

ST/SGB/Financial Rules/1/Rev.1



UNITED NATIONS

**FINANCIAL REGULATIONS
AND
RULES
OF THE UNITED NATIONS**

SECRETARY-GENERAL'S BULLETIN

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SECRETARY-GENERAL'S BULLETIN

To: Members of the Staff of the United Nations
Subject: FINANCIAL REGULATIONS AND RULES


1. This booklet contains the complete text of the Financial Regulations of the United Nations as adopted by the General Assembly, and the Rules formulated by the Secretary-General as required under the Regulations.

2. The Financial Regulations of the United Nations were adopted by the General Assembly at its fifth session (resolution 456 (V) of 16 November 1950) and amended by the General Assembly at its tenth session (resolutions 950 (X) of 3 November 1955 and 973 B (X) of 15 December 1955). The Regulations represent the broad legislative directives established by the General Assembly governing the financial administration of the Organization.

3. The Financial Rules promulgated herein are issued pursuant to the provisions of Financial Regulations 10.1 (a). They provide the framework for the financial activities for which the Secretary-General is responsible to the General Assembly. On behalf of the Secretary-General, the Controller is responsible for the administration of these Rules. He shall issue such additional instructions or establish such procedures as may be necessary to ensure effective financial administration and the exercise of economy.

4. These Rules supersede all previous issues of the Financial Rules.

5. Separate Financial Regulations or Rules have been established as necessary, in the case of the activities which are financed from special accounts or voluntary funds.



U THANT
Secretary-General

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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 Controller shall be responsible for the administration of these Rules, on behalf of the Secretary-General.

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, service or other separate organizational entity so designated by the Secretary-General.

(c) "Head of Department" shall mean the Under-Secretary, Director or other officer in charge of a "Department" as defined in Rule 101.2 (b).

(d) "The Controller" shall mean the Controller or his authorized delegate.

ARTICLE II. THE FINANCIAL YEAR

Regulation 2.1: *The financial year shall be the period 1 January to 31 December inclusive.*

ARTICLE III. THE BUDGET

Regulation 3.1: *The annual budget estimates shall be prepared by the Secretary-General.*

Regulation 3.2: *The estimates shall cover income and expenditures for the financial year to which they relate, and shall be presented in United States dollars.*

Budget estimates

Rule 103.1

The estimates, 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 submit estimates for the following financial year to the Controller in such detail and at such times as he may require.

(b) The estimates for the Office of the High Commissioner for Refugees, the Permanent Central Opium Board and the Drug Supervisory Body shall be transmitted to the Controller through the Director of the United Nations Office at Geneva. The estimates for the Joint Staff Pension Board and United Nations Pension Committee shall be submitted to the Controller by the Secretary of the Board.

Rule 103.3

The estimates shall be reviewed by the Controller. In the light of his recommendations, the Secretary-General shall decide as to the estimates to be submitted to the General Assembly.

Form of the annual estimates

Regulation 3.3: *The annual budget estimates shall be divided into parts, sections, chapters and articles, 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.*

Rule 103.4

The estimates shall be accompanied by:

(a) A detailed statement of the estimated expenditure provided for under each chapter and each item (article) of a chapter; for purposes of comparison,

the appropriations for the current financial year and the actual expenditures for the last completed financial year, shall be indicated alongside the estimates for the ensuing year;

(b) A statement of the estimated miscellaneous or other income under appropriate headings;

(c) An explanatory statement with regard to the expenditures proposed in connexion with any new activity or any extension of an existing activity.

* * *

Regulation 3.4: *The Secretary-General shall submit to the regular session of the General Assembly budget estimates for the following financial year. The estimates shall be transmitted to all Member States at least five weeks prior to the opening of the 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, submit the estimates 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 estimates submitted by the Secretary-General. This report shall be transmitted to all Member States at the same time as the estimates.*

Rule 103.5

The Controller shall arrange for completion of the annual estimates and for their submission to the Advisory Committee at least twelve weeks prior to the opening of the regular session of the General Assembly, and shall arrange for transmittal of the estimates together with the report of the Advisory Committee thereon to the Member States at least five weeks prior to the opening of the regular session of the General Assembly.

* * *

Regulation 3.7: *The budget for the following financial year shall be adopted by the General Assembly after consideration and report on the estimates by the Administrative and Budgetary Committee of the Assembly.*

Revised estimates for the following financial year

Rule 103.6

Apart from the annual budget estimates, revised estimates may be submitted in respect of the ensuing financial year 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 projects which the Secretary-General certifies to be of the highest urgency and which could not have been foreseen at the time the main budget estimates were circulated;

(c) Those in respect of decisions of the Security Council, the Economic and Social Council or the Trusteeship Council, provided that such estimates are circulated to the Governments of Member States not later than twenty-one days before the opening date of the General Assembly session;

(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 budget estimates as items in respect of which later submissions would be made.

Publication of the approved budget

Rule 103.7

The Controller shall arrange to publish the budget as finally approved by the General Assembly, showing the appropriations by parts, sections, chapters and articles as appropriate.

Unforeseen and extraordinary expenses

Rule 103.8

Written authorization

Authorizations to Departments to incur commitments under the resolution relating to unforeseen and extraordinary expenses shall be issued by the Controller personally or in his absence by such other officer as may be specifically designated by the Secretary-General.

Rule 103.9

Applicability of Financial Rules

The Financial Rules relating to operations under the budget appropriations shall be deemed to govern, to the extent applicable, 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 its next regular session, together with supplementary estimates in connexion therewith.

Supplementary estimates for the current financial year

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

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

Rule 103.11

Supplementary estimates in respect of the current financial year shall be submitted in time for the opening of the regular session of the General Assembly.

Rule 103.12

Heads of Departments shall furnish the Controller with such detailed justification in respect of the supplementary estimates as he may require.

Rule 103.13

These estimates shall be reviewed by the Controller. In the light of his recommendations, the Secretary-General shall decide as to the supplementary estimates to be submitted to the General 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 year to which they relate.*

Regulation 4.3: *Appropriations shall remain available for twelve months following the end of the financial year 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 year and to liquidate any other outstanding legal obligation of the year. 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 prior year obligations 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: *In the assessment of the contributions of Member States, adjustments shall be made to the amount of the appropriations approved by the General Assembly for the following financial year in respect of:*

- (a) *Supplementary appropriations for which contributions have not previously been assessed on Member States;*
- (b) *Miscellaneous income 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) *Members' credits in the Tax Equalization Fund estimated to be not required to meet charges for tax refunds during the year, and any adjustments in the estimated credits previously taken into account.*

Regulation 5.3: *After the General Assembly has adopted the 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 thirty 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 financial year to which they relate, whichever is the later. As of 1 January of the following financial 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 of the United Nations 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 the regular session of the General Assembly a report on the collection of contributions and advances to the Working Capital Fund.*

Contributions and provision of funds

Rule 105.1

Contributions

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

Rule 105.2

Contributions and advances—currency of assessment

Contributions and advances to the Working Capital Fund shall be assessed in United States dollars. This shall not preclude the acceptance by the Secretary-General, to the extent authorized by the General Assembly, of other currencies in payment of Members' contributions.

Rule 105.3

Requests for remittance of contributions and advances

Not later than thirty days after the General Assembly has adopted the budget and determined the amount of the Working Capital Fund, the Controller shall:

(a) Transmit to Members all relevant documents;

(b) Inform Member States of their commitments in respect of annual contributions and of advances to the Working Capital Fund;

(c) Request remittance of Member States' contributions and any advances to the Working Capital Fund;

(d) Inform Member States of the extent to which and the conditions under which their contributions may be paid in currencies other than the United States dollar.

Tax Equalization Fund

Rule 105.4

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 105.5

Use of the Tax Equalization Fund

Credits to Member States shall be recorded in the accounts of the Fund in the proportion of the contribution of each Member State for the financial year concerned. The credit of a Member State shall be utilized to reimburse staff members for national income taxes levied by that Member State in respect of income derived from the Organization, provided that where the total of such reimbursements is in excess of the Member State's credit in the Fund, the excess shall be charged to the regular budget of the United Nations.

Rule 105.6

Obligations shall be established against the Fund to cover the estimated liabilities in respect of the reimbursement to staff members of national income taxes referred to in Rule 105.5.

Rule 105.7

Balances in the Tax Equalization Fund

Balances remaining to the credit of Member States after the refunds and the obligations referred to in Rule 105.5 shall be set-off against the contributions due from the Member States concerned for the next subsequent financial year.

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.

Rule 105.8

Contributions from non-member States

As soon as possible after the close of the financial 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, he shall inform the non-member States of the contributions due. Such contributions are treated as miscellaneous income of the United Nations.

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 the Member States which have made such advances.*

Regulation 6.3: *Advances made from the Working Capital Fund to finance budgetary appropriations during a financial year 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 estimates.*

The Working Capital Fund

Rule 106.1

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, except that the Controller may delegate this authority in respect of:

(a) Advances necessary to finance budgetary appropriations pending the receipt of contributions;

(b) Advances necessary to finance obligations under resolutions relating to unforeseen and extraordinary expenses, duly approved in accordance with the provisions of Rule 103.8.

All advances under (a) and (b) 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.*

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.*

Establishment of trust funds, reserve and special accounts

Rule 106.2

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

Rule 106.3

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.

ARTICLE VII. OTHER INCOME

Regulation 7.1: *All other income, except:*

- (a) *Contributions to the budget;*
- (b) *Direct refunds of expenditures made during the financial year;*
- (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.

* * *

Revenue-producing activities

Rule 107.1

Financial control

Activities of a commercial nature (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 regular 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 regular budget appropriations.

Rule 107.2

Authority for expenditure

No commitments or expenditures against the gross income derived from such activities may be incurred without the written authorization of the Controller, except to the extent specifically provided in the contractual arrangements for the activity.

Rule 107.3

Budget presentation

The budget estimates shall include information on the activities referred to in rule 107.1 above showing:

- (a) Estimates of gross revenue and expenditure for each such activity;
- (b) Estimates of indirect costs (e.g. common staff costs and common services costs) borne on the regular budget appropriations in respect of each such activity and,
- (c) The credit to the miscellaneous income of the Organization in respect of the net revenue from each such activity.

Rule 107.4

Charges against such an activity in respect of the indirect cost referred to in Rule 107.3 (b) shall be credited as miscellaneous revenue derived from the furnishing of supplies and services.

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 annual accounts.

Rule 107.5

Acceptance of grants

In cases other than those approved by the General Assembly, the establishment of any trust fund or the receipt of any grant to be administered by the United Nations requires the approval of the Secretary-General who may delegate this authority to the Controller.

Rule 107.6

Acceptance of miscellaneous cash donations

No 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

Gifts or donations involving financial liability

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 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 shall establish such official bank accounts as may be required for the transaction of United Nations business and make arrangements for the designation of signatories to operate the accounts.

(c) If, at an office away from Headquarters, it is necessary to open a bank account at such short notice that there is no 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 official opening the account shall instruct the bank that the account is an official account of the United Nations and that the bank is authorized to give the Controller any information he may request concerning the account;
- (iii) An immediate report by cable shall be made to the Controller;
- (iv) Wherever possible, two signatures shall be required on all cheques issued;
- (v) Monthly bank statements shall be requested.

Rule 108.2

Receipt of moneys

(a) An official receipt shall be issued in respect of 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 officers designated by the Controller. The accounts therefor 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

Officers 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 personally responsible therefor. They shall render accountings 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.

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

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 payments

(a) Only those officials designated by the Controller may approve payments on behalf of the Organization.

(b) Payments shall be made on the basis of supporting vouchers and other documents which indicate that the goods or services have been received in accordance with the documents establishing the obligation, that payment has not previously been made, and that the payment is properly due.

(c) In addition to payments authorized under Rule 110.23 and notwithstanding paragraph (b) above, the Controller may, when he deems it in the interest of the United Nations so to do, authorize progress payments.

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 officers

Cheques shall be signed by two authorized signatories, provided that the Controller may, where he deems that adequate safeguards are provided, authorize the signature of cheque by one officer only, or the use of facsimile signatures.

Rule 108.12

Except where a paid cheque is returned by the bank and can thus serve as 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.

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 or rules relating to such funds and accounts. The authority contained 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.

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

Rule 109.3

Investments ledger

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

Rule 109.4

Income from investments

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

(b) Income from investments of trust funds and the funds of special accounts shall be credited in accordance with the terms and conditions of the trust fund or special account concerned.

Rule 109.5

Losses of cash or receivables

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.

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.

Administration of the budget appropriations

Rule 110.1

Appropriations made available by authorization from the Controller

(a) The Controller is responsible to the Secretary-General for ensuring that the expenditure of the Organization remains within the appropriations as voted and is incurred only for the purposes as approved by the General Assembly. No Department may enter into any obligation or commitment without a written authorization from the Controller.

(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) Departments 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) Departments shall submit to the Controller such explanations and justifications as he may require.

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

Rule 110.3

Certification of obligations and expenditures

(a) Every obligation or proposal for incurring of expenditure shall require certification by an 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.

(b) Certifying officers shall be responsible for ensuring that the proposed obligation or expenditure:

- (i) Is in accord with existing regulations, rules and instructions;
- (ii) Conforms to the terms of the relevant authorization from the Controller.

Rule 110.4

Certifying officers

One or more officers 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 to act in the absence of the certifying officer(s).

Rule 110.5

Reservation of credits to meet expenditures

Apart from the employment of staff under an authorized manning table, and consequential commitments under the Staff Regulations and Rules, no contract, agreement, or undertaking of any nature for an amount exceeding \$500 shall be entered into until credits have been reserved in the accounts by the Controller to meet any expenditures which may accrue in the financial year.

Rule 110.6

Commitments against the appropriations of future years

(a) The Controller may approve commitments against future financial years, when they are necessary in the interests of the United Nations. Such commitments shall normally be restricted to administrative requirements of a continuing nature.

(b) The Controller shall maintain a memorandum record 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 of obligations

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

Rule 110.8

Decrease of 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 in writing, and the accounts shall be adjusted.

Rule 110.9

Requisitions—delegation of authority

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

Employment of staff or consultants—authority of the Office of Personnel

Rule 110.10

No staff or consultants may be engaged without the written authority of the Director of Personnel, acting within the limits approved by the Controller. The Director of Personnel may delegate this authority.

Rule 110.11

The Director of Personnel, or the officer to whom he has delegated authority, shall be responsible for ensuring that the terms of employment of staff or consultants conform to the terms of the Staff Regulations and Rules.

Rule 110.12

Reviews of outstanding obligations

Outstanding obligations retained against appropriations of the previous financial year in accordance with Regulation 4.3 shall be reviewed periodically. 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.

Ex gratia payments

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

*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 prior approval of the Secretary-General is required for *ex gratia* payments when:

- (i) The amount exceeds \$2,500; or
- (ii) The proposal for payment originates with the Controller; or
- (iii) The recipient is a staff member of the United Nations receiving a salary of more than \$8,000 (net) per annum.

(c) In other cases, *ex gratia* payments may be made after approval by the Controller, except that approval by the Director of Personnel also shall be required if the recipient is a staff member of the United Nations.

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 annual accounts.*

*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 \$5,000 shall require the approval of the Secretary-General.

(b) The investigation shall, in each case, fix the responsibility, if any, attaching to any officer of the United Nations for the loss. Such officer may be required to reimburse the loss either partially or in full.

* Effective 1 May 1970.

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.

*Rule 110.16**

Authorized Officer

(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 officers 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 Assistant Secretary-General, Office of General Services, or his authorized delegate shall be responsible for purchasing, renting or selling activities on behalf of the Organization, provided that:

- (i) The Director General or his authorized delegate shall be responsible for purchasing, renting or selling activities in respect of the United Nations Office at Geneva;
- (ii) The Executive Director or his authorized delegate shall be responsible for purchasing, renting or selling activities in respect of the United Nations Industrial Development Organization, Vienna;
- (iii) The Executive Secretaries of the Economic Commissions for Asia and the Far East, for Latin America and for Africa 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.

* Effective 1 May 1970.

*Rule 110.17**

Committee on Contracts

(a) There shall be established a Committee on Contracts at United Nations Headquarters to render advice to the Assistant Secretary-General, Office of General Services on:

- (i) All contracts involving commitments to a single contractor in respect of a single requisition or a series of related requisitions totalling US \$10,000 or more;
- (ii) All contracts or series of related contracts, including those for television or film activities, which involve income to the Organization of US \$5,000 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 US \$5,000 or more; provided 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, Office of General Services.

(b) The composition of the Headquarters Committee, and the terms of reference of its members 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, at the United Nations Industrial Development Organization, Vienna, and at the respective headquarters of the Economic Commission for Asia and the Far East, the Economic Commission for Latin America, and the Economic Commission for Africa. The composition of each local Committee and the terms of reference of its members shall, in each case, be determined by the head of office concerned in consultation with the Secretary-General.

(d) The local Committees on Contracts at Geneva and at Vienna shall render advice to the respective heads of office on:

- (i) All contracts, in respect of the United Nations Office at Geneva or of the United Nations Industrial Development Organization, Vienna, 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 US \$10,000 or more;
- (ii) All contracts or series of related contracts, including those for television or film activities, which involve income to the Organization of US \$2,500 or more; and, any contracts relating to activities where the estimated annual income therefrom when aggregated with

* Effective 1 May 1970.

the estimated annual income from any other contract or contracts already made with the same purchaser in the same year amounts to US \$2,500 or more; provided 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(s) by the head of office concerned.

(e) The local Committees on Contracts at the headquarters of the three regional economic commissions referred to in (c) above, 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 US \$2,500 but less than US \$10,000. All contracts above US \$10,000 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 US \$1,000 but less than US \$5,000; 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 in an amount exceeding US \$1,000 but less than US \$5,000; provided that (A) all contracts involving income to the Organization in excess of US \$5,000 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 Committees by the Executive Secretary concerned.

(f) The Assistant Secretary-General, Office of 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, Office of General Services, or Head of Office duly authorized under Rule 110.16, decides not to accept the advice of the Committee, he shall record in writing the reasons for his 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. 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 advertising requirements

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

(a) The proposed contract involves commitments of less than US \$2,500 in the case of United Nations Headquarters, the United Nations Office at Geneva and the United Nations Industrial Development Organization, Vienna, and, US \$1,000 in the case of the regional economic commissions, provided that the award is made on an assessment of competitive quotations, based on conformity with specifications, delivery schedules and prices or comparative prices, where available, in the case of proposals;

(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, Office of General Services, or Head of Office duly authorized under Rule 110.16 determines that competitive bidding calling for proposals will not give satisfactory results. In such cases, appropriate reasons shall be recorded in writing.

* Effective 1 May 1970.

*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, Office of General Services, or Head of Office duly authorized under Rule 110.16, shall record in writing the reasons for rejection of the bids and/or 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, United Nations Office at Geneva, United Nations Industrial Development Organization, Vienna, an aggregate amount of US \$500 or more for one or more items;
- (ii) In the case of the Economic Commissions for Asia and the Far East, for Latin America and for Africa, an aggregate amount of US \$100 or more for one or more items;
- (iii) In the case of other offices or groups of offices away from Headquarters, such amounts as may be prescribed by the Assistant Secretary-General, Office of 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, period covered, conditions of fulfilment, the amount and terms of payment;

provided that the Assistant Secretary-General, Office of General Services, or heads of office duly authorized under Rule 110.16, in agreement with the

* Effective 1 May 1970.

Controller, may waive this requirement 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.

*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; and in cases involving US \$1,000 or more, they shall also accompany the related obligating documents submitted to the Controller.

*Rule 110.25**

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

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 Headquarters 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.

* Effective 1 May 1970.

(b) The Assistant Secretary-General, Office of 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 or office, the Assistant Secretary-General, Office of General Services, may, at his discretion, delegate the responsibility for the maintenance of such records to that department or office.

(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 United Nations Industrial Development Organization, Vienna, rest with the Executive Director;
- (iii) In the case of the Economic Commission for Asia and the Far East, the Economic Commission for Africa and the Economic Commission for Latin America, 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, Office of General Services.

(d) The Assistant Secretary-General, Office of General Services, and/or heads of office duly authorized under Rule 110.16 shall, as appropriate, arrange to designate the officers responsible for the maintenance of property records and the officers 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, Office of General Services, and of heads of offices duly authorized under Rule 110.16. Where property is of a kind used and/or administered by only one department or office, the Assistant Secretary-General, Office of General Services, may, at his discretion, delegate responsibility for making arrangements for the conduct of physical inventories to that department or office.

*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

* Effective 1 May 1970.

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 officers authorized to indent for them under Rule 110.9. 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, Office of General Services, and/or heads of office duly authorized under Rule 110.16.

*Rule 110.29**

Personal issues

Issue of equipment or other property for personal use of individuals (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 office, or is separated from the service, the property shall be returned to stock and the loan record cancelled.

*Rule 110.30**

Inter-office transactions

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

*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, Office of General Services, and the Controller.

* Effective 1 May 1970.

*Rule 110.32**

Reporting of deficiencies and of surplus property

Property Survey Board

(a) There shall be established a Headquarters Property Survey Board at United Nations Headquarters. The composition of the Board and the terms of reference of its members 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 officer to the Assistant Secretary-General, Office of General Services, the Controller and 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 officer to the Secretary of the Property Survey Board.

(d) The Headquarters 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 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 officer of the Organization, for shortages, overages or damages.

(f) The recommendations of the Headquarters Property Survey Board shall be submitted to the Controller and the Assistant Secretary-General, Office of General Services, for their approval. Where they do not agree with any of the recommendations 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, Vienna, and at the respective headquarters of the Economic Commission for Asia and the Far East, the Economic Commission for Latin

* Effective 1 May 1970.

America and the Economic Commission for Africa. The composition of the respective local Boards and the terms of reference of their members 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 approval. Where the head of office does not agree with any of the recommendations in the Board's report, he shall record his 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, Office of General Services, and of the Controller.

*Rule 110.34**

Local survey boards

(a) At offices away from United Nations Headquarters other than those specified in Rule 110.33, the Assistant Secretary-General, Office of 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, Office of 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 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 surplus 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 US \$1,000;

* Effective 1 May 1970.

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

(c) The exchange of surplus 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 Rule 110.37);

(d) The destruction of the surplus or unserviceable material will be more economical, 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 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 Nation 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, in his view, this is in the interest of the Organization. A log shall be maintained of such exceptions.

*Rule 110.37**

Accounting for proceeds from sales

The proceeds from the sale of surplus property shall be credited as miscellaneous income to the regular budget, trust fund or special account.

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 taken into account as miscellaneous income to the regular budget, trust fund or special account.

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;

* Effective 1 May 1970.

(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 Department shall be responsible for adherence to the policies and procedures prescribed by the Publications Board.

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 financial 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 annual 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 financial year.*

* Effective 1 May 1970.

The financial accounts and statements

Rule 111.1

Responsibility for maintaining the accounts

The Controller is responsible for maintaining the financial records of the Organization. In respect of offices away from Headquarters, he shall prescribe the nature and extent of the accounts to be maintained, and he shall designate the official responsible for maintaining them.

Rule 111.2

Principal accounts

The principal accounts shall consist of:

(a) 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;
- (vii) Unencumbered balances of allotments and appropriations.

(b) General 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, 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 financial year.

Rule 111.3

Subsidiary accounts

The Controller may require Departments to maintain subsidiary accounting records including property accountability records, subject to such controlling accounts as he deems necessary.

Rule 111.4

Preparation of financial statements at Headquarters

(a) Financial statements shall be prepared at intervals as prescribed by the Controller and shall include at Headquarters,

- (i) Statement of budget appropriations, allotments issued, unallotted appropriations, obligations incurred, and unobligated balances of allotments and appropriations;
- (ii) Summary statement of appropriations, income and obligations incurred;
- (iii) Statement of assets and liabilities of the General Fund;
- (iv) Statement of the Working Capital Fund;
- (v) Statement of assets and liabilities of trust funds and special accounts;
- (vi) Such other statements as may be required;
- (vii) 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) Copies of 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

Rates of exchange

(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 to 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 to 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 year, 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 expenditures and obligations entered into against contracts for supplies or services. Obligations shall be liquidated and converted to actual expenditures on fulfilment of the contract for supplies and services.

(b) At the end of the financial year, the unliquidated obligations shall be reviewed by the Departments concerned in consultation with the Controller, and either cancelled or carried over into the ensuing financial year in accordance with Regulation 4.3.

Rule 111.8

Accrual basis for income

Income 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.

*Rule 111.9**

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.

Rule 111.10

Refunds of expenditures

Refunds of expenditures which had been charged in the same year against the budgetary accounts may be credited against the same accounts, but refund of prior years' expenditures shall be credited to miscellaneous income.

Rule 111.11

Reconciliation of bank accounts

All bank accounts shall be reconciled monthly with the statements submitted by the banks by officers having no actual part in the receipt or

* Effective 1 May 1970.

disbursement of funds; provided that the Controller may authorize exceptions in the case of offices away from Headquarters.

Annual accounts and financial statements

Rule 111.12

(a) The annual accounts shall be prepared by the Controller as at 31 December of each financial year and shall be submitted to the Board of Auditors not later than 31 March following the end of the related financial year.

(b) The annual accounts shall include the following statements:

- (i) Statement of budget appropriations, obligations incurred, and unencumbered balances of appropriations;
- (ii) Statement of income, obligations incurred, and surplus account;
- (iii) Statement of assets and liabilities of the General Fund, the Working Capital Fund and of trust funds and special accounts, together with such supporting schedules as may be required;
- (iv) Statement of *ex gratia* payments.

*Rule 111.13**

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.

Internal Audit

Rule 111.14

The Internal Audit Service shall review transactions having financial implications as to:

(a) The regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;

(b) The conformity of obligations and expenditures with the appropriations or other financial provisions voted by the General Assembly and the allotments issued thereunder, or with the purposes and rules relating to trust funds and special accounts;

(c) The economic use of the resources of the Organization;

(d) The conformity of all such transactions with the rules relating thereto.

* Effective 1 May 1970.

Custody of vouchers

Rule 111.15

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

Regulation 12.1: Subject to any special direction of the General Assembly, each audit which the Board of Auditors established under Resolution 74 (I) is required to make shall be conducted in accordance with the principles set out in the annex to the present Regulations.

Regulation 12.2: At the commencement of each financial year the Board of Auditors and the Advisory Committee shall be notified as to the sum provided to defray the cost of audit of each trust fund, reserve and special account to be performed by the Board during the year. Thereupon, the Board shall consult the Advisory Committee relative to the scope of the several audits to be made by the Board.

Regulation 12.3: The Board of Auditors may allocate, subject to the concurrence of the Advisory Committee, the audit work among the members of the Board, provided that two members shall jointly certify the annual accounts submitted by the Secretary-General in accordance with the provisions of Regulation 11.4.

Regulation 12.4: Whenever any financial statement is certified by only one member of the Board of Auditors, there shall be associated therewith a certificate of another member of the Board to the effect that the audit programme had been approved by the Board and that all special instructions given by the Board to the member were carried out.

Regulation 12.5: Whenever it is necessary to make a local or special examination, the Board of Auditors may, subject to the budgetary provision for the audit concerned, arrange for the services of any national Auditor-General (or equivalent title) who is eligible to be appointed to the membership of the Board or of commercial public auditors of known repute.

ARTICLE XIII. RESOLUTIONS INVOLVING EXPENDITURES

Regulation 13.1: *No council, commission or other competent body shall take a decision involving expenditure unless it has before it 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.*

Rule 113.1

Resolutions involving expenditures

It shall be the responsibility of the Head of the Department concerned, in consultation with the Controller, to ensure that a report on the administrative and financial implications and an estimate of the costs involved, is submitted to a Council, Commission or other competent body prior to its adoption of any recommendation entailing expenditures.

ARTICLE XIV. GENERAL PROVISIONS

Regulation 14.1: *These Regulations shall be effective as of the date of their approval by the General Assembly, and may be amended only by the General Assembly.*

Miscellaneous provisions

Rule 114.1

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

Rule 114.2

These Rules may be amplified by administrative instructions issued by the Controller.

Rule 114.3

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

Rule 114.4

These Rules shall be effective as of and from 1 January 1960 and shall supersede all other provisions in force before that date and contrary to these Rules.

Services to Governments, specialized agencies etc.

Rule 114.5

Goods and services may be provided to Governments, specialized agencies, other international or inter-governmental 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.

Rule 114.6

(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 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 expenditures 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 being initially charged to a suspense account pending recovery from the party concerned.

ARTICLE XV. SPECIAL PROVISIONS

(Budget estimates of the International Court of Justice)

Regulation 15.1: The estimates of the International Court of Justice shall be prepared by the Court, in consultation with the Secretary-General. These estimates 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

Principles to govern the audit procedures of the United Nations

1. The Board of Auditors shall perform an audit of the accounts of the United Nations, including all trust and special accounts, as it may deem necessary in order to certify:

(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 depositories or by actual count.

2. Subject to the provisions of the Financial Regulations, the Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications by the Secretariat 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 may affirm by test the reliability of the internal audit and may make such reports with respect thereto as the Board may deem necessary, to the General Assembly or to the Advisory Committee on Administrative and Budgetary Questions, or to the Secretary-General.

4. The several members of the Board and staff working under its direction shall subscribe to such oath as may be approved by the Advisory Committee on Administrative and Budgetary Questions. Thereupon the members of the Board and its staff shall have free access at all convenient times to all books of account and records which are, in the opinion of the Board, necessary for the performance of the audit. Information classified as confidential in the records of the Secretariat, and which is required by the Board for the purposes of the audit, shall be made available on application to the Controller. In the event that the Board is of the opinion that a duty rests on it to draw to the attention of the General Assembly any matter respecting which all or part of the documentation is classified as confidential, direct quotations should be avoided.

5. The Board of Auditors, in addition to certifying the accounts, may make such observations as it may deem necessary with respect to the efficiency of the financial procedures, the accounting system, the internal

financial controls and, in general, the financial consequences of administrative practices.

6. In no case, however, shall the Board of Auditors include criticism in its audit report without first affording the Secretariat an opportunity of explanation to the Board on the matter under observation. Audit objections to any items arising during the examination of the accounts shall be immediately communicated to the Controller.

7. The Board of Auditors shall prepare a report on the accounts certified in which it should mention:

(a) The extent and character of its examination or any important changes therein;

(b) Matters affecting the completeness or accuracy of the accounts, such as:

- (i) Information necessary to the correct interpretation of the account,
- (ii) Any amounts which ought to have been received but which have not been brought to account,
- (iii) Expenditures not properly substantiated;

(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 United Nations money or other assets (notwithstanding that the accounting for the transactions may be correct),
- (iii) Expenditure likely to commit the United Nations to further outlay on a large scale,
- (iv) Any defect in the general system or detailed regulations governing the control of receipts and expenditure, 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;

In addition, the report may contain reference to:

(e) 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.

8. The Board of Auditors, or such of its officers as it may designate, shall certify the financial statements in the following terms:

“The financial statements of the United Nations for the financial year ended 31 December . . . have been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as a result of the audit, that, in our opinion, the financial statements are correct”,

adding, should it be necessary:

“subject to the observations in our report”.

9. 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.

10. A representative of the Board of Auditors shall be present when the Board's report is being considered by the General Assembly.

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