



INTERPOL

Financial Regulations

[II.C/FREG/GA/1985(2017)] [II.C/FRUL/EC/2005(2014)]

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.
- By Resolution AG-2014-RES-15 adopted at the 83rd General Assembly (Monaco, 2014). Date of entry into force of the amendments: 31 March 2015.

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.

These Regulations were amended:

- By Resolution GA-2017-86-RES-04 adopted at the 86th General Assembly (Beijing, 2017). Date of entry into force of the amendments: 1 January 2018.

INFORMATION NOTE

The financial management of the ICPO-INTERPOL's activities is governed by the Organization's Constitution, its General Regulations, the Financial Regulations, and the Implementing Rules for the Financial Regulations.

The Financial Regulations and their Implementing Rules are hereby presented with:

- Financial Regulations in bold text
- Implementing Rules for the Financial Regulations in plain text

The Financial Regulations are approved by the General Assembly, in application of Article 8(d) of the Constitution and Article 51 of the General Regulations. The Financial Regulations are an Appendix to the General Regulations.

The Implementing Rules for the Financial Regulations are approved by the Executive Committee in application of Article 22(e) of the Constitution, General Assembly Resolution AG-2006-RES-15, and Financial Regulation 8.1(3).

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CHAPTER 1:
GENERAL PROVISIONS

SECTION 1:
APPLICABILITY AND GENERAL PRINCIPLES

Regulation 1.1: Applicability

- (1) The financial management of the ICPO-INTERPOL's activities is governed by the Organization's Constitution, its General Regulations, the present Financial Regulations, which are an Appendix of the General Regulations, any other financial provisions adopted in application of these texts.
- (2) The applicable accounting standards shall be the International Public Service Accounting Standards (IPSAS).
- (3) 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.
- (4) For the purpose of the present Financial Regulations, Implementing Rules, and Financial Directives, the definitions laid down in the Appendix to the present Regulations shall apply.

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 Organization's budget shall be presented in a consolidated manner. It shall therefore consist of the regular budget and the Project Trust Accounts, consisting of trust funds and special accounts.
- (2) The regular budget, trust funds and special accounts shall be administered in accordance with the principles of sound financial management, and in particular those of economy and cost-effectiveness.
- (3) The consolidated budget and the financial documents shall be established in euros.

- (4) The Organization's financial and procurement documents, and their supporting vouchers, shall be 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.

SECTION 2:
AUTHORITY AND RESPONSIBILITY

Regulation 1.3: Authority of the Secretary General

- (1) The Secretary General shall have authority for the financial management of the Organization's ordinary and special activities.
- (2) The Secretary General shall be responsible for the management of the regular budget, trust funds and special accounts.
- (3) The Secretary General shall decide on the methods and procedures required for the financial management of the Organization's activities.
- (4) The Secretary General shall issue any Financial Directives required by the present Regulations and their 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.

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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.

CHAPTER 2: CONSOLIDATED BUDGET

SECTION 1: PREPARATION OF THE DRAFT CONSOLIDATED BUDGET

Regulation 2.1: Financial period

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

Regulation 2.2: Preparation of the draft consolidated budget

- (1) The draft consolidated budget shall be prepared on the basis of the Strategic Framework and the General Programme of Activities.
- (2) The draft General Programme of Activities shall distinguish between ordinary activities to be funded by the regular budget and special activities to be funded by trust funds or special accounts.
- (3) The draft consolidated budget shall include formal commitments of extrabudgetary resources.
- (4) 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 it advisable to specify.

SECTION 2: CONTENT OF THE CONSOLIDATED BUDGET DOCUMENT

Regulation 2.3: 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 Strategic Framework and General Programme of Activities.

Regulation 2.4: Content of the consolidated budget document

- (1) The consolidated budget document shall consist of any information, appendices and explanatory statements relating to the regular budget 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 regular budget shall consist at least of the following:
- (a) a general policy statement on the objectives to be achieved with the regular budget, according to the programme of activities for the financial period;
 - (b) the economic assumptions on which the regular budget is based, financial explanations on the Organization's income, expenditure and statutory 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 the statutory Funds, including comparative data on the implementation of the budget for the current and preceding financial periods.
- (3) The documents relating to the specific budgets, trust funds and special accounts shall consist at least of the table mentioned in paragraph (2,c) above.
- (4) When appropriate, the essential elements mentioned under paragraph (2) above shall be the subject of an ongoing, indicative forecast covering two financial periods. This forecast shall be attached to the regular budget and submitted for information to the General Assembly. It shall be revised each year, as necessary.

SECTION 3:

REGULATIONS SPECIFIC TO THE PREPARATION OF THE DRAFT REGULAR BUDGET

Regulation 2.5: Non-allocation

- (1) The draft regular 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 a staff member of the Organization on the instructions of the Secretary General or with his approval;
- (d) transfers to statutory 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 regular 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.

SECTION 4:

APPROVAL OF THE DRAFT CONSOLIDATED BUDGET

Regulation 2.7: Approval of the draft consolidated budget

- (1) 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.
- (2) The Secretary General may submit to the approval of the Executive Committee a revised draft budget if he considers that the estimates contained in the draft budget need further revision. After approval by the Executive Committee, the revised draft budget shall be circulated to the Organization's Members within the time limit specified in Article 13 of the General Regulations.
- (3) 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 REGULAR
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 regular budget.
- (3) Members' statutory contributions to the regular 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 regular budget are distributed among Members according to the procedures and scale of distribution adopted by the General Assembly by simple majority.
- (5) Within the regular budget, statutory contributions to the specific budgets of 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 euros. However, in the event of difficulty, payments may be made in other currencies, in which case they shall be converted to euros 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.
- (2) The Executive Committee shall define the amount of the contributions mentioned in paragraph 1(d) above which may be paid into the regular budget.
 - (3) The Executive Committee authorizes the Secretary General to recover fees for services provided mentioned in paragraph 1(e) above in conformity with the Organization's service-for-fee framework.
 - (4) The Secretary General may accept contributions in kind made to the Organization by its Members, provided that they are intended for purposes compatible with the principles, aims and activities of the Organization;
 - (5) Where the contributions in kind directly or indirectly give rise to an additional financial liability for the Organization, the Secretary General shall request prior authorization from:

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.
- (a) the General Assembly, where the total amount of the additional financial liability is equal to or greater than 5 per cent of the expenditure of the regular budget;
 - (b) the Executive Committee, where the total amount of the additional financial liability is less than 5 per cent of the expenditure of the regular budget.
- (6) Contributions in kind made to the Organization and accepted by the Secretary General shall be recorded in the Organization's accounts at the fair value of the item at the date of its acquisition.

Regulation 3.6: Other income

- (1) The following categories of resources shall be considered to be other income and shall be paid into the regular budget:
 - (a) Income derived from investments;
 - (b) Refunds of expenses effectively incurred;
 - (c) Voluntary contributions from the Organization's Members with no specified purpose;
 - (d) Small contributions with no specified purpose;
 - (e) Fees for services provided;
 - (f) Management costs and fees for programmes undertaken by means of a trust fund or special account;
 - (g) Proceeds from the sales of goods;

Rule 3.6.1: Small contributions with no specified purpose

In application of Regulation 3.6(2), small contributions with no specified purpose, whose amount does not exceed EUR 20,000, shall be paid into the regular budget.

Regulation 3.7: 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 per cent 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 3.8: Bank accounts

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

Regulation 3.9: 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 3.10: 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 within the regular budget from the general budget to a specific budget, and vice versa, shall require prior approval of the Executive Committee.

Rule 3.10.1: Exceptions 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 3.11: 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 3.12: 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 3.12.1: 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 3.13: 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 3.13.1: 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 3.14: Ex gratia payments

The Secretary General may make ex gratia payments which are compatible with the principles, aims, and activities of the Organization.

Regulation 3.15: 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:
FUNDS**

**SECTION 1:
STATUTORY FUNDS**

Regulation 4.1: Management of the Organization's Funds

- (1) Funds shall be administered in accordance with the applicable provisions, unless otherwise provided for by the General Assembly.
- (2) Expenditure from the Organization's Funds shall not be subject to the principle of budget annuality.

Regulation 4.2: Creation of the Organization's 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.

Regulation 4.3: 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 per cent 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 on the Organization's regular budget, excluding expenditure to cover for depreciation allocations and expenditure valued on an in-kind basis, 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) advances to cover expenses committed that are not yet covered by available liquidities;
 - (c) advances for emergencies as determined by the Secretary General, in consultation with the President if the amount is equal to or greater than 300,000 euros;
 - (d) any other purpose determined by the General Assembly.
- (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 4.4: 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.

**SECTION 2:
TRUST FUNDS AND SPECIAL ACCOUNTS**

Regulation 4.5: Applicable rules

- (1) All trust funds and special accounts shall be governed by the INTERPOL Guidelines for Extrabudgetary Resources, the present Regulations and their Implementing Rules, the instrument concerning the management of the trust fund or special account, and the general conditions adopted by the Executive Committee.
- (2) Special accounts shall also be governed by the agreement relating to the account concluded between INTERPOL and the donors.
- (3) In the event of a conflict of interpretation between the provisions of the present Regulations and the other provisions, the present Regulations shall prevail.

Regulation 4.6: General principles

- (1) The total annual amount of extrabudgetary resources planned for utilization shall not exceed the limit of 50 per cent of the annual draft consolidated budget as decided by the General Assembly.
- (2) The total annual donation from a single donor, other than the INTERPOL Foundation for a Safer World, shall not exceed 15 per cent of the annual draft consolidated budget as decided by the General Assembly.
- (3) Extrabudgetary resources shall be subject to due diligence concerning donors and potential donors.
- (4) Extrabudgetary resources paid by one or more donors into a trust fund or a special account shall be used exclusively for the purpose for which they were paid.
- (5) Expenses can only be committed for special activities where they can be financially backed by the formal commitments of resources existing at the time for a trust fund or special account.

Rule 4.6.1: Due diligence

- (1) The Secretary General shall ensure the systematic and documented verification of the integrity of donors and potential donors and their reputation in financial and legal matters. To this aim, the Secretary General shall:
 - (a) establish due diligence procedures, in conformity with the guidelines of the Executive Committee,

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- (b) after consultation of the Executive Committee, appoint a due diligence officer, who shall report to him and who shall ensure the continuous supervision of due diligence checks on donors and potential donors.
- (2) The due diligence officer shall perform his functions exclusively on the basis of the due diligence guidelines of the Executive Committee and the due diligence procedures established by the Secretary General.
- (3) The Executive Committee shall receive from the Secretary General reports on the conduct of due diligence checks on donors and potential donors. The Secretary General shall ensure in particular that those cases identified by the due diligence officer are reported to the Executive Committee. In that case, the Secretary General shall bring his decision and the due-diligence officer's advice to the attention of the Executive Committee.

Rule 4.6.2 Separation and accounting of resources

- (1) Separate accounting records shall be kept for each trust fund and each special account.
- (2) Contributions in kind shall be recorded in the Organization's financial statements as at their fair value at the date of the acquisition.

Regulation 4.7: Creation

- (1) **Trust funds may be created by the General Assembly for a specific purpose and in conformity with the aims of the Organization. The General Assembly may also stipulate therein any necessary conditions for donations from private entities.**
- (2) **Special accounts may be created by the Secretary General exclusively with governments, intergovernmental organizations and other public entities for a specific purpose and in conformity with the aims of the Organization.**

Rule 4.7.1: Creation of special accounts

The agreements negotiated with donors in the framework of the creation of special accounts should specify, inter alia:

- (a) the purpose of the special account;
- (b) its beneficiaries;
- (c) its resources;
- (d) the procedures whereby the Secretary General and the donors approve the special activities funded from the said special account;

- (e) the nature and frequency of financial reports on the use of the special account;
- (f) the procedure for closing the special account and its assets;
- (g) the provisions applying to the settlement of disputes;
- (h) any specific conditions, limits, or restrictions proposed by donors and approved by the Executive Committee pursuant to Regulation 4.9(c).

Regulation 4.8: Functions of the Secretary General

The Secretary General shall have the authority to:

- (a) **negotiate and conclude agreements with the donors;**
- (b) **accept extrabudgetary resources;**
- (c) **interrupt, adjust or terminate the funding of a special activity after consultation with the donors.**

Regulation 4.9: Functions of the Executive Committee

The Executive Committee:

- (a) **shall adopt rules, general conditions, due diligence guidelines and guidelines relating to the acceptance, management and use of extrabudgetary resources by the Secretary General;**
- (b) **shall supervise the creation by the Secretary General of special accounts;**
- (c) **may, in the context of special accounts, approve any specific conditions, limits or restrictions proposed by donors on the use and management of extrabudgetary resources that constitute exceptions to the general policies and practices of the Organization.**

Rule 4.9.1: Referral to the Executive Committee

- (1) The Secretary General shall refer to the Executive Committee for approval:
 - (a) any proposed contribution to a trust fund or a special account, the amount of which is equal to or greater than 500,000 euros per year, with the exception of contributions proposed by the Organization's Members or by intergovernmental organizations;
 - (b) any proposed contribution to a trust fund or a special account, acceptance of which will or is likely to result, directly or

indirectly, in additional financial obligations for the Organization;

- (c) any proposed contribution linked to a plan to establish a complex public-private partnership;
 - (d) any proposed contribution to a trust fund or special account for which the Secretary General considers that the Executive Committee's prior approval is necessary.
- (2) The Secretary General shall refer to the Executive Committee for approval his proposal for the termination of any funding of a special activity which has been previously approved by the Executive Committee in conformity with paragraph (1) above.

Regulation 4.10: Reporting

- (1) **The Secretary General shall prepare financial reports on the activities undertaken and the utilization of resources. The reports shall be prepared and submitted to the donors to any trust fund and special account in conformity with the terms of the instrument creating the said fund or account.**
- (2) **The Secretary General shall report on all financial operations relating to the trust funds and special accounts in conformity with Financial Regulations and the rules of each trust fund and each special account. To this aim, it shall prepare financial documents to be submitted to the Executive Committee and the General Assembly in conformity with Regulation 6.2.**
- (3) **The financial documents mentioned under paragraph (2) above shall be audited in conformity with the Present Regulations and the rules of the financial management of each trust fund and each special account.**

**CHAPTER 5:
PROCUREMENT**

**SECTION 1:
PROCUREMENT PROCEDURES AND PRINCIPLES**

Regulation 5.1: 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 5.1.1: 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 3.7 and 3.9;
- (c) foreign currency exchange operations;
- (d) employment agreements with the Organization's staff members;
- (e) leases of immovable property.

Regulation 5.2: 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, the amount of the transaction shall be equal to the total price of work, goods, and/or services delivered. The maximum duration of the transaction shall be fixed with a view to safeguarding the Organization's best interests and**

according to the guidelines set by the Executive Committee. In any event, it shall not be fixed with the intention of avoiding the application of provisions contained within the Financial Regulations, Implementing Rules, and Financial Directives.

- (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.

Rule 5.2.1: unfair advantage to donors

Donors shall not be granted any preference when responding to call for tenders, limited competition or direct negotiation procedures organized by the Organization.

Regulation 5.3: 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 5.3.1: 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 5.3(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 5.4: 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 300,000 euros.**
- (2) **When the amount of the transaction is between 150,000 euros and 300,000 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 5.4.1: Application of the limited competition procedure

- (1) In application of Regulation 5.4(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 5.4(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 5.4.2: 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 5.4(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 reapplied 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 per cent 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.
 - (k) a new contract needs to be concluded following the anticipated termination of an existing contract for performance failure on the part of the provider previously selected through an open call for tender or limited competition procedure.
- (3) Except in cases referred to in paragraph (2,a) and (2,g) above, the reasons for all applications of paragraph (1) above must be stated and the External Auditors informed.

Rule 5.4.3: 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 5.4.4: 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 shall then be analysed by the requesting department together with the procurement unit and a report on the analysis and its findings produced and submitted to the Procurement Committee.
- (5) The Secretary General shall choose the offer that is 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 5.4.5: 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 5.4.6: Direct negotiation procedure

- (1) Direct negotiations are conducted by the Secretary General, who shall hold any discussions and make 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 shall not be bound to observe any formalities prior to its conclusion.

**SECTION 3:
PROCUREMENT COMMITTEE**

Regulation 5.5: Procurement Committee

- (1) The Secretary General shall appoint a Procurement Committee to perform the following functions:
 - (a) formulating 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 procedures, with the exception of those cases where the General Assembly or the Executive Committee so decide, or in application of Rule 5.4.3(g);
 - (iv) any question raised during the conclusion or implementation of a contract at the request of the Secretary General;
 - (b) opening the envelopes containing offers and recording their contents.
- (2) Whenever the Secretary General does not follow the opinion of the Committee, he shall record the underlying reasons in writing.

**CHAPTER 6:
ACCOUNTS AND MANAGEMENT OF
ASSETS**

Regulation 6.1: 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 regular budget, statutory Funds and trust funds.

Regulation 6.2: 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 6.3: Financial statements

- (1) The Secretary General shall publish the Organization's annual financial statements and present them in a consolidated form.
- (2) The Secretary General shall send these documents to the Members.

Regulation 6.4: Reporting

- (1) The report on the outcome of the consolidated budget shall be submitted in the same form as the approved budget, and shall reconcile the budgetary results with the financial statements.
- (2) The report shall provide information on, but not be limited to:
 - (a) the original consolidated budget appropriations,
 - (b) the appropriations modified in the course of the implementation of the consolidated budget, and
 - (c) the use of appropriations.

Regulation 6.5: 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 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 for the previous year, which shall be submitted by the Secretary General before the end of February of the following year.
- (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 Secretary General at the latest by the end of April of the following year, 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 consolidated 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 consolidated budget, and rounded up to the next hundred.

**APPENDIX 1:
WORKING DEFINITIONS**

The financial terms used in these Regulations are in line with the standard definitions used in the International Public Sector Accounting Standards (IPSAS). Where no formal definition exists under IPSAS or where there is a specific interpretation of a term used in INTERPOL, the definitions given below prevail.

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.

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

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.

Consolidated budget – the budget consisting of the regular budget, trust funds and special accounts.

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.

Donor – any government, intergovernmental or non-governmental organization, public or private entity, including foundations and similar institutions, making a contribution to the regular budget, trust fund or special account administered by INTERPOL.

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.

Extrabudgetary resources – any contribution, whether financial or in kind in the form of services, supplies or equipment, not included in the Organization's equity but credited to a trust fund or special account.

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.

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.

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.

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.

Programme of activities – a document submitted by the Secretary General to the General Assembly in conformity with Article 8(c) of the Organization's Constitution, which plans the General Secretariat's activities for the coming year with a view to maximizing results in line with the Organization's aims and strategic priorities.

Regular budget – the budget comprising statutory contributions and other income received by the Organization under Regulation 3.6.

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.

Special account – a mechanism for collecting and managing resources created by the Secretary General exclusively with governments, intergovernmental organizations and other public entities, making it possible to receive contributions held for third parties in order to support special activities in conformity with INTERPOL’s aims and strategic priorities.

Special activities – any activities funded by extrabudgetary resources, in conformity with the Organization’s aims and strategic priorities, and conducted in isolation or in association with one or more ordinary activities.

Statutory contributions – all amounts to be paid by Members towards the regular budget of the Organization for a 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.

Trust funds – mechanisms created by the General Assembly for collecting and managing resources, making it possible to receive contributions from all entities including private donors, singly or jointly with others, and held for third parties in order to support special activities in conformity with INTERPOL’s aims and strategic priorities.

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

**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 resources 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.
