

JUN 5 1985

FINANCIAL REGULATIONS AND RULES OF THE UNITED NATIONS

(SERIES 100)

SECRETARY-GENERAL'S BULLETIN



UNITED NATIONS

SECRETARY-GENERAL'S BULLETIN

To: Members of the staff

Subject: FINANCIAL REGULATIONS AND RULES OF THE UNITED NATIONS

1. Several revisions to the Financial Regulations and Rules of the United Nations have been adopted since the complete text was last published in 1978 (ST/SGB/Financial Rules/1/Rev.2). It has been decided therefore to issue a complete revised text for use by members of the staff.

2. Amendments to the following financial regulations and the annex thereto have been made by resolution or decision of the General Assembly:

Regulations 3.10, 10.2 and annex, para. 6 (e) (resolution 33/116)

Regulations 3.3, 5.6 and 13.1 (resolution 37/234)

Annex, paras. 5, 6, 8 and 10 (decision 38/408)

3. The following financial rules have been revised by the Secretary-General in accordance with the provisions of regulation 10.1:

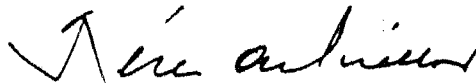
Rules 101.2 (d), 103.2 - 103.6, 103.7 (formerly 103.8), 103.12 (formerly 103.13), 103.13 (formerly 103.14), 110.41 (formerly 111.12) and 113.1, consequent to the new programme budgeting procedures.

Rules 101.2 (f), 103.7, 103.10, 105.6 - 105.8, 106.1, 106.2, 108.1, 108.2, 108.4 - 108.7, 108.9 - 108.12, 109.1, 109.2, 109.5, 110.2 - 110.6, 110.8, 110.9, 110.11, 110.12, 110.14, 110.15, 110.17, 110.19, 110.21, 110.22, 110.24 - 110.26, 110.28, 110.31 - 110.34, 110.36, 110.37, 111.1, 111.3, 111.4, 111.6 - 111.9, 111.11, 114.2 and 114.3, to reflect the responsibilities of the Under-Secretary-General for Administration and Management, the Controller, the Assistant Secretary-General for Personnel Services and the Assistant Secretary-General for General Services for the administration of these rules.

Rules 110.16, 110.17, 110.19, 110.22, 110.25 and 110.33, to reflect the delegation of procurement authority at Headquarters, to confirm delegation of procurement authority to the United Nations Centre for Human Settlements and to increase the procurement limits of Committees on Contracts at offices away from Headquarters.

4. This revision of the Financial Regulations and Rules of the United Nations supersedes all previous issues of the Financial Regulations and Rules.

5. Separate Financial Rules are in effect for certain operational activities financed from special accounts or voluntary funds and will continue to be in effect until superseded under the procedure which is outlined in the headnote to the present bulletin.

A handwritten signature in dark ink, appearing to read 'Javier Pérez de Cuéllar', with a stylized initial 'J'.

Javier PÉREZ de CUÉLLAR
Secretary-General

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FINANCIAL REGULATIONS AND RULES OF THE UNITED NATIONS

Headnote

The Financial Regulations of the United Nations and the Financial Rules of the United Nations (100 series Rules) shall govern the administration of the financial activities of all United Nations entities for which the Secretary-General has administrative responsibility, unless an exception or addition has been authorized by the General Assembly (for the Regulations) or by the Secretary-General of the United Nations (for the Rules). As the review of the Financial Rules progresses for the entities which currently have separate Rules, the exceptions or additions authorized for them will be promulgated by the Secretary-General as special annexes. The Regulations and Rules set forth in each of the annexes will carry a numbered series which codes it to the entity to which the annex applies and which self-identifies the exception or addition to the normal United Nations financial regulation or rule.

FINANCIAL REGULATIONS AND RULES OF THE UNITED NATIONS

ARTICLE I. APPLICABILITY

Regulation 1.1: These Regulations shall govern the financial administration of the United Nations, including the International Court of Justice.

Authority and applicability

Rule 101.1

These Rules are promulgated in accordance with the provisions of the Financial Regulations. They shall govern the administration of all financial activities of the United Nations, except as may otherwise be provided by the General Assembly, or specifically exempted therefrom by the Secretary-General. The Under-Secretary-General for Administration and Management (USG/AM) shall be responsible for the administration of these Rules on behalf of the Secretary-General. The USG/AM may delegate authority under these Rules, as appropriate, to other officials.

Definitions

Rule 101.2

For the purpose of these Rules:

(a) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions.

(b) "Department" shall mean any department, office, secretariat or other separate organizational entity so designated by the Secretary-General.

(c) "Head of department" shall mean the Under-Secretary-General, Assistant Secretary-General, Director or other officer in charge of a "department" as defined in (b) above.

(d) "Programme Planning and Budgeting Board" shall mean the board established by the Secretary-General to assist him in the exercise of his responsibilities in respect of planning, programming and budgeting.

(e) "USG/AM" shall mean the Under-Secretary-General for Administration and Management.

(f) "The Controller" shall mean the Assistant Secretary-General for Financial Services (Controller) or a United Nations official duly designated by the Controller.

ARTICLE II. THE FINANCIAL PERIOD

Regulation 2.1: *The financial period shall consist of two consecutive calendar years, the first of which shall be an even year.*

ARTICLE III. THE PROGRAMME BUDGET

Regulation 3.1: *The proposed programme budget for each financial period shall be prepared by the Secretary-General.*

Regulation 3.2: *The proposed programme budget shall cover income and expenditures for the financial period to which they relate and shall be presented in United States dollars.*

Budget estimates

Rule 103.1

The proposed programme budget, both for income and expenditures, shall be prepared on a gross basis in such form as the General Assembly may prescribe.

Rule 103.2

(a) Heads of departments shall prepare programme budget proposals for the following financial period at such times and in such detail as the Secretary-General may prescribe and in accordance with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

(b) The estimates for the United Nations Joint Staff Pension Board and United Nations Staff Pension Committee shall be submitted to the USG/AM by the Secretary of the Board.

Rule 103.3

The programme budget proposals shall be reviewed by the Programme Planning and Budgeting Board. In the light of the deliberations of the Board, the Secretary-General shall decide on the programme content and resource allocation of the budget to be submitted to the General Assembly.

Form of the proposed programme budget

Regulation 3.3: *The proposed programme budget shall be divided into parts, sections and programmes. Programme narratives shall set out subprogrammes, programme elements, output and users. The proposed programme budget shall be accompanied by such information annexes and explanatory statements as may be requested by or on behalf of the General Assembly, including a brief statement on the main changes in the pro-*

gramme content in comparison with the previous bien-nium, and such further annexes or statements as the Secretary-General may deem necessary and useful.

Rule 103.4

The proposed programme budget shall contain:

(a) Programme narratives in conformity with the standards set out in rule 104.4 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

(b) A detailed statement of the estimated expenditure provided for under each part, section, programme and subprogramme; for purposes of comparison, the appropriations for the current financial period shall be indicated alongside the estimates for the ensuing financial period.

(c) A statement of the estimated miscellaneous or other income under appropriate headings.

Regulation 3.4: *The Secretary-General shall, in the second year of a financial period, submit his proposed programme budget for the following financial period to the regular session of the General Assembly. This proposed programme budget shall be transmitted to all Member States at least five weeks prior to the opening of that regular session of the General Assembly.*

Regulation 3.5: *The Secretary-General shall, at least twelve weeks prior to the opening of the regular session of the General Assembly in the second year of a financial period, submit his proposed programme budget for the following financial period to the Advisory Committee on Administrative and Budgetary Questions (hereinafter referred to as the "Advisory Committee") for examination.*

Regulation 3.6: *The Advisory Committee shall prepare a report to the General Assembly on the programme budget proposed by the Secretary-General. This report shall be transmitted to all Member States at the same time as the proposed programme budget. The report, or an addendum to it, shall contain the recommendations of the Advisory Committee concerning the statement of the Secretary-General on the programme budget implications of the recommendations of the Committee for Programme and Co-ordination.*

Rule 103.5

The Secretary-General shall submit advance copies of the proposed programme budget to the Committee for Programme and Co-ordination and to the

Advisory Committee by the end of April in the year preceding each financial period, and shall arrange for transmittal of the proposed programme budget, together with the report of the Advisory Committee thereon, to all Member States at least five weeks prior to the opening of the regular session of the General Assembly for that year.

Regulation 3.7: *The General Assembly shall, in the second year of a financial period, adopt the programme budget for the following financial period, after consideration of, and report on, the proposed programme budget by the Administrative and Budgetary Committee of the Assembly.*

Revised programme budget proposals for the following financial period

Rule 103.6

Revised programme budget proposals may be submitted in respect of the ensuing financial period, as necessary, in the following instances:

(a) Those for which approval is required as a matter of urgency in the interests of peace and security;

(b) Those in respect of activities which the Secretary-General certifies to be of the highest urgency and which could not have been foreseen at the time the initial programme budget proposals were prepared;

(c) Those in respect of decisions of the Security Council, the Economic and Social Council or the Trusteeship Council;

(d) Those in respect of decisions taken by the General Assembly either without reference to a Main Committee or on the recommendation of such a Committee;

(e) Those mentioned in the initial programme budget proposals as items in respect of which later submissions would be made;

(f) Those involving changes in expenditures associated with inflation and currency fluctuations which could not have been foreseen or projected.

Publication of the approved programme budget

Rule 103.7

The Controller shall arrange for the publication of the programme budget as finally approved by the General Assembly, showing the appropriations by parts, sections, programmes and subprogrammes, as appropriate, and changes adopted by the General Assembly in the programme elements and output contained in the proposed programme budget.

Unforeseen and extraordinary expenses

Rule 103.8

Written authorization

Authorizations to incur commitments under the resolution relating to unforeseen and extraordinary expenses shall be issued personally by the USG/AM or by the Controller or, in their absence, by such other official as may be specifically designated by the Secretary-General.

Rule 103.9

Applicability of Financial Rules

The Financial Rules relating to the administration of and operations under the budget appropriations shall be deemed to govern, to the extent applicable, commitments authorized and credits made available under the General Assembly resolution relating to unforeseen and extraordinary expenses.

Rule 103.10

Report to the Advisory Committee and the General Assembly

The Controller shall take such measures as may be required:

(a) To ensure that the Advisory Committee is kept currently informed on the status of all commitments under the resolution relating to unforeseen and extraordinary expenses;

(b) To provide for the submission of a report thereon to the General Assembly at each regular session, together with supplementary programme budget proposals in connection therewith.

Supplementary programme budget proposals for the current financial period

Regulation 3.8: *Supplementary programme budget proposals may be submitted by the Secretary-General whenever necessary.*

Regulation 3.9: *The Secretary-General shall prepare supplementary programme budget proposals in a form consistent with the approved programme budget and shall submit such proposals to the General Assembly. The Advisory Committee shall review the supplementary proposals and report thereon.*

Submission of supplementary programme budget proposals

Rule 103.11

Supplementary programme budget proposals in respect of the current financial period shall be submitted to each regular session of the General Assembly.

Rule 103.12

Heads of departments shall prepare supplementary programme budget proposals in such detail as the Secretary-General may prescribe.

Rule 103.13

These proposals shall be reviewed by the Programme Planning and Budgeting Board. In the light of the deliberations of the Board, the Secretary-General shall decide as to the supplementary programme budget proposals to be submitted to the General Assembly.

Regulation 3.10: *The Secretary-General may enter into commitments for future financial periods, provided that such commitments:*

- (a) Are for activities which have been approved by the General Assembly and are expected to continue beyond the end of the current financial period; or*
- (b) Are authorized by specific decisions of the Assembly.*

ARTICLE IV. APPROPRIATIONS

Regulation 4.1: *The appropriations voted by the General Assembly shall constitute an authorization to the Secretary-General to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.*

Regulation 4.2: *Appropriations shall be available for obligation during the financial period to which they relate.*

Regulation 4.3: *Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period. The balance of the appropriations shall be surrendered.*

Regulation 4.4: *At the end of the twelve-month period provided in regulation 4.3 above, the then remaining balance of any appropriations retained will be surrendered. Any unliquidated obligations of the financial period in question shall, at that time, be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.*

Obligations

Rule 104.1

An outstanding legal obligation is to be based on a contract, purchase order, agreement or other form of undertaking by the United Nations or based on a liability recognized by the United Nations, which obligation is supported by an appropriate obligating document. The obligation shall be carried as an unliquidated obligation during the period set forth in regulation 4.3, unless liquidated prior thereto.

Rule 104.2

In those cases where the legal obligation cannot be liquidated within the time period set forth in regulation 4.3, the procedure under regulation 4.4 shall be followed. This procedure requires the examination of each such obligation in accordance with rule 110.9 before it is cancelled or reobligated against current appropriations.

Rule 104.3

In instances where legal obligations exist at the end of a financial period which result from authority to enter into commitments granted under rule 110.6 (a), the commitments shall be charged to a deferred charge account. The deferred charge shall, in turn, be transferred to the appropriate account when the necessary appropriation or funds become available. (*See also rule 110.6 with respect to commitments against the appropriations of current and future financial periods.*)

Regulation 4.5: *No transfer between appropriation sections may be made without authorization by the General Assembly.*

Transfers between appropriation sections

Rule 104.4

The General Assembly, in its biennial appropriation resolutions, has delegated to the Advisory Committee the authority contained in regulation 4.5 to make transfers between appropriation sections of the programme budget. When such a delegation exists, requests shall be made to that Committee for authority to make transfers between appropriation sections.

ARTICLE V. PROVISION OF FUNDS

Regulation 5.1: *The appropriations, subject to the adjustments effected in accordance with the provisions of regulation 5.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.*

Assessments

Rule 105.1

Assessments on Member States shall be made in accordance with the scale established by the General Assembly.

Regulation 5.2: *For each of the two years of a financial period, the contributions of Member States shall be assessed on the basis of half of the appropriations approved by the General Assembly for that financial period, except that adjustments shall be made to the assessments in respect of:*

- (a) *Supplementary appropriations for which contributions have not previously been assessed on Member States;*
- (b) *Half of the estimated miscellaneous income for the financial period for which credits have not previously been taken into account, and any adjustments in estimated miscellaneous income previously taken into account;*
- (c) *Contributions resulting from the assessment of new Member States under the provisions of regulation 5.8;*
- (d) *Any balance of the appropriations surrendered under regulations 4.3 and 4.4;*
- (e) *Half of the Members' credits in the Tax Equalization Fund for the financial period estimated to be not required to meet charges for tax refunds during the calendar year, and any adjustments in the estimated credits previously taken into account.*

Tax Equalization Fund

Rule 105.2

Tax Equalization Fund

A Tax Equalization Fund has been established to which shall be credited all revenues derived from amounts withheld from the salaries of staff members on account of staff assessment which are not otherwise disposed of by specific decision of the General Assembly.

Rule 105.3

Use of the Tax Equalization Fund

Credits to Member States shall be recorded in the accounts of the Fund in the proportion of the scale of assessments determined by the General Assembly for each Member State for each calendar year of the financial period concerned. Any adjustments for prior financial periods shall be made in the proportion of the scale

Regulation 5.6: *Payments made by a Member State shall be credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member was assessed.*

Regulation 5.7: *The Secretary-General shall submit to each regular session of the General Assembly a report on the collection of contributions and advances to the Working Capital Fund.*

Contributions from new Member States

Regulation 5.8: *New Members shall be required to make a contribution for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Assembly.*

Contributions from non-member States

Regulation 5.9: *States which are not Members of the United Nations but which become parties to the Statute of the International Court of Justice or treaty bodies financed from United Nations appropriations shall contribute to the expenses of such bodies at rates to be determined by the General Assembly. States which are not Members of the United Nations but which participate in organs or conferences financed from United Nations appropriations shall contribute to the expenses of such organs or conferences at rates to be determined by the General Assembly, unless the Assembly decides with respect to any such State to exempt it from the requirement of so contributing. Such contributions shall be taken into account as miscellaneous income.*

Contributions from non-member States

Rule 105.8

As soon as possible after the close of each calendar year, the Controller shall determine the expenses relating to the activities of the Organization in respect of which non-member States are called upon to make contributions. Applying the rates established by the General Assembly to such expenses, the Controller shall inform the non-member States of the contributions due. Such contributions shall be treated as miscellaneous income of the United Nations.

Regulation 5.10: *Under rules established by the Secretary-General, borrowings may be incurred for the reimbursable seeding operations of the United Nations Habitat and Human Settlements Foundation from Gov-*

ernments and governmental agencies and intergovernmental organizations provided that:

- (a) The net borrowings outstanding at any time under this regulation shall not exceed limits established by the Secretary-General, with due regard to the maintenance of adequate reserves to secure such borrowings and to the proper functioning of the Foundation;*
- (b) The principal of any borrowings under this regulation and any interest or other charges thereon shall only be payable from the resources of the Foundation, and no lender shall have any claim against the United Nations or any of its other assets. Resources of the Foundation may be committed as security for the repayment of borrowings and the charges thereon. The Executive Director shall identify the resources which will be available for this purpose.*

ARTICLE VI. FUNDS

Regulation 6.1: *There shall be established a general fund for the purpose of accounting for the expenditures of the Organization. The contributions paid by Member States under regulation 5.1, miscellaneous income and any advances made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.*

Authority for expenditure

Rule 106.1

No commitments, obligations or expenditures against any funds may be incurred without the written authorization of the Controller.

Working Capital Fund

Regulation 6.2: *There shall be established a working capital fund in an amount and for purposes to be determined from time to time by the General Assembly. The source of moneys of the Working Capital Fund shall be advances from Member States, and these advances, made in accordance with the scale of assessments as determined by the General Assembly for the apportionment of the expenses of the United Nations, shall be carried to the credit of Member States which have made such advances.*

Regulation 6.3: *Advances made from the Working Capital Fund to finance budgetary appropriations shall*

be reimbursed to the Fund as soon as and to the extent that income is available for that purpose.

Regulation 6.4: *Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorized purposes shall be reimbursed through the submission of supplementary programme budget proposals.*

Advances from the Working Capital Fund

Rule 106.2

(a) Advances from the Working Capital Fund may be made only for the purposes and within the terms and conditions prescribed by the General Assembly, and only on the basis of a written authorization signed by the Controller.

(b) All advances necessary to finance budgetary appropriations pending the receipt of contributions or to finance obligations under resolutions relating to unforeseen and extraordinary expenses duly approved in accordance with the provisions of rule 103.9 shall be reimbursed to the Working Capital Fund as soon as the cash balance in the General Fund is sufficient for the purpose.

Regulation 6.5: *Income derived from investments of the Working Capital Fund shall be credited to miscellaneous income.*

Regulation 6.6: *Trust funds, reserve and special accounts may be established by the Secretary-General and shall be reported to the Advisory Committee.*

Regulation 6.7: *The purpose and limits of each trust fund, reserve and special account shall be clearly defined by the appropriate authority. Unless otherwise provided by the General Assembly, such funds and accounts shall be administered in accordance with the present Regulations.*

Establishment of trust funds, reserve and special accounts

Rule 106.3

Trust funds, reserve and special accounts may be established outside the programme budget appropriations in respect of specific activities entrusted to the Organization.

Rule 106.4

The purpose and limits of each trust fund, reserve or special account established shall be as defined by the appropriate authority. Such funds and accounts shall be administered in accordance with these Financial Rules unless otherwise provided by the General Assembly. (See also rules 107.5, 107.6 and 107.7 with respect to acceptance of voluntary contributions, gifts or donations.)

ARTICLE VII. OTHER INCOME

Regulation 7.1: *All other income except:*

- (a) *Contributions to the programme budget;*
 - (b) *Direct refunds of expenditures made during the financial period;*
 - (c) *Advances or deposits to funds; and*
 - (d) *Revenue derived from the Staff Assessment Plan*
- shall be classed as miscellaneous income, for credit to the General Fund.*

Miscellaneous income

Rule 107.1

Proceeds from rental of property or loan of services

Proceeds from the rental of property or from the loan of staff members or other services rendered shall be credited as miscellaneous income. (*See also rules 114.2 and 114.3 with respect to provision of goods and services to others and accounting for goods and services provided to others, respectively.*)

Rule 107.2

Refunds of expenditures

(a) Refunds of expenditures which had been charged in the same financial period against the budgetary accounts may be credited against the same accounts, but refunds of expenditures of prior financial periods shall be credited to miscellaneous income.

(b) Adjustments which arise subsequent to the closing of an extrabudgetary account, i.e., a trust fund, special account, project etc., shall be classed as miscellaneous income and charged or credited to miscellaneous income of the appropriate account. (*See also rules 114.2 and 114.3 with respect to provision of goods and services to others and accounting for goods and services provided to others, respectively.*)

Revenue-producing activities

Rule 107.3

Financial control

Revenue-producing activities (e.g., the United Nations Postal Administration, the Visitors' Service, sale of publications, United Nations garage operations, the United Nations gift centre and catering and related services) which are not directly financed out of the programme budget appropriations, but the net income from which accrues as miscellaneous income to the Organization, shall be subject to the same financial controls as apply to activities financed from the programme budget appropriations and shall be administered in accordance with these Financial Regulations and Rules.

Rule 107.4

Programme budget presentation

The proposed programme budget shall include information on the revenue-producing activities referred to in rule 107.3 above, showing the estimates of gross revenue and expenditure for each such activity as well as the credit to the income section of the budget in respect of the net revenue from each such activity.

Voluntary contributions, gifts or donations

Regulation 7.2: *Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Organization, and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate authority.*

Regulation 7.3: *Moneys accepted for purposes specified by the donor shall be treated as trust funds or special accounts under regulations 6.6 and 6.7.*

Regulation 7.4: *Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the accounts of the financial period.*

Acceptance of voluntary contributions, gifts or donations

Rule 107.5

In cases other than those approved by the General Assembly, the establishment of any trust fund or the receipt of any voluntary contribution, gift or donation to be administered by the United Nations requires the approval of the Secretary-General, who may delegate this authority to the USG/AM.

Rule 107.6

No voluntary contribution, gift or donation for a specific purpose may be accepted if the purpose is inconsistent with the policies and aims of the United Nations.

Rule 107.7

Voluntary contributions, gifts or donations which directly or indirectly involve an immediate or ultimate financial liability for the Organization may be accepted only with the approval of the General Assembly.

ARTICLE VIII. CUSTODY OF FUNDS

Regulation 8.1: *The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.*

Receipt, management and disbursement of funds

Rule 108.1

Bank accounts

- (a) The Controller or those United Nations officials authorized by the Controller shall designate the banks in which the funds of the United Nations shall be kept. The designation of a bank shall cover all branches of that bank.
- (b) The Controller or those authorized by the Controller shall establish such official bank accounts as may be required for the transaction of United Nations business and shall designate signatories to operate those accounts. Officials other than those authorized to establish bank accounts may, with appropriate notification to the bank, be authorized to amend signatory panels.
- (c) If, at an office away from Headquarters, it is necessary to open a bank account at such short notice that there is not time for the Controller to make the usual arrangements, the head of the office may open the account on the following conditions:
- (i) Wherever possible, the bank shall be a branch of one of the banks designated under rule 108.1 (a);
 - (ii) The bank shall be instructed that the account is an official account of the United Nations and that the bank is authorized to provide any information that the Controller may request concerning the account;
 - (iii) The bank shall also be instructed that monthly bank statements (accompanied by all paid cheques, withdrawal instructions and debit and credit advices) are required and to whom they are to be sent;
 - (iv) An immediate report by telegraph shall be made to the Controller, who shall promptly advise the head of office and the bank as to whether the account is, in fact, an official account of the United Nations;
 - (v) Wherever possible, two signatures shall be required on all cheques and on all withdrawal instructions. (*See also rule 108.11.*)

Rule 108.2

Receipt of moneys

- (a) An official receipt shall be issued on the date of receipt for all moneys received.
- (b) Only officials duly designated by the Controller shall be authorized to issue such receipts. In cases where officials other than those authorized to issue official receipts receive moneys intended for the Organization, they shall immediately transmit such moneys in full to the cashier or other official authorized to issue an official receipt.

(c) Receipts shall be recorded in the accounts on the date the remittance is received.

Rule 108.3

Deposit of receipts

All moneys received shall be deposited intact in an official bank account not later than the business day following the date of receipt.

Rule 108.4

Petty cash advances and Cashier's Fund advances

Petty cash advances and Cashier's Fund advances may be made to officials designated by the Controller. The accounts therefore shall normally be maintained on an imprest system. The amount and purposes of each advance shall be defined by the Controller, the amount being held to the minimum compatible with working requirements.

Rule 108.5

Responsibility of holders of cash advances

Officials to whom cash advances are issued under rule 108.4 shall make use of such advances only for the purpose for which the advances were authorized and shall be held personally responsible and financially liable for the proper management and safekeeping of the cash so advanced. They shall render accounts as required by the Controller which, unless otherwise provided, shall be not less frequently than once each month. They shall be in a position at all times to account for the advances. Cash or negotiable instruments shall be kept in safe custody.

Rule 108.6

Other cash advances

In addition to advances specified in these Rules, the Controller may make such other cash advances as may be permitted by the Staff Rules and administrative instructions or as may be approved by him or her. (*See also rules 108.9 (d) and 110.23 with respect to progress payments and advance payments, respectively.*)

Rule 108.7

Remittances to offices away from Headquarters

Offices away from Headquarters shall obtain their funds by remittances from Headquarters. In the absence of a special authorization from the Controller, the remittances shall not exceed the amount required to bring the cash balance of the office concerned to the estimated cash requirements for the next two-and-one-half months.

Rule 108.8

Exchange of currencies

Officials responsible for the operation of United Nations bank accounts or for holding United Nations cash or negotiable instruments are not authorized to

exchange one currency for another, except to the minimum extent essential for the transaction of official business.

Rule 108.9

Approval of obligations and payments

(a) Only those officials designated by the Controller as approving officers may approve obligations for recording in the accounts. Any such obligations must have been duly certified by certifying officers designated by the Controller for that purpose. (*See also rule 110.3 with respect to certification and approval of obligations and expenditures.*)

(b) Only those officials designated by the Controller as approving officers may approve payments on behalf of the Organization. In addition, all authorizations, whether by telegraph or by letter, to effect payments at another duty station are to be issued and signed by the Controller or on behalf of the Controller by those officials who have been duly designated to do so.

(c) Payments shall be made only on the basis of duly certified supporting vouchers and other documents which indicate that the goods or services have been received in accordance with the documents establishing the obligation. An approving officer must also verify that payment has not previously been made and that the supporting documents do not have irregularities on their face which indicate that the payment is not properly due; nor shall an approving officer approve a payment if any other information known to him or her would bar the payment.

(i) Payments directly related to and not in excess of a recorded obligation which have previously been certified by a certifying officer designated under rule 110.3 shall not require a certification on the invoice;

(ii) For payments under \$1,000 for which credits did not need to be reserved in advance by the recording of an obligation under the authority of rule 110.5, the supporting documentation indicating that a payment is due must be certified by a certifying officer designated under rule 110.3 before the payment may be approved.

(d) In addition to payments authorized under rule 110.23, and notwithstanding paragraph (c) above, the Controller may, when deeming it in the interest of the United Nations so to do, authorize progress payments. (*See also rules 108.6 and 110.23 with respect to other cash advances and advance payments, respectively.*)

Rule 108.10

Disbursements to be made by cheque

(a) All disbursements shall be made by cheque, except to the extent that cash disbursements are authorized by the Controller.

(b) Disbursements shall be recorded in the accounts as of the date when the disbursement is made, that is, when the cheque is issued or cash is paid out.

Rule 108.11

Cheques to be signed by two authorized signatories

Cheques shall be signed by two authorized signatories designated by the Controller, provided that the Controller may, where deeming that adequate safeguards are provided, authorize the signature of cheques by one signatory only or authorize the use of facsimile signatures. In order to provide adequate internal controls, the Controller will not authorize finance officers to sign cheques, unless a division of duties is not practicable.

Rule 108.12

Receipts

Except where a paid cheque is returned by the bank and can thus serve as a receipt, the payee's receipt shall be obtained for all disbursements, unless special arrangements have been authorized by the Controller.

ARTICLE IX. INVESTMENT OF FUNDS

Regulation 9.1: *The Secretary-General may make short-term investments of moneys not needed for immediate requirements and shall inform the Advisory Committee periodically of such investments which he has made.*

Regulation 9.2: *The Secretary-General may, after consultation with the Investments Committee, make long-term investments of moneys standing to the credit of trust funds, reserve and special accounts, except as may be otherwise provided by the appropriate authority in respect of each such fund or account and having regard to the particular requirements as to the liquidity of funds in each case.*

Regulation 9.3: *Income derived from investments shall be credited as provided in the rules relating to each fund or account.*

Investments

Rule 109.1

Investments

(a) The Controller may make short-term investments of moneys not needed for immediate requirements, and may, after consultation with the Investments Committee, make long-term investments on account of the United Nations Joint Staff Pension Fund, the Library Endowment Fund and other trust funds and special accounts, subject always to the provisions of the appropriate regulations, rules, terms or conditions relating to such funds and accounts. The authority con-

tained in this rule to make investments shall include the authority to exchange or sell, as well as to purchase, investment securities.

(b) The Controller shall report periodically on such investments to the Advisory Committee and, in respect of investments made on behalf of the United Nations Joint Staff Pension Fund, to the United Nations Joint Staff Pension Board.

Rule 109.2

Custody of investments

(a) All securities shall be deposited either in the custody of duly appointed bankers or in safe deposit vaults maintained by a recognized financial institution designated by the Controller or in the United Nations safes under his or her direct control.

(b) Withdrawal of securities from the custody of bankers and access to such safe deposit vaults shall require the authorization and signature of two officials designated for that purpose by the Controller.

Rule 109.3

Investments ledger

Investments shall be registered in an investment ledger, which shall show relevant details for each investment, including the face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.

Rule 109.4

Income from investments

(a) Income from investments of the General Fund and the Working Capital Fund shall be taken into account as miscellaneous income.

(b) Income from investments of trust funds and special accounts shall include amounts from investments, royalties and other income derived from or accruing to such funds and shall be credited to the trust fund or special account concerned.

Rule 109.5

Losses of cash or negotiable instruments

Any loss of cash or negotiable instruments must be reported at once to the Controller. No amount due to the United Nations may be waived without the written authorization of the Controller. (*See also rule 110.14 with respect to the writing off of losses of cash and receivables.*)

Regulation 9.4: Under rules established by the Secretary-General, loans may be made from the resources of the United Nations Habitat and Human Settlements Foundation, including those borrowed pursuant to regulation 5.10, in implementation of the approved programmes of the Foundation.

ARTICLE X. INTERNAL CONTROL

Regulation 10.1: *The Secretary-General shall:*

- (a) *Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;*
- (b) *Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and that payments have not previously been made;*
- (c) *Designate the officers who may receive moneys, incur obligations and make payments on behalf of the Organization;*
- (d) *Maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:*
 - (i) *The regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;*
 - (ii) *The conformity of obligations and expenditures with the appropriations or other financial provisions voted by the General Assembly, or with the purposes and rules relating to trust funds and special accounts;*
 - (iii) *The economic use of the resources of the Organization.*

Regulation 10.2: *Obligation for the current financial period or commitments for current and future financial periods shall be incurred only after allotments or other appropriate authorizations have been made in writing under the authority of the Secretary-General.*

Administration of budget appropriations

Rule 110.1

Appropriations made available by authorization from the USG/AM

(a) The USG/AM is responsible to the Secretary-General for ensuring that the expenditures of the Organization remain within the appropriations as voted and are incurred only for the purposes approved by the General Assembly. (See also rule 106.1 with respect to authority for expenditure.)

(b) Such authorization may take the form of:

- (i) An allotment of funds or other authorization to commit funds covering a specific period and/or a specific purpose; and/or
- (ii) An authorization for the employment of staff or of consultants.

Rule 110.2

Review of obligations and expenditures by the Controller

(a) Certifying officers are responsible for the submission to the Controller of the appropriate documents in support of proposed obligations and expenditures.

(b) The Controller may, on adequate grounds, disallow any proposal for an obligation or expenditure.

(c) Certifying officers shall submit such explanations and justifications as the Controller may require.

(d) No transfers between allotments may be made, except on the written authorization of the Controller.

Rule 110.3

Certification and approval of obligations and expenditures

Every obligation or proposal for the incurring of expenditure shall require:

(a) Certification by a certifying officer designated for the purpose by the Controller before the expenditure is actually incurred, provided that the Controller shall have authority to certify obligations and expenditures under all accounts; and

(b) Subsequent approval by an approving officer designated for that purpose by the Controller before the obligation is recorded or payment made. (*See also rule 108.9 with respect to approval of obligations and payments.*)

Rule 110.4

Certifying officers

(a) One or more officials shall be designated by the Controller as certifying officer(s) for each department on the recommendation of the head of the department. Certifying officers shall be responsible for the specific account(s) assigned to them by the Controller. Alternates may be designated by the Controller to act in the absence of the certifying officer(s).

(b) The responsibilities of certifying or alternate certifying officers shall be established by the Controller. The authority granted and responsibility assigned to such officers is a personal one and cannot be delegated.

Rule 110.5

Reservation of credits to meet expenditures

(a) Apart from the employment of staff under an authorized staffing table, and consequential commitments under the Staff Regulations and Rules, no contract, agreement or undertaking of any nature for an amount exceeding \$1,000 shall be entered into until credits have been reserved in the accounts, through the recording of an obligation, to meet any expenditures which may accrue in the financial period. Additionally, unless the amount of the change in the credits reserved exceeds \$1,000, no change need be made in the amount previously obligated. In cases where the change exceeds \$1,000, the payment is to be made in

accordance with a duly certified invoice when the goods have been delivered or services rendered.

(b) When an obligation is made in currencies other than United States dollars, it shall be recorded in the accounts in the United States dollar equivalent at the prevailing rate established by the Controller. At the time of payment, where currency fluctuation has resulted in a change in the United States dollar equivalent from the original amount obligated, the Controller shall authorize the difference to be charged or credited to the appropriate account. In such cases, an amendment to the original obligation document is not required.

Rule 110.6

Commitments against the appropriations of current and future financial periods

(a) The Controller may approve commitments against current and future financial periods, when they are necessary in the interests of the United Nations. The granting of approval to enter into commitments for which no appropriations have been made shall be subject to such limits and approvals as the General Assembly may prescribe. Such commitments for future financial periods shall normally be restricted to administrative requirements of a continuing nature and to other contracts or legal obligations where longer lead times are required to ensure timely delivery. (See also rule 104.3 with respect to obligations for such commitments.)

(b) The Controller shall maintain a record in the accounts of all such commitments, which shall constitute a first charge against the relevant appropriations as these are voted by the General Assembly.

Rule 110.7

Increase in obligations

All increases in obligations or proposals for the incurring of expenditures, including increases due to currency fluctuations, shall be subject to the same rules as apply to the incurring of original obligations.

Rule 110.8

Decrease in obligations

When any obligation previously recorded in the accounts is for any reason decreased (other than by payment) or cancelled, the Controller shall be immediately informed by the appropriate certifying officer, in writing, and the accounts shall be adjusted.

Rule 110.9

Review of outstanding obligations

Outstanding obligations retained against appropriations of the previous financial period in accordance with regulation 4.3 shall be reviewed periodically by the certifying or alternate certifying officers. Obligations reflected in the accounts which, in the opinion of the Controller, are no longer valid obligations shall be cancelled from the accounts forthwith, and the resulting credit surrendered. If the

obligation is determined to be valid, it shall be reobligated against the appropriations of the current financial period. (See also rule 104.2 with respect to obligations.)

Rule 110.10

Requisitions—delegation of authority

Central supplies, equipment and other property shall be issued, and central services provided, only against requisitions or orders signed by officials designated by the heads of departments for that purpose.

Employment of staff or consultants

Rule 110.11

Staff or consultants may only be engaged with the written authority of the Assistant Secretary-General for Personnel Services and within the allotments or other limits approved for the purpose.

Rule 110.12

The Assistant Secretary-General for Personnel Services, or the officials to whom authority has been delegated, shall be responsible for ensuring that the terms of employment of staff or consultants conform to the terms of the Staff Regulations and Rules.

Ex gratia payments

Regulation 10.3: *The Secretary-General may make such ex gratia payments as he deems to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the General Assembly with the accounts.*

Ex gratia payments

Rule 110.13

(a) *Ex gratia* payments may be made in cases where, although in the opinion of the Office of Legal Affairs there is no legal liability on the United Nations, the moral obligation is such as to make payment desirable in the interest of the Organization.

(b) The personal approval of the USG/AM is required for *ex gratia* payments when:

- (i) The amount exceeds \$5,000; or
- (ii) The recipient is a staff member of the United Nations receiving a salary equivalent to or higher than that of the lowest level and step of the Professional category.

(c) In other cases the USG/AM may delegate authority for approval of *ex gratia* payments.

Writing-off of losses or deficiencies

Regulation 10.4: *The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Auditors with the accounts.*

Writing-off of losses of cash, receivables and property

Rule 110.14

Writing off of losses of cash and receivables

(a) The Controller may, after full investigation, authorize the writing-off of losses of cash and the book value of accounts receivable and notes receivable deemed to be irrecoverable, except that the writing-off of amounts in excess of \$10,000 shall require the approval of the Secretary-General.

(b) The investigation shall, in each case, fix the responsibility, if any, attaching to any official of the United Nations for the loss. Such official may be required to reimburse the loss either partially or in full. (*See also rule 109.5 with respect to losses of cash or negotiable instruments.*)

Rule 110.15

Writing-off of losses of property

(a) The Controller may, after full investigation in each case, authorize the writing-off of losses of United Nations property or such other adjustment of the records as will bring the balance shown by the records into conformity with the actual quantities.

(b) Final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Controller.

Contracts and purchases

Regulation 10.5: *Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Organization, a departure from the rule is desirable.*

Contracts and purchases

Rule 110.16

Authorized official

(a) Contracts for the purchase, rental or sale of services, supplies, equipment or other requirements shall be entered into on behalf of the United Nations only by officials duly authorized for the purpose. Purchasing, renting or selling activities include, in addition to entering into contracts, the invitation of proposals

or tenders and the negotiation with potential suppliers or purchasers on the basis of detailed specifications.

(b) Unless otherwise directed by the Secretary-General, the USG/AM or officials duly authorized by the USG/AM shall be responsible for purchasing, renting or selling activities on behalf of the Organization, provided that:

- (i) The Director-General or an official duly authorized by the Director-General shall be responsible for purchasing, renting or selling activities in respect of the United Nations Office at Geneva;
- (ii) The Executive Directors or officials duly authorized by them shall be responsible for purchasing, renting or selling activities relating to their respective offices in respect of the United Nations Industrial Development Organization, the United Nations Environment Programme and the United Nations Centre for Human Settlements;
- (iii) The Executive Secretaries of the United Nations regional commissions (except the Economic Commission for Europe) or officials duly authorized by them shall be responsible for purchasing, renting or selling activities relating to their respective offices, subject to the limits provided in clauses (e) (i) and (ii) of rule 110.17.

Rule 110.17

Committee on Contracts

(a) There shall be established a committee on contracts at United Nations Headquarters to render written advice to the Assistant Secretary-General for General Services or such other officials authorized under rule 110.16, on:

- (i) All contracts to be entered into which involve commitments to a single contractor in respect of a single requisition or a series of related requisitions totalling \$40,000 or more;
- (ii) All contracts or series of related contracts, including those for television or film activities, which involve income to the Organization of \$10,000 or more, and any contracts relating to activities where the estimated annual income therefrom when aggregated with the estimated annual income from any other contract or contracts already made with the same purchaser in the same year amounts to \$10,000 or more, except that contractual arrangements resulting from the recommendations of the Property Survey Board shall not be referred to the Committee on Contracts;
- (iii) Proposals for modification or renewal of contracts previously reviewed by the Committee;
- (iv) Such other matters as may be referred to the Committee by the Assistant Secretary-General for General Services or such other officials authorized under rule 110.16.

(b) The composition of the Headquarters Committee and its terms of reference shall be determined by the Secretary-General.

(c) There shall be established local Committees on Contracts, similar to the one at United Nations Headquarters, at the United Nations Office at Geneva, the United Nations Industrial Development Organization, the United Nations Environment Programme, the United Nations Centre for Human Settlements and the respective headquarters of the United Nations regional commissions (except the Economic Commission for Europe). The composition of each local Committee shall be determined by the head of office concerned in consultation with the Secretary-General.

(d) The local Committees on Contracts at the United Nations Office at Geneva, the United Nations Industrial Development Organization, the United Nations Environment Programme and the United Nations Centre for Human Settlements shall render written advice to the respective heads of office on:

- (i) All contracts for the purchase or rental of services, supplies, equipment and other requirements involving commitments in respect of a single requisition or a series of related requisitions totalling \$40,000 or more;
- (ii) All contracts or series of related contracts, including those for television or film activities, which involve income to the Organization of \$10,000 or more, and any contracts relating to activities where the estimated annual income therefrom when aggregated with the estimated annual income from any other contract or contracts already made with the same purchaser in the same year amounts to \$10,000 or more, except that contractual arrangements resulting from the recommendations of the local Property Survey Board shall not be referred to the Committee on Contracts;
- (iii) Proposals for modification or renewal of contracts previously reviewed by the Committee;
- (iv) Such other matters as may be referred to the Committee by the head of office concerned.

(e) The local Committees on Contracts at the headquarters of the United Nations regional commissions shall render written advice to the respective Executive Secretaries on:

- (i) All contracts for the purchase or rental of services, supplies, equipment or other requirements involving commitments in respect of a single requisition or a series of related requisitions exceeding \$20,000 but less than \$40,000. All contracts above \$40,000 shall be referred to the Committee on Contracts at United Nations Headquarters;
- (ii) All contracts or series of related contracts, including those for television or film activities, which involve income to the Organization exceeding \$5,000 but less than \$10,000, and any contracts relating to activities where the estimated annual income therefrom when aggregated with the estimated annual income from any other contract or contracts already made with the same purchaser in the same year is an amount exceeding \$5,000 but less than \$10,000, except that (a) all contracts involving income to the Organization in excess of \$10,000

shall be referred to the Headquarters Committee on Contracts and (b) contractual arrangements resulting from the recommendations of the Property Survey Board shall not be referred to the Committee on Contracts;

- (iii) Proposals for modification or renewal of contracts previously reviewed by the Committee;
- (iv) Such other matters as may be referred to the Committee by the Executive Secretary concerned.

(f) The Assistant Secretary-General for General Services, in consultation with the Controller, may authorize the establishment of a local committee on contracts at a location other than the ones specified in (c) above.

(g) Where, under the preceding provisions of this rule, the advice of the Headquarters Committee on Contracts (or of the appropriate local committee) is required to be sought, no commitment may be entered into before such advice is received. In cases where the Assistant Secretary-General for General Services or such other official authorized under rule 110.16 decides not to accept the advice of the Committee, he or she shall record in writing the reasons for that decision.

Rule 110.18

Calling for bids or proposals

Except as provided in rule 110.19, contracts for the purchase or rental of services, supplies, equipment and other requirements shall be let after competitive bidding or calling for proposals. Tenders shall be invited by advertising through publication or distribution of formal invitations to bid; provided that in cases where the nature of the work involved precludes invitation of tenders and where proposals are called, a comparative analysis of such proposals shall be kept on record.

Rule 110.19

Exceptions to calling for bids or proposals

Contracts may be awarded without calling for proposals, advertising or formal invitations to bid when:

(a) The proposed contract involves commitments of less than \$10,000 in the case of United Nations Headquarters, the United Nations Office at Geneva, the United Nations Industrial Development Organization, the United Nations Environment Programme and the United Nations Centre for Human Settlements, and \$5,000 in the case of the United Nations regional commissions, provided that the award is made after an assessment of competitive quotations, based on conformity with specifications, delivery schedules and prices or comparative prices, where available;

(b) The prices or rates are fixed pursuant to national legislation or by regulatory bodies;

(c) A standardization of supplies or equipment has been approved on the advice of the Committee on Contracts which renders competition impracticable;

(d) The exigency of the service does not permit the delay attendant upon the issue of invitations to bid or the calling for proposals;

(e) The contract relates to the purchase of proprietary articles or perishable supplies;

(f) The proposed contract relates to professional services other than staff services;

(g) The proposed contract relates to medicines, medical supplies, hospital or surgical supplies or prosthetic appliances;

(h) The Assistant Secretary-General for General Services or such other official authorized under rule 110.16 determines that competitive bidding or calling for proposals will not give satisfactory results. In such cases, appropriate reasons shall be recorded in writing.

Rule 110.20

Opening of bids

All bids shall be publicly opened at the time and place specified in the invitation to bid and an immediate record made thereof.

Rule 110.21

Awarding of contracts

Contracts shall be awarded to the lowest acceptable bidder, due consideration being given to the utilization of currencies available to the Organization and which require special management, provided that where the interests of the Organization so require, all bids may be rejected. In the latter instance, the Assistant Secretary-General for General Services or such other official authorized under rule 110.16 shall record in writing the reasons for rejection of the bids and determine whether to invite new competitive tenders or enter into a negotiated contract.

Rule 110.22

Purchases to be made in writing

(a) Written contracts or written purchase orders for goods and services shall be established, as appropriate, for every purchase from a single contractor or vendor in the following amounts:

(i) In the case of United Nations Headquarters, the United Nations Office at Geneva, the United Nations Industrial Development Organization, the United Nations Environment Programme, the United Nations Centre for Human Settlements and the United Nations regional commissions (except the Economic Commission for Europe), an aggregate amount of \$2,500 or more for one or more items;

(ii) In the case of other offices or groups of offices away from Headquarters, such amounts as may be prescribed by the Assistant Secretary-General for General Services, in consultation with the Controller.

(b) Written contracts and purchase orders shall specify in detail:

- (i) In the case of supplies or equipment, the exact description of the goods, the quantity required, the price of each article, the conditions of delivery and the terms of payment;
- (ii) In the case of services other than staff services, the nature of the services, the period covered, the conditions of fulfilment, the amount and terms of payment.

(c) The USG/AM or such other officials authorized under rule 110.16, in agreement with the USG/AM, may waive the requirements of any part of this financial rule in certain cases, such as supplies for the maintenance of buildings, where one "blanket" purchase order might be issued covering a variety of items. In the event of such a waiver, a written record shall be established to ensure that:

- (i) The vendor and purchaser are in agreement as to what is being purchased;
- (ii) An itemized record of sale and receipt is prepared at the time of delivery;
- (iii) Payment is based on the itemized record of sale and receipt referred to in (ii) above.

Rule 110.23

Advance payments

Except where normal commercial practice or the interest of the United Nations so requires, no contract or purchase order shall be made on behalf of the United Nations which requires a payment or payments on account in advance of the delivery of goods or performance of contractual services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded. (*See also rules 108.6 and 108.9 (d) with respect to other cash advances and progress payments, respectively.*)

Rule 110.24

Written findings

Each determination or decision required of an authorized purchasing officer by the provisions of these Rules shall be supported by the written findings of such officer. These written findings shall be placed in the appropriate case file maintained by the responsible department or office. In cases involving \$2,500 or more, they shall also accompany the related obligating documents submitted to the Controller.

Receipt, management and disposal of supplies, equipment and other property

Rule 110.25

Property records

(a) Complete and accurate records shall be maintained of supplies, equipment and other property purchased, received, issued, sold or otherwise disposed of, and remaining on hand. Such records shall be maintained both for Head-

quarters and for offices away from Headquarters and shall show separately supplies, equipment and other property belonging to the United Nations and/or entrusted to the charge of the United Nations.

(b) The Assistant Secretary-General for General Services, in consultation with the Controller, shall determine the articles for which the records shall be maintained and shall establish the nature and extent of the records in compliance with the purpose of these Rules. Where property is of a kind used and/or administered by only one department, the Assistant Secretary-General for General Services may delegate the responsibility for the maintenance of such records to the head of that department.

(c) Responsibility for the maintenance of property records shall:

- (i) In the case of the United Nations Office at Geneva, rest with the Director-General;
- (ii) In the case of the United Nations Industrial Development Organization, the United Nations Environment Programme and the United Nations Centre for Human Settlements, rest with the Executive Director;
- (iii) In the case of the United Nations regional commissions (except the Economic Commission for Europe), rest with the respective Executive Secretary;
- (iv) In the case of all other field offices and of United Nations Headquarters, rest with the Assistant Secretary-General for General Services.

(d) The Assistant Secretary-General for General Services and/or such other officials authorized under rule 110.16 shall, as appropriate, arrange to designate the officials responsible for the maintenance of property records and the officials accountable for the property.

Rule 110.26

Physical inventories

Physical inventories shall be taken of supplies, equipment or other property of the United Nations or entrusted to the charge of the United Nations at such intervals as deemed necessary to ensure adequate control over such property. The responsibility for ensuring conduct of such physical inventories and selection of items to be inventoried will be that of the Assistant Secretary-General for General Services and such other officials authorized under rule 110.16. Where property is of a kind used and/or administered by only one department, the Assistant Secretary-General for General Services may, at his or her discretion, delegate responsibility for making arrangements for the conduct of physical inventories to the head of that department.

5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion on the financial statements which shall read as follows:

"We have examined the following appended financial statements, numbered to, properly identified, and relevant schedules of (name of the body) for the financial period ended 31 December 19 Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.",

and which shall state, as appropriate, whether:

(a) The financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended;

(b) The financial statements were prepared in accordance with the stated accounting principles;

(c) The accounting principles were applied on a basis consistent with that of the preceding financial period;

(d) Transactions were in accordance with the Financial Regulations and legislative authority.

6. The report of the Board of Auditors to the General Assembly on the financial operations of the period should mention:

(a) The type and scope of its examination;

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

(i) Information necessary to the correct interpretation of the accounts;

(ii) Any amounts which ought to have been received but which have not been brought to account;

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

(iv) Expenditures not properly substantiated;

(v) Whether proper books of accounts have been kept—where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;

(c) Other matters which should be brought to the notice of the General Assembly, such as:

(i) Cases of fraud or presumptive fraud;

(ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);

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

(iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;

- (v) Expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;
- (vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
- (vii) Expenditure not in conformity with the authority which governs it;
- (d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;
- (e) If appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the General Assembly should have early knowledge.

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

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

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

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

Rule 110.27

Receipt of supplies and equipment

All supplies, equipment or other property received by the Organization shall immediately be inspected to ensure that their condition is satisfactory and in accordance with the terms of the related purchase contract. A receiving report shall be issued for all items received and they shall immediately be entered into the appropriate property records.

Rule 110.28

Issue of supplies and equipment

Supplies, equipment and other property shall be issued only to officials authorized to indent for them under rule 110.10. Procedures for the preparation and disposal of such indents as well as scales for the issue of supplies, equipment and other property may be prescribed by the Assistant Secretary-General for General Services and/or such other officials authorized under rule 110.16.

Rule 110.29

Property issues to individuals

The issue to individuals of equipment or other property for their use (e.g., tools, cameras etc.) shall be recorded in the property records as "issued on loan". The records shall be supported by a receipt from the individual concerned, and such receipts shall be renewed every year. In case the individual is transferred to another department or is separated from the service, the property shall be returned to stock and the loan record cancelled.

Rule 110.30

Transfer between departments

Issues of supplies, equipment or other property from one department to another which are not expected to be returned shall be transferred from the records of the issuing department to the records of the receiving department. In such cases, the latter shall provide a receipt to support the records of the issuing department. Where there is an expectation of an eventual return of the item to the issuing department, it will be shown as "issued on loan" in the records of the issuing department and as "received on loan" in the records of the receiving department.

Rule 110.31

Vouchers

All transactions related to supplies, equipment or other property shall be recorded, and these records shall be supported by appropriate vouchers or evidence of receipt and issue, except for such items where the maintenance of detailed records is deemed to be uneconomical or impractical by the Assistant Secretary-General for General Services and the Controller.

Shortages, overages, damages and surplus property

Rule 110.32

Property Survey Board

(a) There shall be established a property survey board at United Nations Headquarters. The composition of the Board and its terms of reference shall be determined by the Secretary-General.

(b) Shortages and overages of and damages to supplies, equipment or other property which come to light at United Nations Headquarters as the result of stock-taking, inventory-check or other means shall be notified immediately by the responsible official to the Assistant Secretary-General for General Services and the Controller through the Secretary of the Property Survey Board.

(c) Property which becomes surplus to operating requirements or unserviceable through obsolescence or normal wear and tear shall be reported by the responsible official to the Secretary of the Property Survey Board.

(d) The Property Survey Board shall investigate and report upon:

- (i) The cause of any shortages and overages of and damages to supplies, equipment or other property and the action to be taken thereon;
- (ii) The disposal of supplies, equipment or other property which has become surplus to the operating requirements of the Organization or unserviceable through obsolescence or normal wear and tear.

(e) The recommendations of the Headquarters Property Survey Board shall, in each instance, indicate the degree of responsibility, if any, attaching to any official of the Organization for shortages, overages or damages.

(f) The recommendations of the Headquarters Property Survey Board shall be submitted to the Assistant Secretary-General for General Services and the Controller for their approval. Where they do not agree with any recommendation of the Board, they shall record their views in writing and may request the Board to reconsider its recommendations.

Rule 110.33

Property Survey Boards at locations away from Headquarters

(a) There shall be established local Property Survey Boards with terms of reference similar to those of the Board at United Nations Headquarters, at the United Nations Office at Geneva, the United Nations Industrial Development Organization, the United Nations Environment Programme, the United Nations Centre for Human Settlements and the respective headquarters of the United Nations regional commissions (except the Economic Commission for Europe). The composition of the respective local Boards and their terms of reference shall be determined by the head of office concerned in consultation with the Secretary-General.

(b) The recommendations of each of these local Boards shall be submitted to the head of the office concerned for final approval, with the proviso that any surcharges proposed to be made in accordance with rule 110 15 (b) shall be submitted

to the Controller for final determination. In the event of disagreement with any recommendation in the Board's report, the head of office shall record his or her views in writing and may request the Board to reconsider any or all of its recommendations.

(c) Copies of the recommendations of the local Property Survey Boards referred to in this rule shall be furnished to the Secretary of the Property Survey Board at United Nations Headquarters, who may bring any of these to the attention of the Assistant Secretary-General for General Services and the Controller.

Rule 110.34

Local Property Survey Boards

(a) At offices away from United Nations Headquarters other than those specified in rule 110.33, the Assistant Secretary-General for General Services, in consultation with the Controller, may authorize the establishment of local Property Survey Boards to undertake functions similar to those discharged by the Property Survey Board at United Nations Headquarters.

(b) Where a local Property Survey Board is established, the Assistant Secretary-General for General Services and the Controller shall authorize the local head of office concerned to act on their behalf in respect of its recommendations. The instrument of delegation shall prescribe the conditions under which the authority is to be exercised and shall provide that a report of the action taken locally is to be made to the Property Survey Board at United Nations Headquarters.

(c) At locations where no Property Survey Board has been established the local head of office shall report shortages, overages of and damages to supplies, equipment or other property to the Secretary of the Property Survey Board at United Nations Headquarters.

Rule 110.35

Sale of property

Sales of supplies, equipment or other property declared surplus or unserviceable following a recommendation by a Property Survey Board shall be made after competitive bidding, provided that resort to competitive bidding is not necessary when:

(a) The estimated sales value is, in the opinion of the Board, less than \$2,500;

(b) The best interest of the United Nations will be served by sale at fixed unit prices approved by the Board;

(c) The exchange of property in partial or full payment for replacement equipment or supplies will, in the opinion of the Board, be in the interest of the Organization. (*See also rule 110.37 with respect to accounting for proceeds from sales.*)

(d) The destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property;

(e) The interests of the United Nations will be served by disposal by gift or at nominal prices to an intergovernmental organization, a Government or government agency or some other non-profit organization.

Rule 110.36

Sales on a cash basis

(a) Except as provided in rule 110.35 (c), sales of United Nations property shall be on the basis of cash payments on or before delivery.

(b) Exceptions to this rule may be authorized in writing by the Controller when this is in the interest of the Organization. A log shall be maintained of such exceptions.

Rule 110.37

Accounting for proceeds from sales

(a) The proceeds from the sale of property shall be credited as miscellaneous income to the regular budget, trust fund or special account, except:

- (i) Where a Property Survey Board has, under rule 110.35 (c), recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies, any balance shall be credited as miscellaneous income to the regular budget, trust fund or special account; or
- (ii) The trade-in of property is not considered to be a sale, and the allowance shall be applied against the cost of the replacement property; or
- (iii) Where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage, the Controller may authorize the crediting of these proceeds to the account or accounts from which procured.

Publications Board

Rule 110.38

There shall be established a publications board, the composition of which shall be determined by the Secretary-General.

Rule 110.39

The Publications Board shall:

(a) Determine the policies governing the preparation, production, distribution and sale of documents;

(b) Co-ordinate the planning and supervise the execution of the publications programme, the preparation of the estimates for contractual printing and the use of funds;

(c) Regulate the use of internal reproduction capacity with a view to ensuring maximum economy and efficiency.

Rule 110.40

Each head of department shall be responsible for adherence to the policies and procedures prescribed by the Publications Board.

Internal Audit

Rule 110.41

The Internal Audit Division shall conduct independent audits in conformity with generally accepted common auditing standards. The Division shall review, evaluate and report on the soundness, adequacy and application of systems, procedures and related internal controls. The audits shall encompass the following elements:

- (a) Compliance—a review of financial transactions to determine whether they are in compliance with General Assembly resolutions, financial and staff regulations and rules, and administrative instructions;
- (b) Economy and efficiency—an appraisal of the operational efficiency and economy with which financial, physical and human resources are utilized;
- (c) Effectiveness—a review of programmes and activities financed from regular and extrabudgetary resources to compare implementation of output with the commitments set out in the programme narratives in the approved programme budget.

ARTICLE XI. THE ACCOUNTS

Regulation 11.1: *The Secretary-General shall submit accounts for the financial period. In addition, he shall maintain, for management purposes, such accounting records as are necessary, including interim accounts for the first calendar year of the financial period. Both the interim accounts and the accounts for the financial period shall show:*

- (a) *The income and expenditures of all funds;*
 - (b) *The status of appropriations, including:*
 - (i) *The original budget appropriations;*
 - (ii) *The appropriations as modified by any transfers;*
 - (iii) *Credits, if any, other than the appropriations voted by the General Assembly;*
 - (iv) *The amounts charged against those appropriations and/or other credits;*
 - (c) *The assets and liabilities of the Organization.*
- He shall also give such other information as may be appropriate to indicate the current financial position of the Organization.*

Regulation 11.2: *The accounts of the Organization shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.*

Regulation 11.3: *Appropriate separate accounts shall be maintained for all trust funds, reserve and special accounts.*

Regulation 11.4: *The accounts for the financial period shall be submitted by the Secretary-General to the Board of Auditors not later than 31 March following the end of the financial period.*

The financial accounts and statements

Rule 111.1

Responsibility for maintaining the accounts

The Controller is responsible for the policies with respect to the financial operations of the Organization. The Controller shall prescribe and maintain the financial records and shall review and approve all financial systems and the major financial procedures of the Organization, including those in respect of offices away from Headquarters. The Controller shall designate the financial officers responsible for performing significant financial duties. Where this is not feasible, the concurrence of the Controller in such designations or appointments shall be required.

Rule 111.2

Principal accounts

The principal accounts shall consist of:

- (a) Programme budget accounts, showing:
 - (i) Original appropriations;
 - (ii) Appropriations after modification by any transfers between sections;
 - (iii) Credits, if any, other than appropriations made available by the General Assembly;
 - (iv) Allotments made;
 - (v) Obligations outstanding;
 - (vi) Expenditures (including disbursements and unliquidated obligations);
 - (vii) Unencumbered balances of allotments and appropriations.
- (b) General ledger accounts, showing for the General Fund all cash at banks, investments, receivables and other assets, payables and other liabilities.
- (c) Separate accounts for the Working Capital Fund and its sub-funds, and for any trust funds or special accounts which may be established.
- (d) Such records as will provide for a statement of assets and liabilities for the General Fund, the Working Capital Fund and for any other trust fund or special account at 31 December of each calendar year of the financial period.

Rule 111.3

Subsidiary accounts

The Controller may require the maintenance of subsidiary accounting records, including property accountability records, subject to such controlling accounts as deemed necessary.

Rule 111.4

Preparation of financial statements

(a) The financial statements for the first calendar year of the financial period shall be prepared by the Controller as at 31 December of that year and shall be submitted to the Board of Auditors not later than 31 March following the end of that calendar year. The final financial statements for the financial period shall be prepared by the Controller and shall be submitted to the Board of Auditors not later than 31 March following the end of that financial period and shall include:

- (i) Statement of budget appropriations, allotments issued, unallotted appropriations, obligations incurred and unobligated balances of allotments and appropriations;
- (ii) Summary statement of appropriations, income, obligations incurred and surplus account;
- (iii) Statement of assets, liabilities and fund balance of the General Fund;
- (iv) Statement of the Working Capital Fund;
- (v) Statement of assets, liabilities and fund balance of trust funds and special accounts;
- (vi) Statement of *ex gratia* payments;
- (vii) Such other statements as may be required;
- (viii) Supporting schedules, which shall include:
 - a. Summary of the accounts;
 - b. Status of Members' contributions and advances;
 - c. Summary of investments;
 - d. Summary of miscellaneous income; and
 - e. Such other schedules as may be required.

(b) Financial statements shall also be prepared at such other intervals as may be prescribed by the Controller.

(c) Copies of all such financial statements shall be transmitted to the Advisory Committee.

Rule 111.5

Currency of accounts

The accounts of the United Nations shall be maintained in United States dollars, provided that at offices away from Headquarters accounts may also be maintained in the currency of the country in which they are situated. Unless otherwise authorized, where actual cash is held in a currency other than the currency in

which the accounts are kept, the amount shall be recorded both in local currency and the equivalent in United States dollars converted at the rate of exchange established under rule 111.6.

Rule 111.6

Exchange of currencies

(a) The Controller shall establish the rates of exchange between the United States dollar and other currencies, which shall be used for the recording of all United Nations transactions.

(b) (i) Where there is a conversion of United States dollars into local currency (or vice versa), the actual amounts obtained shall be taken into account; any difference between that amount and the amount which would have been obtained at the official rate of exchange under (a) above will be accounted for as a loss or gain on exchange.

(ii) Where a third currency is involved, the local currency obtained by the conversion of the second currency shall be taken into account at the rate in (a) above, and any difference as a loss or gain on exchange. Where an exchange rate for the third currency has not been established, it shall be calculated by applying the cross-rate with the second currency.

(c) On the closing of the accounts for the financial period, the balance in the account for "loss or gain on exchange" shall be debited to the budget account if there is a net loss; if there is a net profit, profit shall be credited to miscellaneous income.

Rule 111.7

Budgetary charges

(a) A budget (allotment) account shall be charged with actual disbursements and obligations entered into against contracts for supplies or services. Obligations shall be liquidated and converted to actual disbursements on fulfilment of the contract for supplies and services.

(b) At the end of the first calendar year of the financial period, any uncommitted balance of appropriations shall be shown in the accounts, in accordance with regulation 11.1.

(c) At the end of the financial period, the current unliquidated obligations, as well as those required to be reviewed periodically by certifying officers under rule 110.9 for the previous financial period, shall be reviewed by the appropriate certifying officer, in consultation with the Controller, and either cancelled or reobligated in the ensuing financial period in accordance with regulation 4.3.

Rule 111.8

Accrual basis accounting

Financial transactions shall be recorded in the accounts on an accrual basis, except as may be otherwise required by the terms of any trust fund or special account or may be authorized by the Controller.

Rule 111.9

Reconciliation of bank accounts

All bank accounts shall be reconciled monthly with the statements submitted by the banks by officials having no actual part in the receipt or disbursement of funds, provided that the Controller may authorize exceptions in the case of offices away from Headquarters.

Rule 111.10

Other statements

There shall be provided to the Board of Auditors:

- (a) A summary statement of supplies, equipment and other property for which property records are kept;
- (b) Details of losses of cash, stores and other assets written off;
- (c) Such other statements as the Board may require.

Rule 111.11

Retention and destruction of records

The accounting and other financial and property records and all supporting documents shall be retained for such period(s) as may be agreed with the Board of Auditors, after which, on the authority of the Controller, such records and documents may be destroyed.

ARTICLE XII. EXTERNAL AUDIT

Appointment of a board of auditors

Regulation 12.1: *The General Assembly shall appoint a board of auditors to perform the audit of the accounts of the United Nations. This board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.*

**Tenure of office of the members of the Board
of Auditors**

Regulation 12.2: *The members of the Board of Auditors shall be elected for a three-year term of office. The term of office shall commence on 1 July and expire on 30 June three years subsequent thereto. The term of office of one of the members shall expire each year. Consequently the General Assembly shall elect each year a member to take office from 1 July of the following year.*

Regulation 12.3: *If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his own country, his tenure of office shall thereupon be terminated and he shall be succeeded*

as a member of the Board by his successor as Auditor-General. A Board member may not otherwise be removed during his tenure of office except by the General Assembly.

Scope of audit

Regulation 12.4: *The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.*

Regulation 12.5: *The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.*

Regulation 12.6: *The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.*

Regulation 12.7: *The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.*

Facilities

Regulation 12.8: *The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.*

Regulation 12.9: *For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or officer holding the equivalent title) or commercial public auditors of known repute or any other person or firm who, in the opinion of the Board, is technically qualified.*

Reporting

Regulation 12.10: *The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 12.5 and in the additional terms of reference.*

Regulation 12.11: The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.

Audit assignment allocation

Regulation 12.12: The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.

ARTICLE XIII. RESOLUTIONS INVOLVING EXPENDITURES

Regulation 13.1: No Council, Commission or other competent body shall take a decision involving either a change in the programme budget approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report from the Secretary-General on the programme budget implications of the proposal.

Regulation 13.2: Where, in the opinion of the Secretary-General, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the General Assembly has made the necessary appropriations, unless the Secretary-General certifies that provision can be made under the conditions of the resolution of the General Assembly relating to unforeseen and extraordinary expenses.

Rule 113.1

Resolutions involving expenditures

It shall be the responsibility of the head of the department concerned, in consultation with the Office of Financial Services, to ensure that the report on the programme budget implications required by regulation 13.1 is submitted to a Council, Commission, United Nations regional commission or other competent body prior to its adoption of any decision. It shall be the responsibility of the head of the department concerned, in consultation with the Office of Financial Services and, as required, with the Programme Planning and Co-ordination Office of the Department of International Economic and Social Affairs, to ensure that the report on the programme budget implications required by regulation 13.1 is submitted to the General Assembly prior to its adoption of any decision.

ARTICLE XIV. GENERAL PROVISIONS

Regulation 14.1: These Regulations shall become effective on 1 January 1974 and shall apply to the financial period 1974-1975 and to subsequent financial periods. They may be amended only by the General Assembly.

Miscellaneous provisions

Rule 114.1

Personal responsibility

Every official of the United Nations is responsible to the Secretary-General for the regularity of the actions taken by him or her in the course of his or her official duties. Any official who takes any action contrary to these Financial Rules, or to the administrative instructions issued in connection therewith, may be held personally responsible and financially liable for the consequences of such action.

Rule 114.2

Provision of goods and services to others

Goods and services may be provided to Governments, specialized agencies, other international or intergovernmental or non-governmental organizations or activities financed from trust funds or special accounts on a reimbursable, reciprocal or other basis as may be approved by the Controller. (*See also rules 107.1 and 107.2 with respect to proceeds from rental of property or loan of services and refunds of expenditures, respectively.*)

Rule 114.3

Accounting for goods and services provided to others

(a) Where the supply of such goods and services is of a regular and continuing nature, except where reciprocal arrangements have been made with the approval of the Controller, the programme budget of the Organization shall include provision both for the supply of such goods and services and for any revenue therefrom. In such cases, the cost of the goods and services shall be charged to the regular budgetary appropriations and the revenue credited to miscellaneous income.

(b) In the absence of budgetary provision, the expenditure shall, with the agreement of the Controller, be charged against the deposit which shall have been required from the party concerned, provided that, in special circumstances, particularly in the case of Governments or of specialized agencies, the Controller may authorize the expenditures to be initially charged to a deferred charge account pending recovery from the party concerned. (*See also rules 107.1 and 107.2 with respect to proceeds from rental of property or loan of services and refunds of expenditures, respectively.*)

Rule 114.4

Amplification of Rules

These Rules may be amplified by administrative instructions issued by the USG/AM.

Rule 114.5

Amendment of Rules

These Rules may be amended by the Secretary-General in a manner consistent with the Financial Regulations.

Rule 114.6

Effective date

These Rules shall be effective as of and from 1 January 1984 and shall supersede all other provisions in force before that date and contrary to these Rules. However, if a consequential change in these Rules is required to be made in order to conform to a change made by the General Assembly in the Financial Regulations, the effective date of such rule change shall be the effective date of the revision of the applicable regulation.

ARTICLE XV. SPECIAL PROVISIONS

(Programme budget proposals of the International Court of Justice)

Regulation 15.1: *The programme budget proposals of the International Court of Justice shall be prepared by the Court, in consultation with the Secretary-General. These programme budget proposals shall be submitted to the General Assembly by the Secretary-General, together with such observations as he may deem desirable.*

ANNEX TO THE FINANCIAL REGULATIONS

Additional terms of reference governing the audit of the United Nations

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

(a) That the financial statements are in accord with the books and records of the Organization;

(b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;

(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;

(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;

(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits.

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

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

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