

The Financial Regulations of the Agency

1. On 13 June 2001, pursuant to the planned introduction of the euro on 1 January 2002 in the European Monetary Union and in particular in Austria, the Board of Governors adopted two amendments to the Agency's Financial Regulations the purpose of which was to replace the Austrian Schilling by the euro as one of the currencies of payment of assessed contributions beside the US Dollar. These amendments took effect from 1 January 2002 (GOV/2001/17).
2. On 26 November 2003, following a proposal by the Secretariat to adopt the euro as the functional currency for the Agency (GOV/2003/27 and GOV/2003/27/Add1), the Board of Governors adopted changes in the Financial Regulations which became effective on 1 January 2006.
3. On 11 June 2010, as a consequence of the adoption of the International Public Sector Accounting Standards (IPSAS), the Board of Governors approved several amendments to the Financial Regulations which became effective on 1 January 2011 (GOV 2010/21).
4. For ease of comparison and reference, Attachment I shows the full texts of the relevant Regulations in the original form, incorporating all amendments approved by the Board of Governors until 8 June 1999, and in its amended form, after all the above mentioned approved changes.
5. The full text of the Financial Regulations of the Agency, as approved and amended by the Board of Governors up to 11 June 2010, is reproduced in Attachment II for the information of all Members of the Agency.

Original text	APPROVED AMENDMENTS (changes in <i>bold italics</i> and deletions in <i>italics strike through</i>)		
	GOV/2001/17	GOV/2003/27 and GOV/2003/27/Add.1	GOV/2010/21
<p>ARTICLE II. DEFINITIONS</p> <p>Regulation 2.01</p> <p>(iv) “commitment” shall mean an engagement involving a liability against resources of future years for which expenditure authority has not yet been given.</p> <p>(xii) “obligation” shall mean an engagement involving a liability against resources for which expenditure authority has been given.</p>		<p>ARTICLE II. DEFINITIONS</p> <p>Regulation 2.01</p> <p><i>(x)¹ “functional currency” shall mean the currency used for accounting, budgeting and reporting;</i></p>	<p>ARTICLE II. DEFINITIONS</p> <p>Regulation 2.01</p> <p>(iv) “commitment <i>for future financial years</i>” shall mean an engagement involving a liability <i>claim</i> against resources of future years for which expenditure authority has not yet been given.</p> <p>(x) “functional currency” shall mean the currency used for accounting, budgeting and reporting, which is the euro.</p> <p>(xiii) “obligation” shall mean an engagement involving a liability <i>claim</i> against resources for which expenditure authority has been given.</p>

¹ The following section is new and inserted into Regulation 2.01 and subsequent sections of Regulation 2.01 renumbered accordingly.

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	GOV/2001/17	GOV/2003/27 and GOV/2003/27/Add.1	GOV/2010/21
<p>Regulation 3.08</p> <p>(c) All figures shall be presented in United States dollars. All figures relating to the Technical Cooperation Fund shall be presented in United States dollars.</p>		<p>Regulation 3.08</p> <p>(c) All figures <i>relating to the Regular Budget Fund</i> shall be presented in (United States dollars) <i>euro</i>. <i>All figures relating to the Technical Co-operation Fund shall be presented in United States dollars. All figures relating to extrabudgetary resources shall be presented in the most appropriate currency or currencies as determined by the Director General.</i></p>	<p>Regulation 3.08</p> <p>(c) All figures relating to the Regular Budget Fund shall be presented in euro <i>the functional currency</i>. All figures relating to the Technical Cooperation Fund shall be presented in United States dollars. All figures relating to extrabudgetary resources shall be presented in the most appropriate currency or currencies as determined by the Director General.</p>
<p>Currency of assessed contributions and advances</p> <p>Regulation 5.02</p> <p>Each assessment shall be established in a component in United States dollars and a component in Austrian schillings. These components shall be in direct proportion to the respective shares of the Regular Budget expenditures linked to the two currencies as approved by the General Conference.</p>	<p>Currency of assessed contributions and advances</p> <p>Regulation 5.02</p> <p>Each assessment shall be established in a component in United States dollars and a component in (Austrian schillings) <i>euro</i>. These components shall be in direct proportion to the respective shares of the Regular Budget expenditures linked to the two currencies as approved by the General Conference.</p>		

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	GOV/2001/17	GOV/2003/27 and GOV/2003/27/Add.1	GOV/2010/21
<p>Regulation 5.03</p> <p>Advances to the Working Capital Fund shall be assessed and paid in US dollars.</p>		<p>Regulation 5.03</p> <p>Advances to the Working Capital Fund shall be assessed and paid in US dollars <i>euro</i>.</p>	<p>Regulation 5.03</p> <p>Advances to the Working Capital Fund shall be assessed and paid in euro <i>the functional currency</i>.</p>
<p>Regulation 5.06</p> <p>Assessed contributions shall be paid in United States dollars and Austrian schillings in the ratio determined pursuant to Regulation 5.02.</p>	<p>Regulation 5.06</p> <p>Assessed contributions shall be paid in United States dollars and <i>euro</i> (Austrian schillings) in the ratio determined pursuant to Regulation 5.02.</p>		
<p>Regulation 8.05</p> <p>Trust Funds and Special Funds may be established by the Board or by the Director General with the approval of the Board. The purpose and limits of each Trust Fund and Special Fund shall be clearly defined.</p>		<p>Regulation 8.05</p> <p>Trust Funds and Special Funds may be established by the Board or by the Director General with the approval of the Board. The purpose and limits of each Trust Fund and Special Fund shall be clearly defined. <i>The functional currency of each Trust Fund or Special Fund shall be as determined by the Director General.</i></p>	

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	GOV/2001/17	GOV/2003/27 and GOV/2003/27/Add.1	GOV/2010/21
<p>ARTICLE XI. THE ACCOUNTS</p> <p>PREPARATION OF THE ACCOUNTS Regulation 11.01</p> <p>The Director General shall maintain such accounting records as are necessary with due regard to the United Nations System Accounting Standards and shall prepare annual accounts. The annual accounts shall contain such information as is appropriate to indicate the income and expenditure of the Agency's Funds during a financial year and their respective financial positions at the end of that year. The annual accounts shall also show the status of Regular Budget appropriations with a comparison of budgeted and actual expenditure.</p> <p>The annual accounts shall be accompanied by such other financial information as the Board may require, or as the Director General may deem necessary or useful.</p>			<p>ARTICLE XI. THE ACCOUNTS FINANCIAL STATEMENTS</p> <p>PREPARATION OF THE ACCOUNTS- FINANCIAL STATEMENTS Regulation 11.01</p> <p>The Director General shall maintain such accounting records as are necessary with due regard to the United Nations System Accounting Standards in accordance with the accounting standards generally in use throughout the United Nations System and shall prepare annual accounts financial statements. The annual accounts financial statements shall contain such information as is required to comply with the standards being applied. appropriate to indicate the income and expenditure of the Agency's Funds during a financial year and their respective financial positions at the end of that year. The annual accounts financial statements shall also show the status of Regular Budget appropriations with a comparison of budgeted and actual expenditure.</p> <p>The annual accounts financial statements shall be accompanied by such other financial information as the Board may require, or as the Director General may deem necessary or useful.</p>

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	GOV/2001/17	GOV/2003/27 and GOV/2003/27/Add.1	GOV/2010/21
<p>CURRENCY</p> <p>Regulation 11.02</p> <p>The annual accounts shall be presented in United States Dollars. Accounting records may, however, be kept in such currency or currencies as the Director General may deem necessary. Accounting rates of exchange may be fixed by the Director General having regard to the rates used by the United Nations for such purposes.</p>		<p>CURRENCY</p> <p>Regulation 11.02</p> <p>The <i>financial statements contained in the</i> annual accounts shall be presented in (United States Dollars) <i>euro</i>. Accounting records may, however, be kept in such currency or currencies as the Director General may deem necessary. Accounting rates of exchange may be fixed by the Director General having regard to the rates used by the United Nations for such purposes.</p>	<p>CURRENCY</p> <p>Regulation 11.02</p> <p>The financial statements contained in the annual accounts of the Agency shall be presented in euro <i>the functional currency</i>. Notwithstanding Financial Regulation 2.01 (x), accounting records may, however, be kept in such currency or currencies as the Director General may deem necessary. Accounting rates of exchange may be fixed by the Director General having regard to the rates used by the United Nations for such purposes.</p>
<p>SUBMISSION OF THE ACCOUNTS</p> <p>Regulation 11.03</p> <p>(a) The Director General shall submit the annual accounts to the External Auditor not later than 31 March following the end of the financial year to which they relate. As soon as the External Auditor has completed his/her audit of the annual accounts, they shall be submitted, together with the report of the External Auditor thereon, to the Board.</p>		<p>SUBMISSION OF THE ACCOUNTS FINANCIAL STATEMENTS</p> <p>Regulation 11.03</p> <p>(a) The Director General shall submit the annual accounts <i>financial statements</i> to the External Auditor not later than 31 March following the end of the financial year to which they relate. As soon as the External Auditor has completed his/her audit of the annual accounts <i>financial statements</i>, they shall be submitted, together with the report of the External Auditor thereon,</p>	

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(b) The Board shall consider the report and the annual accounts and shall transmit to the General Conference its report on the accounts, together with the accounts and the External Auditor's report thereon. These documents shall be transmitted to all Member States at least six weeks before the opening of the regular session of the General Conference at which they are to be considered.			to the Board. (b) The Board shall consider the report and the annual accounts financial statements and shall transmit to the General Conference its report on the accounts financial statements , together with the accounts financial statements and the External Auditor's report thereon. These documents shall be transmitted to all Member States at least six weeks before the opening of the regular session of the General Conference at which they are to be considered.

FINANCIAL REGULATIONS

These Regulations, together with the Financial Rules and any procedures or instructions as may be issued by or on behalf of the Director General, govern the financial administration of the Agency and must be scrupulously observed by all staff members who may be responsible for or concerned with financial administration. They may be amended or suspended by the Board of Governors, subject to the provisions of the Statute.

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FINANCIAL REGULATIONS

ARTICLE I. APPLICABILITY

Regulation 1.01

These Regulations shall govern the financial administration of the International Atomic Energy Agency (the Agency) and shall, subject to Regulation 1.02, apply to all activities of the Agency regardless of the source and disposition of funds.

Regulation 1.02

The Board of Governors (the Board) shall establish, subject to the provisions of the Statute, if and when the need arises, additional Regulations to govern the financial administration of operations which the Agency is authorized to carry out pursuant to paragraphs H and I of Article IX of the Statute of the Agency (the Statute) under the terms of paragraphs B.2. and E of Article XIV of the Statute.

ARTICLE II. DEFINITIONS

Regulation 2.01

For the purposes of these Regulations, the following definitions in respect of specific terms used shall apply. These terms are listed in alphabetical sequence.

- (i) "appropriations" shall mean the aggregate of the expenditure authorizations approved by the General Conference for the Regular Budget of the Agency for a financial year against which expenditures may be incurred for purposes specified by the General Conference.
- (ii) "appropriation section" shall mean a subdivision of the appropriation resolution of the General Conference showing the purpose for which expenditures may be incurred and the amount authorized to be expended for that purpose.
- (iii) "Budget Document" shall mean the document containing for the second year of the programme biennium:
 - (a) changes to the Agency's Programme;
 - (b) regular budget estimates, and other financial estimates for activities to be financed from voluntary contributions and other extrabudgetary resources;
 - (c) information related to the programme changes and financial estimates.
- (iv) "commitment for future financial years" shall mean an engagement involving a claim against resources of future years for which expenditure authority has not yet been given.
- (v) "deferred programme activities" shall mean activities to be financed from the approved Regular Budget which have been deferred to future years pending the receipt of arrears of assessed contributions.
- (vi) "disbursement" shall mean the actual amount paid.
- (vii) "ex gratia payment" shall mean a payment where there is no legal liability but where payment is justifiable in the light of circumstances.
- (viii) "expenditure" shall mean the sum of disbursements and unliquidated obligations.

- (ix) "extrabudgetary resources" shall mean
- (a) voluntary contributions made:
 - (i) for the Technical Co-operation Extrabudgetary Programme;
 - (ii) in support of programmes financed from appropriations; and,
 - (b) funds made available to the Agency by the United Nations Development Programme and other international organizations for which the Agency implements a project.
- (x) "Functional currency" shall mean the currency used for accounting, budgeting and reporting, which is the euro.
- (xi) "Fund" shall mean an independent accounting entity established pursuant to these Regulations for a specified purpose.
- (xii) "miscellaneous income" shall mean all income except:
- (a) contributions (whether assessed, voluntary or others) and advances for credit to any of the Funds referred to in Articles VII and VIII;
 - (b) income from assessed programme costs for Technical Co-operation projects;
 - (c) direct refunds of expenditures during the current financial year;
 - (d) advances, deposits and transfers between Funds.
- (xiii) "obligation" shall mean an engagement involving a claim against resources for which expenditure authority has been given.
- (xiv) "Programme and Budget Document" shall mean the document containing:
- (a) the Agency's Programme for a programme biennium;
 - (b) regular budget estimates, and other financial estimates for activities to be financed from voluntary contributions and other extrabudgetary resources for the first year of the biennium;
 - (c) preliminary regular budget estimates, and other preliminary financial estimates for activities to be financed from voluntary contributions and other extrabudgetary resources for the second year of the biennium;
 - (d) information related to the Programme and the financial estimates.
- (xv) "regular budget estimates" shall mean estimates of expenditures and income for activities to be financed from the Regular Budget.
- (xvi) "Reserve Fund" shall mean a Fund established as part of the Regular Budget Fund to segregate funds for future use.
- (xvii) "Special Fund" shall mean a Fund established for a particular project or programme, other than a Trust Fund or any of the Funds referred to in Regulations 7.01, 7.04, and 8.02.
- (xviii) "Technical Co-operation Core Programme" shall mean that part of the Agency's Technical Co-operation Programme which is planned to be financed from the Technical Co-operation Fund.
- (xix) "Technical Co-operation Extrabudgetary Programme" shall mean that part of the Agency's Technical Co-operation Programme which is planned to be financed from voluntary contributions other than contributions to the Technical Co-operation Fund.
- (xx) "Trust Fund" shall mean a Fund for moneys administered by the Agency on behalf of and for activities specified by, the contributor which activities must be consistent with the aims and policies of the Agency.

(xxi) "unliquidated obligation" shall mean an obligation or that portion of an obligation which is not yet paid.

ARTICLE III. THE PROGRAMME AND BUDGET

THE PROGRAMME AND BUDGET PERIODS

Regulation 3.01

The Programme for the activities of the Agency shall be established for two consecutive calendar years, starting with an even calendar year (the programme biennium).

Regulation 3.02

The financial year shall be one calendar year.

PREPARATION OF THE PROGRAMME AND BUDGET

Regulation 3.03

- (a) The Director General shall prepare and submit to the Board in every second year of a programme biennium the draft Programme and Budget Document for the next biennium.
- (b) The Director General shall prepare and submit to the Board in every first year of a programme biennium the draft Budget Document for the second year of the biennium.
- (c) The Director General shall also prepare and submit such draft resolutions as he deems necessary or as the Board or the General Conference may require.

Regulation 3.04

The Director General shall submit the documents referred to in Regulation 3.03 together with any draft resolutions prepared by him to the Board at least forty-five days prior to the meeting of the Board at which the document in question is to be considered.

Regulation 3.05

- (a) The Board shall consider the proposals of the Director General and adopt the Agency's Programme for the biennium or the Programme changes for the second year of the biennium with such modifications as it deems necessary.
- (b) The Board shall submit to the General Conference in every second year of a programme biennium the Programme and Budget Document for the next biennium, containing the Programme adopted by the Board together with its regular budget estimates and other financial estimates.
- (c) The Board shall submit to the General Conference in every first year of a programme biennium the Budget Document for the next year, containing the Programme changes adopted by the Board together with its regular budget estimates and other financial estimates.
- (d) The Board shall also submit such draft resolutions which it recommends for adoption by the General Conference.

(e) The documents and draft resolutions referred to in paragraphs (b), (c) and (d) shall be transmitted to all Member States at least six weeks before the opening of the regular session of the General Conference at which the document in question and the draft resolutions are to be considered.

REVISED REGULAR BUDGET ESTIMATES FOR THE FOLLOWING FINANCIAL YEAR

Regulation 3.06

The Director General shall prepare and submit to the Board such revised regular budget estimates for the following financial year as may be required. The Board shall submit to the General Conference for approval revised regular budget estimates:

- (a) If the General Conference has returned the estimates initially submitted by the Board; or
- (b) If the Board considers that a revision of the estimates it has initially submitted is necessary.

The applicable time limits for the submission of documents shall not apply to the submission of revised regular budget estimates.

SUPPLEMENTARY REGULAR BUDGET ESTIMATES FOR THE CURRENT FINANCIAL YEAR

Regulation 3.07

The Director General shall prepare and submit to the Board such supplementary regular budget estimates for the current financial year as may be required. The Board shall submit to the General Conference for approval such supplementary regular budget estimates as the Board considers necessary. The applicable time limits for the submission of documents may be waived by the Board with respect to the submission of supplementary regular budgetary estimates.

FORM OF THE BUDGET

Regulation 3.08

- (a) The Budget of the Agency shall be prepared as a programme budget. Estimated expenditures and income shall be grouped according to the programme to which they relate.
- (b) Income shall also be shown as follows:
 - 1. Regular Budget;
 - 2. Technical Co-operation Fund; and
 - 3. Extrabudgetary resources.
- (c) All figures shall be presented in the functional currency.

TECHNICAL CO-OPERATION PROGRAMME

Regulation 3.09

(a) The Director General shall prepare and submit to the Board in every second year of a programme biennium his proposals for the Agency's Technical Co-operation Programme for the following biennium together with projected resources for the biennium. The Director General shall also propose the amounts for financing

this Programme in the first year of the biennium from the Technical Co-operation Fund and other resources, with due regard to the resources expected to be available for that year.

(b) The Director General shall prepare and submit to the Board in every first year of the biennium his proposals for modifications to the Technical Co-operation Programme to be carried out in the second year of the biennium. The Director General shall also propose the amounts for financing this modified Programme in the second year of the biennium from the Technical Co-operation Fund and other resources, with due regard to the resources expected to be available for that year.

(c) The Director General shall submit the documents containing his proposals at least five weeks prior to the meeting of the Board at which the document in question is to be considered.

Regulation 3.10

The Board shall consider the proposals of the Director General and approve the Technical Co-operation Programme for the biennium or the Programme modifications for the second year of the biennium with such changes as the Board deems necessary. The Board shall also approve each year the use of funds for financing the Programme in the next year, subject to any conditions which the Board may require, with due regard to the resources expected to be available for that year.

ARTICLE IV. AUTHORITY FOR INCURRING EXPENDITURES

AUTHORITY AND REGULAR BUDGET APPROPRIATIONS

Regulation 4.01

The appropriations approved by the General Conference shall constitute an authorization to the Director General to incur obligations and to make payments for the purpose and up to the amount shown in each appropriation section.

TRANSFERS BETWEEN APPROPRIATION SECTIONS

Regulation 4.02

The Director General may make transfers between appropriation sections with the prior approval of the Board as authorized by the General Conference.

AVAILABILITY OF APPROPRIATIONS

Regulation 4.03

After approval by the General Conference, appropriations shall be available for obligation in respect of the financial year for which they were approved. However, any unobligated balance of the appropriations for the first financial year of the programme biennium shall be carried over and made available for obligation until the end of the second financial year of the programme biennium.

Regulation 4.04

(a) Appropriations shall remain available for twelve months, or in respect of research contracts and related technical contracts twenty-four months, following the end of the financial year for which they were approved, or in the case of carry over pursuant to Regulation 4.03, following the end of the financial year into which the appropriations were carried over, to the extent that they are required to discharge any unliquidated obligations for that financial year.

(b) Appropriations for deferred programme activities shall remain available for obligation for twelve months following the end of the financial year for which they were approved and for a further period of twelve months, to the extent that they are required to discharge unliquidated obligations incurred in respect of the preceding twelve months. The Board may extend these periods. Those appropriations may be obligated only if the receipts of arrears of assessed contributions are sufficient, and adequate provisions for existing unliquidated obligations for prior years have been made.

Regulation 4.05

At the end of the periods of availability provided in Regulation 4.04 the then remaining balance of any appropriations retained shall lapse. Any unliquidated obligations of the financial year in question shall, at that time, be cancelled, unless the obligation remains a valid charge, in which case the obligation shall be transferred as an obligation against appropriations of the current financial year.

RESERVE FUNDS

Regulation 4.06

Reserve Funds may be established by the Board or by the Director General with the approval of the Board. The purposes and limits of each Reserve Fund and the authority to incur expenditures shall be clearly defined. Financial Regulations 4.04 and 4.05 shall not apply to Reserve Funds and balances remaining at the end of a financial year may be carried forward to subsequent financial years.

TECHNICAL CO-OPERATION PROGRAMME

Regulation 4.07

The allocation of funds by the General Conference for the Technical Co-operation Programme and the approval by the Board of the use of funds for the Programme shall constitute an authorization to the Director General to incur obligations and make payments for the purposes approved by the Board. In exercising this authority the Director General shall observe any conditions and limitations established by the Board and take account of available cash, contributions pledged, contributions expected to be pledged based on past experience, assessed programme costs and estimated miscellaneous income.

FUNDS FROM EXTRABUDGETARY RESOURCES

Regulation 4.08

The Director General may incur obligations against and make payments from funds from extrabudgetary resources, not being extrabudgetary resources of the kind referred to in Regulation 4.09, for the purpose for which these contributions were made and to the extent that funds have actually been received or are otherwise available.

Regulation 4.09

The Director General may incur obligations and make payments for projects which the Agency implements for the United Nations Development Programme (UNDP) or other international organizations in accordance with the terms of the agreement between the Agency and UNDP or the organization concerned.

TRUST FUNDS AND SPECIAL FUNDS

Regulation 4.10

The Director General may incur obligations and make payments in accordance with the purposes, limitations and rules governing each Trust Fund or Special Fund and to the extent that funds have actually been received or are otherwise available.

COMMITMENTS FOR FUTURE YEARS

Regulation 4.11

The Director General may enter into commitments for future financial years provided that such commitments:

- (a) Relate to programmes financed from the Regular Budget and concern administrative requirements of a continuing nature, contracts where longer lead times are required or purchases which provide for payment over several years;
- (b) Are authorized by a specific decision of the Board; or
- (c) Are for Technical Co-operation projects which have been approved by the Board for implementation over a period of several years up to such limits as approved by the Board.

DECISIONS INVOLVING EXPENDITURES

Regulation 4.12

If a decision to be taken by the Board or the General Conference or a recommendation to be made by any of their committees or subsidiary bodies is likely to result in expenditures the Director General may, on his own initiative, or shall, if so requested, make a report on the administrative and financial consequences of the decision or recommendation. If, in the opinion of the Director General, the proposed decision or recommendation involves expenditures which cannot be made from existing appropriations or under other authority, provision for funding such expenditures shall be made in the decision or recommendation.

ARTICLE V. PROVISION OF FUNDS FOR THE REGULAR BUDGET

ASSESSMENTS

Regulation 5.01

Expenditures to be financed from the Regular Budget shall be met from appropriations approved by the General Conference.

Appropriations shall be financed by:

- (a) Contributions from all Member States in accordance with a scale of assessment established by the General Conference; and
- (b) Miscellaneous income.

CURRENCY OF ASSESSED CONTRIBUTIONS AND ADVANCES

Regulation 5.02

Each assessment shall be established in a component in United States dollars and a component in euro. These components shall be in direct proportion to the respective shares of the Regular Budget expenditures linked to the two currencies as approved by the General Conference.

Regulation 5.03

Advances to the Working Capital Fund shall be assessed and paid in the functional currency.

TRANSMISSION OF DOCUMENTS

Regulation 5.04

After the General Conference has approved the regular budget estimates, established the scale of assessment and approved the amount and the purposes of the Working Capital Fund, the Director General shall:

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

DUE DATE FOR PAYMENTS

Regulation 5.05

Assessed contributions and advances to the Working Capital Fund shall be considered due and payable in full within thirty days of the receipt of the communication of the Director General referred to in Regulation 5.04, 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.

PAYMENT OF ASSESSED CONTRIBUTIONS

Regulation 5.06

Assessed contributions shall be paid in United States dollars and euro in the ratio determined pursuant to Regulation 5.02.

Regulation 5.07

Payments made by a Member State shall be applied first to discharge that Member State's assessment with respect to the Working Capital Fund and then to discharge that Member State's assessment with respect to the annual contributions payable by it in the order in which the latter assessments were made.

REPORT ON COLLECTION OF CONTRIBUTIONS

Regulation 5.08

The Director General shall submit to each regular session of the General Conference a report on the collection of contributions and of advances to the Working Capital Fund and shall provide the Board with such a report at regular intervals.

CONTRIBUTIONS FROM NEW MEMBER STATES

Regulation 5.09

A new Member State shall be required to make a contribution for the year in which it becomes a Member and to pay an advance to the Working Capital Fund, both as determined by the General Conference.

ARTICLE VI. VOLUNTARY CONTRIBUTIONS AND OTHER EXTRABUDGETARY RESOURCES

ACCEPTANCE OF VOLUNTARY CONTRIBUTIONS

Regulation 6.01

Voluntary contributions may be accepted in accordance with the Rules Regarding the Acceptance of Voluntary Contributions of Money to the Agency approved by the General Conference.

VOLUNTARY CONTRIBUTIONS TO THE TECHNICAL CO-OPERATION FUND

Regulation 6.02

Expenditures for the Technical Co-operation Core Programme shall be met from voluntary contributions by Member States made in accordance with the annual resolution by the General Conference establishing the target for voluntary contributions to the Technical Co-operation Fund and from other income to that Fund pursuant to Regulation 8.02.

Regulation 6.03

The Board shall recommend to the General Conference for approval at each regular session the target for voluntary contributions to the Technical Co-operation Fund for the following year.

Regulation 6.04

At each regular session of the General Conference Member States are invited to pledge the voluntary contributions which they are prepared to make to the Technical Co-operation Fund for the following financial

year in accordance with the General Conference resolution determining the target for voluntary contributions to the Fund for that year.

EXTRABUDGETARY RESOURCES

Regulation 6.05

- (a) The Technical Co-operation Extrabudgetary Programme shall be financed from voluntary contributions made for specified Technical Co-operation projects;
- (b) Expenditures in support of programmes financed from appropriations shall be financed from voluntary contributions made for such programmes;
- (c) Expenditures for projects which the Agency implements for UNDP or other international organizations shall be financed from funds made available by UNDP or the organization concerned.

ARTICLE VII. REGULAR BUDGET FUND AND WORKING CAPITAL FUND

REGULAR BUDGET FUND

Regulation 7.01

There shall be established a Regular Budget Fund for the purpose of accounting for the expenditures against the appropriations. The Fund shall be credited with:

- (a) Assessed contributions received from Member States pursuant to Regulations 5.01 and 5.09;
- (b) All miscellaneous income, unless otherwise provided in these Regulations; and
- (c) Any advances received from the Working Capital Fund.

PROVISIONAL SURPLUS OR DEFICIT

Regulation 7.02

At the end of each financial year the provisional surplus or deficit for the year shall be determined by establishing the balance between the following credits and charges to the Regular Budget Fund:

- (a) Credits:
 - 1. Assessed contributions received for the year from Member States; and
 - 2. Miscellaneous income received during the year.
- (b) Charges:
 - 1. All disbursements against the appropriations for that year;
 - 2. Provisions for unliquidated obligations to be charged against the appropriations for that year;
 - 3. Provisions for unobligated balances of appropriations set aside to implement deferred programme activities in the following financial years;
 - 4. Transfers to Reserve Funds as authorized by the Board; and

5. Provisions for unobligated balances of appropriations carried over from the first financial year to the second financial year of the programme biennium in accordance with Regulation 4.03.

The provisional surplus or deficit shall be retained in the Regular Budget Fund for the following twelve months.

CASH SURPLUS OR DEFICIT

Regulation 7.03

(a) At the end of the twelve-month period referred to in Regulation 7.02 the cash surplus or deficit for the financial year shall be determined by:

1. Crediting to the provisional surplus or deficit:
 - (i) Any arrears of prior years' assessed contributions received during that period;
 - (ii) Any savings from the provisions made for unliquidated obligations pursuant to Regulation 7.02(b)(2);
 - (iii) Any savings from the provisions for unobligated balances of appropriations set aside for deferred programme activities pursuant to Regulation 7.02(b)(3); and
 - (iv) Any savings from the provisions for carried over unobligated balances of appropriations pursuant to Regulation 7.02(b)(5).
2. Charging to the provisional surplus or deficit:
 - (i) The cash deficit, if any, of the financial year preceding the financial year for which the cash surplus or deficit is determined.

(b) After the audit by the External Auditor of the accounts for the twelve-month period referred to in Regulation 7.02 has been completed, the cash surplus shall be allocated among Member States in accordance with the scale of contributions for the financial year to which the surplus relates. The Board may defer the allocation of the cash surplus if the surplus is required to finance a temporary cash shortage of the Regular Budget Fund.

(c) The individual allocations to those Member States who have paid their assessed contributions in full for the year to which the surplus relates shall be applied to liquidate in the following order:

1. Any outstanding advances to the Working Capital Fund;
2. Any arrears of assessed contributions;
3. Assessed contributions for the current financial year.

The allocations to the remaining Member States shall be so applied after their arrears of assessed contributions for the financial year to which the surplus relates have been liquidated in full.

WORKING CAPITAL FUND

Regulation 7.04

There shall be a Working Capital Fund in an amount to be approved from time to time by the General Conference upon recommendation of the Board. The Working Capital Fund shall be used for advances to the Regular Budget Fund to finance temporarily appropriations and for other purposes authorized by the General Conference upon recommendation of the Board. The source of moneys of the Working Capital Fund shall be advances from Member States to be made in accordance with their respective base rates of assessment as

determined by the General Conference. Each advance shall be carried to the credit of the Member State which has made such an advance.

Regulation 7.05

Advances made from the Working Capital Fund to the Regular Budget Fund shall be reimbursed to the Fund as soon as and to the extent that moneys in the Regular Budget Fund are available for that purpose.

Regulation 7.06

Except when advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorized purposes are recoverable from some other source, the recovery of such advances shall be provided for by the submission of supplementary regular budget estimates.

ARTICLE VIII. FUNDS FOR VOLUNTARY CONTRIBUTIONS AND OTHER EXTRABUDGETARY RESOURCES, TRUST FUNDS AND SPECIAL FUNDS

GENERAL FUND

Regulation 8.01

There shall be a General Fund for the purpose of accounting for the expenditures of the Agency for:

- (a) The Technical Co-operation Core Programme;
- (b) The Technical Co-operation Extrabudgetary Programme;
- (c) Programmes financed from the Regular Budget to the extent that they are supported by voluntary and other extrabudgetary contributions; and
- (d) Projects which the Agency implements for UNDP or other international organizations.

TECHNICAL CO-OPERATION FUND, TECHNICAL CO-OPERATION EXTRABUDGETARY FUND, EXTRABUDGETARY PROGRAMME FUND

Regulation 8.02

The General Fund shall consist of the following three Funds:

- (a) The Technical Co-operation Fund, which shall be credited with:
 - 1. Voluntary contributions by Member States made in accordance with the annual resolution by the General Conference determining the target for contributions to that Fund;
 - 2. Assessed programme costs; and
 - 3. Miscellaneous income of that Fund.
- (b) The Technical Co-operation Extrabudgetary Fund, which shall be credited with voluntary contributions for the Technical Co-operation Extrabudgetary Programme, and with other extrabudgetary resources for Technical Co-operation projects which the Agency implements for UNDP or other international organizations.

(c) The Extrabudgetary Programme Fund, which shall be credited with voluntary contributions made in support of programmes financed from the Regular Budget, and with other extrabudgetary resources for projects which the Agency implements for international organizations other than UNDP.

SUB-FUNDS

Regulation 8.03

The extrabudgetary Funds referred to in Regulation 8.02(b) and (c) may be divided into Sub-Funds according to the source of the contributions or the nature of the project or programme.

CARRY OVER OF BALANCES

Regulation 8.04

Subject to the terms of the agreement between the Agency and a contributor, any balances of the Funds referred to in Regulation 8.02 remaining at the end of a financial year may be carried forward to subsequent financial years.

TRUST FUNDS AND SPECIAL FUNDS

Regulation 8.05

Trust Funds and Special Funds may be established by the Board or by the Director General with the approval of the Board. The purposes and limits of each Trust Fund and Special Fund shall be clearly defined. The functional currency of each Trust Fund or Special Fund shall be as determined by the Director General.

ARTICLE IX. CUSTODY AND INVESTMENT OF FUNDS

CUSTODY OF FINANCIAL ASSETS

Regulation 9.01

The Director General shall designate the banks and other financial institutions in which the funds of the Agency shall be kept.

INVESTMENTS

Regulation 9.02

The Director General may make short-term investments of moneys not needed for immediate requirements. Long-term investment of moneys standing to the credit of a Trust Fund, Special Fund or Reserve Fund shall require the approval of the Board and shall be in accordance with the terms governing the establishment and administration of each Fund, having regard to the particular requirements as to liquidity of funds in each case.

STATEMENT OF INVESTMENTS

Regulation 9.03

A statement of the investments held at the end of a financial year shall be included in the accounts for that year. At the request of the Board the Director General shall provide it with a statement of investments currently held.

INVESTMENT INCOME

Regulation 9.04

Income derived from investments shall be credited as miscellaneous income as provided in these Regulations, provided that income derived from a Trust Fund, Special Fund or Reserve Fund shall be credited in accordance with the terms governing the establishment and administration of each Fund.

ARTICLE X. INTERNAL CONTROL

FINANCIAL RULES AND INTERNAL FINANCIAL CONTROL

Regulation 10.01

The Director General shall:

- (a) Establish in conformity with these Regulations detailed Financial Rules and procedures in order to ensure:
 1. Effective financial administration and the exercise of economy;
 2. Effective custody of the assets of the Agency;
- (b) Cause payment for goods and services to be made, including agreed advance and progress payments, on the basis of vouchers and other documents which ensure that payment is in accordance with the terms of the relevant contract or purchase order and has not previously been made.
- (c) Designate the officers who may receive moneys, incur commitments or obligations and authorize and make payments on behalf of the Agency;
- (d) Maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:
 1. The regularity of the receipt, custody and disposal of all funds and other financial resources of the Agency;
 2. The conformity of expenditures with the appropriations approved by the General Conference, the decisions by the Board on the use of funds for the Technical Co-operation Programme or other authority governing expenditures from extrabudgetary resources; and
 3. The economic use of the resources of the Agency.

ADDITIONAL FINANCIAL RULES

Regulation 10.02

The Director General shall establish rules and procedures implementing any additional Financial Regulations established by the Board pursuant to Regulation 1.02. Such rules and procedures shall, inter alia, ensure accounting for and control of materials and equipment of the Agency or for which the Agency is responsible.

AUTHORIZATIONS FOR OBLIGATIONS AND COMMITMENTS

Regulation 10.03

Obligations for the current financial year and commitments for future financial years shall be incurred only after appropriate authorizations have been made in writing under the authority of the Director General.

EX GRATIA PAYMENTS

Regulation 10.04

The Director General may make such ex gratia payments as he deems to be necessary in the interest of the Agency, up to such limits as may be set by the Board. Any payments in excess of these limits shall require prior approval of the Board. A statement of such payments shall be submitted with the annual accounts.

WRITE-OFF OF LOSSES

Regulation 10.05

The Director General may, after full investigation, authorize the write-off of losses of funds, stores, equipment and other assets other than arrears of assessed contributions. A statement of all such amounts written off during each financial year shall be submitted to the External Auditor with the annual accounts.

PROCUREMENT

Regulation 10.06

The Director General shall, as a part of the Financial Rules, establish rules and authority for the procurement of equipment, supplies and other requirements including rules governing the invitation of tenders and the calling of proposals.

ARTICLE XI. THE FINANCIAL STATEMENTS

PREPARATION OF THE FINANCIAL STATEMENTS

Regulation 11.01

The Director General shall maintain such accounting records as are necessary in accordance with the accounting standards generally in use throughout the United Nations System and shall prepare annual financial statements.

The annual financial statements shall contain such information as is required to comply with the standards being applied.

The annual financial statements shall be accompanied by such other financial information as the Board may require, or as the Director General may deem necessary or useful.

CURRENCY

Regulation 11.02

The financial statements of the Agency shall be presented in the functional currency.-Notwithstanding Financial Regulation 2.01(x), accounting records may, however, be kept in such currency or currencies as the Director General may deem necessary.

SUBMISSION OF THE FINANCIAL STATEMENTS

Regulation 11.03

(a) The Director General shall submit the annual financial statements to the External Auditor not later than 31 March following the end of the financial year to which they relate. As soon as the External Auditor has completed his/her audit of the annual financial statements, they shall be submitted, together with the report of the External Auditor thereon, to the Board.

(b) The Board shall consider the report and the annual financial statements and shall transmit to the General Conference its report on the financial statements, together with the financial statements and the External Auditor's report thereon. These documents shall be transmitted to all Member States at least six weeks before the opening of the regular session of the General Conference at which they are to be considered.

ARTICLE XII. EXTERNAL AUDIT

APPOINTMENT OF EXTERNAL AUDITOR

Regulation 12.01

An External Auditor, who shall be Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed by the General Conference for a period determined by it.

TENURE OF OFFICE OF EXTERNAL AUDITOR

Regulation 12.02

If the External Auditor ceases to hold office as Auditor-General (or equivalent function) in his/her own country, his/her tenure of office as External Auditor shall thereupon be terminated and he/she shall be succeeded as External Auditor by his/her successor as Auditor-General. The External Auditor may not otherwise be removed during his/her tenure of office, except by the General Conference.

CONDUCT OF AUDIT

Regulation 12.03

Subject to any special direction of the General Conference or the Board, each audit which the External Auditor is required to make shall be conducted in accordance with the Additional Terms of Reference set out in the Annex to these Regulations.

RESPONSIBILITY OF EXTERNAL AUDITOR

Regulation 12.04

The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

SPECIFIC EXAMINATIONS

Regulation 12.05

The General Conference and the Board may request the External Auditor to perform certain specific examinations and to issue separate reports on the results.

PROVISION OF FACILITIES TO EXTERNAL AUDITOR

Regulation 12.06

The Director General shall provide the External Auditor with the facilities required for the performance of the audit.

USE OF LOCAL AUDITORS

Regulation 12.07

Whenever it is necessary to make a local or special examination the External Auditor may arrange for the services of any national Auditor-General who is eligible to be appointed as External Auditor or of commercial public auditors of known repute.

TRANSMISSION OF AUDIT REPORT

Regulation 12.08

The report of the External Auditor shall be transmitted to the Board for its observations and the Board shall transmit the report to the General Conference in accordance with Regulation 11.03. A representative of the External Auditor shall be present when his/her report is first under consideration by the Board or by a subsidiary body of the Board. In addition, the Director General shall arrange for such representation during subsequent consideration by the Board or during consideration by the General Conference, if so requested by a Member State, if the Director General considers it desirable or if the External Auditor considers it essential.

ARTICLE XIII. GENERAL PROVISIONS

DELEGATION OF AUTHORITY

Regulation 13.01

The Director General may, in the Financial Rules or as part of the procedures established by him pursuant to Regulation 10.01 or in individual cases, delegate authority and responsibility to other officials of the Agency.

AMENDMENT AND SUSPENSION

Regulation 13.02

The Board may amend these Regulations or suspend any of these Regulations, subject to the provisions of the Statute.