the financial accounts. The Executive Director may arrange for changes in the management of its General Ledger whenever the Executive Director determines it may be in the interest of UNFPA. Significant changes in the arrangement should be reported to the Executive Board through the Advisory Committee.

(d) The Executive Director may require offices to maintain accounts in offices away from
Headquarters in the currency of the countries in which the offices are located, as well as in U.S. dollars or other convertible currencies. Any amounts held in currencies other than US Dollars in such offices shall also be recorded in the office accounts in US dollars on the basis of the United Nations operational rate of exchange on the date of recording.

(e) Upon the closing of the accounts at the end of a financial year the Executive Director shall cause a revaluation to be made of cash balances and other assets and liabilities held in currencies other than U.S. dollars, based on the United Nations operational rate of exchange on 1st January of the year following the date of closing. Any gains or losses resulting from such revaluation shall at that time be credited or debited to miscellaneous income or expenditure in the accounts.

Financial statements of UNFPA

Rule 116.2

(a) The Executive Director is responsible for the financial statements of UNFPA as of 31 December. The Director, Division for Management Services, shall prepare and submit financial statements for all UNFPA accounts as at 31 December each year to the Executive Director. The Director, Division for Management Services, shall certify that, to the best of his/her knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules. The Director, Division of Finance, UNDP, shall certify that, to the best of his/her knowledge, information and belief, all material transactions for which UNDP is responsible have been properly charged in the accounting records.

(b) The Executive Director shall sign the financial statements following certification and submit them to the United Nations Board of External Auditors not later than 30 April of the year following the end of each biennium. Copies of the financial statements and schedules referred to in this Rule shall be submitted at the same time to the Advisory Committee.

(c) The financial statements shall include, in addition to the items specified in regulation 16.1:

(i) statements of fund balances for the UNFPA account and for any Trust Funds and special accounts;

(ii) statements of unspent allocations for programme activities and unliquidated obligations of the biennial support budget;

(iii) such other statements as the Executive Director or the Executive Board require; and

(iv) supporting schedules, which shall include:

(aa) a summary of investments;

(bb) a summary of miscellaneous income; and
(cc) such other schedules as the Executive Director may require.

**Disposal of records**

*Rule 116.3*

In consultation with the United Nations Office of Legal Affairs and the Board of Auditors the Executive Director will issue guidelines concerning the retention and archiving of accounting financial and property records and all supporting documents.

**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 may deem necessary.*

**Regulation 16.3:** *The accounts shall be submitted by the Executive Director, not later than 30 April of the year following the end of each biennium, to the United Nations Board of Auditors for examination and opinion.*
CHAPTER I. – EXTERNAL AUDIT

ARTICLE XVII. - EXTERNAL AUDIT

Regulation 17.1: The External Audit provisions of Article VII 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 financial statements and the comments thereon of the Advisory Committee, shall also be transmitted to the Members of the Executive Board;

(b) Executing agencies or, under the harmonized operational modalities, implementing partners, which are organizations of the United Nations system shall transmit to the Executive Director for submission to the Executive Board biennial 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 biennial accounts to the Executive Board, the Executive Director shall comment on the Auditors’ substantive observations and on their follow-up.

Rule 117.1

The Board of Auditors will be completely independent and have the sole responsibility of the audit of the UNFPA account.

Regulation 17.2: The Executive Director shall ensure that, except for organizations of the United Nations system, executing agencies or, under the harmonized operational modalities, implementing partners, 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 ensure that each project is audited periodically as required by the Executive Director, but at least once in its lifetime.