

INTERNATIONAL MARITIME ORGANIZATION



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ASSEMBLY
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Agenda item 23

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**RESOLUTION A.845(20)
adopted on 26 November 1997**

**AMENDMENTS TO THE ORGANIZATION'S FINANCIAL REGULATIONS AND
FINANCIAL RULES**

THE ASSEMBLY

RECALLING that the Organization's Financial Regulations and Financial Rules provide for the Organization's regular budget to be presented and accounted for under various objects of expenditure which are classified under five sections and which are further divided into chapters and articles,

ENDORSING the Secretary-General's proposed restructuring of the Work Programme and Budget of the Organization on the basis of major programmes and programmes which the budget serves,

NOTING that the new structure will be effective from 1 January 1998 and that accordingly it will be necessary from that date to adapt the current Financial Regulations and Financial Rules of the Organization, and

RECOGNIZING the provision of article XIV of the Financial Regulations which specifies that amendments to the Organization's Financial Regulations and Financial Rules require the approval of the Assembly,

HAVING CONSIDERED the revised text of those parts of the Financial Regulations and Financial Rules which give effect to the new budgetary structure,

APPROVES these revisions, as attached to this resolution and resolves that they shall take effect from 1 January 1998.

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PROPOSED FINANCIAL REGULATIONS AND FINANCIAL RULES

The following revisions will be made to *Article III*, Regulations 3.1 to 3.9

CURRENT

Article III

THE BUDGET

REGULATION 3.1: The budget estimates shall be prepared by the Secretary-General.

REGULATION 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 pounds sterling.

REGULATION 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.

PROPOSED

Article III

THE PROGRAMME BUDGET

REGULATION 3.1: The proposed programme budget for each financial period shall be prepared by the Secretary-General.

REGULATION 3.2: The proposed programme budget shall cover income and expenditure for each of the calendar years covered by the financial period to which they relate and shall be presented in pounds sterling.

REGULATION 3.3: The proposed programme budget shall be divided into Major Programmes, Programmes and Sub-Programmes. Programme narratives shall set out Sub-Programmes, Programme elements, planned output and the priority including time-limited objectives. The proposed programme budget shall be preceded by an explanation of the main changes made in the content of the programmes and the volume of resources allocated to them in relation to the previous biennium and indicating the results achieved. The proposed programme budget shall be accompanied by such information, annexes and explanatory statements as may be requested by or behalf of the Assembly or Council and such further annexes or statements as the Secretary-General may deem necessary and useful.

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CURRENT

Article III

THE BUDGET (Cont'd)

REGULATION 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.

REGULATION 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.

REGULATION 3.6: (a) 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.

(b) The Council may authorize transfers between sections of the budget and to the same section in the second calendar year, provided that these transfers do not result in a total amount of expenditure in excess of the appropriations authorized by the Assembly for a financial period.

PROPOSED

Article III

THE PROGRAMME BUDGET (Cont'd)

REGULATION 3.4: The Secretary-General shall submit, in the second year of a financial period, his proposed programme budget for the following financial period to the regular session of the Council prior to the regular session of the Assembly.

REGULATION 3.5: The proposed programme budget shall be submitted to the Assembly by the Council, together with the comments and recommendations of the Council thereon. The proposed programme budget and the report of the Council shall be transmitted to all Member States **at least two months** prior to the opening of the regular session of the Assembly in accordance with the Rules of Procedures of the Assembly. Any additional comments of the Council made at its extraordinary session prior to the regular session of the Assembly shall be circulated to Member States immediately.

REGULATION 3.6: (a) The Assembly shall adopt the programme budget for the following financial period, and vote the budget appropriations by programmes and in toto for the calendar year to which they relate.

(b) The Council may authorize transfers between major programmes of the budget and to the same major programme in the second calendar year, provided that these transfers do not result in a total amount of expenditure in excess of the appropriations authorized by the Assembly for a financial period.

CURRENT

Article III

THE BUDGET (Cont'd)

REGULATION 3.7: The Assembly shall prescribe the conditions under which unforeseen and extraordinary expenses may be incurred.

REGULATION 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.

(No corresponding provision exists in the current Financial Regulations and Financial Rules to the proposed Regulation 3.9. The provision, which is in line with United Nations accounting practice recognizes the Organization's on-going responsibilities under the IMO Convention.)

PROPOSED

Article III

THE PROGRAMME BUDGET (Cont'd)

REGULATION 3.7: No change.

REGULATION 3.8: Supplementary programme budget proposals may be submitted by the Secretary-General whenever necessary. The Secretary-General shall prepare supplementary programme budget proposals in a form consistent with the approved programme budget and shall submit such proposals to the Council for approval.

REGULATION 3.9: The Secretary-General may enter into commitments for future financial periods, provided that such commitments:

- (a) are for activities which have been approved by the Assembly and are expected to continue beyond the end of the current financial period; or
- (b) are authorized by specific decisions of the Council.

The following revised Rules 103.1 to 103.7 give detailed effect to the revised *Articles III*, Regulations 3.1 to 3.9 above.

CURRENT		PROPOSED	
Rule 103.1		Rule 103.1	
BUDGET		PROGRAMME BUDGET	
103.1.1	The estimates, both for expenditures and miscellaneous income, shall be prepared on a gross basis.	103.1.1	The proposed programme budget, both for miscellaneous income and expenditure, shall be prepared on a gross basis.
103.1.2	Appropriate officials shall submit annual programmes of work and necessary estimates to the Director of Administration in such manner and at such times as may be requested.	103.1.2	The Directors shall prepare data on resources required, including work months, meeting weeks, travel, consultants and other relevant objects of expenditure. This data is to be supported by programme narrative, quantitative indicators of the planned output and the expected results. These data shall be submitted to the Director of Administration in such manner and at such times as prescribed by the Secretary-General.
103.1.3	The Director of Administration shall consolidate into a single presentation to the Secretary-General the programmes of work and necessary estimates as required by Article III of the Financial Regulations.	103.1.3	No change.
103.1.4	Appropriate officials shall, where necessary, submit supplementary estimates together with explanatory statements to the Director of Administration. Such supplementary estimates shall as far as possible be in the same form as the budget.	103.1.4	No change

PROPOSED

Rule 103.1

PROGRAMME BUDGET(Cont'd)

- 103.1.5 The proposed programme budget shall contain programme narratives for activities which conform to the following requirements:
- (a) A programme element shall consist of activities within a Sub-Programme addressing a specific and well-circumscribed subject-matter and shall be designed to produce one or a few final outputs per biennium. Clearly identified final outputs to be delivered to Member States or other designated external users during the biennium and the expected results shall be listed under each programme element.
 - (b) Each output included in the proposed programme budget shall clearly contribute to the achievement of a Sub-Programme objective.
 - (c) An output statement shall conform to the following categories:

PROPOSED

Rule 103.1

PROGRAMME BUDGET(Cont'd)

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| 103.1.5 (Cont'd) | <ul style="list-style-type: none"> (i) Substantive servicing of intergovernmental meetings, including support of negotiations; (ii) Reports to intergovernmental bodies; (iii) Technical publications and reports and <i>ad hoc</i> information services; (iv) Database management; (v) Public information services; (vi) Technical co-operation projects, including advisory services; (vii) Donor contributions, including grants and fellowships; (viii) Servicing activities which shall identify the services to be delivered by nature and quantity; (ix) Other final outputs. |
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PROPOSED

Rule 103.1

PROGRAMME BUDGET(Cont'd)

103.1.5 (Cont'd)

- (d) Each statement shall specify:
 - (i) Category of final output;
 - (ii) Content of final output;
 - (iii) Primary beneficiary;
 - (iv) Completion date.
- (e) When a Secretariat activity under a programme element will not result in any final output during the budgetary period concerned, the activities expected to be carried out may be briefly described, if this is not clear from the title of the programme element.
- (f) A statement of the estimated expenditure shall be provided under each Major Programme and Programme; for purpose of comparison, the appropriations for the current financial period shall be indicated alongside the estimates for the ensuing financial period.
- (g) A statement of the estimated miscellaneous income or transfers shall be provided under appropriate headings.

PROPOSED

Rule 103.1

PROGRAMME BUDGET(Cont'd)

(No corresponding provision exists in the current Financial Regulations and Financial Rules to the proposed Rule 103.1.7. However, it is the Assembly's practice to authorize the Council by an Assembly Resolution to review the approved appropriation for the second calendar year of the biennium in the light of budgetary situation and currency fluctuations.)

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| 103.1.6 | Supplementary programme budget proposals in respect of the current financial period shall be reviewed by the Director of Administration. On the basis of the outcome of the review, the Secretary-General shall decide as to the supplementary programme budget proposals to be submitted to the Council. |
| 103.1.7 | <p>Revised programme budget proposals may be submitted to the Council in respect of the ensuing financial period, as necessary, in the following instances:</p> <ul style="list-style-type: none"> (a) Those in respect of activities which the Secretary-General certifies to be of the highest urgency and which could not have been foreseen at the time the initial programme budget proposals were prepared; (b) Those involving changes in expenditure associated with inflation and currency fluctuations which could not have been foreseen or projected. |

The following revisions will be made to *Article IV*, Regulations 4.1 to 4.4.

CURRENT

Article IV

APPROPRIATIONS

PROPOSED

Article IV

APPROPRIATIONS

REGULATION 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, bearing in mind any transfers authorized by the Council between sessions of the Assembly.

REGULATION 4.2: Appropriations shall be available for obligations during the calendar year to which they relate. Unobligated appropriations at the close of the calendar year shall, if not required for transfer, be cancelled.

REGULATION 4.3: Such portion of appropriations as may be required to meet the outstanding legal obligations as at the last day of the calendar year shall remain available for twelve months, at the end of which period any remaining balances shall be credited to miscellaneous income of the current calendar year. Any obligations remaining a valid claim at that time shall be charged against the appropriations of the current calendar year.

REGULATION 4.1: No change.

REGULATION 4.2: No change.

REGULATION 4.3: No change.

CURRENT

Article IV

APPROPRIATIONS (Cont'd)

REGULATION 4.4: The Secretary-General may make transfers from one chapter to another within the same section of the budget. Transfers from one section to another must have prior authorization of the Council. At the end of the first calendar year of a financial period, the Secretary-General may proceed, without prior concurrence of the Council, to transfer any uncommitted balances of appropriations to the same section in the second calendar year, provided that such transfers do not exceed 10 per cent of the smaller amount of the two annual appropriations for the sections concerned. The latter transfers should be limited to the total amount of the uncommitted balances of appropriations and may not lead to a total amount of appropriations for a financial period in excess of the amount approved by the Assembly. All transfers must be reported by the Secretary-General to the next session of the Council.

PROPOSED

Article IV

APPROPRIATIONS (Cont'd)

REGULATION 4.4: The Secretary-General may make transfers from one Programme to another within the same Major Programme of the budget. Transfers from one Major Programme to another Major Programme must have prior authorization of the Council. At the end of the first calendar year of a financial period, the Secretary-General may proceed, without prior concurrence of the Council, to transfer any uncommitted balances of appropriations to the same Major Programme in the second calendar year, provided that such transfers do not exceed 10 per cent of the smaller amount of the two annual appropriations for the Major Programme concerned. The latter transfers should be limited to the total amount of the uncommitted balances of appropriations and may not lead to a total amount of appropriations for a financial period in excess of the amount approved by the Assembly. All transfers must be reported by the Secretary-General to the next session of the Council.

The following revised Rule 104.1 gives effect to the change in *Article IV*, Regulations 4.1 to 4.4

CURRENT

PROPOSED

Rule 104.1

Rule 104.1

APPROPRIATIONS

APPROPRIATIONS

104.1.1 The appropriations voted by the Assembly constitute an authority to incur obligations and make payments for the purposes for which the appropriations were voted, and up to the amounts so voted, but no obligations may be incurred or payments made, until allotments have been issued in writing by the Secretary-General.

104.1.1 No change.

104.1.2 The assessment of Members, required to meet the appropriations voted by the Assembly, shall be completed on the basis of the membership of the Organization as at the time the calculation of the assessment is made.

104.1.2 No change.

The following revisions will be made to *Article XI*, Regulations 11.1 to 11.5

CURRENT

PROPOSED

Article XI

Article XI

THE ACCOUNTS

THE ACCOUNTS

REGULATION 11.1: The Secretary-General shall maintain such accounts as are necessary and shall prepare interim accounts at the end of the first calendar year of the financial period and final accounts for the entire financial period. Both the interim and final accounts shall show:

REGULATION 11.1: No change.

- (a) the income and expenditure 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.

- (a) no change;
- (b) no change;
 - (i) the original programme budget appropriations;
 - (ii) no change;
 - (iii) no change;
 - (iv) no change;
- (c) no change.

The Secretary-General shall also give such other information as may be appropriate to indicate the current financial position of the Organization.

No change.

CURRENT

Article XI

THE ACCOUNTS (Cont'd)

REGULATION 11.2: The accounts of the Organization shall be presented in pounds sterling or US dollars, as the Secretary-General may deem necessary. The accounts may 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 and other special funds.

REGULATION 11.4: The interim accounts for the first calendar year of the financial period shall be submitted by the Secretary-General to the External Auditor by 28 February following the end of that calendar year.

REGULATION 11.5: The final accounts for the financial period shall be submitted by the Secretary-General to the External Auditor by 28 February following the end of that financial period.

PROPOSED

Article XI

THE ACCOUNTS (Cont'd)

REGULATION 11.2: No change.

REGULATION 11.3: No change.

REGULATION 11.4: No change.

REGULATION 11.5: No change.

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The following revised Rules 111.1 to 111.3 give effect to the change in *Article XI*

CURRENT		PROPOSED	
Rule 111.1		Rule 111.1	
ACCOUNTS		ACCOUNTS	
111.1.1	The Director of Administration is responsible to the Secretary-General for establishing and maintaining all official accounts of the Organization.	111.1.1	No change.
111.1.2	Obligations shall be recorded in the accounts of the calendar year in which they are incurred.	111.1.2	No change.
111.1.3	Receipts shall be credited to the accounts of the calendar year in which the remittance is received.	111.1.3	No change.
111.1.4	Expenditure shall be recorded in the accounts of the calendar year in which it is made.	111.1.4	No change.
111.1.5	The accounts shall comprise the general accounts, budget accounts, and treasury accounts from which the periodic financial statements shall be prepared.	111.1.5	The accounts shall comprise the general accounts, programme budget accounts, and treasury accounts from which the periodic financial statements shall be prepared.
111.1.6	All accounts shall be supported by documentation to be retained as an integral part of the official accounts of the Organization.	111.1.6	No change.
111.1.7	Accounting and other financial records and all supporting documents shall be retained for such periods as may be agreed by the External Auditor, after which on authority of the Secretary-General, such records and documents may be destroyed.	111.1.7	No change.

CURRENT

Rule 111.3

BUDGET ACCOUNTS

- 111.3.1 The budget accounts shall show:
- (a) original appropriations voted by the Assembly;
 - (b) appropriations after modification by any transfer;
 - (c) credits, if any, other than appropriations made available by the Assembly;
 - (d) allotments made;
 - (e) obligations incurred, liquidated and outstanding;
 - (f) expenditure;
 - (g) unobligated balances of appropriations.
- 111.3.2 Obligations and expenditure shall be recorded in the accounts in accordance with a uniform system of classification, established by the Secretary-General.

PROPOSED

Rule 111.3

PROGRAMME BUDGET ACCOUNTS

- 111.3.1 The programme budget accounts shall show:
- (a) No change;
 - (b) No change;
 - (c) No change;
 - (d) No change;
 - (e) No change;
 - (f) No change;
 - (g) No change.
- 111.3.2 Obligations and expenditure shall be recorded in the programme budget accounts in accordance with a uniform system of classification, established by the Secretary-General.

