

13th MEETING OF THE EXECUTIVE COMMITTEE
Washington, D. C.
23 April - 1 May 1951

TOPIC 12: DRAFT FINANCIAL REGULATIONS (CE13/12)

PROPOSAL BY THE UNITED STATES REPRESENTATIVE

The United States Representative proposes that the financial regulations proposed by the Director be adopted, with a number of changes which he believes will improve them.

The suggestions in the proposed resolution below are for the most part technical in nature. Some of them, particularly those relating to the conduct of the audit, tend to reaffirm the financial responsibility of the Directing Council. They are in line with the practice of other international organizations. The United States Representative otherwise considers the regulations as excellent and congratulates the Director upon their submission.

Therefore, before the passage of the resolution proposed by the Director in Document CE13/12, the United States Representative proposes that the following changes be made:

(1) In regulation 3.5, insert "to all Member States" after the phrase "The Director shall transmit the budget of the Executive Committee...".

(2) In regulation 4.3, insert after the word "available", "for twelve months following the end of the financial year to which they relate", and insert "to discharge obligations" after the word "require". Regulation 4.4 should be added as a final sentence of regulation 4.3.

(3) A new regulation 4.4 should be added as follows: "At the end of the twelve month period provided in regulation 4.3 above, the remaining balance of any appropriations retained will be surrendered. Any unliquidated prior year obligations shall at that time be cancelled, where the obligation remains a valid charge, transferred as an obligation against current appropriations".

(4) In regulation 5.3, change "b" to "c" and add a new "b" as follows: "Miscellaneous income for which credits have not previously been taken into account and any adjustments in estimated miscellaneous income previously taken into account".

- (5) In regulation 5.4, add a sentence "As of January 1 of the following financial year, the unpaid balance of such unpaid contributions and advances shall be considered to be one year in arrears."
- (6) Regulation 6.9 should be eliminated. (It is believed that borrowing should be only on ad hoc basis and under specific authorization.)
- (7) In regulation 11.1 in paragraph "b" insert "The status of appropriations, including" before the word "credits".
- (8) In regulation 12.1, eliminate the word "Director" and replace it by "Directing Council" before the phrase "shall appoint external auditor(s)". The second sentence, beginning "The scope of the audit shall be determined by the Director" should be eliminated. The last sentence should read "Auditors appointed may be removed only by the Directing Council" rather than "by the Director".
- (9) In regulation 12.2, the first two phrases "Having regard for the budgetary provisions of the audit, and after consultation with the Director relative to the scope of the audit" should be deleted.
- (10) In regulation 12.3, replace the words "subject to the instructions of the Director" with "subject to the provisions of the financial regulations".
- (11) In regulation 12.4, substitute the "Directing Council" for the "Director" at the end of the sentence.
- (12) In regulation 12.8, the last phrase "and on any matters which the Director may from time to time get specific instructions" should be eliminated and replaced by ", in which he should mention the extent and character of his/their examination of any important changes therein, matters affecting the completeness or accuracy of the amounts or other matters which should be brought to the notice of the Directing Council, such as
- (i) Cases of fraud or presumptive fraud;
 - (ii) Wasteful or improper expenditure of organization money or other assets (notwithstanding that the accounting for the transactions may be correct);
 - (iii) Expenditure likely to commit the organization to further outlay on a large scale;
 - (iv) Any defect in the general system or detailed regulations governing the control of receipts and expenditure, or of supplies and equipment;

- (v) Expenditure not in accordance with the intention of the Directing Council, after making allowance for duly authorized transfers within the budget;
- (vi) Expenditures in excess of appropriations as amended by duly authorized transfers within the budget;
- (vii) Expenditure not in conformity with the authority which governs it".

(13) In regulation 12.9, eliminate "report to the Director" and replace with "report to the Directing Council". At the end of the regulation add a sentence "The auditor(s) or his/their representatives shall be present when the audit report is considered by the Directing Council".

51-274