

AMENDMENTS TO IARC FINANCIAL REGULATIONS AND IARC STATUTE

1. As already announced to the Governing Council in May 2008 and in May 2009, and as mentioned in the Biennial Financial Report for 2008–2009 (Document GC/52/10) as well as in the Director's Report presented in 2010 (see paragraph 27 and Annex 1 of document GC/52/3), IARC and WHO have been gradually implementing the International Public Sector Accounting Standards (IPSAS), as part of a United Nations System-wide effort. The aim is for IARC to become compliant with these new accounting standards during the biennium 2010–2011. IPSAS compliant Annual Financial Reports will be issued as of 2012.

2. As per IPSAS 6 on Consolidated and Separate Financial Statements, IARC is not considered a "WHO controlled entity". Accordingly, WHO no longer shows IARC's accounts as a "trust fund" in WHO's financial statements. Other former WHO "trust funds" (e.g. UNAIDS, The Global Fund, UNITAID) are no longer shown either. The decision by WHO Headquarters was subsequently confirmed by the External Auditors of WHO in 2008. IARC remains part of WHO and its legal status is unchanged. However, the IARC Statute and Financial Regulations need to be amended in order to reflect the new situation.

3. The following sentence, that is proposed for deletion, appears in both the IARC Statute (Article VIII.8) and IARC Financial Regulations (Article 2.1):

"The funds and assets of the Agency shall be treated as trust funds under Regulation IX (9.1 and 9.2) of the Financial Regulations of the World Health Organization."

4. The amendment of the relevant paragraphs of the Statute and of the Financial Regulations, requires two separate procedures:

- *Amendment of the Financial Regulations (Article 2.1)*

As per Article VII (7.1) of IARC Financial Regulations, the Regulations "may be amended only by the Governing Council", i.e. any amendment requires only a decision of the Governing Council to be promulgated.

- *Amendment of Article VIII (paragraph 8) of the Statute*

As per Article X of the Statute, amendments to the Statute "shall come into force when adopted by the Governing Council by a two-thirds majority of its members who are representatives of Participating States and accepted by the World Health Assembly." As a result, an amendment to the Statute adopted by the Governing Council takes effect when it has been accepted by the World Health Assembly.

5. The Governing Council is requested to amend the Financial Regulations as follows:

- *Amendment of the Financial Regulations (Article 2.1):*

The sentence "The funds and assets of the Agency shall be treated as trust funds under Regulation IX (9.1 and 9.2) of the Financial Regulations of the World Health Organization." should be deleted.

The proposed revised Article 2.1 would read: "The Financial Regulations of the World Health Organization shall govern the financial policies, practices and administration of the Agency except as provided in the Statute and in the following Articles."

6. The Governing Council is requested to amend the Statute of the Agency as follows:

- *Amendment of Article VIII (paragraph 8) of the Statute:*

The sentence "The funds and assets of the Agency shall be treated as trust funds under Regulation IX (9.1 and 9.2) of the Financial Regulations of the World Health Organization." should be deleted.

The proposed revised Article VIII (paragraph 8) would read: "The funds and assets of the Agency shall be accounted for separately from the funds and assets of the World Health Organization and administered in accordance with the financial regulations adopted by the Governing Council."

7. If the amendment to Article VIII (paragraph 8) of the Statute is adopted by the Governing Council, it will be submitted to the World Health Assembly for acceptance at its 64th Session in May 2011.