

UNITED NATIONS

NATIONS UNIES

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SECRETARY-GENERAL'S BULLETIN No. 4

To: Members of the Staff of the United Nations

PROVISIONAL FINANCIAL RULES

1. The General Assembly has adopted Provisional Financial Regulations, copy of which I attach.
2. As recommended by the General Assembly, I have approved the attached Provisional Financial Rules. They will be subject to review on the appointment of the Assistant Secretary-General in charge of Administrative and Financial Services.
3. These rules provide the framework for the financial administration and accounting system of the United Nations. It will be necessary to amend them from time to time.

TRYGVE LIE

Secretary-General

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PROVISIONAL FINANCIAL RULES

SECTION I BUDGET AND ADMINISTRATION

Rule 1. The heads of all departments or other sub-divisions shall submit estimates of expenditure for future financial periods when so required by the Budget Director.

Rule 2. Appropriations shall be available to meet obligations only after being allotted by the Budget Director.

Rule 3. The Budget Director shall make such allotments as are necessary to units of the Organization from appropriations to ensure that obligations are incurred only in accordance with budgetary limits. The Budget Director shall notify both the Organization unit concerned and the Comptroller concurrently of such allotments or subsequent changes therein.

Rule 4. Obligations may be incurred for the purposes indicated, not exceeding the amount of the allotment and in accordance with the provisions of Section 3, Rule 1.

Rule 5. The unobligated balances of allotments may be decreased or transferred (within appropriation limits) by the Budget Director.

Unallotted or unobligated balances may be transferred between appropriations as provided in Rule 22 of the Provisional Financial Regulations.

Rule 6. The availability of allotments to meet obligations shall continue only to the extent that the relevant appropriation itself remains available for obligations.

SECTION II EXPENDITURES

Part 1 - Incurring of Obligations

Rule 7. Only those officials designated for the purpose by the Secretary-General may authorize or order the incurring of obligations. Every person authorizing or ordering the incurring of an obligation is responsible to the Secretary-General for the obligation incurred.

Rule 8. Obligations may only be incurred subject to the conditions laid down by the regulations or rules specifically applicable to each category of expenditure.

Rule 9. No authority or order to incur an obligation shall be given without the prior approval of the Comptroller, except as provided in Rule 8 of the Provisional Financial Regulations.

Rule 10. The Comptroller shall examine proposals to incur obligations from the point of view of the appropriation and allotment to be charged, the availability of funds, the correctness of the calculations, the observance of the financial provisions of the rules and regulations, the intentions of the General Assembly when approving the Budget, and the results which the proposed measures may have on the finances of the United Nations. For this purpose all the documents justifying a proposal to incur obligations shall be submitted to him.

Rule 11. These proposals must be signed by the ordering officer and accompanied by the necessary supporting documents which shall show the purpose of the proposed expenditure, its calculation and the appropriation and allotment to be charged.

The Comptroller, after examining each proposal, shall signify his approval in writing on the document on the basis of which the obligation will be incurred.

Rule 12. No obligations should be incurred by way of insurance policies, e.g. fire insurance or bonding of cashiers. The Organization should carry its own insurance risks.

Rule 13. All obligations exceeding \$1,000 must be embodied in a detailed contract specifying:-

- (a) in the case of goods - the exact description of the goods, the quantity required, the price of each article, the conditions of delivery and the terms and dates of payment.

(b) in the case of personnel or other services to be rendered - the nature of the services, the period covered, the conditions of fulfilment, the rate of remuneration and the terms of payment.

Obligations for materials involving a sum less than \$1,000 may be incurred by letter or purchase order signed by a duly authorized officer of the Organization.

Obligations in respect of goods or services involving sums of less than \$25 may be incurred under verbal authorization, and the expenditure may be paid from imprest accounts.

Rule 14. Any official authorizing or incurring obligations shall be responsible for actions or decisions knowingly taken in disregard of the regulations.

Rule 15. The prior approval of the Comptroller shall not be required for:-

(a) obligations incurred by engaging staff members. The control over this is exercised by the Personnel Director through the authorized manning tables. The Comptroller must however be notified of increases or decreases in authorized numbers in order that he may record changes in the obligations for salaries and wages, and he should, in his pre-audit of salaries and wages lists, see that authorized numbers are not exceeded:

(b) obligations or expenditures of sums less than \$25.

(c) obligations or expenditures incurred by sub-accountants in Regional Offices. These will be governed by separate rules to be issued later when such offices are established.

## Part 2 Discharge of Obligations and

### Control of Expenditure

Rule 16. Except where provided elsewhere in the Rules, payment shall be made only for services rendered or deliveries completed.

Before payment is made, the right of the creditor to payment shall be verified either by the ordering officer or, in cases where the ordering officer is not in a position to verify the service or delivery, by the officer having the most direct knowledge of the service or delivery.

Rule 17. Payments shall not be paid unless the supporting documents are certified by appropriate officers:-

(i) to the effect that services have been rendered or delivery made in accordance with the documents establishing obligation, that the amount is correct and in accordance with the terms of payment, which shall be stated on the bill;

(ii) as to the appropriation and expenditure accounts to be charged, and the reference number of the relevant encumbrance document.

The certificates shall be submitted to the Comptroller accompanied by such documents as he may require.

Rule 18. The comptroller shall satisfy himself that all proposed payments are properly chargeable against obligations approved by him.

If the Comptroller is of opinion that there is any serious irregularity in the claims submitted to him for approval, he shall refer such matters to the Assistant Secretary-General for Administration and Finance.

Rule 19. All expenditure vouchers shall be prepared by the Comptroller and shall support the authority for payment. All documents relating to payment vouchers shall be retained to support the accounts of the Comptroller.

#### Part 3 Imprest Cash

Rule 20. Imprest cash advances of an amount to be fixed in each case may be made to officers designated by the Comptroller.

Rule 21. Officials to whom an imprest cash advance is issued shall be responsible for the advance and must at any time be in a position to account for it.

Rule 22. Imprest cash advances may be replenished at the request of the imprest holder on presentation of expenditure statements and supporting vouchers.

The imprest accounts shall be submitted for approval to the Comptroller.

Rule 23. Vouchers supporting the accounts of imprest holders must be drawn up in accordance with rules prescribed by the Comptroller.

#### Part 4 Travel Expense Advances

Rule 24. Travel expense advances may be made to staff members to whom travel authorizations have been issued. Advances shall be made in accordance with the provisions of the relevant Regulations.

Rule 25. Travel expense advances for which the traveller does not account shall be repaid by the staff member at the request of the Comptroller.

### SECTION III RECEIPTS, DISBURSEMENT AND MANAGEMENT OF FUNDS

Rule 26. The Comptroller will designate a cashier to be responsible for the funds under his control. The cashier administers all bank accounts, including those opened for a special purpose; transfer from Account No. 1 of the United Nations at the Federal Reserve Bank of New York shall only be made on cheques signed by one of a panel of signatories designated by the Secretary-General and countersigned by the head of the Treasury Section. Cheques drawn on other accounts shall be signed by two persons from the panel of signatories.

Rule 27. Only the Cashier is authorized to make disbursements by cash or by cheque, and to receive amounts of money, except as otherwise provided in these rules. Payments and receipts shall

be supported by either payment or receipt vouchers drawn up a priori by the appropriate officer.

Rule 28. The Cashier shall keep a cash account in which all receipts and payments shall be recorded as they occur. He shall keep the bank accounts, as well as accounts of all sums deposited with other institutions.

Rule 29. Funds may only be deposited in banks or institutions specified by the Secretary-General.

Rule 30. No interest shall be payable on sums deposited with the Organization. Should any interest accrue on investments made on behalf of third parties, the amount of such interest shall be repaid to the holders of such funds, subject to the deduction, if necessary, of a commission, the amount of which shall be determined by the Assistant-Secretary-General for Administration and Finance.

#### SECTION IV ACCOUNTING PROCEDURE

Rule 31. Basis of the Accounts. In the accounts

- (i) obligations shall be recorded in the account of the financial year in which they are approved by the Comptroller.
- (ii) receipts shall be credited to the account of the financial year in which the remittance is received.
- (iii) expenditure shall be charged to the account of the financial year when payment is made, that is when the cheque is issued or cash is paid out.

Rule 32. The accounts shall comprise the Budget Accounts, the Treasury Accounts, and the General Accounts which summarize the Budget and Treasury accounts and from which the periodical financial statements are prepared.

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#### (a) BUDGET ACCOUNTS

Rule 33. The Comptroller shall keep accounts for each heading of the Budget, which shall show:-

(a) The appropriations voted by the General Assembly, the allotments made by the Secretary-General, and the adjustments subsequently made in these amounts.

(b) The amounts of all obligations incurred.

(c) The amounts of the expenditures approved by the Comptroller for payment.

(d) The unobligated and unexpended balances of appropriations and allotments.

Rule 34. Obligations and expenditures shall be recorded in accounts according to classifications of the Budget and such other classifications as may be required for administration purposes.

Accounts of obligations and expenditures shall be supported by documents, referring to such obligations and expenditures, submitted to the Comptroller for approval.

Rule 35. The record of obligations incurred shall include at the beginning of the financial year:-

(a) The estimated amount of obligations for the whole year resulting directly and without further administrative decisions from the application of the regulations.

(b) The amount of obligations recurring as a result of previous decisions.

(c) The amount of obligations outstanding from previous commitments to be liquidated during the current financial year.

Rule 36. When an obligation previously authorized is for any reason increased or decreased, an advice of adjustment shall be made immediately and submitted for approval to the Comptroller with such supporting documents as may be required. Thereupon, the necessary adjustment shall be made in the accounts.

#### (b) TREASURY ACCOUNTS

Rule 37. The Treasury Accounts shall comprise:

(a) Cash Accounts showing all income and outgoings of funds.



(b). Special accounts, the management of which is subject to special regulations.

Rule 38. With the exception of the Cash Account kept by the Cashier, Treasury Accounts shall be administered by another official to be designated by the Comptroller. This official shall carry out all necessary accounting operations and shall instruct the Cashier to make and accept payments accordingly.

Rule 39. With the exception of Cash Accounts and such accounts as are kept in pursuance of instructions from the General Assembly, Treasury Accounts may not be opened except at the direction of the Secretary-General.

Rule 40. Members' Contribution Records shall be maintained showing the amounts due and received from Members.

Rule 41. Special accounts shall be administered in accordance with the special regulations laid down by the Secretary-General in respect of each of them.

Rule 42. A special account called "Working Capital Fund" shall be opened. This Fund shall consist of:-

(a) The initial amounts advanced by Members. Each Member shall have to its credit in the book of the Organization the amount of the advances made by it to the Working Capital Fund.

(b) All further sums which the General Assembly may decide shall be paid to it.

Transfers from the Working Capital Funds shall be made in lump sums on the authority of the Secretary-General or such officers as he may designate.

#### (c) GENERAL ACCOUNTING SYSTEM

Rule 43. The General Accounts Section shall summarize all accounting operations. The accounting system shall be a double-entry system. Its records for accounting purposes shall include:-

(1) A general journal showing all transactions in chronological order;

(2) A general ledger;

(3) Subsidiary records showing in summary the classification of income and expenditure.

Rule 44. Accounts shall be based on daily summaries prepared by the Budgetary Accounts Section, the Cashier, and the Treasury Section. The transactions of these three offices shall be reconciled prior to posting. In addition to this reconciliation, a post-audit test of the General Accounts and of all accounts and vouchers from which they are compiled (and of stores accounts) shall be made by the Regulations and Inspections Section of the Comptroller's Office.

Rule 45. The General Accounting Section may make changes in the classification of receipts or expenditure, if necessary, after notifying the head of the Department concerned.

Rule 46. The General Accounting Section shall prepare periodical financial statements and the final annual accounts and balance sheet.

It shall present to the Secretary-General:

(1) A weekly statement of cash on hand, showing both funds belonging to the Organization and trust or agency funds.

(2) A monthly statement of budgetary expenditure showing:

- (a) Credits opened
- (b) Obligations incurred
- (c) Expenditure
- (d) Available balances

(3) As early as possible in the second half of each year, financial statements as at 30 June, showing receipts and expenditure, debits and credits, classified according to their nature. There shall be attached to the financial statements:-

(a) A statement of the operations and financial position of the Working Capital Fund.

(b) A statement of outstanding contributions.

(4) As early as possible each year a detailed balance sheet as at the 31 December immediately preceding. In addition to this balance sheet there shall be produced:-

- (a) A Budget Statement showing, according to the classifications in the Budget

Allotments approved and expenses obligated.

Obligations incurred to be carried forward to the following financial year.

The amount of appropriations voted, of expenditure incurred and budgetary receipts.

- (b) A detailed statement of special funds or accounts, including the Working Capital Fund.
- (c) A statement of property or supplies bought, acquired or disposed of during the financial year.
- (d) A detailed statement of both stores and cash losses which have occurred during the year, indicating how these have been dealt with in the accounts.

Rule 47. The final accounts shall be signed by the Secretary-General and formally submitted to the Auditors by the 31 March following the end of year of account.

Rule 48. The General Accounts Section shall arrange for the Auditors to have access at all convenient times during the year to all accounting records and information relevant thereto which they may require. Requests by the Auditors for official files which may deal with matters of policy should however be made through the Assistant Secretary-General for Administration and Finance.

Rule 49. These rules shall become effective as of 11 March 1946.

TRYGVE LIE

Secretary-General