

INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

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FINANCIAL REGULATIONS OF THE INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

RESOLUTION A.14(I)

adopted on 19 January 1959 at the eleventh meeting

THE ASSEMBLY

ADOPTS the Financial Regulations, the text of which is attached hereto.

ARTICLE I - APPLICABILITY

- 1.1 These regulations shall govern the financial administration of the Inter-governmental Maritime Consultative Organization.

ARTICLE II - THE FINANCIAL PERIOD

- 2.1 The financial period shall be two consecutive calendar years. However, the first financial period shall end 31 December 1961.

ARTICLE III - THE BUDGET

- 3.1 The budget estimates shall be prepared by the Secretary-General.
- 3.2 The estimates shall cover income and expenditure for each of the calendar years covered by the financial period to which they relate and shall be presented in US dollars.

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- 3.3 The estimates for each of the calendar years covered by the financial period shall be divided into Sections, Chapters and Articles. The budget estimates shall include details on the programme of work to which they relate and shall be accompanied by such information annexes as may be required by, or on behalf of, the Assembly or Council, and such further information as the Secretary-General may deem necessary and useful.
- 3.4 The Secretary-General shall submit the estimates for the ensuing financial period to be considered by the Council at least ten weeks prior to the date fixed for the opening of the regular session of the Assembly.
- 3.5 The budget estimates shall be submitted to the Assembly by the Council, together with the comments and recommendations of the Council thereon. The estimates and the report of the Council shall be transmitted to all Member States at least six weeks prior to the opening of the regular session of the Assembly.
- 3.6 The budget shall be adopted by the Assembly, which shall vote budget appropriations by Sections and in toto for the calendar year to which they relate.
- 3.7 The Assembly shall prescribe the conditions under which unforeseen and extraordinary expenses may be incurred.

- 3.8 Supplementary estimates may be submitted by the Secretary-General whenever necessary. Such estimates shall be prepared in a form consistent with the regular estimates. The estimates shall be submitted to the Council for approval.

ARTICLE IV - APPROPRIATIONS

- 4.1 The appropriations voted by the 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.
- 4.2 Appropriations shall be available for obligation during the calendar year to which they relate.
- 4.3 Appropriations shall remain available for twelve months following the end of the calendar 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 calendar year and to liquidate any other outstanding legal obligation of the period. The balance of the appropriations shall be surrendered.
- 4.4 At the end of the twelve-month period provided in regulation 4.3 above, the then remaining unspent balance of any appropriations retained will be surrendered. Any unliquidated obligations under those appropriations shall at that time be cancelled, or, when the obligation remains a valid charge, transferred as an obligation against current appropriations.

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- 4.5 Transfers within the total amount appropriated may be made to the extent, and under the conditions, permitted by the terms of the budget resolution adopted by the Assembly. ,

ARTICLE V - PROVISION OF FUNDS

- 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 fixed by the Assembly after consideration of the proposals of the Council thereon. Pending the receipt of contributions, the appropriations may be financed from the Working Capital Fund.
- 5.2 In the assessment of the contributions of Member States, adjustments shall be made to the amount of the appropriations approved by the Assembly for the following financial period in respect of:
- (a) Supplementary appropriations for which contributions have not previously been assessed on the Members;
 - (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 Members under the provisions of regulation 5.8;
 - (d) Any balance of the appropriations surrendered under regulations 4.3 and 4.4.

- 5.3 After the Assembly has voted the appropriations and determined the amount of the Working Capital Fund, the Secretary-General shall:
- (a) Transmit the relevant documents to Member States;
 - (b) Inform Members of their commitments in respect of contributions for the calendar year and advances to the Working Capital Fund;
 - (c) Request them to remit their contributions and advances relating to the first calendar year of the two-year period.
- 5.4 Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communications of the Secretary-General referred to in regulation 5.3 above, or as of the first day of the calendar year to which they relate, whichever is the later.
- 5.5 Contributions and advances to the Working Capital Fund shall be assessed in US dollars and payable in such currencies as the Council may, on advice from the Secretary-General, decide.
- 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, provided that payments made by a Member in currencies other than those of the Working Capital Fund shall be credited to the contributions due in the order in which the Member was assessed.
- 5.7 The Secretary-General shall submit to the regular session of the Assembly a report on the collection of contributions and advances to the Working Capital Fund.

- 5.8 New Members shall be required to make a contribution for the period in which they become Members and an advance to the Working Capital Fund at rates to be determined by the Assembly. The Council shall, if the Assembly is not in session, determine the scale of the assessment and advances of a new Member subject to approval and possible adjustment at the next regular session of the Assembly. The contributions assessed in respect of the current calendar year shall be based on the number of full months remaining in the calendar year after the date on which the Member's ratification of or adherence to the Convention has come into force. The contributions and advances of a new Member shall be due and payable within thirty days of receipt of the notification by the Secretary-General of the determinations made by the Assembly or the Council.
- 5.9 A Member State which withdraws from the Organization shall not be entitled to adjustment in respect of contributions paid or assessed.
- 5.10 The Secretary-General shall report to each session of the Assembly, the Council, and the Maritime Safety Committee on the application of article 42 of the Convention.

ARTICLE VI - FUNDS

- 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 regulations 5.1 and 5.8, miscellaneous income, and any advances made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.

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- 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 Assembly. The source of monies of the Working Capital Fund shall be advances from Member States in accordance with the scale of assessments as determined by the Assembly for the apportionment of the expenses of the Organization.
- 6.3 Advances made by Member States to the Working Capital Fund shall be carried to the credit of the Members which have made such advances.
- 6.4 Advances made from the Working Capital Fund to finance budgetary appropriations during a financial period shall be reimbursed to the Fund as soon as and to the extent that income is available for that purpose.
- 6.5 Advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorised purposes shall be reimbursed through the submission of supplementary estimates, except when such advances are recoverable from some other source.
- 6.6 Income derived from investments of the Working Capital Fund shall be credited to miscellaneous income.
- 6.7 Trust, Reserve and Special Funds may be established by the Secretary-General and reported to the Council.
- 6.8 The purpose and limits of each Trust, Reserve and Special Fund shall be clearly defined by the appropriate authority. Unless otherwise provided by the Assembly, such Funds shall be administered in accordance with these Regulations.

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ARTICLE VII - OTHER INCOME

7.1 All income, other than:

- (a) Contributions to the budget;
 - (b) Refunds of direct expenditures made during the financial year; and
 - (c) Advances or deposits to Funds,
- shall be classed as miscellaneous income, for credit to the General Fund.

7.2 Voluntary contributions 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.

7.3 Monies accepted for purposes specified by the donor shall be treated as Trust or Special Funds under regulations 6.7 and 6.8.

7.4 Monies accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the accounts.

ARTICLE VIII - CUSTODY OF FUNDS

8.1 The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.

ARTICLE IX - INVESTMENT OF FUNDS

- 9.1 The Secretary-General may make short-term investments of monies not needed for immediate requirements and shall inform the Council periodically of such investments which he has made.
- 9.2 The Secretary-General may after consultation with the Council, make long-term investments of monies standing to the credit of Trust, Reserve, or Special Funds as may be provided by the appropriate authority in respect of each such Fund.
- 9.3 Income derived from investments shall be credited as provided in the rules relating to each Fund.

ARTICLE X - INTERNAL CONTROL

- 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 payment has not previously been made;
 - (c) Designate the officers who may receive monies, 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;

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(ii) The conformity of obligations and expenditures with the appropriations or other financial provision voted by the Assembly, or with the purposes and rules relating to Trust and other Special Funds,

(iii) The economic use of the resources of the Organization.

- 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.
- 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 Assembly with the accounts.
- 10.4 The Secretary-General may, after full investigation, authorize the writing off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Auditors with the accounts.
- 10.5 Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Organization, a departure from the rule is desirable.

ARTICLE XI - THE ACCOUNTS

- 11.1 The Secretary-General shall maintain such accounts as are necessary and shall submit accounts showing for the financial period 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 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.
- 11.2 The accounts of the Organization shall be presented in US dollars. The accounts may be kept in such currency or currencies as the Secretary-General may deem necessary.
- 11.3 Appropriate separate accounts shall be maintained for all Trust and other Special Funds.
- 11.4 The accounts shall be submitted by the Secretary-General to the External Auditor by 28 February following the end of the financial period.

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11.5 The Secretary-General shall submit to the External Auditor and to the Council by 28 February following the close of the first calendar year of each financial period, statements in the same form as specified under regulations 11.1, 11.2 and 11.3 above. The External Auditor and the Council shall decide in connexion with regulation 12.3 below, the nature of the audit to be performed relative to these statements.

ARTICLE XII - EXTERNAL AUDIT

- 12.1 An External Auditor who shall be the Auditor-General (or officer holding the equivalent title) of a member State shall be appointed by the Assembly, in the manner decided by the Assembly and having regard to the joint system of external audit of the United Nations and specialized agencies. Auditors appointed may be removed only by the Assembly.
- 12.2 The External Auditor shall be appointed for a term of four years, the term of office to begin on 1 July of the year following the session of the Assembly at which he is appointed. The External Auditor may be reappointed.
- 12.3 Subject to any special direction of the Assembly, the audits shall be conducted in accordance with the principles set out in the annex to these regulations. At the commencement of each financial period, the External Auditor and the Council shall be notified as to the sum provided in the budget to defray the costs of external audit. Thereupon, the Auditor shall consult with the Council on the scope of the audit(s) to be made.

- 12.4 Whenever it is necessary to make a local or special examination, the External Auditor may, subject to the budgetary provisions for the audit, arrange for the services of any Auditor-General (or equivalent title) of a Member State, or of commercial auditors of international repute.
- 12.5 The External Auditor shall transmit the certified accounts to the Council, together with his report thereon, not later than 31 May following the end of the financial period to which the accounts relate. The Council shall submit to the next regular session of the Assembly the accounts and audit report, together with its comments and recommendations.
- 12.6 The accounts shall be approved by the Assembly.

ARTICLE XIII - RESOLUTIONS INVOLVING EXPENDITURES

- 13.1 No committee, commission or other competent body shall take a decision involving expenditure unless it had before it a report from the Secretary-General on the administrative and financial implications of the proposal.
- 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 Assembly has made the necessary appropriations, unless the Secretary-General certifies that provision can be made under the conditions of the resolution of the Assembly relating to unforeseen and extraordinary expenses.
- 13.3 All measures affecting the budget shall require a two-thirds majority of those present and voting in order to be adopted.

ARTICLES XIV - GENERAL PROVISIONS

- 14.1 These regulations shall be effective as of the date of their approval by the Assembly and may be amended only by the Assembly.
- 14.2 The word "Member" in these regulations shall be deemed to include Associate Member.

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ANNEX TO THE FINANCIAL REGULATIONS

PRINCIPLES TO GOVERN THE AUDIT PROCEDURES OF THE INTER-GOVERNMENTAL
MARITIME CONSULTATIVE ORGANIZATION

1. The External Auditor shall perform an audit of the accounts of the Inter-governmental Maritime Consultative Organization, including all Trust and Special Accounts, as he 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 monies 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 Auditor 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 he chooses of all financial records, including those relating to supplies and equipment.
3. The Auditor may affirm by test the reliability of the internal audit, and may make such reports with respect thereto, as he may deem necessary, to the Assembly or to the Council, or to the Secretary-General.

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4. The Auditor and staff working under his direction shall subscribe to such oath as may be approved by the Council. Thereupon the Auditor and his staff shall have free access at all convenient times to all books of account and records which are, in his opinion, necessary for the performance of the audit. Information classified as confidential in the records of the Secretariat, and which is required by the Auditor for the purposes of the audit shall be made available on application to the [title of officer in charge of administrative and financial services]. In the event that the Auditor is of the opinion that a duty rests on him to draw to the attention of the Assembly any matter respecting which all or part of the documentation is classified as confidential, direct quotation should be avoided.

5. The Auditor, in addition to certifying the accounts, may make such observations as he 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 Auditor include criticism in his audit report without first affording the Secretariat an opportunity of explanation to him of the matter under observation. Audit objections to any items arising during the examination of the accounts shall be immediately communicated to the [title of the officer in charge of administrative and financial services].

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7. The Auditor shall prepare a report on the accounts certified, in which he should mention:

- (a) The extent and character of his examination of any important changes therein;
- (b) Matters affecting the completeness of 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 Assembly, such as:

- (i) Cases of fraud or presumptive fraud;
 - (ii) Wasteful or improper expenditure of Organization's 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 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 reports 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 Assembly should have early knowledge.

8. The Auditor, or such of his officers as he may designate, shall certify the financial statements in the following terms:

"The financial statements of the Inter-governmental Maritime Consultative Organization for the financial period ended 31 December ---- have been examined in accordance with our directions. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that, in my opinion, the financial statements are correct",

adding, should it be necessary,

"subject to the observations in my report".

9. The Auditor 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 he entertains doubt as to legality or propriety.

10. The Auditor, or a representative named by him, shall be present when his report is being considered by the Assembly.

