

United Nations Population Fund Financial Regulations and Rules



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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 July 2014.

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 July 2014; 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 General Assembly.
- c) "UNOPS" shall mean the United Nations Office for Project Services established by decision 48/501 of the General Assembly.
- d) "General Assembly" shall mean the General Assembly of the United Nations.
- e) "Executive Board" shall mean the Executive Board of UNDP, UNFPA and UNOPS.
- f) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions.
- g) "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.
- h) "Administrator" shall mean the Administrator of UNDP or the official to whom the Administrator has delegated authority and responsibility for the matter in question.
- i) "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.
- j) "Government" shall mean the Government of a Member State of the United Nations, of a non-member State which participates in the General Assembly as an observer, of a Member State of a specialized agency, or of the International Atomic Energy Agency. Within these Regulations, the term "Government" has also been used in conjunction with the following:
 - i. "host Government" shall mean the Government of a country or territory within whose legal boundaries an office of UNFPA is located, UNFPA provides a programme of assistance, or which receives administrative, technical or programmatic services from a UNFPA office located elsewhere;

- ii. **“programme country Government” shall mean the Government of a country or territory which, as a result of an Executive Board decision, is eligible to benefit from UNFPA programme activities.**

- k) **"Implementing Partner" (also referred to as "implementing agency") shall mean, for UNFPA programme activities, the entity to which the Executive Director has entrusted the implementation of UNFPA programme activities 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 programme documentation. Implementing partners shall include the following: (a) a programme country Government or Governments; (b) organizations or entities of the United Nations system, including UNFPA; (c) intergovernmental institutions or agencies not part of the United Nations system; (d) non-governmental organizations; and (e) academic institutions.**

- l) **“Board of Auditors” shall mean the United Nations Board of Auditors.**

Regulation 2.2

For the purposes of the Financial Regulations of UNFPA, unless the context requires otherwise, the terms set out in this Regulation shall have the definitions assigned to them as specified below. These definitions are supplemented by the terms used under the International Public Sector Accounting Standards. The terms are listed in alphabetical order.

A

- i. **“accrual” shall mean amounts due for goods and services received but not yet disbursed.**

- ii. **"allotment" shall mean a financial authorization issued by the Executive Director to enter into commitments and incur expenses for specific purposes related to the institutional 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 institutional budget against which commitments may be entered into and expenses incurred for those purposes up to the amounts so approved.**

- iv. **“approving officer” shall mean the officer designated by the Executive Director who approves commitments or disbursements related inter alia to contracts, agreements and purchase orders.**

B

- i. **"budget" shall mean a financial authorization issued by the Executive Director to make commitments and to incur expenses for specific purposes related to UNFPA activities and within specified limits, during a definite period.**

C

- i. **"ceiling"** shall mean the authorized spending limit provided to a regional office, subregional office, country office, headquarters division or unit for the implementation of programme activities during a given period.
- ii. **"commitment"** shall mean an obligation/engagement arising from a contract, agreement or undertaking, that has been entered into for the current year or one or more future years.
- iii. **"contribution"** shall mean all resources, including in-kind resources, provided by the donor in support of the UNFPA mandate. All contributions received by UNFPA are voluntary. Contributions to UNFPA are received from Governments of a Member States of the United Nations, of a Specialized Agency or of the International Atomic Energy Agency, or from intergovernmental or non-governmental sources, including foundations, private-sector organizations and individuals.
- iv. **"contribution-in-kind"** shall mean resources of goods, services or property received at minimal cost to the organization.
- v. **"counterpart contributions"** shall mean the agreed contributions of programme country Governments made for the cost of specific services and facilities as set out in the individual programme documentation related to programme activities undertaken for, or with that Government.
- vi. **"country programme"** shall mean the programme of UNFPA assistance in a particular country, prepared and agreed jointly by the Government of that country and UNFPA indicating the proposed use of UNFPA resources.

D

- i. **"development activities"** shall mean a category of costs associated with 'programmes' and 'development effectiveness' activities which contribute to the effective delivery of development results, as follows:
 - a) **"Programmes"**: category of costs associated with activities traced to specific programme components, which contribute to delivery of development results contained in country/regional/global programme documents or other programme arrangements;
 - b) **"Development effectiveness"**: category of costs associated with activities of a policy-advisory, technical and implementation nature that are needed for achievement of the objectives of programmes and projects in the focus areas of the organization. These inputs are essential to the delivery of development results, and are not included

in specific programme components or projects in country, regional or global programme documents.

- ii. "disbursement" shall mean the amount paid. The term disbursements shall be used interchangeably with payments.

E

- 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.

F

- i. "fully funded" shall mean that funds for any given activity are available in full in the form of cash or checks, irrevocable letters of credit and other similar financial instruments that are short term, highly liquid, readily convertible to known amounts of cash and subject to insignificant risk of changes in value or, subject to Executive Board decisions, an agreement signed by UNFPA and the donor.

G

- i. "grant" shall mean a UNFPA contribution to a community-based not-for-profit or civil society organization for capacity development purposes as part of a UNFPA implemented workplan.
- ii. "global and regional interventions" shall mean the interventions for UNFPA assistance on a global and regional level.

H

- i. "handling fee" means the separately identified amount to defray UNFPA's costs associated with conducting procurement.

I

- i. "indirect costs" shall mean the expenses incurred by UNFPA as a function of and in support of its activities and programmes, but which cannot be unequivocally traced to those activities and programmes.
- ii. "institutional budget" shall cover the estimates as approved by the Executive Board related to activities and associated costs in the following categories: Development effectiveness, United Nations development coordination, Management and Special Purposes.

J

K

L

M

- i. **"management"** shall mean categories of costs whose primary function is the promotion of the identity, direction and well-being of an organization. These include communications, legal, oversight, audit, corporate evaluation, information technology, finance, administration, security and human resources. This includes both activities and associated costs of a recurring and non-recurring nature.

N

O

- i. **"other resources"** (also known as "earmarked" or "restricted" or "non-core") 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. Other resources include but are not limited to trust funds.

P

- i. **"partially funded"** shall mean the allocation against current or anticipated future years' revenue when the funds are not available in full, subject to restrictions imposed in the UNFPA policies and procedures.
- ii. **"programme"** shall mean a plan for effectively delivering development results in line with the UNFPA mandate through a set of subordinate workplans.
- iii. **"programme activities"** shall mean activities directly associated with the planning, implementation, monitoring, and evaluation of UNFPA assistance through country programmes or global and regional interventions.
- iv. **"programme documentation"** shall mean the formal documents, including revisions thereof, covering the agreed arrangements for the implementation of a programme or intervention. It shall also include other instruments to define the particulars of such implementation and the respective responsibilities of the parties involved.
- v. **"property"** shall mean tangible assets inclusive of plant and equipment held for use of UNFPA and expected to be used during more than one financial period.

Q

R

- i. **"regular resources"** (also known as "un-earmarked" or "unrestricted" or "core") shall mean resources available to UNFPA that are commingled and untied. These shall include revenue

from 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 revenue.

S

- i. "sector budget support" shall refer to the financial contribution to a government budget, managed by a government entity for a specific set of sector or programme results. A pooled fund is designed for financing expenses within a sector or a programme through the pooling of the financial resources by the participating partners. A pooled fund would be contracted out by the government to be managed by an agreed party.
- ii. "special purpose" shall mean activities and associated costs of a cross-cutting nature that (a) involve material capital investments; or (b) do not represent a cost related to the management activities of the organization.
- iii. "strategic plan" shall mean the document that sets the overall direction and provides the framework for guiding UNFPA support to programme countries to achieve their nationally owned development objectives.
- iv. "support costs" shall mean the expenses reimbursed to an implementing partner as a result of their administration of programme activities financed from UNFPA funds.

T

- i. "third party procurement" shall mean procurement conducted by UNFPA, with no direct UNFPA programme component, at the request and on behalf of third parties (Governments, United Nations Specialized Agencies, intergovernmental organizations, non-governmental organizations, or United Nations entities, including funds, programmes, and subsidiary organs of the United Nations).
- ii. "trust fund" shall mean a co-financing mechanism established as a separate accounting entity through which contributions, as distinct from third party procurement payments, may be received in support of specified purposes consistent with the policies, aims and activities of UNFPA. These contributions shall be considered in addition to the regular resources.

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. "United Nations development coordination" shall mean activities and associated costs supporting the coordination of development activities of the United Nations system.

- iii. **"UNFPA Accounts" shall mean the set of accounting records established to record and report on the financial transactions of UNFPA.**
- iv. **"UNFPA assistance" shall mean the UNFPA contribution to programmes funded from UNFPA resources.**

V

W

- i. **"workplan" shall mean the formal document (in standard format) signed by the implementing partner(s) and UNFPA which reflects detailed activities and corresponding budget and defines what is to be accomplished during the period agreed by an implementing partner. It is the basis for requisitioning, committing and disbursing funds to carry out planned activities and for their monitoring and reporting.**
- ii. **"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 Directors, UNFPA, the Director, Division for Management Services, UNFPA, and/or to other UNFPA or UNDP officials any of his/her authority 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 authority is 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 any authority 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

Contributions

Regulation 4.1

Contributions may be accepted by UNFPA from Governments. 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

Where the purpose of a contribution is for the general support of UNFPA and no limitations are imposed by the donor as to its use, the resources received shall be treated as regular resources. Contributions for specific purposes shall be treated under the provisions for Trust Funds in Article V.

Regulation 4.3

The Secretary-General shall convene annually a Pledging Conference at which Governments may announce their voluntary contributions to UNFPA.

Regulation 4.4

Contributions may be for an annual or multi-year period.

Regulation 4.5

Contributions to regular resources shall be made without limitation as to use. No contributing Government shall receive special treatment with respect to its contributions to regular resources, nor shall negotiation for the use of currencies contributed to UNFPA take place between contributing and programme country Governments.

Regulation 4.6

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 4.7

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.

Contributions associated with programme activities

Regulation 4.8

Programme country Governments are expected to assist in defraying costs associated with UNFPA supported programme activities in their countries by making available, either in cash or in-kind or in both, a substantial part of the programme 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 programme country Government or Governments and will be described, as appropriate, in the relevant programme documentation.

Regulation 4.9

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 any waiver of contributions.**
- b) **Contributions in cash towards the costs of UNFPA country offices shall be included in the institutional budget of UNFPA.**

Assistance on a reimbursable basis

Regulation 4.10

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 between UNFPA and the Government concerned.

Reporting on contributions

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.

Rule 104.1

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.

Retention of interest or investment revenue

Regulation 4.12

Interest or investment revenue with respect to other resources including Trust Funds shall be retained and form part of regular resources unless otherwise authorized by the Executive Director.

Refunds of expenses

Regulation 4.13

Refunds of expenses prior to the financial completion of programme activities including gains from the sale of assets relating to the programme, shall be credited where originally charged. Refunds subsequently received shall be credited to regular resources.

Regulation 4.14

Miscellaneous revenue shall be credited to regular resources or to the other resources to which it relates.

Return of miscellaneous revenue by implementing partners

Rule 104.2

Miscellaneous revenue attributable to UNFPA programme activities which accrues to the accounts of an implementing partner, shall be reported and refunded to UNFPA by the implementing partner, including subsequent to the completion of programme activities, and will be attributed to regular resources or to the other resources 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.

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

Contributions to Trust Funds shall be subject to the following conditions:

- a) **Contributions shall be received prior to any ceilings being provided for the implementation of planned UNFPA programme activities, except as provided under the terms of Regulation 5.4.(b);**
- b) **Notwithstanding the provision of Regulation 5.4.(a), ceilings may be provided on the basis of receivable earmarked contributions, in accordance with UNFPA policies and procedures established by the Executive Director.**

Regulation 5.5

The Executive Director shall require recovery of indirect costs at prevailing rates.

Rule 105.1

Exceptionally, the Executive Director may reduce or waive the recovery of indirect costs from other resources in circumstances where a reduction or waiver is warranted. All reductions or waivers should be done in writing and reported annually to the Executive Board.

Trust Fund reports

Rule 105.2

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 revenue, and total expenses incurred during the year, as well as the balance remaining at the end of the year.

Administration of Trust Funds

Rule 105.3

- 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 associated activities 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 expenses or commitments not be forthcoming from the donor or donors, the Executive Director may modify or terminate the activity concerned.

Unspent Trust Fund balances

Rule 105.4

Any unspent funds remaining after financial closure of the relevant Trust Fund accounts shall be dealt with by UNFPA in agreement with the donor.

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 strategic plan.

Regulation 6.2

To provide for continuity in the planning, programming and implementation of UNFPA assistance to programmes, the financial period for the purpose of the proposed utilization of resources shall be the duration of each global or regional intervention or country programme as specified in the relevant programme documentation.

Regulation 6.3

The financial period for the purpose of incurring and accounting for expenses in respect of programme activities, shall consist of a single calendar year.

Maximum financial period for programme 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 programme or intervention as specified in the relevant programme documentation.

Period for the institutional budget

Regulation 6.4

The period of the institutional budget shall be established in consultation with the Executive Board to be one or more years.

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 strategic plan for the utilization of its expected resources during the forthcoming planning period.

Regulation 7.2

The strategic plan 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 to the maintenance on a continuous basis of the reserves set forth under Article XVI, all resources available to UNFPA after provision has been made for the institutional 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 strategic plan as approved by the Executive Board.

Regulation 7.5

Financial authorizations against UNFPA regular resources shall be issued on a partially funded basis.

Regulation 7.6

The Executive Director shall establish the policies and procedures for UNFPA participation in sector budget support and pooled funds. The policies and procedures shall provide that UNFPA may make financial contributions to either sector budget support or pooled funds. The policies and procedures shall provide for UNFPA reporting to the Executive Board on the financial status of the funds obtained from or through UNFPA based on the totality of commingled resources contributed to the sector budget support or pooled fund, on the basis of programme and financial reporting established in the agreement among the participants to, and governing, the sector budget support or pooled fund. The expense recognition for UNFPA resources contributed to the sector budget support or pooled funds shall be on a prorated basis including the total contributions by the participating partners.

CHAPTER G. – PROPOSED UTILIZATION OF PROGRAMME RESOURCES AND APPROVAL OF PROGRAMME ACTIVITIES

Article VIII –IMPLEMENTING PARTNERS

Regulation 8.1

The administration by implementing partners of funds obtained from UNFPA shall be carried out under their respective financial regulations, rules, policies and procedures to the extent that they are appropriate, otherwise those of UNFPA shall apply.

Regulation 8.2

Each 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, expenses and commitments, except in the case of sector budget support and pooled funds for which regulation 7.6. applies.

Regulation 8.3

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

Financial reports of implementing partners

Rule 108.1

At intervals to be agreed with the Executive Director each implementing partner 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, commitments, accruals, disbursements and cash holdings for each workplan.

ARTICLE IX – PROGRAMME ACTIVITIES

UNFPA assistance to programmes

Regulation 9.1

Consistent with the goals set forth in the strategic plan 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 strategic plan, subject to resources reasonably expected to be available.

Estimates of resources and programme allocation levels

Rule 109.1

- a) The Executive Director shall review, as often as may be necessary, the adequacy of the strategic plan in order to ensure that actual and planned expenses 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 expenses are approved and implemented subject to the availability of funds.

Regulation 9.2

Under such limits as the Executive Board may from time to time prescribe, the Executive Director is authorized to approve UNFPA assistance to country programmes regional and global interventions.

Regulation 9.3

UNFPA assistance under Regulation 9.2, shall be approved on a partially funded basis consistent with the provisions of Regulation 9.1, when the duration is expected to extend beyond the current year.

Regulation 9.4

Agreements shall be entered into between UNFPA and implementing partners, specifying the general terms and conditions which are to govern UNFPA assistance.

Approvals reserved for Executive Board

Rule 109.2

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

- a) Country programmes, global and regional interventions;
- b) Total annual workplans not part of a programme in the amount of \$2 million or more of regular resources;
- c) Programme activities which because of their innovative aspects or policy implications require the Board's prior consideration;
- d) Any programmes which the Executive Board decides that the Executive Director should submit to the Board;
- e) Any individual workplan which the requesting Government or Governments may ask the Executive Director to submit to the Board;
- f) Any other programme activities which the Executive Director for any reason considers it advisable to submit to the Board; and

- g) Extension beyond one year of country programmes with a proposed indicative amount of assistance.

Programme documentation requirements

Rule 109.3

- a) No activities shall be approved for any programme in the absence of the relevant programme documentation. Workplans shall be prepared and agreed to by or on behalf of the Executive Director and implementing partner(s).
- b) The workplan, when approved and signed by or on behalf of the Executive Director, shall constitute a commitment on the part of UNFPA to make funds available to implementing partner(s), subject to (i) the availability of funds to UNFPA and (ii) the implementing partner(s)'s compliance with its undertaking and commitments as set out in the relevant programme documentation.
- c) Where the implementing partner is a Government, an intergovernmental institution or an agency not part of the United Nations system, a non-governmental organization or an academic institution, the respective organization and UNFPA will enter into a letter of understanding (LoU) defining, inter alia, the following:
 - i. The respective responsibilities of the organization and UNFPA in the formulation, implementation, monitoring, and evaluation of workplans;
 - 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 workplans or which would otherwise enable him/her to exercise his/her accountability.

Regulation 9.5

Arrangements for the establishment and financing of programme activities shall be contained in the relevant programme documentation.

Regulation 9.6

Consistent with the overall management responsibility of Governments for their programmes, the Executive Director shall consult the requesting Government or Governments concerning the implementation of UNFPA's assistance to a programme. In keeping with the principle of national capacity building, programme country Governments or national non-governmental organizations must be given first consideration in the selection as implementing partner. Such selection shall be subject to the agreement of the Government or Governments.

Designation of implementing partners

Rule 109.4

The Executive Director, in agreement with the programme country Government, may designate in relevant programme documentation implementing partners, to implement UNFPA assistance.

Regulation 9.7

Under conditions established by the Executive Board, the Executive Director is also authorized, subject to the agreement of the requesting Government(s), in the relevant programme documentation, to appoint as implementing partner an entity other than the programme country Government(s). The Executive Director may also award contracts for the provision of services by other agencies, private firms or individual experts or award grants through the implementation of UNFPA-funded workplans.

Regulation 9.8

The Executive Director may reimburse implementing partners, for their support costs in accordance with applicable rates.

Rule 109.5

No support costs shall be reimbursable to a Government.

Suspension or termination of assistance

Rule 109.6

- a) Following appropriate consultations with the parties concerned, the Executive Director may suspend UNFPA assistance by written notice to the programme country Government and, if applicable, the implementing partner, if he/she finds that the conditions set out in the relevant programme documentation have not been complied with, or that the implementation is not in his/her opinion proceeding satisfactorily.
- b) Unless action is taken within a reasonable time, not being less than 14 calendar days, after the receipt of such notice, to remedy the situation which occasioned the suspension referred to under (a), the Executive Director may, by written notice to the programme country Government and, if applicable, the implementing partner, and with effect from a date specified in such notice,
 - i. terminate the UNFPA assistance; or
 - ii. with the Government's concurrence entrust it to another implementing partner.
- c) In the event of termination of UNFPA assistance 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 workplan) in implementing UNFPA assistance up to the effective date of termination, including:

- i. reasonable costs incurred in winding up its implementation of UNFPA assistance to the workplan; and
- ii. a pro rata share of the support costs allowable, as per the workplan, corresponding to the amount spent up to the date of termination in relation to the total UNFPA allocation.

Regulation 9.9

Approval of UNFPA's assistance becomes effective upon signature of the relevant programme documentation.

ARTICLE X –RESOURCES FOR PROGRAMME ACTIVITIES

Regulation 10.1

Subject to the availability of funds, the workplan shall constitute the allocation of funds and a ceiling on expenses from the Executive Director to the implementing partner. The workplan shall authorize the incurring of expenses and entering into commitments by the implementing partner for the duration of the relevant programme documentation.

Regulation 10.2

Following financial completion of the workplan activities, the balance of the unspent funds shall revert to the account from which the resources originated or the UNFPA regular resources.

Resources for programme activities

Rule 110.1

- a) The Executive Director may approve resources on either annual or multi year basis, in accordance with the UNFPA's strategic plan, availability of funds to UNFPA, and other relevant programme documentation, to cover programme expenses and commitments and their revisions.
- b) The Executive Director shall monitor closely the need for such revisions in consultation with the implementing partner and the programme country Government. Subject to the over-all limits set out in the strategic plan, the Executive Director may change the ceiling as necessary to ensure the optimum utilization of all resources available to UNFPA.

Winding up of programme activities

Rule 110.2

- a) The implementing partner shall complete programme activities as agreed to and within the time frame of the workplan. If the implementing partner requires additional time to complete programme activities then the implementing partner shall request the Executive Director to enter into a new or revised workplan.

- b) UNFPA shall not finance programme activities carried out in a period outside the approved workplan.
- c) For programme activities financed by other resources the financial completion shall be accomplished within 12 months after it is operationally completed or terminated.

Accounting for financially completed programme activities

Rule 110.3

- a) Unforeseen disbursements in respect of financially completed programme activities shall be charged to the respective funds, otherwise to regular resources.
- b) The Executive Director shall establish policies and procedures with respect to net adjustments on account of financially completed programme activities.

CHAPTER H. – PROPOSED UTILIZATION AND APPROVAL OF THE INSTITUTIONAL BUDGET

Article XI –INSTITUTIONAL BUDGET

Proposed institutional budget

Regulation 11.1

The institutional budget shall be prepared by the Executive Director and shall be linked to the strategic plan for the coming planning period.

Preparation of institutional budget

Rule 111.1

- a) The proposed institutional budget, both for revenue and for expenses, shall be prepared in the form adopted by the Executive Board in decisions on the harmonization of budget presentations.
- b) Institutional budget expenses shall include salaries and other emoluments of staff members calculated, for the purposes of the proposed institutional 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 proposed institutional 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 11.2

The institutional budget shall cover commitments and disbursements related to the budget period and shall be presented in United States dollars.

Regulation 11.3

The Executive Director shall, at each session of the Executive Board immediately prior to the commencement of a budget period, submit his/her proposed institutional budget for the coming budget period. This proposed institutional 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 11.4

The Executive Director shall also transmit the proposed institutional 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 11.3 above.

Regulation 11.5

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

Regulation 11.6

The Executive Board shall, at the session immediately prior to the commencement of a budget period, adopt the institutional budget for the coming budget period.

Budget implementation

Rule 111.2

The Director, Division for Management Services, shall issue guidelines to implement the institutional budget.

Form of the proposed institutional budget

Regulation 11.7

The proposed institutional budget shall be prepared in accordance with the Executive Board decisions, 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 11.8

Subsequent to a session of the Executive Board in the last year of the budget period, the Executive Director may utilize a budgetary contingency provision of up to three per cent (3%) of the approved 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 111.3

Subject to the provisions in Regulation 11.8 the Executive Director is authorized to commit funds in excess of the approved appropriations to a maximum of 3% and is required to report such over-expenses to the Executive Board through the Advisory Committee.

Revised institutional budget proposals

Regulation 11.9

Revised proposals to amend the institutional budget may be submitted by the Executive Director whenever necessary.

Regulation 11.10

The Executive Director shall prepare revised proposals to amend the institutional budget in a form consistent with the approved institutional 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.

Rule 111.4

At the time of submitting revised budget proposals the Executive Director shall provide such detailed information as may be necessary to explain the extent to which the revised appropriation requested is due to changed inflation experience or forecasts, unexpected currency fluctuations or other unforeseen factors.

ARTICLE XII – APPROPRIATIONS FOR THE INSTITUTIONAL BUDGET

Regulation 12.1

Appropriations for the institutional budget approved by the Executive Board shall constitute an authorization to the Executive Director to enter into commitments and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

Appropriations for the institutional budget

Rule 112.1

- a) Subject to the provisions in Regulation 11.8, the Director, Division for Management Services, shall be responsible for ensuring that all payments and commitments relating to the institutional budget as approved by the Executive Board remain within the appropriations and are incurred and entered into, respectively, only for the purposes approved. He/she shall at the beginning of each budget period make allotments of funds on a basis that conforms to the appropriations approved by the Executive Board.
- b) By delegation of authority by the Executive Director, the Director, Division for Management Services may increase or decrease the amount of an allotment as required. No increase, decrease or transfer between allotments can be made without the approval of the Director, Division for Management Services.
- c) At the end of each calendar year within a budget period any unused balance of appropriations shall be carried over and remain available for expenses in the following years, as authorized by the Director, Division for Management Services. The balance of appropriations cannot be carried forward from one budget period to another.

Staffing table

Rule 112.2

The Deputy Executive Director, Management (DED-M), 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 budget.

Commitments re future years

Rule 112.3

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 12.2

Appropriations for the institutional budget shall be available for commitments and disbursements during the budget period to which they relate.

Regulation 12.3

Transfers within the approved institutional budget for the budget period may be made by the Executive Director, subject to such limits as the Executive Board may decide.

CHAPTER I. - ADMINISTRATION OF RESOURCES

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 (h), designate the signatories of that account. Such signatories may, in the same manner, be changed from time to time, as circumstances require.

Reporting 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.

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 implementing partners, shall endeavor, 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 in liquid fixed-term instruments and, for the purposes of After Service Health Insurance (ASHI), other longer-term employee benefits liabilities for annual leave and repatriation as well as MARS fund, in other investment instruments, by the Secretary General, in consultation with the Executive Director. The Secretary General may delegate the authority to do so to the Executive Director.

Regulation 13.6

Revenue derived from placement of funds shall be credited to the regular resources, unless otherwise authorized by the Executive Director.

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 calendar days before they become effective;**
- b) Designate the staff who may make commitments on behalf of UNFPA;**

- c) **Designate the staff who record the receipt of goods and services on behalf of UNFPA;**
- d) **Cause all commitments and recording of expenses to be made on the basis of supporting documents which ensure that funds are available to cover the anticipated claims;**
- e) **Ensure that all commitment decisions are within the UNFPA mandate and provide best value for money to the organization;**
- f) **Designate the staff who verify that payments may be made on behalf of UNFPA;**
- g) **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;**
- h) **Designate the officers who may receive moneys on behalf of UNFPA;**
- i) **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 expenses 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 in accordance with the UNFPA Internal Control Framework.

Expense control

Rule 114.1

- a) The Director, Division for Management Services, shall ensure that, except as provided in Rule 114.4(a) (iii), no expense shall be incurred unless it is supported by an appropriate commitment document, signed by an approving officer pursuant to Rule 114.2. Except as otherwise provided in Rule 114.1(b), action to commit shall be based on a written contract, purchase order, agreement or other form of undertaking.
- b) Any increase in the amount of a commitment in excess of an amount established by the Executive Director pursuant to sub paragraph (a) shall require an amended commitment document to be issued. Should an invoice be presented for payment in an amount which exceeds the amount of the commitment by more than an amount established by the Executive Director, the commitment must be amended.

Approving officers

Rule 114.2

- a) The Executive Director shall designate:
 - i. one or more staff as approving officer for the procurement of all goods and services, for each organizational unit including country offices.
 - ii. the responsibilities of those approving 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 approving 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 approving 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 commitment process should be brought to the attention of the Executive Director. Should there be allegations of misconduct, this should be referred to the Director, Office of Audit and Investigation Services for further consideration.
- e) The Executive Director may arrange for an electronic/digital commitment process provided that the payments ledger and the associated payment system have adequate safeguards to ensure the integrity of the approving process as required by this Rule.

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 an approving officer cannot be delegated.

Rule 114.4

- a) An approving 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 commitment;
 - iii. The payment is made against a recorded commitment of resources entered into by an appropriate approving officer or a valid budget within the prescribed limits;
 - 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 commitment by the amount specified by the Executive Director in accordance with Rule 114.1(b), prior commitment of resources by an approving officer is required.
- c) For payments for which funds did not need to be reserved by the recording of a commitment in accordance with Rule 114.1(b), the documentation supporting the payment voucher must be signed by an approving officer before the payment may be approved by another approving 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 approval process should be brought to the attention of the Executive Director. Should there be allegations of misconduct, this should be referred to the Director, Office of Audit and Investigation Services for further consideration.

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 check, electronic or other funds 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 check is issued, the bank transfer requested, or the cash paid out. Adequate evidence of receipt

of payment, either by a cancelled check, 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 therefore 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 UNFPA policies and procedures 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 to the Executive Director or his/her delegate.

Remittances to implementing partners

Rule 114.8

The Executive Director shall arrange for advances to be made by remittances to 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 implementing partner 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 14.3

Expenses for the current year and commitments for future years shall be incurred and entered into, respectively, only after ceilings for programme activities, allotments in respect of the institutional budget or other appropriate authorizations have been made available under the authority of the Executive Director.

Ex gratia payment

Regulation 14.4

- a) **The Executive Director may make such ex gratia payments, not exceeding \$75,000 per year in total, as he or she deems to be necessary in the interest of UNFPA.**
- b) **Additionally to paragraph (a) above, in the case of an emergency where, at the discretion of the Executive Director, immediate ex gratia payments are necessary for humanitarian reasons (in instances such as injury or death suffered in connection with UNFPA activities), the Executive Director may make such payments in accordance with paragraph (a) above, except that such payments shall be without limitation as to the amount. The Executive Director shall immediately inform the Executive Board when any single situation results in payments in excess of \$50,000.**
- c) **A statement of all ex-gratia payments shall be submitted to the Board of Auditors with the accounts.**

Rule 114.9

Ex gratia payments may be made in cases where in the opinion of the UNFPA Legal Office there is no clear legal liability on the part of the UNFPA and where such payments are in the interest of the UNFPA.

Regulation 14.5

The Executive Director may, after full review, authorize the writing-off of assets including cash, 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 review 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 assets including cash shall be reported at once to the Director, Division for Management Services. For the purpose of property, plant and equipment, the amount of loss will be derived by reference to the net book value of the item in the accounts at the time of the loss. Further, for clarification, loss for the purpose of this rule does not include operating losses such as foreign exchange losses and losses on the disposal of property, plant and equipment.
- b) The Executive Director shall require the Director, Division for Management Services, to make a full review of all cases involving the writing off of assets before the adjustment of UNFPA records to bring the balance shown by the records into conformity with actual quantities held following such loss.

- c) Write-offs of \$2,500 or less are excluded from the full review process and may be authorized by the Director, Division for Management Services.
- d) If satisfied, following receipt of the report of the Director, Division for Management Services, that the losses which were the subject of the review are irrecoverable and the asset 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.
- e) Should the review reveal allegations of misconduct, the Director, Division for Management Services will refer the matter to the Director, Office of Audit and Investigation Services for further consideration. If misconduct is substantiated, the Executive Director may take such disciplinary or other administrative action in accordance with the Staff Regulations and Rules, and may require the responsible official to reimburse the loss fully or partially.
- f) The Executive Director shall issue fraud prevention policies.

Management of Property and Stockholdings

Regulation 14.6

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

- a) **The management of property and stockholdings includes all actions necessary for its receipt, custody, maintenance and disposal;**
- b) **The Executive Director may delegate authority, as appropriate, for such management of property and stockholdings.**

Rule 114.11

The CPO is accountable to the Executive Director for the management of the property and stockholdings of UNFPA. The CPO shall establish such controls necessary for the recording, safekeeping, maintenance and disposal of such property and stockholdings. 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 and stockholdings that shall be recorded.

Property survey boards

Rule 114.12

- 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 impairment of 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 impairment,

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 impairment.

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

ARTICLE XV - PROCUREMENT OF GOODS AND SERVICES

Regulation 15.1

The Executive Director is responsible and accountable for carrying out the procurement functions of UNFPA 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 property, including goods and services.**
- b) **The Executive Director may delegate authority, as appropriate, for such procurement functions.**

Regulation 15.2

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 115.1

- 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 subparagraph (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 policies and procedures for purposes necessary to protect the procurement principles enumerated in Regulation 5.2. 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. 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.

- iii. Shall ensure that when advice of the review committee established under the preceding provisions of this Rule is required, no commitment may be entered into before such advice is received and acted upon by the CPO. In cases where the CPO or his/her delegates decides not to accept the advice of such committee, he/she shall record the reasons for such decision.
- c) The DED-M is accountable for the contracting of individual consultants who provide 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 115.2

- 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 115.3

Consistent with the provisions contained in Regulation 15.2, above, and except as otherwise provided in Rule 115.5 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 policies and procedures 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 115.4

- a) The award of a procurement contract shall be made after due consideration has been given to the general principles described in Regulation 15.2 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 115.5, 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 115.5

- 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;

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- iv. When the proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to Rule 115.2.(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 beyond the control of UNFPA including crisis or emergency situations;
 - 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 115.6

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;
- f) terms of delivery and payment; and
- g) name and address of supplier.

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 integrity, authentication and confidentiality of the information.

Advance and progress payments

Rule - 115.7

- 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 UNFPA policies and procedures issued by the CPO, the reasons therefore shall be recorded.
- b) Progress payments may be permitted pursuant to normal commercial practice or in the interest of the organization, in accordance with UNFPA policies and procedures issued by the CPO.

Regulation 15.3

UNFPA may conduct third party procurement. Such procurement will:

- a) **be for purposes related to the UNFPA mandate and will be consistent with the aims and policies of UNFPA;**
- b) **in each case, be specified in a procurement services contract;**
- c) **be undertaken on the basis of full payment in advance of the total cost of the procurement. Exceptionally, other payment terms may be approved by the CPO; and**
- d) **include a separately identified handling fee which may be fully or partially waived in exceptional circumstances, as approved by the Executive Director.**

Regulation 15.4

Funds received by UNFPA under Regulation 15.3., shall be accounted for under other resources.

Regulation 15.5

In conformity with Executive Board decision 96/3, UNFPA may procure and hold stocks of essential goods in support of reproductive health.

Insurance of stockholdings

Rule 115.8

Stockholdings of goods under Regulation 15.5 may be held at the premises of suppliers or at alternative secure premises deemed suitable for the storage of contraceptive, medical and pharmaceutical products. In respect of stock held at supplier premises, where UNFPA has secured 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 UNFPA.

Regulation 15.6

Notwithstanding the provisions of Regulation 8.1, the CPO shall issue procedures regarding the procurement of goods and services. The services must be 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 procedures shall be drawn up in consultation with the 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 XVI - THE UNFPA ACCOUNTS

Regulation 16.1

The UNFPA Accounts shall separately identify revenue and expenses, assets and liabilities attributable to regular resources and other resources.

Regulation 16.2

Within the UNFPA accounts, 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 116.1

The level of the operational reserve, to be established at the end of each year, shall be calculated at 20% of net contribution revenue of regular resources for that year.

Regulation 16.3

Funding for all reserves shall be provided from the regular resources.

Regulation 16.4

The Executive Director shall submit financial statements annually in accordance with International Public Sector Accounting Standards.

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 Accounts shall be submitted by the Executive Director, no later than 30 April of the year following the end of each financial period, to the Board of Auditors for examination and issuance of audit opinion thereon.

The UNFPA Accounts

Rule 116.2

- a) All financial transactions will be recorded in the accounts on the basis of International Public Sector Accounting Standards.
- 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.

Financial statements of UNFPA

Rule 116.3

- 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 Board of Auditors not later than 30 April of the following year. 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 16.4:
 - i. schedule of fund balances for the regular resources and for other resources;
 - ii. schedule of unspent allocations for programme activities and for the institutional budget;
 - iii. such other statements as the Executive Director or the Executive Board require.

Rule 116.4

The financial period with respect to the annual financial statements will consist of one calendar year ended 31 December.

Disposal of records

Rule 116.5

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 16.5

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 16.6

Special accounts may be established by the Executive Director for particular purposes consistent with the policies, aims and activities of UNFPA. The purpose and limits of each special account shall be defined by the authority which established it at the time such special account is established. The balance may be brought forward to the succeeding financial period as applicable.

CHAPTER J. –AUDIT AND INVESTIGATION

ARTICLE XVII - INTERNAL AUDIT AND INVESTIGATION

Regulation 17.1

The Office of Audit and Investigation Services shall be responsible for the internal audit of UNFPA. It shall conduct independent, objective assurance and advisory activities in conformity with the International Standards for the Professional Practice of Internal Auditing. It shall assess and contribute to the improvement of governance, risk management and control processes, and report thereon. The Office of Audit and Investigation Services shall exercise operational independence in the performance of its duties.

Regulation 17.2

The Office of Audit and Investigation Services shall be responsible for assessing and investigating allegations of wrongdoing, including fraud and corruption, committed by UNFPA personnel or by others to the detriment of UNFPA. It shall also be responsible for doing same for allegations of harassment, sexual harassment, abuse of authority, and sexual exploitation.

Regulation 17.3

The purpose, authority and responsibility of the Office of Audit and Investigation Services shall be further defined in the Charter of the Office of Audit and Investigation Services.

Rule 117.1

The Office of Audit and Investigation Services shall assess the adequacy and effectiveness of governance, risk management and control processes regarding the:

- a) Reliability and integrity of financial and other information;
- b) Effectiveness and efficiency of operations;
- c) Safeguarding of assets; and
- d) Compliance with legislative mandates, regulations, rules, policies and procedures.

Rule 117.2

The Office of Audit and Investigation Services shall have unrestricted access to the organization's records, personnel and premises, as necessary, in its opinion, for the performance of its duties.

Rule 117.3

The Office of Audit and Investigation Services shall submit its results to the Executive Director, and other senior managers as appropriate. At least annually, the Director of the Office of Audit and Investigation Services shall submit a report to the Executive Board on the internal audit and investigation activities and on significant findings, providing insight into the efficient and effective utilization of resources.

Rule 117.4

In accordance with the UNFPA Oversight Policy, the Executive Director appoints the five members of the Audit Advisory Committee to serve three-year terms, renewable once. The roles and responsibilities of the Audit Advisory Committee are set forth in its terms of reference approved by the Executive Director.

ARTICLE XVIII - EXTERNAL AUDIT

Regulation 18.1

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) Implementing partners, which are organizations of the United Nations system shall transmit to the Executive Director annual accounts showing the status of funds allocated to them by the Executive Director for the implementation 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; and
- c) In submitting the above annual accounts to the Executive Board, the Executive Director shall comment on the Auditors' substantive observations and on their follow-up.

Rule 118.1

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

Regulation 18.2

- a) Except for organizations within the United Nations system and sector budget support and pooled funds, the Executive Director shall ensure that funds provided by UNFPA to implementing partners are audited in accordance with standards and criteria set by the Executive Director.
- b) In the case of sector budget support or pooled funds, resources obtained from or through UNFPA shall be audited in accordance with the audit provisions established in the agreement among the participants to, and governing, the sector budget support or pooled fund, consistent with the policies and procedures for UNFPA participation in sector budget support and pooled funds, established by the Executive Director.

Annex I

Article VII (Extracted from United Nations Regulations and Rules)

Board of Auditors

Appointment of a Board of Auditors

Regulation 7.1. The General Assembly shall appoint a Board of Auditors to perform an annual audit of the accounts of the United Nations. This board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.

Tenure of office of the members of the Board of Auditors

Regulation 7.2. The members of the Board of Auditors shall be elected by the General Assembly for a non-renewable term of office of six years' duration. The term of office shall commence on 1 July and expire on 30 June six years subsequent thereto. The term of office of one of the members shall expire every other year. Consequently, the General Assembly shall elect every two years a member to take office from 1 July of the following year.

Regulation 7.3. If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his or her own country, the member's tenure of office shall thereupon be terminated and he or she shall be succeeded as a member of the Board by his or her successor as Auditor-General. A Board member may not otherwise be removed during his or her tenure of office except by the General Assembly.

Audit standards, scope and operations

Regulation 7.4. The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.

Regulation 7.5. The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

Regulation 7.6. The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.

Regulation 7.7. The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.

Regulation 7.8. The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.

Facilities

Regulation 7.9. The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.

Regulation 7.10. For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or officer holding the equivalent title) or commercial public auditors of known repute or any other person or firm which, in the opinion of the Board, is technically qualified.

Reporting

Regulation 7.11. The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 7.5 and in the additional terms of reference.

Regulation 7.12. The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.

Annex II

Additional terms of reference governing the audit of the United Nations (Extracted from United Nations Regulations and Rules)

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

- (a) That the financial statements are in accord with the books and records of the Organization;
- (b) That, in all material respects, the transactions recorded in the financial statements conform to the authorities that govern them;
- (c) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;
- (d) That the accounting policies selected and applied are consistent with the International Public Sector Accounting Standards and are appropriate in the circumstances, and that the accounting estimates are reasonable.

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

3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his or her designated senior official) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The Board may draw the attention of the General Assembly to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit.

4. The Board of Auditors shall have no power to adjust the financial statements but shall draw to the attention of the Secretary-General, for appropriate action, any transaction concerning which it entertains doubt as to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be communicated immediately to the Secretary-General.

5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion on the financial statements of the United Nations. The opinion shall include the following basic elements:

- a) A title, an addressee and identification of the financial statements audited;
- b) A reference to the responsibility of the Secretary-General and the responsibility of the Board of Auditors;
- c) A reference to the audit standards followed;
- d) A description of the work performed;
- e) An expression of opinion on the financial statements as to whether:

- i. The financial statements present fairly, in all material respects, the financial position of the Organization as at the end of the period and the results and cash flows for the year then ended; and
 - ii. The financial statements have been properly prepared in accordance with the International Public Sector Accounting Standards and the Financial Regulations and Rules of the United Nations;
- f) An expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;
 - g) The date of the opinion;
 - h) The names and positions of the members of the Board of Auditors;
 - i) Should it be necessary, a reference to the report of the Board of Auditors on the financial statements.

6. The report of the Board of Auditors to the General Assembly should refer to:

- a) The type and scope of its examination;
- b) Matters affecting the completeness or accuracy of the accounts, including, where appropriate:
 - i. Information necessary to the correct interpretation of the accounts;
 - ii. Any amounts which ought to have been accrued but which have not been brought to account;
 - iii. Contingencies which have not been properly disclosed in the financial statements;
 - iv. Expenditures not properly substantiated;
 - v. Whether proper books of accounts have been kept, where in the presentation of statements there are deviations of a material nature from the stated accounting standards and policies these should be disclosed;
- c) Other matters which should be brought to the notice of the General Assembly, such as:
 - i. Cases of fraud or presumptive fraud;
 - ii. Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);
 - iii. Expenditure likely to commit the Organization to further outlay on a large scale;
 - iv. Any defect in the general system or controls governing receipts and disbursements or assets, including inventories and property, plant and equipment;
 - v. Expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;
 - vi. Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
 - vii. Expenditure not in conformity with the authority which governs it;
- d) The accuracy or otherwise of inventories and property, plant and equipment records as determined by stock-taking and examination of the records;
- e) If appropriate, transactions accounted for in a previous financial period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the General Assembly should have early knowledge.

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

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

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

10. The Board is not required to mention any matter referred to in the foregoing that, in its opinion, is insignificant in all respects.