REFERENCES

The ICPO INTERPOL Constitution (Articles 38, 39 and 40) and General Regulations (Articles 51 and 52).

The Financial Regulations adopted by the General Assembly at its 59th session (Ottawa, 1990 – Resolution AGN/59/RES/4), which came into force on 1 January 1991. These Regulations were amended as follows:

- By Resolution AGN/61/RES/2 adopted at the 61st General Assembly session (Dakar, 1992). Date of entry into force of these amendments: 1 January 1993.

- By Resolution AGN/63/RES/2 adopted at the 63rd General Assembly session (Rome, 1994). Date of entry into force of these amendments: 1 January 1995.

- By Resolution AGN/65/RES/23, adopted at the 65th General Assembly session (Antalya, 1996). Date of entry into force of these amendments: 1 July 1997.

- By Resolution AGN/67/RES/15 adopted at the 67th General Assembly session (Cairo, 1998). Date of entry into force of these amendments: 1 January 1999.

- By Resolution AG-2001-RES-01 adopted at the 70th General Assembly session (Budapest, 2001). Date of entry into force of these amendments: 1 January 2002.

- By Resolution AG-2002-RES-15 adopted at the 71st General Assembly session (Yaoundé, 2002). Date of entry into force of these amendments: 1 January 2003. Prior to this, a set of Implementing Rules had been adopted by the Executive Committee at its 133rd session (18 – 20 June 2002). The Implementing Rules are incorporated in the Financial Regulations in the form of rules (in the grey sections of the text).

- By Resolution AG-2003-RES-01 adopted at the 72nd General Assembly (Benidorm, 2003). Date of entry into force of these amendments: 2 October 2003.

- By Resolution AG-2004-RES-03 adopted at the 73rd General Assembly (Cancún, 2004). Date of entry into force of these amendments: 1 January 2005.

- By decision No. 4 adopted by the Executive Committee at its 146th session (Lyon, 7-9 June 2005). Date of entry into force of the amendment concerning Implementing Rule 119.2/2 (depreciation provisions): 1 January 2006.

- By Resolution AG-2006-RES-15 adopted at the 75th General Assembly (Rio de Janeiro, 2006). Date of entry into force of these amendments: 1 January 2007. Prior to this, the Implementing Rules had been revised by the Executive Committee at its 150th session (Lyon, 30 May – 2 June 2006) and adopted by decision No. 1. Date of entry into force of the amendments concerning the Implementing Rules: 1 January 2007.

- By Decision No. 6 taken by the Executive Committee at its 158th session (Lyon, 24-26 June 2008). Date of entry into force of the amendment of Implementing Rule 3.7.1 concerning the conditions for the acceptance of donations and sponsorship: 1 July 2008.

- By Resolution AG-2008-RES-12 adopted at the 77th General Assembly (St Petersburg, 2008). Date of entry into force of the amendments: 1 January 2009.

- By Decision No. 1 taken by the Executive Committee at its 179th session (Cartagena de Indias, 19-20 October 2013). Date of entry into force of amendments to Implementing Rules 4.4.1 to 4.4.8 concerning procurement thresholds: 1 November 2013.

The Regulations, as amended, replace those which were adopted by the General Assembly at its 54th session (Washington, D.C., 1985) and which came into force on 1 January 1986.

CONTENTS

CHAPTER 1: GENERAL PROVISIONS 7
SECTION 1: APPLICABILITY AND GENERAL PRINCIPLES 7
Regulation 1.1: Applicability 7
Rule 1.1.1: Implementing rules 7
Regulation 1.2: General principles 7
SECTION 2: AUTHORITY AND RESPONSIBILITY 7
Regulation 1.3: Authority of the Secretary General 7
Regulation 1.4: Delegation of financial powers 7
Rule 1.4.1: General provisions on delegation of financial powers 7
Rule 1.4.2 Participation of staff members 8
Regulation 1.5: Responsibility 8
SECTION 3: DEFINITIONS 8
Regulation 1.6: Definitions 8

CHAPTER 2: BUDGET 8
SECTION 1: FINANCIAL PERIOD 8
Regulation 2.1: Financial period 8
SECTION 2: BUDGET DOCUMENT 8
Regulation 2.2: Distribution of income and expenditure 8
Regulation 2.3: Content of the budget document 8
SECTION 3: PREPARATION AND APPROVAL OF THE BUDGET 8
Regulation 2.4: Preparation of the draft budget 8
Regulation 2.5: Non-allocation 9
Regulation 2.6: Non-offsetting 9
Regulation 2.7: Approval of the draft budget 9

CHAPTER 3: IMPLEMENTATION OF THE BUDGET 9
SECTION 1: IMPLEMENTING PRINCIPLES 9
Regulation 3.1: Authorizing and accounting functions 9
SECTION 2: INCOME 9
Regulation 3.2: Statutory contributions 9
Regulation 3.3: Payment of statutory contributions 10
Regulation 3.4: Rescheduling of arrears 10

Regulation 3.5: Cancellation of arrears 10
Regulation 3.6: Recovery of other income 11
Rule 3.6.1: Recovery of other income 11
Regulation 3.7: Acceptance of donations and sponsorship 11
Rule 3.7.1: Conditions for the acceptance of donations and sponsorship 11
Regulation 3.8: Authorization to negotiate and conclude loan agreements 12
SECTION 3: BANK ACCOUNTS AND INVESTMENTS 12
Regulation 3.9: Bank accounts 12
Regulation 3.10: Deposits and investments 12
SECTION 4: TRANSFERS OF APPROPRIATIONS 12
Regulation 3.11: Transfers of appropriations 12
Rule 3.11.1: Exception to Executive Committee authorization 12
SECTION 5: EXPENDITURE 12
Regulation 3.12: Limit to expenditure commitments 12
Regulation 3.13: Expenditure commitments in excess of appropriations 13
Rule 3.13.1: Exceptions to Executive Committee authorization 13
Regulation 3.14: Multiyear commitments 13
Rule 3.14.1: Expected commitments 13
Regulation 3.15: Extra-Budgetary expenditure and Ex Gratia payments 13
Regulation 3.16: Cover of deficits and allocation of surpluses 13

CHAPTER 4: PROCUREMENT 13
SECTION 1: PROCUREMENT PROCEDURES AND PRINCIPLES 13
Regulation 4.1: Procurement procedures 13
Rule 4.1.1: Exceptions to procurement procedures 14
Regulation 4.2: Procurement principles 14
Regulation 4.3: Authority for signing contracts 14
Rule 4.3.1: Executive Committee authorization for signing contracts 14
SECTION 2: SCOPE OF APPLICATION OF THE PROCEDURES 14
Regulation 4.4: Scope of application of the procedures 14
Rule 4.4.1: Application of the open call for tenders' procedure 14
Rule 4.4.2: Application of the limited competition procedure 14
Rule 4.4.3: Application of the direct negotiation procedure 15
Rule 4.4.4: Works 15
Rule 4.4.5: Open call for tenders' procedure 15
Rule 4.4.6: Limited competition procedure 16
Rule 4.4.7: Direct negotiation procedure 16

SECTION 3: PROCUREMENT COMMITTEE 16
Regulation 4.5: Procurement Committee 16

CHAPTER 5: ACCOUNTS AND MANAGEMENT OF ASSETS 17
SECTION 1: ACCOUNTING SYSTEM 17
Regulation 5.1: Accounting principles 17
Regulation 5.2: Accounting standards 17
Regulation 5.3: Accounting system 17
SECTION 2: FINANCIAL DOCUMENTS 17
Regulation 5.4: Closure of accounts 17
Regulation 5.5: Financial statements 17
Regulation 5.6: Reporting 17
SECTION 3: MANAGEMENT OF ASSETS 17
Regulation 5.7: Management of assets 17

CHAPTER 6: FUNDS 17
SECTION 1: MANAGEMENT PRINCIPLES 17
Regulation 6.1: Management of Funds 17
Regulation 6.2: Creation of Funds 18
SECTION 2: STATUTORY FUNDS 18
Regulation 6.3: General Reserve Fund 18
Regulation 6.4: Capital Investment Fund 18

CHAPTER 7: AUDIT 18
Regulation 7.1: Duty to report 18
SECTION 1: INTERNAL AUDIT 18
Regulation 7.2: Internal audit 18
Regulation 7.3: Scope of the internal audit 19
SECTION 2: EXTERNAL AUDIT 19
Regulation 7.4: External auditors 19
Regulation 7.5: Scope of external audit 19
Regulation 7.6: Independence and access to information 19
Regulation 7.7: Audit report 19
Regulation 7.8: Approval of financial statements and discharge 19

CHAPTER 8: FINAL PROVISIONS 20

Regulation 8.1: Amendments and derogations 20

Regulation 8.2: Interpretation 20

Regulation 8.3: Adjustment of thresholds 20

APPENDIX 1: WORKING DEFINITIONS 20

APPENDIX 2: SUPPLEMENTARY TERMS OF REFERENCE OF THE EXTERNAL AUDITORS 22

CHAPTER 1: GENERAL PROVISIONS

SECTION 1: APPLICABILITY AND GENERAL PRINCIPLES

Regulation 1.1: Applicability

(1) The finances of the ICPO-INTERPOL are governed by the Organization's Constitution, its General Regulations, the present Financial Regulations, which are an Appendix of the General Regulations, and any other financial provisions adopted in application of these texts.

(2) All operational sub-structures, wherever located, are integral parts of the General Secretariat. They are therefore subject to the above mentioned texts, including any specific provisions contained therein.

Rule 1.1.1: Implementing rules

The present Implementing Rules are adopted in accordance with the provisions of the Financial Regulations.

Regulation 1.2: General principles

(1) The Secretary General shall administer the finances of the Organization in accordance with the principles of sound financial management, and in particular those of economy and cost-effectiveness.

(2) The Secretary General shall ensure that documents on the accounts, finances, and assets of the Organization, as well as their supporting vouchers, are preserved for at least five years following the approval of the related financial statements by the General Assembly. Detailed provisions concerning the preservation of these documents and responsibilities of staff members concerned shall be established under Financial Directives.

(3) The budget and the financial documents shall be established in euro.

SECTION 2: AUTHORITY AND RESPONSIBILITY

Regulation 1.3: Authority of the Secretary General

(1) The Secretary General shall have the authority and responsibility for the administration of the budget.

(2) The Secretary General shall decide on the methods and procedures required to manage the Organization's resources.

(3) The Secretary General shall issue any Financial Directives required by the present Regulations and the Implementing Rules, or that he considers necessary to complete or construe these texts.

Regulation 1.4: Delegation of financial powers

(1) In application of Article 45 of the General Regulations, if the Secretary General is unable to carry out his duties, his financial powers shall be exercised in the interim by the highest-ranking staff member in the General Secretariat, provided the Executive Committee has no objection.

(2) Moreover, the Secretary General may delegate to any staff member such of his powers as he considers necessary for the effective financial administration of the Organization.

(3) The system for the exercise of delegated financial powers implemented by the Secretary General shall comply with general provisions laid down in Implementing Rules.

Rule 1.4.1: General provisions on delegation of financial powers

(1) All financial powers are exercised within the limits laid down in the Financial Regulations and/or in the present Rules.

(2) Delegation holders shall exercise their authority in the name of the Secretary General.

(3) Financial powers are delegated in conformity with the principle of separation and incompatibility between authorizing and accounting functions.

(4) Copies of the delegations of powers, accompanied by specimens of the signatures of the delegation holders, and cancellations of delegations of powers, shall be communicated according to specific procedures established by the Secretary General.

(5) The continuity of financial powers must be maintained in the absence of the delegation holders.

(6) The staff member in charge of the internal audit department shall only have delegation for committing expenditure required to carry out his audit activities.

Rule 1.4.2 Participation of staff members

Staff members shall have clearly defined roles in the execution of financial processes.

Regulation 1.5: Responsibility

All staff members have the responsibility to comply, in the course of their duties, with the Financial Regulations, Implementing Rules, and Financial Directives. Any staff member acting in contravention to these texts may be subject to the application procedures provided for in the Staff Manual.

SECTION 3: DEFINITIONS

Regulation 1.6: Definitions

For the purpose of the present Financial Regulations, Implementing Rules, and Financial Directives, the definitions laid down in Appendix 1 to the present regulations shall apply.

CHAPTER 2: BUDGET

SECTION 1: FINANCIAL PERIOD

Regulation 2.1: Financial period

The financial period shall run from 1 January to 31 December.

SECTION 2: BUDGET DOCUMENT

Regulation 2.2: Distribution of income and expenditure

(1) Income shall be itemized by source and expenditure by nature and purpose and, where appropriate, by project, according to a nomenclature established by the Secretary General.

(2) **Itemizing by purpose shall be linked to the Organization's Core Functions.**

Regulation 2.3: Content of the budget document

(1) The budget document shall consist of any information, annexes, and explanatory statements relating to the general budget, specific budgets, and to other accumulated financial resources and liabilities, which are required for informed decision-making by the General Assembly and Executive Committee.

(2) The document relating to the general budget shall consist at least of the following:

(a) general policy statement on the objectives to be achieved with the budget, according to the programme of activities for the financial period.

(b) the economic assumptions on which the budget is based, financial explanations on income, expenditure and Funds, distinguishing in each case between the costs of existing services, adjusted by the rate of inflation, and the costs of proposed new services, together with their effect on the budget,

(c) a table of budgeted total income and expenditure, as well as financing and sequestering operations in relation to Funds, including comparative data on the implementation of the budget for the current and preceding financial periods.

(3) When appropriate, the essential elements mentioned under paragraph (2) above shall be the subject of an on-going, indicative forecast covering two financial periods. This forecast shall be attached to the general budget and submitted for information to the General Assembly. It shall be revised each year, as necessary.

(4) The document relating to the specific budgets shall consist at least of the table mentioned in paragraph (2,c) above.

SECTION 3: PREPARATION AND APPROVAL OF THE BUDGET

Regulation 2.4: Preparation of the draft budget

(1) The Executive Committee shall give the Secretary General directives for drawing up the draft budget for the following financial period. These directives shall include:

(a) the total budget needed for the Organization to achieve its objectives,

(b) the evolution rates for expenditure in the light of the Programme of Activities and the cost of living, and

(c) any other parameters that the Executive Committee considers advisable to specify.

(2) The draft budget shall be prepared by the Secretary General following the format and content set forth in Regulation 2.3. Any modification from one period to another shall be duly explained.

(3) After approval by the Executive Committee, the draft budget shall be circulated to the Organization's Members within the time limit specified in Article 13 of the General Regulations.

(4) Should the estimates contained in the draft budget need further revision after its approval by the Executive Committee, the Secretary General may submit a revised draft budget, according to the procedure described above.

Regulation 2.5: Non-allocation

(1) The draft budget shall balance, with total income covering total expenditure. Therefore, income may not be allocated to cover specific items of expenditure.

(2) Notwithstanding the present Regulation, certain income is allocated, in particular:

(a) indemnities and penalties received by the Organization;

(b) reimbursement during the financial period of costs or payments made in error;

(c) income from the payment of a service carried out by an staff member of the Organization on the instructions of the Secretary General or with his approval;

(d) transfers to Funds;

(e) tax reimbursements, including refund of taxes incorporated in the price of the goods or services recovered by the Organization;

(f) internal tax.

Regulation 2.6: Non-offsetting

(1) Offsetting income against expenditure in the draft budget is forbidden.

(2) Notwithstanding the present Regulation, reductions, discounts, and rebates may be deducted from bills, invoices, or statements, which shall then be recorded of the net amount.

(3) Unless it is established in advance that the Organization cannot be reimbursed of indirect taxes included in the price of goods sold or services rendered, such taxes may be deducted from bills, invoices, or statements, which shall then be recorded at the net amount.

Regulation 2.7: Approval of the draft budget

Following proposals from the Executive Committee, the General Assembly shall approve the draft budget. It may introduce changes as necessary.

CHAPTER 3: IMPLEMENTATION OF THE BUDGET

SECTION 1: IMPLEMENTING PRINCIPLES

Regulation 3.1: Authorizing and accounting functions

(1) As far as implementation of the budget is concerned, the functions of authorizing and accounting for income and expenditure shall be separate and mutually incompatible.

(2) The application of such principle shall be detailed by the Secretary General in Financial Directives.

SECTION 2: INCOME

Regulation 3.2: Statutory contributions

(1) Members' statutory contributions are due annually and are compulsory, without prejudice to the financial commitments of the host Members.

(2) Notwithstanding Regulation 3.3(3), any partial payment made by a Member shall be set, pro rata, against the amount due as the statutory contribution towards the general budget, and against the amount due as the statutory contribution to the specific budget concerned.

(3) Members' statutory contributions to the general budget shall represent a percentage of the appropriations of the Organization, taking into account adjustments for other income for the financial period.

(4) Statutory contributions to the general budget are distributed among Members according to the procedures and scale of distribution adopted by the General Assembly by simple majority.

(5) Statutory contribution to the specific budgets of Sub-Regional Bureaus shall be distributed among the Members concerned. The procedures and scale used to determine the distribution of contributions shall be adopted by such Members by simple majority.

(6) Unless specifically stated otherwise, any other payment shall be considered to be a voluntary contribution.

(7) Members may make advance payments toward statutory contributions for subsequent financial periods.

Regulation 3.3: Payment of statutory contributions

(1) The Secretary General shall call up the statutory contributions and indicate to Members the modalities for payment of such contributions.

(2) Members' statutory contributions are due as from 1 January of the corresponding financial period; they shall be paid as soon as possible, and not later than 30 April of that financial period.

(3) Any payments made by Members in connection with statutory contributions shall be set against their longest outstanding debts.

(4) The first contribution payable by a new Member shall fall due on 1 January following the date of its admission by the General Assembly.

(5) Statutory contributions that are due when a Member withdraws from the Organization shall remain due.

(6) Statutory contributions to the Organization shall be paid in euro. However, in the event of difficulty, payments may be made in other currencies, in which case they shall be converted to euro and credited to the account of the Member concerned.

(7) Members or other international organizations, amongst other entities, may pay statutory contributions on behalf of other Members of the Organization.

Regulation 3.4: Rescheduling of arrears

(1) Member's arrears for the current and previous financial periods may be rescheduled under a specific agreement.

(2) The terms of the rescheduling agreement shall be negotiated by the Secretary General and the Member concerned. The agreement shall be signed by the Secretary General. However, for rescheduling agreements including partial cancellation of arrears, prior approval by the Executive Committee shall be required.

(3) The rescheduling period may not exceed ten years and the sum to be repaid shall amount to at least the total of the Member's arrears for the current financial period and the previous financial period.

(4) During the rescheduling period, the Member concerned must also, in accordance with the provisions of Regulation 3.3, pay its statutory contributions called up during that period.

(5) Provided that the Member continues to fulfil its obligations arising from the rescheduling agreement and promptly pays the statutory contributions called up during the rescheduling period, application to that Member of the measures provided for in the first paragraph of Article 52 of the General Regulations shall be suspended.

(6) If the Member fails to fulfil its obligations arising from the rescheduling agreement or from the terms of paragraph (4) above, the Secretary General shall notify that Member that the rescheduling agreement has been terminated. In such circumstances, the Secretary General shall apply the provisions of Article 52 of the General Regulations, until that Member has fulfilled all its financial obligations towards the Organization.

Regulation 3.5: Cancellation of arrears

(1) A Member's arrears may be partially cancelled provided that the Member concerned concludes a rescheduling agreement with the Organization in conformity with the terms of Regulation 3.4. However, the cancelled arrears shall again

become due if the Member fails to fulfil its obligations arising from the rescheduling agreement, or does not promptly pay the statutory contributions called up during the rescheduling period.

(2) In exceptional circumstances considerably affecting a Member's economy, the General Assembly may partially or totally cancel the Member's arrears, without the need for a rescheduling agreement.

Regulation 3.6: Recovery of other income

The Executive Committee shall determine, under Implementing Rules, the conditions under which authorization shall be required before income other than statutory contributions, donations and sponsorship may be recovered.

Rule 3.6.1: Recovery of other income

Without prejudice to Article 38 of the Constitution, the Executive Committee authorizes the Secretary General to recover income other than statutory contributions, donations and sponsorship.

Regulation 3.7: Acceptance of donations and sponsorship

(1) Prior authorization from the Executive Committee is required for the acceptance of all donations and sponsorship to the Organization. In this respect, the Executive Committee may delegate its powers to the Secretary General, in conformity with the conditions laid down in the Implementing Rules.

(2) The supply of low-value goods free of charge shall not be considered to constitute a donation for the purposes of the present Regulation.

Rule 3.7.1: Conditions for the acceptance of donations and sponsorship

(1) Without prejudice to Article 38 of the Constitution, the Executive Committee authorizes the Secretary General to accept donations and sponsorship in accordance with the guidelines set out below.

(2) All donations and sponsorship paid to the Organization are subject to the following conditions:

(a) the donation or sponsorship must be intended for purposes compatible with the principles, aims and activities of the Organization;

(b) the activities of the donor or sponsor must be compatible with the principles, aims and activities of the Organization.

(3) The acceptance of sponsorship shall be subject to the following additional conditions:

(a) the sponsor must fulfil criteria concerning morality, reputation and reliability;

(b) the Secretary General must be able to justify the choice of the sponsor.

(4) Any donation not involving a transfer of ownership to the Organization does not come under Regulation 3.7 (1) and shall be taken to be an act whereby assets or rights are made available free of charge, which the Secretary General may make use of, regardless of their value in terms of income or savings. However, such donations must comply with the conditions laid down in paragraphs (2) and (3) above.

(5) Donors and sponsors responding to call for tenders, limited competition or direct negotiation procedures organized by the Organization shall not be granted any preference due to their participation in a donation or sponsorship agreement.

(6) The acceptance of donations and sponsorship shall be referred to the Executive Committee under the following circumstances:

(a) when the conditions set under paragraphs (2) and (3) above are not fulfilled.

(b) when donations directly or indirectly give rise to an additional financial liability for the Organization, in cases where the overall financial obligations do not exceed 5% of the expenditure of the general budget. When such obligations exceed such a percentage, General Assembly authorization shall be sought.

(7) In order to protect the Organization's interests, or when it is necessary to respond to operational needs in a timely manner, the Secretary General shall submit the matter to the President for decision, except in cases when General Assembly authorization is required.

(8) The specific conditions governing the benefit derived from sponsorship operations shall be set in the agreement between the sponsor and the Organization.

(9) All assets, including any computer and / or telecommunications software and licenses, that are granted or otherwise acquired by the Organization at no cost, or for a nominal cost, shall be recorded within the Organization's accounts at the item's fair value as at the date of acquisition. These assets shall be subject to depreciation and provisions relating to the Capital Investment Fund.

Regulation 3.8: Authorization to negotiate and conclude loan agreements

(1) The Secretary General may negotiate and conclude loan agreements to meet the Organization's needs up to 250, 000 euros. Should the total amount of the loans exceed 250,000 euros during a financial period, he shall request prior authorization from the Executive Committee.

(2) Unless otherwise authorized by the General Assembly, in no circumstances shall the amount of such loans exceed the total amount of the General Reserve Fund increased by 50% of Members' statutory contributions due for the corresponding financial period.

(3) Leasing operations shall not be considered as a loan requiring authorization from the Executive Committee.

SECTION 3: BANK ACCOUNTS AND INVESTMENTS

Regulation 3.9: Bank accounts

The Secretary General shall choose the banks or institutions in which the Organization's moneys shall be kept.

Regulation 3.10: Deposits and investments

(1) The Secretary General shall ensure that deposits or investments are made with banks who offer guarantees of morality and reputation, on the basis of solicited proposals.

(2) The Secretary General shall ensure that the terms and conditions of deposits and investments are negotiated in accordance with the principle of sound financial management. He shall assess these terms and conditions periodically and, where necessary, renegotiate them.

(3) When making investments or deposits the Secretary General shall ensure that the following criteria are met, in order of priority:

(a) security, in terms of the choice of financial institution, minimum risk of exchange losses, and losses due to the nature of the investment;

(b) liquidity, so that assets may be realized quickly;

(c) profitability, seeking to benefit from the most favourable market conditions.

SECTION 4: TRANSFERS OF APPROPRIATIONS

Regulation 3.11: Transfers of appropriations

(1) The Secretary General may transfer appropriations within Core functions, subject to any limits which may be established by the Executive Committee. However, prior authorization from the Executive Committee is required for transfers between Core functions.

(2) Notwithstanding paragraph (1) above, transfer of appropriations from the general budget to a specific budget, and vice versa, shall require prior approval of the Executive Committee.

Rule 3.11.1: Exception to Executive Committee authorization

In urgent cases, or to protect the Organization's interests, the Secretary General shall submit the matter to the President for decision. The President shall inform the Executive Committee, at each session, of any authorization granted under this provision.

SECTION 5: EXPENDITURE

Regulation 3.12: Limit to expenditure commitments

(1) No expenditure commitment shall be made unless there is an appropriation, under the Core Function concerned, approved in conformity with the provisions in force, the available balance of which is sufficient to cover the expenditure payable during the financial period in which the commitment becomes effective.

(2) Expenditure commitments shall remain within the limits set by the appropriations for the various Core Functions, subject to the exceptions provided for in Regulations 3.13 and 3.15.

Regulation 3.13: Expenditure commitments in excess of appropriations

(1) Expenditure commitments in excess of appropriations are subject to authorization from the Executive Committee. Exceptions to such authorization may be established within the Implementing Rules.

(2) The origin of resources for financing such expenditure shall be specified.

Rule 3.13.1: Exceptions to Executive Committee authorization

(1) The Secretary General may incur expenditure commitments in excess of appropriations up to an amount of 300,000 euros per operation.

(2) Should the amount of the commitment be greater than 300,000 euros, the Secretary General must refer the matter to the Executive Committee.

(3) In urgent cases, or to protect the Organization's interests, the Secretary General shall submit the matter to the President for decision. The President shall inform the Executive Committee, at each session, of any authorization granted under this provision.

Regulation 3.14: Multiyear commitments

(1) The Secretary General may, if necessary, enter into expenditure commitments for future financial periods provided that the activity is to be continued in future years, and that the necessary appropriations have been approved by the General Assembly.

(2) Appropriations covering this expenditure during the current financial period shall form the basis for calculating appropriations for the following financial period.

(3) In these cases, the sums due during each financial period shall be included in the respective budgets before any further commitments are recorded.

Rule 3.14.1: Expected commitments

Ordinary management expenditure may be charged as an expected commitment against the appropriations for the following financial periods once they have been voted by the General Assembly.

Regulation 3.15: Extra-Budgetary expenditure and Ex Gratia payments

The Secretary General may incur extra-budgetary expenditure and/or make ex gratia payments which are compatible with the principles, aims, and activities of the Organization.

Regulation 3.16: Cover of deficits and allocation of surpluses

The Secretary General may cover deficits and allocate surpluses in accordance with the following guidelines:

(1) deficits may be covered through the General Reserve Fund;

(2) surpluses shall be allocated, by order of priority:

(a) to replenish the General Reserve Fund up to the level required in Regulation 6.3;

(b) to replenish other Funds up to their respective mandatory levels, wherever applicable.

(c) to other Funds and specific activities, carried out within one financial period.

CHAPTER 4: PROCUREMENT

SECTION 1: PROCUREMENT PROCEDURES AND PRINCIPLES

Regulation 4.1: Procurement procedures

(1) Procurement of works, goods, and services shall be made through the procedures listed below, in accordance with the provisions to be laid down in the Implementing Rules approved by the Executive Committee and the Financial Directives issued by the Secretary General:

(a) open call for tenders,

(b) limited competition,

(c) direct negotiation.

(2) The Executive Committee may establish exceptions to the application of the procedures listed above.

Rule 4.1.1: Exceptions to procurement procedures

The procurement procedures do not apply to:

(a) contracts between the Organization and
  (i) a State
  (ii) an authority, public administration, or entity in charge of a public service;
  (iii) an international organization;

(b) loans and investments covered by Regulations 3.10, 3.11 and 3. 12;

(c) foreign currency exchange operations;

(d) employment agreements with the Organization's staff members.

Regulation 4.2: Procurement principles

(1) Procurement shall be subject to the following principles:

(a) safeguard of the interests of the Organization;

(b) cost-effectiveness;

(c) non discrimination;

(d) transparency;

(e) fairness;

(f) integrity.

(2) The amount of the transaction shall not be estimated with the intention of avoiding the application of provisions contained within the Financial Regulations, Implementing Rules, and Financial Directives.

(3) In the following cases, the amount of the transaction shall be calculated according to the criteria set below:

(a) when a contract is executed upon delivery of works, goods, and/or services, the amount of the transaction will be equal to the price of such works, goods, and/or services.

(b) when a contract is executed over a certain period of time, which shall not exceed three years, the amount of the transaction shall be equal to the total price of work, goods, and/or services delivered.

(c) whenever a contract is both executed upon delivery of works, goods, and/or services, and over a certain period of time, the amount of the transaction shall be equal to the global price of works, goods, and/or services delivered.

Regulation 4.3: Authority for signing contracts

(1) Contracts may be signed only by persons who are empowered to incur expenditure commitments under the terms of the Financial Regulations, Implementing Rules, and Financial Directives, and within the limits of the maximum sum for which the person concerned is authorized to sign.

(2) Authority for signing contracts shall follow the rules on commitment of expenditure.

Rule 4.3.1: Executive Committee authorization for signing contracts

A new authorization from the Executive Committee or the President is required in case of substantial modifications to the contract after authorization to sign it has been granted pursuant to Regulation 4.3(2). The Procurement Committee shall be consulted as to the substantial nature of the modifications to the contract.

SECTION 2: SCOPE OF APPLICATION OF THE PROCEDURES

Regulation 4.4: Scope of application of the procedures

(1) The open call for tenders' procedure shall be applied prior to the conclusion of contracts for the procurement of goods or services, when the amount of the transaction is equal to or exceeds 500,000 euros.

(2) When the amount of the transaction is between 150,000 euros and 500,000 euros, either the open call for tenders' procedure or the limited competition procedure may be applied.

(3) Specific exceptions to paragraphs (1) and (2) above may be laid down in implementing Rules.

Rule 4.4.1: Application of the open call for tenders' procedure

In application of Regulation 4.4 (2), the open call for tenders' procedure shall be applied prior to the conclusion of contracts for the procurement of goods or services, when the amount of the transaction is equal to or exceeds EUR 300,000.

Rule 4.4.2: Application of the limited competition procedure

(1) In application of Regulation 4.4(2), the open call for tenders' or limited competition procedures may be applied when the amount of the transaction is between EUR 150,000 and EUR 300,000.

(2) Notwithstanding Regulation 4.4(1), when owing to considerations of fact or law, only certain suppliers are able to execute the contract and their identities are known to the Secretary General, the latter may apply the limited competition procedure, after consulting the Procurement Committee.

Rule 4.4.3: Application of the direct negotiation procedure

(1) When the amount of the transaction is equal to, or does not exceed 150,000 euros, the Secretary General may engage in direct negotiations.

(2) In application of Regulation 4.4 (3), the direct negotiation procedure may be applied in cases where:

(a) the General Assembly or the Executive Committee so decide;

(b) the proper application of security measures or protection of confidential information connected with the Organization's activities is incompatible with the nature of the open call for tenders' procedure or the limited competition procedure;

(c) the quality of the services required is intrinsically linked with the supplier's person;

(d) the matter is so urgent that there is not enough time to apply the open call for tenders' or limited competition procedures;

(e) a contract that was satisfactorily performed is to be extended or renewed, it being understood that in such cases the open call for tenders' or limited competition procedure should be re-applied after an economically or technically appropriate period;

(f) a new contract is to be signed for the same object with a contractor who has been chosen after an open call for tenders within the previous 12 months.

(g) a contract cannot be technically or economically separated from the initial contract without great inconvenience to the Organization or, although separable from the execution of the initial contract, is strictly necessary to its later stages:

(i) provided the amount of the transaction does not exceed 25% of the initial amount, regardless of the procurement procedure followed for the award of the initial contract; and

(ii) this exception is not applied more than three times.

(h) the price of the goods or services is the same, whoever the supplier may be;

(i) considerations of fact or law require that the contract be implemented by a particular supplier;

(j) the application of a purchasing policy linked with a plan for standardizing goods makes the open call for tenders and the limited competition procedures inappropriate.

(3) Except in cases referred to in paragraph (2,a) above, the reasons for all applications of paragraph (1) above must be stated and the External Auditors informed.

Rule 4.4.4: Works

(1) Contracts relating to the procurement of works may be concluded by direct negotiation or by any procedure that is customary in the country in which the asset is located and that is likely to satisfy the Organization's requirements and interests.

(2) The conclusion of the contract relating to such transactions shall be preceded by an expert valuation of the asset concerned, unless it is obvious that the scale of the transaction is of minor significance.

Rule 4.4.5: Open call for tenders' procedure

(1) The Secretary General shall prepare a document describing the technical and administrative features of the project, designed to enable candidates to set out the main facts and considerations that will be taken into account in the selection process.

(2) The Secretary General shall publish an open call for tenders specifying the nature of the goods or services required, stating how the document referred to in paragraph (1) above may be consulted or obtained, and setting a time limit for the receipt of offers.

(3) Once the deadline referred to in paragraph (2) above has expired, the Procurement Committee, appointed by the Secretary General, shall open the offers and verify that they were received within the time limit.

(4) The offers are then analysed by the requesting department and a report on the analysis and its findings is produced and submitted to the Procurement Committee so that it can formulate its recommendation. Once the offers have been analysed, the Secretary General may hold discussions with the candidates to ask for supplementary details or explanations about the contents of their offers, or with a view to obtaining more favourable terms for the Organization.

(5) The Secretary General chooses the offer economically and technically the most advantageous for the Organization, taking into account, inter alia, the price, operating costs, technical qualities, the professional and financial guarantees offered by each candidate, the availability of goods and/or services, the length of time proposed for executing the contract, and the Organization's security requirements. If it is in the interests of the Organization, the Secretary General may select an offer including variants not covered in the document referred to in paragraph (1) above.

(6) The Secretary General may decide not to select any of the offers submitted in response to a call for tenders if none of the offers appears acceptable to him. In this case, he may, after giving reasons in writing for rejecting the offers, and after consulting the Procurement Committee, publish another open call for tenders, issue a request for offers under limited competition, or engage in direct negotiations with potential suppliers.

Rule 4.4.6: Limited competition procedure

(1) The Secretary General shall prepare:

(a) a request for offers on the goods or services required by the Organization;

(b) a list of suppliers to be invited to compete. The list shall be established with reference to criteria guaranteeing their qualifications, experience, and independence. It may be drawn upon a permanent Roster of Suppliers established under conditions laid down by the Secretary General.

(2) The Secretary General shall send copies of the request for offers to the listed suppliers and inform them of the date by which offers are to be submitted.

(3) The open call for tenders' procedure shall then be followed, mutatis mutandis.

(4) If the offers submitted in response to a limited competition procedure are such that the real value of the goods or services concerned would have warranted the publishing of an open call for tenders, the procedure shall be cancelled and an open call for tenders published.

Rule 4.4.7: Direct negotiation procedure

(1) Direct negotiations are conducted by the Secretary General, who holds any discussions and makes any comparisons that appear appropriate, in the light of the Organization's requirements and interests.

(2) When it is obvious that the amount of the transaction is small, the Secretary General is not bound to observe any formalities prior to its conclusion.

SECTION 3: PROCUREMENT COMMITTEE

Regulation 4.5: Procurement Committee

(1) The Secretary General shall appoint a Procurement Committee, for the execution of the following functions:

(a) formulate opinions concerning:

(i) the regularity of the procurement procedure followed;

(ii) a change to the initial amount of the transaction, which brings it to the threshold requiring another procurement procedure to be initiated;

(iii) any exception to the open call for tenders, or limited competition procedure, with the exception of the cases when the General Assembly or the Executive Committee so decide;

(iv) any question raised during the conclusion or implementation of a contract at the request of the Secretary General;

(b) open the envelopes containing offers and record their contents.

(2) Whenever the Secretary General does not follow the opinion of the Committee, he shall record the underlying reasons in writing.

CHAPTER 5: ACCOUNTS AND MANAGEMENT OF ASSETS

SECTION 1: ACCOUNTING SYSTEM

Regulation 5.1: Accounting principles

The Organization's accounts and financial documents must give an objective view of the true and fair value of its assets and liabilities, of its financial operations, and of its income and expenditure. To that end, the accounts must be kept following internationally accepted accounting principles.

Regulation 5.2: Accounting standards

(1) The Secretary General shall organise the accounting system in accordance with internationally accepted accounting standards.

(2) The Secretary General shall specify in Financial Directives the international accounting standards to be applied, and any duly justified derogations to such standards.

Regulation 5.3: Accounting system

The Secretary General shall define the main components of the accounting system and establish the corresponding chart of accounts. These shall include inter alia accounting on the General Budget, the Specific Budgets, accounting for extra-budgetary income and expenditure, and accounting for operations on Funds.

SECTION 2: FINANCIAL DOCUMENTS

Regulation 5.4: Closure of accounts

At the close of the financial period, the Secretary General shall prepare the financial documents to be submitted to the Executive Committee and General Assembly.

Regulation 5.5: Financial statements

(1) The financial statements of the Organization shall be presented in accordance with internationally accepted accounting standards. The principles adopted, and their application, shall be set forth in an explanatory note attached to the financial statements.

(2) The Secretary General shall submit any other information he considers useful or that is requested by the General Assembly or the Executive Committee.

(3) The Secretary General shall send such documents to Members.

Regulation 5.6: Reporting

(1) The report on the outcome of the general and specific budgets shall be submitted in the same form as the approved budgets, and shall reconcile the budgetary results with the financial statements.

(2) The report shall show information on, but not be limited to:

(a) the original budget appropriations,

(b) the appropriations modified in the course of the implementation of the budget, and

(c) the use of appropriations.

SECTION 3: MANAGEMENT OF ASSETS

Regulation 5.7: Management of assets

The Organization's movable and immovable assets shall be managed according to specific procedures, such as asset revaluation, writing-off and depreciation, established by the Secretary General in Financial Directives.

CHAPTER 6: FUNDS

SECTION 1: MANAGEMENT PRINCIPLES

Regulation 6.1: Management of Funds

(1) Funds shall be administered in accordance with the applicable provisions, unless otherwise provided for by the General Assembly.

(2) Expenditure from the Funds shall not be subject to the principle of budget annuality.

Regulation 6.2: Creation of Funds

(1) The creation of Funds, other than those provided for under the present Regulations, shall require a General Assembly decision. The General Assembly shall specify the purpose of such Funds, the amounts to be held in them, and the methods to be used to replenish them.

(2) Sequestering operations may be carried out on such Funds.

SECTION 2: STATUTORY FUNDS

Regulation 6.3: General Reserve Fund

(1) A General Reserve Fund shall be set up. The level of the Fund, in conjunction with the level of the Permanent Fund for Crisis Relief, for the following financial period, calculated on the basis of the previous period, shall amount at least to the total sum of:

(a) 117% of the total amount of statutory contributions, owing to the Organization by Members covered under Article 52 of the General Regulations, and

(b) one-sixth of the operating expenditure, excluding expenditure to cover for depreciation allocations, for the previous financial period.

(2) An appropriate portion of the General Reserve Fund shall be held in the form of liquid resources and short term cash deposits.

(3) Sequestering operations may be carried out on the General Reserve Fund.

(4) The Secretary General may draw upon the General Reserve Fund to finance within a financial period:

(a) expenditure entered in the budget, pending the payment of statutory contributions;

(b) emergencies, as determined by the Secretary General, in consultation with the President.

(5) Sums withdrawn from the General Reserve Fund shall be reimbursed to the Fund during the same financial period, as soon as the necessary income becomes available.

Regulation 6.4: Capital Investment Fund

(1) A Capital Investment Fund shall be set up to finance acquisitions of movable and immovable assets which are subject to depreciation.

(2) The General Assembly shall make an allocation to the Capital Investment Fund every year to finance the replacement of movable and immovable assets, which have been subject to depreciation during the previous financial period. The amount of the allocation shall correspond to the amount of such depreciation.

(3) The General Assembly shall determine the amount allocated to the Capital Investment Fund for the acquisition of movable and immovable assets subject to depreciation, other than replacements, in which case it shall specify the type of such assets.

CHAPTER 7: AUDIT

Regulation 7.1: Duty to report

Should a staff member, in particular one in charge of accounting for income and expenditure, observe any irregularity in the implementation of the Financial Regulations, implementing Rules, and Financial Directives, he shall refer the matter to his hierarchy, who shall decide on the appropriate course of action.

SECTION 1: INTERNAL AUDIT

Regulation 7.2: Internal audit

(1) The Secretary General shall establish an internal audit function, which must be performed in compliance with the relevant international standards.

(2) The internal auditors shall be independent, and have direct access to the Secretary-General, in the exercise of their internal audit functions.

(3) All staff members shall have a duty to cooperate with the internal auditors, who shall have access to all information necessary for the completion of the audit.

Regulation 7.3: Scope of the internal audit

(1) The internal audit shall include:

(a) studying and assessing the compliance of financial operations with applicable provisions, as well as the proper application of the financial processes;

(b) identifying the risks related to financial management;

(c) issuance of recommendations derived from paragraphs (a) and (b).

(2) The internal audit procedures shall be laid down by the Secretary General in Financial Directives.

SECTION 2: EXTERNAL AUDIT

Regulation 7.4: External auditors

(1) Following a proposal from the Executive Committee, the General Assembly shall appoint External Auditors to conduct an external audit of the Organization's accounts and financial statements.

(2) The appointment shall be for a period of three years, and may be renewed once.

(3) The External Auditors must be either an international firm of auditors or a governmental auditing service in a country that is a Member of the Organization.

(4) The amount of the indemnities paid to the External Auditors, in connection with the performance of their duties for the Organization, shall be set by the Secretary General.

Regulation 7.5: Scope of external audit

(1) The External Auditors shall audit the accounts and financial statements in accordance with generally accepted international auditing standards, and subject to the Supplementary Terms of Reference set out in Appendix 2 to these Regulations.

(2) The Executive Committee and the General Assembly may ask the Auditors to carry out certain specific tasks, which shall be the subject of separate reports.

Regulation 7.6: Independence and access to information

(1) The External Auditors shall be independent and shall have sole responsibility for conducting the audit. The Secretary General shall provide them with all facilities and confidential documents having financial implications which are strictly necessary for the completion of their task.

(2) In exceptional cases, the Secretary General may deny the External Auditors access to some of these documents. The Executive Committee is then immediately informed and the restriction may only be removed by a decision on its part.

Regulation 7.7: Audit report

(1) The External Auditors shall draft their report on the basis of the financial statements submitted by the Secretary General.

(2) The External Auditors shall communicate the draft of their report to the Secretary General and allow him to give any explanations needed for the final drafting of the report.

(3) They shall send the final audit report to the President and the Secretary General at the latest 90 days after reception of the financial statements, and then present it to the Executive Committee and the General Assembly.

(4) The schedule for the above-mentioned procedure shall be determined in each year by the Secretary General in consultation with the External Auditors.

Regulation 7.8: Approval of financial statements and discharge

(1) The General Assembly shall approve the Organization's financial statements.

(2) After approving the financial statements and reviewing the report of the External Auditors, the General Assembly shall grant the Secretary General a discharge in respect of the performance of his duties.

CHAPTER 8:
FINAL PROVISIONS

Regulation 8.1: Amendments and derogations

(1) The General Assembly may adopt derogatory provisions to the present Financial Regulations by a simple majority, provided that such action does not infringe the Organization's Constitution or General Regulations. Such provisions shall be valid either for a single financial period or for the period between two sessions of the General Assembly. Their extension shall require the voting majority and procedure required for amendment of the present Financial Regulations.

(2) Whenever the Secretary General considers that a serious event justifies special emergency measures, he may waive certain provisions of the present Regulations and corresponding Implementing Rules in order to ensure that the Organization's essential activities are maintained. For that purpose, he shall seek the agreement of the President as to the seriousness of the event. Should the President disagree, the other Executive Committee members shall be consulted and a majority of two-thirds required. Any waiver to the provisions of the present Regulations and Implementing Rules shall apply for a maximum period of three months, and be reported to the General Assembly. The three-month period may only be extended once for a further three months, following a reasoned decision by the President of the Organization.

(3) Following a proposal by the Secretary General, the provisions of the Implementing Rules may be amended by the Executive Committee, in a manner consistent with the present Regulations.

Regulation 8.2: Interpretation

(1) In the present Regulations and in the Implementing Rules, terms referring to persons in the masculine gender are equally applicable to men and women.

(2) In case of a doubt as to the interpretation of any of the present Regulations and their Implementing Rules, the Secretary General is authorized to rule thereon, provided the interpretation does not infringe the Organization's Constitution or General Regulations. He shall notify the Executive Committee of the interpretation applied.

Regulation 8.3: Adjustment of thresholds

The thresholds established within the present Regulations and the Implementing Rules shall be adjusted by the Secretary General according to the rate of inflation approved by the General Assembly upon approval of the budget, and rounded up to the higher hundreds figure.

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APPENDIX 1: WORKING DEFINITIONS

Accounting functions shall involve recovering the Organization's income, paying for expenditure, and preserving vouchers corresponding to operations and accounting documents.

Amount of the transaction shall mean the actual or presumed price of the service or goods for which the contract is to be concluded, without including VAT, unless it is established in advance that the Organization cannot be reimbursed of such a tax.

Appropriations constitute an authorization to the Secretary General to commit expenditure for the related financial period, for the purposes for which they were voted and up to the amount voted.

Arrears shall mean statutory contributions unpaid by the date on which they are due in accordance with Regulation 3.3.

Assets shall be taken to mean those resources controlled by the Organization as a result of past events, and which represent a service potential according to the Organization's objectives.

Authorizing functions shall involve recognizing the claims of the Organization on third parties, incurring expenditure commitments and issuing recovery orders and payment orders.

Core function shall be taken to mean a clearly identified group of services that the Organization considers critical to its mission.

Budget shall be the financial expression of a plan, or of a part of a plan, of the Organization for a specific period, containing proposed sources and quantum of incomes, and detailing expenditures on operations and on investments, with simultaneous regard to the effects on the accumulated financial resources and liabilities of the Organization.

Contract shall mean a written agreement between the Organization and a supplier which creates an obligation, and serves as evidence of this obligation. Purchase orders shall be considered as contracts for the purposes of the present Regulations, Implementing Rules, and Financial Directives.

Donations shall include all subsidies, grants, gifts, and bequests, monetary or in kind, received by the Organization.

Expenditure commitment shall mean any act whereby the Organization creates a claim on its assets.

External Audit shall be understood as an examination and review aimed at verification and certification of the Organization's accounts and financial statements by an independent auditor external to the Organization.

Extra-Budgetary financial items are income and expenditure that are not referenced within the scope of the General Budget or Specific Budgets. They may be added to, or detracted from, the financial resources of the Organization, or they may be set-up as, or within, an existing Specific Budget for the achievement of specific operational objectives.

Extra-Budgetary income includes donations and voluntary contributions that are unmarked for any specific purpose by the donor.

Extra-Budgetary expenditure includes donations made by the Organization within the scope of the Financial Regulations.

Ex gratia payments shall be understood as payments made where there is no legal liability but the moral obligation is such as to make payment desirable.

Financial statements shall constitute a structured representation of the financial position of, and the summary of transactions undertaken by, the Organization with the purpose of providing information about the Organization's financial position, financial performance, and cash flows.

Financing operations involve outlays of financial resources of the Organization, either out of its accumulated financial resources, or from specific income received for this purpose from Members or external bodies, for the achievement of stated organizational objectives.

Funds shall be understood as the cumulative financial resources of the Organization, which are either owned by it or held in a fiduciary capacity for financing operations that involve achievement of stated organizational objectives.

General Budget means the Budget of the Organization, apart from the specific operational sub-structures that are covered by Specific Budgets.

Internal Audit shall mean an examination and review of the Organization's financial operations, carried out by a specific department within the Organization, with the purpose of improving the efficiency of financial management.

Liabilities shall be taken to mean the obligations of the Organization arising from past events, the settlement of which is expected to result in an outlay of resources.

Offer shall mean a proposal to supply goods or services at a specified price which is presented by a potential supplier under sealed cover in response to an open call for tenders or limited competition procedure. Under an open call for tenders, offers are subject to special conditions of receipt and handling.

Procurement is the purchase or rental by the Organization of all works, goods, and services necessary for its functioning or for the implementation of the programme of activities.

Sequestering operations involve setting aside or adding to the cumulative financial resources of the Organization, by either diverting specific income received for this purpose from Members or external bodies, or by adding budget surpluses to the cumulative financial resources of the Organization.

Specific Budgets are the individual and separate budgets of specific operational sub-structures of the Organization that benefit from other distinct sources of income than the General Budget, i.e., externally-funded project budgets and the budgets of Sub-Regional Bureaus of the Organization.

Sponsorship operations shall consist of proposals to the Organization with a view to obtaining benefit in return for payment of a sum of money or provision of a service to the Organization.

Statutory contributions shall mean all amounts to be paid by Members towards the General and/or Specific Budgets of the Organization for one financial period in accordance with a determined scale.

Transfer of appropriations shall mean an increase in one budget expenditure item offset by decreasing by the same total amount another budget expenditure item.

Works shall be taken to mean the outcome of building or civil engineering.

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APPENDIX 2: SUPPLEMENTARY TERMS OF REFERENCE OF THE EXTERNAL AUDITORS

(1) The Auditors shall audit the accounts and financial statements of the Organization to satisfy themselves that:

(a) the financial statements correspond to the Organization's accounts and give a true and fair view of the financial situation and operations of the Organization;

(b) the financial transactions recorded in the accounts have been carried out in accordance with the applicable financial rules;

(c) the accounting standards were applied on a consistent basis from one period to another; and

(d) the securities and moneys on deposit and on hand have been certified by the depositaries or actually checked;

(2) The Auditors shall make spot checks of the accounts and other supporting vouchers they deem necessary.

(3) The Auditors' report should mention:

(a) the type and scope of their examination;

(b) matters affecting the completeness or accuracy of the accounts, including where appropriate:

(i) any amounts which ought to have been received but which have not been brought to account;

(ii) any amounts for which a legal obligation exists and which have not been recorded or reflected in the financial statements;

(iii) expenditure not properly substantiated;

(iv) whether proper accounts have been kept;

(c) the following additional matters:

(i) cases of fraud or presumptive fraud;

(ii) wasteful or improper expenditure of the Organization's money or other assets;

(iii) expenditure likely to commit the Organization to further outlay on a large scale;

(iv) any defect in the general system or detailed regulations governing the control of income and expenditure, or of assets;

(v) any commitment of expenditure which does not comply with the applicable provisions;

(d) the accuracy of the records of assets as determined by stock-taking and examination of the records;

(4) The External Auditors are not required to mention any matter referred to in the foregoing provisions which, in their opinion, is neither material to the financial position presented by the financial statements, or significant to the financial affairs of the Organization.

(5) The Auditors may make appropriate observations concerning the accounting methods used and the financial statements.

(6) The External Auditors shall respect the confidential nature of any information and documents which have been made available to them, and shall not make use of such information or documents except in direct connection with the performance of the audit.

(7) The External Auditors shall have no power to disallow financial operations, but shall draw to the attention of the Secretary General any transaction concerning which they entertain doubt as to legality.

(8) The External Auditors shall contact the head of the management and budget department for all practical matters related to the execution of their tasks.

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