

SECRETARY-GENERAL'S BULLETIN

To: Members of the staff of the United Nations

Subject: FINANCIAL REGULATIONS

1. This bulletin contains the complete text of the current Financial Regulations of the United Nations as adopted by the General Assembly at its fifth session (resolution 456 (V) of 16 November 1950) and as amended by resolutions 950 (X) of 3 November 1955, 973 B (X) of 15 December 1955, 2885 (XXVI) of 21 December 1971 and a decision taken at its 2206th plenary meeting on 18 December 1973 during its twenty-eighth session.

2. The bulletin incorporates ST/SGB/Financial Rules/1/Rev.1/Amend.3 containing article XII on external audit and the annex to the Financial Rules covering the audit of the United Nations.

3. Effective 1 January 1974, the regulations contained in ST/SGB/Financial Rules/1/Rev.1 are hereby superseded.

4. The most recent changes to the Financial Regulations, as approved by the General Assembly on 18 December 1973, were restricted to those which were required by or derived from programme budgeting on a biennial basis. In its report to the General Assembly at that time, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) agreed that further changes might be desirable in regulations dealing with the accounts and audit in order to achieve the full measure of effectiveness and the economy and efficiency to be realized by the consistent application of biennial programme budgeting. However, in a further report submitted to the General Assembly at its twenty-ninth session (A/9608/Add.1), the ACABQ recommended that, at least for the 1974-1975 biennium, the Board of Auditors "should continue to certify accounts on an annual basis after the accounts have been closed and reconciled". The ACABQ also stated that after a manual of accounting had been issued and the vacancies in the Internal Audit Service had been filled, it might be possible to dispense with the annual certification of accounts. It recommended therefore that the matter be reviewed again in two years' time. Accordingly, it is highly unlikely that further amendments in regard to these recommendations will be considered before the thirty-first session of the General Assembly.

5. The Financial Regulations represent the broad legislative directives established by the General Assembly governing the financial administration of the Organization. The more detailed Financial Rules, established by the Secretary-General in accordance with financial regulation 10.1, are currently being revised not only to bring them into line with the Regulations but to take into account improvements in accounting controls and procedures. When this revision is completed, the definitive text of both the Regulations and the Rules will be issued as ST/SGB/Financial Rules/1/Rev.2.

A handwritten signature in black ink, appearing to read 'Kurt Waldheim', written in a cursive style.

Kurt WALDHEIM
Secretary-General

FINANCIAL REGULATIONS 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.*

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.*

Form of the proposed programme budget

Regulation 3.3: *The proposed programme budget shall be divided into parts, sections, programmes and programme components, and shall be accompanied by such information annexes and explanatory statements as may be requested by, or on behalf of the General Assembly, and such further annexes or statements as the Secretary-General may deem necessary and useful.*

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.*

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.*

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.*

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.*

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

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.*

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.*

Regulation 5.3: *After the General Assembly has adopted or revised the programme budget and determined the amount of the Working Capital Fund, the Secretary-General shall:*

- (a) Transmit the relevant documents to Member States;*
- (b) Inform Member States of their commitments in respect of annual contributions and advances to the Working Capital Fund;*
- (c) Request them to remit their contributions and advances.*

Regulation 5.4: *Contributions and advances shall be considered as due and payable in full within 30 days of the receipt of the communication of the Secretary-General referred to in regulation 5.3 above, or as of the first day of the calendar year to which they relate, whichever is the later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.*

Regulation 5.5: *Annual contributions and advances to the Working Capital Fund shall be assessed and paid in United States dollars.*

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 estimated expenses of such bodies at rates to be determined by the General Assembly. Such contributions shall be taken into account as miscellaneous income.

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.

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.

The Working Capital Fund

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

Trust funds, reserve and special accounts

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.

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.

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.*

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.*

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.*

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: *No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Secretary-General.*

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.*

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.*

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.*

ARTICLE XI. THE ACCOUNTS

Regulation 11.1: *The Secretary-General shall maintain such accounting records as are necessary and shall submit annual accounts showing for the calendar year to which they relate:*

- (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 annual accounts shall be submitted by the Secretary-General to the Board of Auditors not later than 31 March following the end of the calendar year.*

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 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, 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 an administrative change in a programme 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 administrative and financial 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.*

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.*

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 connexion 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.

5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion in the following terms:

"We have examined the following appended financial statements, numbered to, properly identified, and relevant schedules of [*name of the body*] for the year 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. As a result of our examination, we are of the opinion that the financial statements properly reflect the recorded financial transactions for the year, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position as at 19.....",

adding, should it be necessary:

"subject to the observations in our foregoing report".

6. The report of the Board of Auditors on the financial statements 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 year concerning which further information has been obtained or transactions in a later year 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 report, making clear 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.