



**Executive Board of the
United Nations Development
Programme, the United Nations
Population Fund and the
United Nations Office for
Project Services**

Distr.: General
12 December 2011

Original: English

First regular session 2012

1 to 3 February 2012, New York

Item 5 of the provisional agenda

UNFPA — Financial, budgetary and administrative matters

United Nations Population Fund

Revision of UNFPA Financial Regulations and Rules

Report of the Executive Director

Summary

The General Assembly, through resolution 60/283, approved the adoption of the International Public Sector Accounting Standards (IPSAS) to replace the United Nations System Accounting Standards (UNSAS). IPSAS represents international best practice in accounting for the public-sector and not-for-profit organizations. At its first regular session 2007, the Executive Board adopted decision 2007/10 which took note of the transition to IPSAS.

Under IPSAS, UNFPA will operate on a full accrual method of accounting. IPSAS will improve the quality and comparability of financial information across the United Nations system resulting in improved transparency and accountability.

Following the adoption of Executive Board decision 2009/27, effective 1 January 2010, UNFPA issued a revised set of Financial Regulations and Rules that allowed the organization to change some of its accounting policies under UNSAS and move to full IPSAS compliance in 2012.

In 2011, UNFPA participated in a joint exercise with UNDP and UNICEF to identify revisions to their regulations and rules. UNFPA identified new definitions and new regulations and rules to allow the organization to adopt in 2012 the new cost classification categories approved by the Executive Board in decision 2010/32. Additionally, UNFPA has updated the existing definitions and aligned its Financial Regulations and Rules based on the following: Executive Board decisions, terminology updates, accounting policies and business practices.

The Executive Board may wish to take note of the present report (DP/FPA/2012/3) and approve the revisions to the UNFPA Financial Regulations and take note of the changes to the Financial Rules contained therein.



I. Introduction

1. Effective 1 January 2010, UNFPA issued a revised set of its Financial Regulations and Rules that allowed the organization to change some of its accounting policies under United Nations System Accounting Standards (UNSAS) drawn from International Public Sector Accounting Standards (IPSAS) requirements and move towards full IPSAS compliance in 2012.
2. In 2011, UNFPA participated in a joint exercise with UNDP and UNICEF to identify revisions to their regulations and rules. UNFPA identified new definitions and new regulations and rules to allow the organization to adopt in 2012 the new cost classification categories approved by the Executive Board in decision 2010/32. Additionally, UNFPA has updated the existing definitions and aligned its Financial Regulations and Rules based on the following: Executive Board decisions, terminology updates, accounting policies and business practices.

II. Changes in terminology

3. Proposed revisions to the regulations and rules include changes in terminology that reflect wording used in the context of the new cost classification categories and current business practices. Effective 2012, UNFPA will use the term “institutional budget” instead of the current term “support budget”.
4. The terms “project”, “project document”, and “intercountry programme” are no longer used in the context of programming activities. UNFPA now uses the terms “programme”, “workplan”, “relevant programme document” and “global and regional programme”. The phrase “executing agency” or “executing agencies” has been deleted since UNFPA only deals with “implementing partners” in the context of programming activities. The word “gross” is no longer used in the phrase “gross appropriation” in the context of budgetary contingency provision.
5. The terms “committing officer” and “verifying officer” are no longer used in the context of the segregation of duties in approving business or financial transactions. UNFPA now uses the term “approving officer”.
6. Revisions to definitions, regulations and rules with terminology changes only are not included in this report but are contained in the annex available on the UNFPA website.

7. The following regulations and rules have only minor terminology changes pertaining to a word, words or phrasing and are not contained in the present document due to word count limitations.

Regulations	Rules
1.3	101.1(d)
4.7	
6.2, 6.4	106.1
7.3	
8.2, 8.3, 8.4, 8.6	108.4 (d(i), (ii))
9.1, 9.3, 9.4, 9.6, 9.7, 9.8, 9.9, 9.10	109.1(b),(d), 109.3
	111.2
13.4	
14.12	114.1(a)
	114.2 (a(i),(ii)), (b), (e)
	114.3(b)
	114.4(a),(b),(c)
	114.8, 114.11(b) (iii)
15.1, 15.2, 15.3	115.1(a)

III. Revisions to specific regulations and rules

8. The revisions are detailed on the following pages. For ease of reference, new text added is underlined and deleted text is marked by a strikethrough line. Where an entire regulation or rule is being deleted the current associated regulation or rule number is shown with a strikethrough. Changes in the numbering of regulations, rules, paragraphs and subparagraphs resulting from revisions, will be incorporated in the complete version following the Executive Board approval of the revisions. It should be noted that subject to Executive Board approval the effective date of the revised regulations and rules will be 2012.

IV. Recommendation

9. **The Executive Board may wish to take note of the present report (DP/FPA/2012/3) and approve the revisions to the UNFPA Financial Regulations and take note of the changes to the Financial Rules contained therein.**

Regulation 2.1:

(b) “UNOPS” shall mean the United Nations Office for Project Services, which became a separate and identifiable entity as per decision 48/501 of the United Nations General Assembly;

(d) “Executive Board” shall mean the Executive Board of UNDP and of UNFPA and UNOPS;

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

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

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

(l) “implementing partner” (also referred to as “implementing agency”) shall mean, for UNFPA project programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the entity to which the Executive Director has entrusted the implementation of UNFPA assistance 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 document programme documentation. Implementing partners shall include the following: (a) a recipient Government or Governments; (b) organizations or entities of the United Nations system, including UNFPA; (c) an intergovernmental institution or agency not part of the United Nations system; (d) a non-governmental organization; and (e) academic institutions.

Regulation 2.2:

A

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

(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 ~~support~~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 ~~support~~institutional budget against which commitments may be entered into and expenses incurred for those purposes up to the amounts so approved;

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

C

"cash equivalent" shall include 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.

"ceiling" shall mean the regular resources provided to a regional office, subregional office, country office, headquarters division or unit for the implementation of programme activities during a given period.

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

(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;~~in respect of a programming activity, or the support budget;~~

~~(iii) "contribution" shall mean cash or all resources, including in-kind resources, provided by the donor in support of the UNFPA mandate, received from a Government or intergovernmental institution; United Nations agencies; or non-governmental sources, including foundations, private sector organizations and individuals. Contributions cover programme costs as well as programme support and management and administration costs.~~

~~(iv) "contribution in cash" shall mean payment made in cash received by UNFPA;~~

~~(v) "contribution-in-kind" shall mean resources of goods, services or property received at minimal cost to the organization.the provision of goods and services including capital assets received by UNFPA.~~

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

- ~~- Project cost sharing whereby the contribution relates to a specific project;~~
- ~~- Programme cost sharing whereby the contribution relates not to a specific project but to all or several projects in a recipient country or region; and~~
- ~~- Third party cost sharing, which can be either project or programme cost sharing, whereby the contribution is paid by one or more entities other than the recipient Government.~~

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

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

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

D

"development activities" shall mean 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 associated costs traced to specific programme components or projects, which contribute to delivery of development results contained in country/regional/global programme documents or other programming arrangements;
- (b) "development effectiveness": category of costs of 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.

E

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

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

G

"global and regional programme" shall mean the programme of UNFPA assistance on a global and regional level.

I

~~(i) "implementation" shall mean:~~

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

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

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

~~(iii) "indirect costs" shall mean the expenses incurred by UNFPA as a result of the management and administration of programme activities and funds funded from other resources.~~

~~"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.~~

M

~~"management" shall mean activities and associated 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.~~

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

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

N

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

Q

(i) "obligation" shall mean an engagement, such as a contract, agreement or undertaking that has been entered into, involving a liability against the resources of the current year in respect of a programme activity, or of the current budget period in respect of the support institutional budget.

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

P

~~(ii) "programme" within the context of the form of the presentation of the support budgets shall mean the direct inputs needed to achieve the goals of a specific project or programme for development cooperation. This may typically include experts, support personnel, supplies, property, plant and equipment, subcontracts, cash assistance and individual or group training; 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 assessments, planning, programming and implementation, monitoring and evaluation of UNFPA assistance through country, global and regional and interregional programmes; ~~projects and shall be distinguished from activities of a programme support and management and administration nature;~~~~

"programme documentation" shall mean the formal documents, including revisions thereof, covering the agreed arrangements for the implementation of a programme. It shall also include other instruments to define the particulars of such implementation and the respective responsibilities of the parties involved.

~~(iv) "programme support" shall mean organizational units whose primary function is the development, formulation, delivery and evaluation of UNFPA's programmes. This would include units that provide backstopping of programmes either on a technical, thematic, geographic, logistical or administrative basis;~~

~~(v) "project" shall mean a separately identified undertaking relating to matters assisted by UNFPA in accordance with its mandate that forms part of a country or inter-country programme, unless it is a stand-alone project;~~

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

R

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

S

"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) "support budget" shall cover the budget for one or more years for the costs of programme support and management and administration services of UNFPA.~~

T

(i) "Trust Fund" (also known as "co-financing") shall mean a fund or funds accepted by UNFPA under the terms of these Financial Regulations and Rules to finance activities specified by the contributor, a resource mobilization modality through which contributions may be received in support of specified purposes which activities must be consistent with the policies, aims and activities of UNFPA. These contributions shall be considered in addition to the regular resources available for programmes.

U

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

~~(ii) "UNFPA Account" shall mean the Account established for the purpose of accounting for all revenue to UNFPA, but excluding funds of Trust Funds established by the Executive Board or the Executive Director;~~

“UNFPA Accounts” shall mean the set of accounting records established to record and report on the financial transactions of UNFPA.

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

V

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

W

“workplan” shall mean the formal document (in a standard format) signed by the implementing partner(s) and UNFPA which reflects detailed activities and 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.

~~Regulation 4.3: Voluntary contributions may be pledged either on for an annual or multi-year basisperiod.~~

~~Regulation 4.8: (b) Contributions in cash towards the costs of UNFPA country offices shall be credited to included in the supportinstitutional budget of UNFPA.~~

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

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

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

~~(a) Contributions would be denominated for accounting purposes in United States dollars; however, UNFPA would accept payment in the local currency of a recipient Government to the extent that such currency could be used to meet project expense requirements;~~

~~(b) Contributions would be paid pursuant to a written agreement made between the contributor and UNFPA. Such agreement would specify that the contributions should be fully funded in advance of the implementation of planned activities. All third-party contributions would be accepted subject to the agreement of the recipient Government.~~

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

Rule 104.2

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

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

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

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

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

~~**Regulation 4.14: All revenue to UNFPA shall be classified as miscellaneous revenue, except:**~~

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

~~(b) Interest revenue;~~

~~(c) Direct refunds of expenses in respect of projects during the approved duration of a project, i.e., before the final allocation for UNFPA assistance to a project is made;~~

~~(d) Direct refunds of expenses in respect of the support budget during the current budget period;~~

~~(e) — Advances or deposits to Trust Funds;~~

~~(f) — Revenue derived from the Staff Assessment Plan; and~~

~~(g) — Amounts otherwise designated to be credited to the support budget, including, inter alia, revenue derived from recovery of indirect costs and net revenue relating to procurement services provided to third parties.~~

Regulation 4.15: Interest or investment revenue with respect to Special Accounts and other resources including Trust Funds shall be retained and form part of regular resources unless otherwise authorized by the Executive Director.

Rule 104.3

~~(a) Refunds of expenses financed from a given support budget, including refunds obtained as proceeds of the sale of assets, shall be credited to the accounts originally charged if received in the same financial period. Refunds subsequently received shall be credited to miscellaneous revenue.~~

~~(b) Refunds of project expenses prior to the completion of programme activities during the life of a project, i.e., before the project is financially closed, including refunds obtained as proceeds of the including gains from the sale of assets relating to that project programme, shall be credited to the project programme activities account originally charged. Refunds subsequently received shall be credited to miscellaneous revenue regular resources.~~

Regulation 4.16: Miscellaneous revenue shall be credited to the UNFPA Account, as in Regulation 2.2 U(ii), regular resources or to other funds administered by UNFPA to which the revenue accrued or from which it was derived the Trust Fund to which it relates.

Rule 104.4

Miscellaneous revenue attributable to UNFPA programme activities which accrues to the accounts of an ~~executing agency or implementing partner, if any,~~ subsequent to the completion of programme activities shall be reported to UNFPA by the implementing partner and will be attributed at the end of each financial year to the UNFPA Account to the regular resources or to the Trust Fund account to which it relates.

Regulation 5.4: Funds received by UNFPA under Regulation 14.7/14.9 for procurement of supplies, equipment and services on behalf and at the request of Governments, specialized agencies or other intergovernmental or non-governmental organizations shall be treated as Trust Funds separately accounted for. The revenue relating to procurement services provided to third parties shall also be used to meet the cost of these services.

Regulation 5.6: The Executive Director shall require reimbursement of indirect costs up to the rates authorized by the Executive Board at the prevailing rates.

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, ~~including interest received~~, and total expenses incurred during the year, as well as the balance remaining at the end of the year.

Rule 105.3

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

Rule 105.4

Any ~~unexpended~~ unspent funds remaining after formal closing of the relevant Trust Fund accounts shall be ~~disposed of~~ dealt with by UNFPA in agreement with the donor ~~or donors~~.

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

Rule 108.2

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

(a) Country programmes, ~~intercountry programmes and other comprehensive and global and regional programmes~~;

(b) ~~Individual projects~~ Total annual workplans not part of a programme in the amount of \$~~1-2~~ million or more of regular resources;

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

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

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

(f) Any other ~~project or type of project~~ 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.

Rule 108.3

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

Rule 108.4

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

(b) The project document 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 the recipient Government(s) or party(s) through the executing agency and/or the implementing partner(s), if any, where applicable and subject to (i) the availability of the necessary funds to UNFPA and (ii) the implementing partner's compliance with its undertaking and commitments as set out in the project document relevant programme documentation, the inputs making up the UNFPA assistance described in the project document. It shall serve as the official control document for the project.

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

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

Regulation 8.5: Arrangements for the establishment and financing of a project programme activities shall be contained in the relevant programme documentation. subject to the written agreement of the requesting party(s) and UNFPA. Arrangements for project implementation shall be subject to the written agreement of the requesting party(s), the executing agency or, under the harmonized operational modalities, the implementing partner, where appropriate, and UNFPA. Details of such arrangements shall be specified in the project document which shall also contain such provisions of a general nature as may be deemed necessary to ensure the satisfactory implementation of the project.

Rule 108.5

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

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

Regulation 8.8: *The Executive Director may reimburse ~~executing agencies or, under the harmonized operational modalities, implementing partners, as defined in regulations 2.1(I) and (J)~~ for their indirect support costs up to levels determined by the Executive Board in accordance with prevailing rates.*

Rule 108.6

No ~~indirect~~support costs shall be reimbursable to a Government.

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

Rule 108.7

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

- (b) (i) terminate the UNFPA assistance ~~to the project~~; or
- (ii) with the government's concurrence entrust it to another ~~executing agency or implementing partner~~.

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

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

(ii) a prorata share of the ~~indirect~~support costs allowable for the ~~project~~as per the workplan, corresponding to the ~~proportionate~~ amount that had been ~~expended~~spent on the project ~~on up to~~ the date of termination in relation to the total UNFPA allocation. ~~for the project as determined in the project document.~~

Regulation 8.10: ~~Approval of UNFPA's assistance to a project becomes effective upon signature of the relevant programme documentation, project document by the Government or Governments and UNFPA and, where appropriate, by an executing agency or, under the harmonized operational modalities, implementing partner, or other party selected under regulation 8.7 above.~~

Rule 109.1

(a) The proposed ~~support~~institutional budget, both for revenue and for expenses, shall be prepared in accordance with the ~~guidelines contained in document DP/1997/2, "Harmonization of Budgets: UNDP, UNFPA and UNICEF" and any revisions thereto~~ the form adopted by the Executive Board in decisions on the harmonization of budget presentations.

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

Regulation 9.2: ~~The support~~institutional budget shall cover ~~proposed commitments, expenses~~disbursements and staff entitlements ~~and anticipated revenue related to the support budget~~period and shall be presented in United States dollars.

Rule 109.2

The Director, Division for Management Services, shall issue ~~annual~~ guidelines concerning ~~budget allotments and expenses to implement the institutional budget.~~

~~**Regulation 10.1:** The project budget concerning UNFPA's assistance to a project, as contained in an approved project document, shall constitute the allocation of funds by the Executive Director to the executing agency or, under the harmonized operational modalities, implementing partner, to implement UNFPA's assistance to the project. For the purposes of regulation 10.2 below, the project budget shall be presented in annual segments.~~

~~**Regulation 10.2:** Budgets issued by the Executive Director which authorizes the incurring of expenses and the entering into of commitments, 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, for the current year and on commitments for future years in connation with UNFPA's assistance to the project for which the budget was given.~~

Regulation 10.3: Budgets shall be available for expenses and for commitment for the duration of the project to which they relate. Following project financial completion of the workplan activities, the balance of the unspent funds shall revert to the UNFPA Account/account from which the resources originated or the UNFPA regular resources.

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

Rule 110.1

(a) The Executive Director may approve ~~budgets~~resources on either an annual or multi-year basis, in accordance with the strategic plan and other relevant programme documentation, to cover programme expenses and commitments and their revisions, that ~~may be incurred with respect to country and intercountry projects financed from the UNFPA Account.~~ Such ~~budgets~~resources shall in each case be subject to the availability of funds.

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

(i) ~~revisions for the purpose of reflecting changes in the rate of actual expenses on a project, with a consequent rephasing of inputs to the project from one year to another; or~~

(ii) ~~revisions made following completion of a project in accordance with Regulation 10.3.~~

(c) The Executive Director shall monitor closely the need for such revisions in consultation with the ~~executing agency and/or~~ implementing partner (if any) and the recipient Government., ~~and,~~ Subject to the overall limits set out in the strategic plan, the Executive Director may change the ceilings shall give effect to such changes in budgets as may be necessary in order to ensure the optimum utilization of all resources available to UNFPA.

Rule 110.2

(a) The ~~executing agency and/or~~ implementing partner, ~~if any,~~ responsible for ~~carrying out a project~~ shall complete all programme activities as agreed to and within the time frame of the workplan, notify the Executive Director when it considers that all operational activity connected with a project has been completed or ceased and that the project should be wound up. 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) ~~A project which has been operationally completed, or terminated, and for which all financial transactions have been recorded and the project accounts closed shall be considered financially completed. 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 of a project shall be accomplished within 12 months after the month/year in which it is operationally completed or terminated.~~

Rule 110.3

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

(b) ~~Unforeseen disbursements or refunds in respect of financially completed projects/programme activities shall be charged/credited to the UNFPA Account under Miscellaneous Revenue or to other funds administered by UNFPA from which the disbursement/refund derived/the Trust Fund to which it relates otherwise to regular resources.~~

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

~~**Regulation 10.5:** *The final budget for UNFPA assistance to a project made under the provisions of Regulation 10.3 above shall remain available for the period of time required to discharge any outstanding commitments of the project. When all commitments against the budget have been discharged, any balance of funds advanced shall be reimbursed to UNFPA.*~~

~~**Regulation 11.1:** *Appropriations for the support/institutional budget approved by the Executive Board shall constitute an authorization to the Executive Director to enter into commitments and incur expenses and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.*~~

Rule 111.1

(a) Subject to the provisions in Regulation 9.8, the Director, Division for Management Services, shall be responsible for ensuring that all ~~expenses/payments~~ and commitments relating to the ~~support-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 ~~main objects of expenses/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 office may transfer between allotments between expenses categories, except with his/her written can be made without the approval of the Director, Division for Management Services.~~

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

Regulation 11.2: *Appropriations for the support institutional budget shall be available for commitments and expenses disbursements during the budget period to which they relate.*

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

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

~~**Regulation 11.5:** *Transfers between the appropriation lines 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, specifically decide with the concurrence of the Advisory Committee.*~~

~~**Regulation 12.1:** *There shall be established a UNFPA Account to which all of the revenue to UNFPA derived from the sources specified in Article IV and receivable in cash shall be credited and against which all expenses on behalf of UNFPA shall be charged, except for revenue and expenses in respect of Trust Funds administered by UNFPA. The UNFPA Accounts shall separately identify revenue and expenses, assets and liabilities attributable to regular resources, trust funds and procurement activities.*~~

~~**Regulation 12.2:** *Within the UNFPA Account Accounts, the following reserves shall be established at levels set by the Executive Board:*~~

Rule 112.1

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

~~**Regulation 12.3:** *Separate accounts shall be maintained for all reserves within the UNFPA Account and for each Trust Fund administered by UNFPA.*~~

Regulation 12.4: ~~Working capital~~ Funding for all reserves shall be provided from the cash resources of the UNFPA Account ~~the regular resources.~~

Rule 113.4

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

Regulation 13.6: *Revenue derived from placement of funds shall be credited to the UNFPA Account, regular resources, unless otherwise authorized by the Executive Director.*

Regulation 14.2: *There shall be a separation of duties as defined by in accordance with the UNFPA Internal Control Framework document.*

Rule 114.2

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

Rule 114.4

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

Regulation 14.4: *Expenses for the current year and commitments for future years shall be incurred and entered into, respectively, only after ~~budgets~~ resources for programme activities, allotments in respect of the ~~support~~ institutional budget or other appropriate authorizations have been made in writing under the authority of the Executive Director.*

Rule 114.10

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

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

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

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

The amount authorized for waiver ~~of~~ by Division for Management Services review of proposed investigation and write-off is \$2,500 or less.

(e) The Executive Director shall issue fraud prevention policies.

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

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

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

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

Rule 114.11

(b) (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 acted upon by the CPO. In cases where the CPO or his/her delegate decides not to accept the advice of such committee, he/she shall record the reason for such decision.

Rule 114.15

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

(viii) When there is genuine exigency for the requirement beyond the control of UNFPA;

Rule 114.19

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

Internal audit and evaluation

Regulation 14.xx: In accordance with the UNFPA Oversight Policy, approved by the Executive Board, the roles and responsibilities of the Division for Oversight Services (DOS) are set forth in its charter approved by the Executive Director. The oversight services provided by DOS cover internal auditing, fraud prevention and detection, investigation, evaluation and advisory services. The Director of the Division for Oversight Services reports on internal audit and oversight activities annually and on evaluation activities biennially to the Executive Board at its annual session. The Division for Oversight Services solely performs, manages, or authorizes others to perform or manage independent oversight services.

Rule 114.20

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.

[N.B. It should be noted that current Rule 114.20 is being deleted in its entirety.]

Rule 115.1

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

Rule 116.1

~~(a) All financial transactions shall be recorded in the accounts on the basis of United Nations System Accounting Standards. Starting in 2012 All financial transactions will be recorded in the accounts on the basis of International Public Sector Accounting Standards.~~

~~(e) Upon the closing of the accounts at the end of a financial year the Executive Director shall cause a revaluation to be made of cash balances and other assets and liabilities held in currencies other than U.S. dollars based on the United Nations operational rate of exchange on 1st January of the year following the date of closing.~~

Rule 116.2

(b) The Executive Director shall sign the financial statements following certification and submit them to the United Nations Board of External Auditors not later than 30 April of the year following ~~year~~~~the end of the 2010-2011 biennium~~. Effective with the year 2012 financial statements, and every year thereafter, financial statements will be submitted 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 16.1:

- (i) ~~statements~~schedule of fund balances for the UNFPA ~~account~~regular resources and for any Trust Funds ~~and special accounts~~;
- (ii) ~~statements~~schedule of unspent allocations for programme activities and ~~commitments off~~the supportinstitutional budget;
- (iii) such other statements as the Executive Director or the Executive Board require; ~~and~~;
- (iv) ~~supporting schedules, which shall include:~~
 - (aa) a summary of investments;
 - (bb) a summary of miscellaneous revenue; and
 - (cc) ~~such other schedules as the Executive Director may require.~~

Rule 116.x

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

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

~~(b) *Executing agencies or, under the harmonized operational modalities, implementing partners, which are organizations of the United Nations system shall transmit to the Executive Director for submission to the Executive Board biennial accounts showing the status of funds allocated to them by the Executive Director for the execution of UNFPA activities. Effective from their submissions for the year 2012 executing agencies or, under the harmonized operational modalities, implementing*~~Implementing partners, which are organizations of the United Nations system shall transmit to the Executive Director for submission to the Executive Board annual accounts showing the status of funds allocated to them by the Executive Director for the ~~execution~~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;

(c) In submitting the above ~~biennial~~ accounts to the Executive Board, the Executive Director shall comment on the Auditors' substantive observations and on their follow-up.

~~Regulation 17.2 (a) The Executive Director shall ensure that, except for organizations of the United Nations system, executing agencies or, under the harmonized operational modalities, implementing partners, shall require their auditors to follow, to the extent feasible, the audit principles and procedures prescribed for the United Nations with respect to funds obtained from or through UNFPA, and shall ensure that each project is audited periodically as required by the Executive Director, but at least once in its lifetime, except in the case of sector budget support and pooled funds. 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.~~