FINANCIAL RULES

These Rules, together with the Financial Regulations 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 Director General in a manner consistent with the Financial Regulations. Amendments of substance, however, will be made in consultation with the External Auditor and reported to the Board of Governors.
CONTENTS

ARTICLE I. APPLICABILITY ............................................................................................................. 1
Authority and Applicability .............................................................................................................. 1
Rule 101.01 ...................................................................................................................................... 1
Responsibility of Staff Members .................................................................................................. 1
Rule 101.02 ...................................................................................................................................... 1
ARTICLE II. DEFINITIONS .............................................................................................................. 1
Rule 102.01 ...................................................................................................................................... 1
ARTICLE III. THE PROGRAMME AND BUDGET ............................................................................. 1
Preparation of the Programme and Budget ................................................................................... 1
Rule 103.01 ...................................................................................................................................... 1
Rule 103.02 ...................................................................................................................................... 1
Approval of Proposed Programme Content and the Budget Estimates ......................................... 2
Rule 103.03 ...................................................................................................................................... 2
Revised Regular Budget Estimates for the Following Financial Year ............................................ 2
Rule 103.04 ...................................................................................................................................... 2
Rule 103.05 ...................................................................................................................................... 2
Supplementary Regular Budget Estimates for the Current Financial Year .................................... 2
Rule 103.06 ...................................................................................................................................... 2
Rule 103.07 ...................................................................................................................................... 2
Form of the Budget ......................................................................................................................... 3
Rule 103.08 ...................................................................................................................................... 3
Rule 103.09 ...................................................................................................................................... 3
Technical Co-operation Programme ............................................................................................... 3
Rule 103.10 ...................................................................................................................................... 3
Rule 103.11 ...................................................................................................................................... 4
Funds to implement the TC Programme ......................................................................................... 4
Rule 103.12 ...................................................................................................................................... 4
Application of Safeguards to TC Projects ...................................................................................... 4
Rule 103.13 ...................................................................................................................................... 4
Submission of the TC Programme to the Board ............................................................................ 4
Rule 103.14 ...................................................................................................................................... 4
ARTICLE IV. AUTHORITY FOR INCURRING EXPENDITURES ..................................................... 5
OBLIGATIONS AGAINST REGULAR BUDGET APPROPRIATIONS ........................................ 5
Availability of Appropriations ........................................................................................................ 5
Rule 104.01 ...................................................................................................................................... 5
Transfers of Funds between Appropriation Sections ...................................................................... 5
Rule 104.02 ...................................................................................................................................... 5
Transfers of Funds between Programmes within an Appropriation Section ................................ 5
Rule 104.03 ...................................................................................................................................... 5
Basis of Obligations ....................................................................................................................... 5
Rule 104.04 ...................................................................................................................................... 5
Deferred Programme Activities ...................................................................................................... 5
Rule 104.05 ...................................................................................................................................... 5
Rule 104.06 ...................................................................................................................................... 6
OBLIGATIONS AGAINST FUNDS FOR THE TC PROGRAMME AND FUNDS FROM EXTRABUDGETARY RESOURCES ........................................................................ 6

Responsible office: MTBF
PART V  FINANCE

Section 3  Financial Rules

Issued:  2006-04-12

Rule 104.07 ................................................................................................................. 6

COMMITMENTS AGAINST RESOURCES OF FUTURE YEARS ................................................................. 6
Rule 104.08 ...................................................................................................................... 6
Rule 104.09 ...................................................................................................................... 6

DECISIONS INVOLVING EXPENDITURES .................................................................................. 6
Rule 104.10 ...................................................................................................................... 6

ARTICLE V. PROVISION OF FUNDS FOR THE REGULAR BUDGET AND ADVANCES FROM THE WORKING CAPITAL FUND .............................................................. 7
Advances from the Working Capital Fund ........................................................................... 7
Rule 105.01 ...................................................................................................................... 7
Payment of Assessed Contributions and Advances .............................................................. 7
Rule 105.02 ...................................................................................................................... 7
Rule 105.03 ...................................................................................................................... 7

ARTICLE VI. VOLUNTARY CONTRIBUTIONS AND OTHER EXTRABUDGETARY RESOURCES .............. 7
Acceptance of Voluntary Contributions .............................................................................. 7
Rule 106.01 ...................................................................................................................... 7
Contributions to the Technical Co-operation Fund ............................................................. 8
Rule 106.02 ...................................................................................................................... 8
Pledges ............................................................................................................................. 8
Rule 106.03 ...................................................................................................................... 8
Currencies ........................................................................................................................ 8
Rule 106.04 ...................................................................................................................... 8

ARTICLE VII. REGULAR BUDGET FUND AND WORKING CAPITAL FUND ........................................ 8

ARTICLE VIII. FUNDS FOR VOLUNTARY CONTRIBUTIONS, EXTRA-BUDGETARY RESOURCES, TRUST FUNDS AND SPECIAL FUNDS ................................................................. 8
Assessed Programme Costs .............................................................................................. 8
Rule 108.01 ...................................................................................................................... 8
Costs for other Programme Support and Administrative Services .................................... 9
Rule 108.02 ...................................................................................................................... 9
TC Extrabudgetary Fund ................................................................................................. 9
Rule 108.03 ...................................................................................................................... 9

ARTICLE IX. CUSTODY AND INVESTMENT OF FUNDS ........................................................................ 9
Custody ............................................................................................................................ 9
Rule 109.01 ...................................................................................................................... 9
Custody of Securities ....................................................................................................... 9
Rule 109.02 ...................................................................................................................... 9
Treasurer .......................................................................................................................... 10
Rule 109.03 ...................................................................................................................... 10
Investments ..................................................................................................................... 10
Rule 109.04 ...................................................................................................................... 10
Statement on Investments ............................................................................................... 10
Rule 109.05 ...................................................................................................................... 10
Investment Ledger .......................................................................................................... 10
Rule 109.06 ...................................................................................................................... 10
Income from Investments .............................................................................................. 10
Rule 109.07 ...................................................................................................................... 10

ARTICLE X. INTERNAL CONTROL .......................................................................................... 11

Responsible office: MTBF
REGULAR BUDGET APPROPRIATIONS

Establishment of Financial Plan
Rule 110.01

Rule 110.02

Allotments
Rule 110.03

Incurring of Obligations
Rule 110.04

Expenditure Items requiring Obligation Documents
Rule 110.05

Expenditure Items not requiring Obligation Documents
Rule 110.06

Major Changes to Approved Projects
Rule 110.07

Reallocations of Funds within a Programme of an Appropriation Section
Rule 110.08

Reallocations of Funds involving Transfers between Appropriation Sections or Programmes
Rule 110.09

New Projects
Rule 110.10

Allotments for Deferred Programme Activities
Rule 110.11

COMMITMENTS AGAINST RESOURCES OF FUTURE YEARS
Rule 110.12

TECHNICAL CO-OPERATION CORE PROGRAMME

Resources
Rule 110.13

Allotments
Rule 110.14

Project Monitoring System
Rule 110.15

Incurring of Obligations
Rule 110.16

ACTIVITIES FINANCED FROM EXTRABUDGETARY RESOURCES, TRUST FUNDS AND SPECIAL FUNDS

Resources
Rule 110.17

Allotments
Rule 110.18

Issuance of Allotments
Rule 110.19

Incurring of Obligations
Rule 110.20

Transfers, Changes of Allotments
Rule 110.21

Reporting
Rule 110.22

Savings
Rule 110.23

Responsible office: MTBF
AUTHORITY TO INCUR OBLIGATIONS .................................................................................................................. 16
General ......................................................................................................................................................... 16
Rule 110.24 .............................................................................................................................................. 16
Research and Technical Contracts ........................................................................................................ 16
Rule 110.25 .............................................................................................................................................. 16
Officials Authorized ................................................................................................................................. 16
Rule 110.26 .............................................................................................................................................. 16
Allotment Managers ................................................................................................................................. 17
Rule 110.27 .............................................................................................................................................. 17
Requests to Incur Obligations .................................................................................................................. 17
Rule 110.28 .............................................................................................................................................. 17
Budget Control Officers .......................................................................................................................... 17
Rule 110.29 .............................................................................................................................................. 17
Budgetary Approval ................................................................................................................................. 17
Rule 110.30 .............................................................................................................................................. 17
Incurring of Obligations ......................................................................................................................... 18
Rule 110.31 .............................................................................................................................................. 18
Increase and Decrease in Obligations ................................................................................................. 18
Rule 110.32 .............................................................................................................................................. 18

PROCUREMENT OF GOODS AND SERVICES .......................................................................................... 18
Contracting Officers ............................................................................................................................... 18
Rule 110.33 .............................................................................................................................................. 18
Personal Responsibility ............................................................................................................................. 19
Rule 110.34 .............................................................................................................................................. 19
Procurement Authorization Committee ............................................................................................... 19
Rule 110.35 .............................................................................................................................................. 19
Requests for Procurement ...................................................................................................................... 19
Rule 110.36 .............................................................................................................................................. 19
Formal Competitive Tendering ............................................................................................................. 19
Rule 110.37 .............................................................................................................................................. 19
Exceptions to Formal Competitive Tendering ...................................................................................... 19
Rule 110.38 .............................................................................................................................................. 19
Procurement Requests for a Sole Source of Supply ......................................................................... 20
Rule 110.39 .............................................................................................................................................. 20
Submission and Processing of Tenders, Proposals and Quotations .................................................. 20
Rule 110.40 .............................................................................................................................................. 20
Award of Contracts ............................................................................................................................... 20
Rule 110.41 .............................................................................................................................................. 20
Form and Contents of Contracts ........................................................................................................... 21
Rule 110.42 .............................................................................................................................................. 21
Review of Unliquidated Obligations ...................................................................................................... 21
Rule 110.43 .............................................................................................................................................. 21
Commitments against Resources of Future Years ............................................................................ 21
Rule 110.44 .............................................................................................................................................. 21
Certifying Officers ................................................................................................................................. 21
Rule 110.45 .............................................................................................................................................. 21

AUTHORITY FOR PAYMENT ....................................................................................................................... 21
Rule 110.46 .............................................................................................................................................. 21
Payment Authorization Officers ........................................................................................................... 22
Rule 110.47 .............................................................................................................................................. 22
Pre-Payments .......................................................................................................................................... 22

Responsible office: MTBF
<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>110.48</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>Advances</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>110.49</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>Imprest Funds</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>110.50</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>Responsibility of Holders of Advances and of Imprest Funds</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>110.51</td>
<td></td>
<td>23</td>
</tr>
</tbody>
</table>

**RECEIPT, MANAGEMENT AND PAYMENT OF FUNDS**

<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>110.52</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Deposit of Moneys</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>110.53</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Exchange of Currencies</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>110.54</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>110.55</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Inter-Office Vouchers</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>110.56</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Bank Signatures</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>110.57</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>Losses and Write-Offs</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>110.58</td>
<td></td>
<td>25</td>
</tr>
</tbody>
</table>

**RECEIPT, MANAGEMENT AND DISPOSAL OF SUPPLIES, EQUIPMENT AND OTHER PROPERTY**

<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>110.59</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Physical Inventories</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>110.60</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Receipt of Supplies and Equipment</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>110.61</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Issue of Supplies and Equipment</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>110.62</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Vouchers</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>110.63</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Losses of Property</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>110.64</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Surplus and Obsolete Property</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>110.65</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Sale or Disposal of Property</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>110.66</td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>Sales on a Cash Basis</td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>110.67</td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>Accounting for Proceeds from Sales</td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>110.68</td>
<td></td>
<td>28</td>
</tr>
</tbody>
</table>

**INTERNAL AUDIT**

<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>110.69</td>
<td></td>
<td>28</td>
</tr>
</tbody>
</table>

**COMMISSARY AND OTHER ACTIVITIES RELATED TO STAFF WELFARE AND SOCIAL SECURITY**

<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>110.70</td>
<td></td>
<td>29</td>
</tr>
</tbody>
</table>

**ARTICLE XI. THE ACCOUNTS AND FINANCIAL STATEMENTS**

Responsible office: MTBF
Responsibility for Accounting Records and Annual Accounts.......................................................... 29
  Rule 111.01............................................................................................................................................ 29
Basis of Accounting ............................................................................................................................. 29
  Rule 111.02............................................................................................................................................ 29
Annual Accounts and Statements........................................................................................................... 29
  Rule 111.03............................................................................................................................................ 29
Regular Budget Accounts...................................................................................................................... 30
  Rule 111.04............................................................................................................................................ 30
Direct Refunds of Expenditure.............................................................................................................. 30
  Rule 111.05............................................................................................................................................ 30
Currency Exchange Rates..................................................................................................................... 30
  Rule 111.06............................................................................................................................................ 30
Treatment of Exchange Adjustments.................................................................................................... 30
  Rule 111.07............................................................................................................................................ 30
Other Statements................................................................................................................................. 31
  Rule 111.08............................................................................................................................................ 31
Retention and Destruction of Records............................................................................................... 31
  Rule 111.09............................................................................................................................................ 31
ARTICLE XII. EXTERNAL AUDIT......................................................................................................... 31
ARTICLE XIII. GENERAL PROVISIONS............................................................................................. 31
  Exemptions......................................................................................................................................... 31
    Rule 113.01........................................................................................................................................... 31
  Amendment andSuspension................................................................................................................. 31
    Rule 113.02........................................................................................................................................... 31
FINANCIAL RULES

ARTICLE I. APPLICABILITY

Authority and Applicability

Rule 101.01
The present Financial Rules are issued by the Director General in implementation, as necessary, of the Financial Regulations. They shall govern, together with the Financial Regulations and any procedures or instructions as may be issued by or on behalf of the Director General, the financial administration of the International Atomic Energy Agency.

Responsibility of Staff Members

Rule 101.02
All staff members of the Agency are responsible to the Director General for the regularity of actions taken by them in the course of their official duties. Any staff member who takes any action contrary to the present Rules or instructions which may be issued in connection therewith may be held personally responsible and financially liable for the consequences of such action.

ARTICLE II. DEFINITIONS

Rule 102.01
The definitions set forth in Regulation 2.01 shall also be applicable to the present Rules.

ARTICLE III. THE PROGRAMME AND BUDGET

Preparation of the Programme and Budget

Rule 103.01
Heads of Department shall prepare proposals for the Programme and Budget Document for the next biennium at such times and in such detail as the Director General may prescribe. The same procedure shall be followed in the preparation of the Budget Document for the second year of the biennium.

Rule 103.02
(a) The proposed Programme shall contain major programme, programme and sub-programme descriptions, defining the objectives to be reached during the biennium and describing the principal activities planned in order to reach the stated objectives.
(b) Detailed guidelines with regard to the establishment of budget estimates shall be issued to Departments by the Deputy Director General, Head of the Department of Management (DDG-MT). The proposals by Departments shall be submitted simultaneously to the Office of Director General and to the Director, Division of Budget and

Responsible office: MTBF
Finance (DIR-MTBF) for consolidation. Detailed staffing proposals shall be submitted to the Director, Division of Personnel (DIR-MTPR) in accordance with instructions by DDG-MT.

(c) Estimates for the second year of the biennium shall be prepared with the same degree of detail as for the first year. The submission of Programme changes, estimates and staffing proposals for the second year of the biennium shall follow the same procedure. Programme changes for the second year of the programme biennium shall be shown by reference to the original plans for the biennium.

Approval of Proposed Programme Content and the Budget Estimates

Rule 103.03
The Director General shall approve the Programme content and the budget estimates to be submitted to the Board of Governors through the Programme and Budget Committee (P & B Committee).

Revised Regular Budget Estimates for the Following Financial Year

Rule 103.04
Revised regular budget estimates for the following financial year shall be submitted as requested by the Board. Revised regular budget estimates for the following year may also be submitted by the Director General on his own initiative:

(a) In respect of activities of highest importance and urgency which could not have been foreseen during normal programme and budget preparation;

(b) To finance extraordinary expenditures or changes in expenditures which could not have been foreseen at the time when the Programme and Budget was prepared.

Rule 103.05
Heads of Department shall prepare proposals for revised regular budget estimates and submit them to the Office of the Director General and to DIR-MTBF in a form consistent with the initial estimates and in such detail as the Director General may prescribe. Revised staffing proposals, if any, shall be submitted to DIR-MTPR in accordance with instructions by DDG-MT. The Director General shall approve the revised estimates to be submitted to the Board, if appropriate, through the P&B Committee.

Supplementary Regular Budget Estimates for the Current Financial Year

Rule 103.06
Supplementary regular budget estimates for the current year shall be submitted as requested by the Board. Supplementary regular budget estimates may also be submitted by the Director General on his own initiative:

(a) In respect of activities of highest importance and urgency which are not contained in the Programme and Budget of the current year;

(b) To finance extraordinary expenditures or changes of expenditures for the current year.

Rule 103.07
If supplementary regular budget estimates for the current year are to be submitted to the Board pursuant to Regulation 3.07 Heads of Department shall prepare proposals for such estimates. The estimates shall be submitted

Responsible office: MTBF
to the Office of the Director General and to DIR-MTBF in a form consistent with the initial estimates and in such
detail as the Director General may prescribe. The Director General shall approve the supplementary estimates to be
submitted to the Board, through the P&B Committee.

Form of the Budget

Rule 103.08

(a) The proposed Budget shall be prepared in such a form and detail as the Board may require.

(b) The Budget shall contain:

(i) A statement of estimated expenditures for each major programme, programme and sub-programme
for the financial year in question. For purposes of comparison, regular budget estimates for the
preceding financial year shall be included. If the Budget covers the first year of the biennium,
estimated expenditures of the second year of the biennium shall also be included.

(ii) A statement of estimated income broken down by the following sources shall also be shown:

- Regular Budget
- Technical Co-operation Fund (TCF)
- Extrabudgetary resources

(c) The budget estimates shall be accompanied by such explanatory statements as the Board may require or as
the Director General may deem necessary or appropriate. A summary table of estimates by item of expenditure shall
be included.

Rule 103.09¹

All figures in the Budget shall be presented in United States dollars. The regular budget estimates shall be
established by taking into account the euro portion and the United States dollar portion of expected expenditures
linked to these two currencies. The exchange rate used for presenting the estimates in United States dollars shall be
proposed by the Director General. The draft appropriation resolution for the General Conference shall contain the
estimates of appropriations expressed in United States dollars by appropriation section, the exchange rate used in
establishing the estimates and an adjustment formula in order to calculate the appropriation levels based on actually
experienced exchange rates during the financial year.

Technical Co-operation Programme

Rule 103.10

The proposed biennial Technical Co-operation Programme shall be prepared by the Deputy Director General, Head
of the Department of Technical Co-operation (DDG-TC) in co-operation with Departments and, where appropriate,
Secretariat Committees concerned and in consultation with Member States concerned. The proposed Programme
shall be prepared at such times and in such detail as the Director General may prescribe. Proposals for Programme
modifications for the second year of the biennium shall be subject to the same procedure.

¹ Effective 1 January 2002.
Rule 103.11

The Technical Co-operation Programme shall contain:

(a) The list of projects which shall include projects expected to be financed from the TCF, i.e. the TC core programme projects, and projects for which additional funding must be sought, i.e. "footnote-q/" projects. Proposed individual project budgets shall be presented based on best current estimates and indicate expected expenditures by financial year for the implementation of project objectives. The first time that a project is included in the TC programme or if a major change in the objectives of the project has been made, a complete description of the project and the objectives to be met shall be included;

(b) The training course programme, including both interregional and regional training courses. The training course programme shall be prepared with due regard to the resources expected to be available for that programme. The proposed training course programme shall be forwarded by DDG-TC to the Director General for approval in sufficient time to ensure timely implementation of the courses. The total budget for the courses shall be included in the proposed TC Programme of the year in which the courses are planned for implementation;

(c) A programme reserve up to such level as may be established by the Board to meet unforeseen needs; and

(d) A miscellaneous amount to fund expenditures properly attributable to the TC Programme but not to individual TC projects.

Funds to implement the TC Programme

Rule 103.12

Together with the proposed TC Programme DDG-TC shall prepare a proposal for the financing of the Programme. The proposal shall be based on an assessment of the resources expected to be available in accordance with Rule 110.13 and shall require the concurrence of DIR-MTBF.

Application of Safeguards to TC Projects

Rule 103.13

DDG-TC and the Deputy Director General, Head of the Department of Safeguards (DDG-SG) shall be responsible for reviewing project requests from Member States with a view to determining whether the application of safeguards is required. To that effect DDG-TC shall submit to DDG-SG such requests as may involve the provision of technical assistance in "sensitive technological areas" as defined by the Board.

Submission of the TC Programme to the Board

Rule 103.14

DDG-TC shall submit the proposal for the TC Programme together with the proposal for financing the Programme through DDG-MT to the Director General. The Director General shall approve the Programme with the associated financial estimates to be submitted to the Board through the Technical Assistance and Co-operation Committee (TACC).
ARTICLE IV. AUTHORITY FOR INCURRING EXPENDITURES

OBLIGATIONS AGAINST REGULAR BUDGET APPROPRIATIONS

Availability of Appropriations

Rule 104.01
After approval by the General Conference of the appropriations for the following financial year, obligations may be incurred in respect of that year to ensure timely delivery of supplies and equipment and to allow proper scheduling of meetings.

Transfers of Funds between Appropriation Sections

Rule 104.02
In the event that transfers of funds between appropriation sections become necessary, it shall be the responsibility of the Head of the Department (or Heads if more than one are involved in an appropriation section under the programme structure) proposing the transfer to provide the required justification and to submit a proposal, through DDG-MT, to the Director General. Transfers may only be made with prior approval of the Board.

Transfers of Funds between Programmes within an Appropriation Section

Rule 104.03
Proposals for transfers of funds between programmes within an appropriation section shall be submitted in accordance with procedures established by the Director General. All such transfers shall require the approval of the Director General.

Basis of Obligations

Rule 104.04
Obligations shall be based either on a contract, a purchase order, an agreement or other form of undertaking by the Agency, or shall be based on a liability recognized by the Agency and supported by an appropriate obligation document. An unliquidated obligation shall be carried during the periods set forth in Regulation 4.04, unless liquidated prior thereto.

Deferred Programme Activities

Rule 104.05
(a) If the Director General decides to defer programme activities for implementation to the following year the Head of the Department concerned shall make proposals for activities to be deferred and related cost estimates and submit them to the Director General, through DDG-MT, for decision.
(b) Appropriations for deferred programme activities which have not been obligated by the end of the financial year into which the activities have been deferred shall lapse unless the period has been extended by the Board. If the time period has been extended, activities which have not been obligated shall, at that time, be reviewed by the Head

Responsible office: MTBF
of the Department concerned who shall make a recommendation through DDG-MT to the Director General on the decision to be taken with respect to such activities.

(c) Funds no longer required for deferred programme activities shall be credited to the provisional surplus or deficit in accordance with Regulation 7.03(a).

Rule 104.06

Upon receipt of sufficient arrears of Member States' contributions and after making provision for existing unliquidated obligations for prior years, DDG-MT shall propose, for the Director General's decision, the full or partial implementation of deferred programme activities. In the case of partial implementation it shall be the responsibility of the Head of the Department concerned to make proposals to the Director General for priorities, within the funds allocated to the Department, in implementing such activities and to provide, in agreement with DIR-MTBF, relevant cost estimates.

OBLIGATIONS AGAINST FUNDS FOR THE TC PROGRAMME AND FUNDS FROM EXTRABUDGETARY RESOURCES

Rule 104.07

Obligations shall be based either on a contract, a purchase order, an agreement or other form of undertaking by the Agency or shall be based on a liability recognized by the Agency and supported by an appropriate obligation document. An obligation shall be carried as an unliquidated obligation until it is liquidated or cancelled.

COMMITMENTS AGAINST RESOURCES OF FUTURE YEARS

Rule 104.08

Commitments against resources of future years for programmes financed from the Regular Budget in accordance with Regulation 4.11(a) shall be restricted to administrative requirements of a continuing nature, to contracts where longer lead times are required and to purchases of equipment which should be charged against appropriations for future years. Requests to enter into future commitments shall be authorized by DDG-MT before such commitments are made. DDG-MT may delegate this authority to DIR-MTBF for commitments up to US $70 000.

Rule 104.09

Requests to enter into commitments against resources of future years for multi-year TC projects approved by the Board and financed from the TCF in accordance with Regulation 4.11(c) shall be authorized by DDG-TC before such commitments are made, provided that DIR-MTBF certifies that such commitments remain within the limits set by the Board.

DECISIONS INVOLVING EXPENDITURES

Rule 104.10

It shall be the responsibility of the Head of the Department concerned, in co-operation with DIR-MTBF, to ensure that the report on estimated expenditures required pursuant to Regulation 4.12 is prepared for submission to the General Conference or the Board or any of their committees or subsidiary bodies before a decision is adopted or recommendation is made.

Responsible office: MTBF
ARTICLE V. PROVISION OF FUNDS FOR THE REGULAR BUDGET AND ADVANCES FROM THE WORKING CAPITAL FUND

Advances from the Working Capital Fund

Rule 105.01
Advances from the Working Capital Fund to the Regular Budget Fund shall require the approval of DDG-MT upon recommendation of DIR-MTBF. Advances from the Working Capital Fund for other purposes as authorized by the General Conference shall require the approval of the Director General.

Payment of Assessed Contributions and Advances

Rule 105.02
If a Member State is experiencing difficulties in paying its assessed contributions in the ratio or the currencies required pursuant to Regulations 5.02 and 5.06 or its advances to the Working Capital Fund in the currency required pursuant to Regulation 5.03 DIR-MTBF shall assist the Member State concerned in meeting its obligations for payment in the currencies required. Any currency exchange costs will be borne by the Member State concerned.

Rule 105.03
Credit shall be given against contributions and advances due on the date when the Agency receives a cheque from the country concerned or, in the case of transfers, when the Agency's bank account receives credit for these funds. Bank charges, if any, will be borne by the Member State concerned.

ARTICLE VI. VOLUNTARY CONTRIBUTIONS AND OTHER EXTRABUDGETARY RESOURCES

Acceptance of Voluntary Contributions

Rule 106.01
If voluntary contributions of money are offered to the Agency DDG-MT, on behalf of the Director General, is authorized to accept such contributions if the requirements of Rules 2 and 3 of the Rules Regarding the Acceptance of Voluntary Contributions of Money to the Agency (INFCIRC/370/Rev.2, Part II) including any amendments thereto, are met. A contribution to which the terms of Rule 3 of Part II of INFCIRC/370/Rev.2 apply may only be accepted if the Head of the Department concerned certifies that the contribution meets the requirements of that Rule. Director, Division of Budget and Finance (DIR-MTBF) and the Director, Office of Legal Affairs (DIR-OLA) shall be consulted, as appropriate. Any voluntary contributions offered which do not meet the requirements of Rules 2 and 3 of Part II of INFCIR/370/Rev.2 shall be submitted by DDG-MT to the Director General for review, together with a recommendation whether they shall be referred to the Board for decision in accordance with Rule 4 of Part II of INFCIRC/370/Rev.2.
Contributions to the Technical Co-operation Fund

Rule 106.02
After the Board has approved the target for voluntary contributions to the TCF which it wishes to recommend to the General Conference, DIR-MTBF shall:

(a) Calculate the individual shares of Member States in accordance with the respective base rates used for the calculation of assessed contributions to the Regular Budget; and

(b) prepare a circular letter inviting pledges for transmission to all Member States.

Pledges

Rule 106.03
DIR-MTBF shall be responsible for making the necessary arrangements to invite Member States to make pledges by letter, or by filling in an appropriate form during each regular session of the General Conference. Reports on pledges and payments shall be issued during the Conference and provided to Member States on a quarterly basis. Pledges shall be recorded on an accrual basis, i.e. in the year for which the pledge was made and payment becomes due.

Currencies

Rule 106.04
If payment is made in a currency other than United States dollars DIR-MTBF shall deposit that amount in an Agency bank account, provided that the Agency has a bank account in such currency. Otherwise DIR-MTBF shall request UNDP headquarters to accept such currency and to credit the Agency by inter-office voucher the corresponding amount in United States dollars. Member States will be credited with the net amount, after deduction of bank and currency conversion charges, if any.

ARTICLE VII. REGULAR BUDGET FUND AND WORKING CAPITAL FUND

[No Rules issued]

ARTICLE VIII. FUNDS FOR VOLUNTARY CONTRIBUTIONS, EXTRA-BUDGETARY RESOURCES, TRUST FUNDS AND SPECIAL FUNDS

Assessed Programme Costs

Rule 108.01
Assessed programme costs as authorized by the Board shall be charged to recipient Member States based on TC Programme disbursements for the preceding financial year. The TC Department shall provide MTBF each year with supporting documentation, including the calculation of the respective assessed programme costs. DIR-MTBF shall be responsible for informing recipient States of the assessed programme costs due from them and shall provide them with supporting documentation. DDG-TC shall inform DIR-MTBF of instances when assessed programme costs are not to be charged.

Responsible office: MTBF
Costs for other Programme Support and Administrative Services

Rule 108.02
Costs for programme support and administrative services may be charged for activities funded from other voluntary and extrabudgetary resources, Trust Funds and Special Funds, as agreed with the contributors of such funds and approved by DDG-MT.

TC Extrabudgetary Fund

Rule 108.03
The TC Extrabudgetary Fund shall be credited with:
(a) Funds provided by a Member State or international organization for the implementation of Agency-approved TC activities in one or more other Member States;
(b) Funds provided by a Member State for the implementation of Agency-approved TC activities in that Member State; and
(c) Funds provided by UNDP or another international organization for implementation of a TC project on their behalf.

ARTICLE IX. CUSTODY AND INVESTMENT OF FUNDS

Custody

Rule 109.01
(a) DDG-MT or those officials authorized by him shall designate the banks and other financial institutions in which the funds of the Agency shall be kept. The designation of a bank or financial institution shall cover all branches of that bank or financial institution.
(b) DDG-MT or those officials authorized by him shall establish such official accounts with banks or other financial institutions as may be required for the transaction of Agency business and shall designate signatories to operate those accounts.

Custody of Securities

Rule 109.02
(a) All securities shall be deposited either in the custody of banks or other financial institutions designated by DDG-MT or placed in the Agency's safe under the Treasurer's direct control.
(b) The withdrawal of securities from the custody of banks or other financial institutions and access to safe deposit vaults in such banks or institutions shall require the signature of two officials designated for that purpose by DDG-MT.
Treasurer

Rule 109.03
DDG-MT shall appoint an official in MTBF as the Agency’s Treasurer. The Treasurer shall perform the functions assigned to that office under the present Rules or as may be delegated to him/her.

Investments

Rule 109.04
The Treasurer may make investments as authorized by DDG-MT and in accordance with the Financial Regulations and decisions by the Investment Committee. Investments may only be made in the form of time deposits or securities approved by the Investment Committee. Short-term investments are considered investments made for less than twelve months. The authority to make investments shall include the authority to sell securities, as well as to exchange them for other securities approved by the Investment Committee.

Statement on Investments

Rule 109.05
DIR-MTBF shall be responsible for the preparation of statements of investments as may be requested by the Board.

Investment Ledger

Rule 109.06
Investments shall be registered in an investment ledger which shall show the relevant details for each investment, including its face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.

Income from Investments

Rule 109.07
(a) Investment income shall be credited as follows:
   (i) Income from investments of the Regular Budget Fund and the Working Capital Fund shall be credited as miscellaneous income to the Regular Budget Fund;
   (ii) Income from investments of the TCF shall be credited as miscellaneous income to the TCF;
   (iii) Income from investments of the Extrabudgetary Programme Fund and the TC Extrabudgetary Fund shall be credited to the Regular Budget Fund, unless otherwise agreed with the donor of the funds concerned; and
   (iv) Income from investments of Trust Funds, Special Funds and Reserve Funds shall be credited in accordance with the terms governing the establishment and administration of each Fund.

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2 The composition and terms of reference of the Committee are set forth in AM. I/14, Appendix B.
(b) If moneys from various Funds are pooled for investment purposes investment income shall be allocated proportionally among the Funds concerned. The pooling of funds for investment purposes or effective cash management shall not be regarded as internal borrowing from one Fund to another Fund.

ARTICLE X. INTERNAL CONTROL

REGULAR BUDGET APPROPRIATIONS

Establishment of Financial Plan

Rule 110.01
A detailed financial plan based on the approved appropriations shall be prepared by MTBF in co-operation with all Departments at the end of each year for the following financial year and approved by the Director General. The financial plan shall be established in such format and for such purposes as the Director General may prescribe.

Review and Updating of Financial Plan

Rule 110.02
The estimates in the financial plan shall be revalued every month based on the United States dollar/euro UN accounting rate of exchange. Actual expenditures shall be monitored by MTBF against the revalued financial plan on a cumulative basis. The financial plan shall be reviewed whenever necessary, but in any event after the first six months of the financial year (mid-year review), and revised as necessary. All revisions of the financial plan shall be subject to approval by the Director General.

Allotments

Rule 110.03
Under the authority of the Director General DIR-MTBF shall issue allotments based on the approved financial plan to programme managers designated by the Director General as Allotment Managers. Allotments are issued for the purpose of coherent and timely financial planning and management of funds. An allotment constitutes the authority for the Allotment Manager to request the incurring of obligations up to the amount and for the purposes stated in the allotment advice and in accordance with applicable directives and procedures. DIR-MTBF shall adjust allotments in the event of actual or anticipated cash shortages in accordance with instructions by the Director General.

Incurring of Obligations

Rule 110.04
Obligations may only be incurred after an allotment has been issued and in accordance with Rules 110.24 to 110.31.

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3 Effective 1 January 2002.
Expenditure Items requiring Obligation Documents

Rule 110.05
Financial control of obligations relating to equipment, supplies, services, general operating expenses, travel, research and technical contracts and other items designated by DIR-MTBF shall be based on obligation documents. Each obligation document shall indicate the project for which the obligation is incurred. Obligation documents include contracts, purchase orders and other documents containing a financial undertaking of the Agency.

Expenditure Items not requiring Obligation Documents

Rule 110.06
Unless otherwise determined by DIR-MTBF obligation documents shall not be required in respect of the following expenditures:

(a) Staff salaries and related entitlements, provided, however, that obligation documents shall be issued for special entitlements of staff members authorized by DIR-MTPR.

(b) Recurring costs which can be easily forecast and which follow closely the financial plan; and

(c) Items not exceeding the equivalent of US $2 000;

Costs for expenditure items not requiring obligation documents shall be recorded when cash is disbursed.

Major Changes to Approved Projects

Rule 110.07
Requests for major changes to approved projects shall be submitted by the Head of the Department concerned through DDG-MT to the Director General for decision, including proposals for funding the change if additional expenditures are involved. Major changes are those that significantly affect the objectives of a project, its cost or the planned output. In case of projects for which special review procedures exist, such as co-ordinated research programmes or publications, the chairperson of the Committee concerned shall also submit the Committee's views to the Director General. If the project change requires approval by the Board, the Head of the Department concerned shall prepare the relevant Board document to be cleared by DDG-MT.

Reallocation of Funds within a Programme of an Appropriation Section

Rule 110.08
Reallocation of funds between projects or sub-programmes within a programme shall normally be made during the preparation of the financial plan or its mid-year review. Requests for reallocation (and/or allotment changes) shall be made by Allotment Managers through Heads of Department to DIR-MTBF with brief supporting documentation. Reallocations below the equivalent of United States dollars 100 000 may be approved by DDG-MT; changes exceeding that amount shall require the approval of the Director General.

Responsible office: MTBF
Reallocation of Funds involving Transfers between Appropriation Sections or Programmes

Rule 110.09
Reallocation of funds involving transfers between appropriation sections are subject to the provisions of Rule 104.02; transfers of funds between programmes within an appropriation section are subject to the provisions of Rule 104.03.

New Projects

Rule 110.10
Requests for new projects, i.e. projects not listed in, but within the scope of, the Programme approved by the Board, shall be submitted by the Head of the Department concerned through DDG-MT to the Director General for decision. The request shall contain a description of the project, a justification for its urgency, estimated cost and the proposed source of funding, such as through postponement of other activities or from additional extrabudgetary resources. If the project requires Board approval, the Head of the Department concerned shall prepare the relevant Board document to be cleared by DDG-MT.

Allotments for Deferred Programme Activities

Rule 110.11
The purpose of the allotments and the authority they provide shall be as set forth in Rule 110.03. Allotments for deferred programme activities may be issued only if sufficient arrears of Member States contributions have been received and after provisions for unliquidated obligations have been made. Each request for such an allotment shall be made by the Head of the Department concerned and approved by DIR-MTBF. Allotments shall be established in United States dollars.

COMMITMENTS AGAINST RESOURCES OF FUTURE YEARS

Rule 110.12
Obligations resulting from commitments against resources of future years (Rules 104.08 and 104.09) shall be charged to the allotment for the year to which the obligation pertains and to the relevant appropriation section approved by the General Conference.

TECHNICAL CO-OPERATION CORE PROGRAMME

Resources

Rule 110.13
(a) In determining the available resources for the TC core programme in a financial year the following shall be taken into account:
   (i) The unused balance of the TCF of the previous year;
   (ii) Written pledges by Member States;
   (iii) Expected pledges based on the average pattern of Member States pledges over the past three years;

Responsible office: MTBF
(iv) Estimated miscellaneous income; and
(v) Estimated income from assessed programme costs.

(b) Unliquidated obligations of the previous year shall be taken into account as resources solely for allotment purposes as required to liquidate such obligations.

### Allotments

**Rule 110.14**

Under the authority of the Director General DIR-MTBF shall issue allotments for the TCF based on expected available resources for the financial year as calculated in accordance with Rule 110.13. Allotments shall be issued to programme managers designated by the Director General as Allotment Managers at levels commensurate with coherent and timely financial management of funds. Allotments shall be issued at the beginning of each financial year and shall be revised and updated as required. The purpose of allotments and the authority they provide shall be as stated in Rule 110.03. All allotments shall be issued in United States dollars and all expenditures incurred shall be subject to the United States dollar ceiling of the allotment, irrespective of the currency involved.

### Project Monitoring System

**Rule 110.15**

The TC Department shall maintain a project monitoring system at the project, fund and component level. During project implementation funding adjustments necessary to meet approved project objectives and to optimize resource utilization shall be issued by the TC Department. Periodic reports shall be provided to MTBF indicating the amount budgeted by expected year of implementation and the portion of expected resources currently budgeted. DIR-MTBF shall certify that the TC core programme, based on reports supplied by the TC Department, remains within the constraints of Rule 110.13.

### Incurring of Obligations

**Rule 110.16**

Obligations may only be incurred after an allotment has been issued and in accordance with Rules 110.24 to 110.31. At the end of the financial year, a reserve for unliquidated obligations shall be established and carried forward into the next financial year. Obligations resulting from commitments against resources for future years shall be charged to the allotment for the year to which the obligation pertains.

### ACTIVITIES FINANCED FROM EXTRABUDGETARY RESOURCES, TRUST FUNDS AND SPECIAL FUNDS

#### Resources

**Rule 110.17**

Contributions referred to in Regulation 8.02(b) and (c) and contributions to be placed in Trust Funds or Special Funds established in accordance with Regulation 8.05 may be accepted in United States dollars or any other fully convertible currency. Contributions in currencies which are not fully convertible may only be accepted if DDG-MT
determines that the currency can be utilized in the implementation of the activity for which the contributions were received or appropriate exchange arrangements can be made.

**Allotments**

Rule 110.18

Under the authority of the Director General DIR-MTBF shall issue allotments to programme managers designated by the Director General as Allotment Managers. Allotments shall be revised and updated as necessary. The purpose of allotments and the authority they provide shall be as stated in Rule 110.03.

**Issuance of Allotments**

Rule 110.19

(a) DIR-MTBF shall issue allotments upon receipt of funds and, if required, on the basis of a cost plan provided.

(b) Allotments may be issued in the following cases before funds are received:

(i) For activities carried out in co-operation with and on behalf of other UN organizations and in accordance with the relevant agreement between the Agency and the organization concerned;

(ii) For UNDP projects for which the Agency acts as executing agency in accordance with the terms of the project document and up to the financial ceiling established in the project document; and

(iii) In exceptional cases, particularly when there are written assurances that funds will be available when the obligations are payable. In cases where activities have to be initiated before funds have been received, the Department which wishes to initiate the activity shall fund it on a temporary basis from its budget. Requests for initiating such an activity shall be approved by DDG-MT. If funds have not been received by the end of the financial year, expenditures relating to such activities shall be absorbed by the requesting Department.

**Incurring of Obligations**

Rule 110.20

Obligations may only be incurred after an allotment has been issued and in accordance with Rules 110.24 to 110.31.

**Transfers, Changes of Allotments**

Rule 110.21

Transfers of funds from projects funded from extrabudetary contributions shall be made with the written agreement of the donor/contributor and the recipient, if so required. DIR-MTBF shall reallocate funds upon request from the Allotment Manager concerned and the submission of the relevant agreement.

Responsible office: MTBF
Reporting

Rule 110.22
Financial statements for the donor/contributor shall be prepared annually by DIR-MTBF unless the donor requests statements at different intervals.

Savings

Rule 110.23
If funds remain after the completion of a project or activity the Agency shall propose to the donor/contributor how these funds shall be used, unless otherwise agreed when the contribution was offered. The proposal shall be prepared by the Allotment Manager concerned after certification by DIR-MTBF of the amount remaining.

AUTHORITY TO INCUR OBLIGATIONS

General

Rule 110.24
Obligations, including commitments against resources of future years, shall be incurred in accordance with Rules 110.25 to 110.32, except with regard to the recruitment and employment of staff members and other persons employed by the Agency.

Research and Technical Contracts

Rule 110.25
Without prejudice to the present Rules, research contracts and technical contracts shall be governed by the procedures and directives governing the Agency's Research Contract Programme.

Officials Authorized

Rule 110.26
The incurring of obligations, including commitments against resources of future years, requires action by the following categories of officials:
(a) Allotment Managers who are authorized to request the incurring of obligations within their areas of responsibility;
(b) Budget Control Officers who are authorized to approve requests submitted by Allotment Managers;
(c) Contracting Officers who are authorized to incur obligations.

Responsible office: MTBF
Allotment Managers

Rule 110.27

Allotment Managers shall be senior staff members designated by the Director General upon proposal by the Head of the Department concerned. Allotment Managers are responsible for planning and initiating the utilization of funds allotted to them for the purposes covered by the allotments and the programme concerned. However, obligations may only be incurred by the officials authorized to do so and in conformity with the provisions relating to budgetary approval and contracting procedures set forth in the present Rules.

Requests to Incur Obligations

Rule 110.28

(a) Allotment Managers shall submit all requests for incurring financial obligations to a Budget Control Officer designated pursuant to Rule 110.29 for budgetary approval. Each request shall include a statement by the Allotment Manager that the proposed obligation is reasonable and in accord with the purposes for which the funds were allotted to the Allotment Manager. If the proposed obligation involves a commitment against resources of future years the Allotment Manager shall certify that it is in accordance with Rules 104.08 and 104.09 and that any applicable conditions have been met.

(b) Before submitting a request for budgetary approval and with a view to ascertaining the amount of the obligation likely to be incurred Allotment Managers may request Contracting Officers to obtain cost estimates, conduct negotiations and prepare contracts or purchase orders. This procedure shall be followed for the TC Programme. Obligations may, however, only be incurred after budgetary approval in accordance with Rule 110.30.

Budget Control Officers

Rule 110.29

DIR-MTBF, in consultation with DDG-MT, shall designate in writing one or more Budget Control Officers from within MTBF. DIR-MTBF shall also designate alternates to act in case of absence or disability of the Budget Control Officers.

Budgetary Approval

Rule 110.30

A Budget Control Officer shall give budgetary approval for the incurring of obligations only if he/she is satisfied that the proposed obligation:

(a) Is in accordance with the Financial Regulations and Rules and any instructions issued by or on behalf of the Director General;

(b) Can be met from the available balance of the respective allotment;

(c) If the obligation involves a commitment against resources of future years, that the applicable financial limitations have been followed; and

(d) Is reasonable and in accordance with the purposes of the allotment.

Approval by a Budget Control officer does not relieve the Allotment Manager of the responsibility for ensuring that the proposed obligation is in accord with the approved programme. If, in the opinion of a Budget Control Officer,

Responsible office: MTBF
there is any serious irregularity involved in the proposed obligation he/she shall immediately report the matter through DIR-MTBF to DDG-MT. DDG-MT shall reject any proposal for an obligation not complying with this Rule which is brought to his/her attention, unless the request by the Allotment Manager is modified to meet the conditions of (a) to (d) above.

Incurring of Obligations

Rule 110.31
After budgetary approval in accordance with Rule 110.30 Allotment Managers shall submit their request to a Contracting Officer authorized to incur obligations for the programme in question.

Increase and Decrease in Obligations

Rule 110.32
Increases in obligations incurred or proposed shall be subject to the same procedures that apply to the incurring of original obligations. DDG-MT may establish financial limits for increases above which new authorization is required.

When an obligation is increased, decreased (other than by payment) or cancelled, the Allotment Manager and DIR-MTBF shall be immediately informed by the Contracting Officer.

PROCUREMENT OF GOODS AND SERVICES

Contracting Officers

Rule 110.33
(a) Contracting Officers shall be the officials referred to in paragraph (c) below and other senior staff members designated by the Director General. Only Contracting Officers are authorized to incur obligations on behalf of the Agency. DIR-MTBF shall be provided with an updated list of Contracting Officers by the Department concerned.

(b) Subject to Rule 110.28(b), Contracting Officers shall not accept requests by Allotment Managers for incurring of obligations unless the request in question has been approved by a Budget Control Officer pursuant to Rule 110.30. Contracting Officers shall be responsible for securing all clearances necessary for the incurring of obligations in accordance with the present Rules and administrative instructions issued. No agreement, contract or purchase order shall be released outside the Agency before the necessary clearances and approvals are obtained.

(c) The authority and responsibility to contract for the procurement of supplies, equipment, services and other requirements (other than library acquisitions, utilities and other items as may be specified by DDG-MT) shall be vested in the Director, Office of Procurement Services (DIR-MTPS). The DIR-MTPS may, within the Office of Procurement Services, delegate in writing authority and responsibility to senior staff members and, with the approval of DDG-MT, to other Professional staff and to General Service staff not below Grade 6 on a sliding scale not to exceed US $40 000 for each contract. No re-delegation shall be permitted. The above authority and responsibility includes the authority to invite tenders and proposals and to negotiate with potential suppliers or contractors on the basis of detailed specifications and in accordance with the request from the Allotment Manager and all clearances and approvals required by these Rules.

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4 Approved by DG on 8 March 2005.
Personal Responsibility

Rule 110.34
(a) No staff member may enter into a contract or purchase for or on behalf of the Agency without a written delegation of authority designating him/her Contracting Officer. Any staff member not being so designated shall be personally liable for the financial consequences of his/her action. The term "contract" shall include any agreement or arrangement for purchase or rental, whether written or oral, which provides for a financial liability of the Agency.
(b) Contacts between users/requestors and suppliers shall be limited to technical enquiries only. Requests for quotations shall be obtained through a Contracting Officer.

Procurement Authorization Committee

Rule 110.35
There shall be a Procurement Authorization Committee with a composition and terms of reference as set forth in AM. I/14, Appendix C.

Requests for Procurement

Rule 110.36
Requests for procurement shall be made in standardized form and include full particulars and detailed specifications relating to the request. Such requests shall be made or approved by the Allotment Manager concerned and submitted to officials designated pursuant to Rule 110.33 after budgetary approval of funds in accordance with Rule 110.30, except for requests made pursuant to Rule 110.28(b).

Formal Competitive Tendering

Rule 110.37
(a) Except as provided in Rule 110.38, contracts for supplies, equipment and other requirements shall be let after formal competitive tendering or the calling for proposals.
(b) Tenders or proposals shall be invited by the publication or distribution of formal invitations. Invitations to tender and calls for proposals shall normally be issued on a wide international basis, taking into account the existence of possible sources of procurement.
(c) Sealed tenders shall be required for all procurement requests which are estimated to exceed the equivalent of US $150 000.

Exceptions to Formal Competitive Tendering

Rule 110.38
Contracts may be awarded without formal competitive tendering or calling for proposals when:
(a) The proposed contract involves commitments of less than the equivalent of US $25 000. The award shall be made after an assessment of at least three competitive quotations or after a determination that prices are fair and reasonable, provided that specifications and delivery schedules are met. Appropriate supporting documentation shall be kept on record.
(b) The prices or rates are fixed pursuant to legislation or by regulatory bodies;

(c) There is known to be only one source of supply including the cases in which all suppliers but one are precluded from the possible sources of supply due to legal constraints;

(d) The most economical use of resources implies the use of a single supplier to secure standardization of equipment, interchangeability and compatibility with existing equipment or maintenance services;

(e) The proposed contract relates to individual consultant and personal services;

(f) The exigencies of the Agency do not permit the delay attendant upon competitive tenders, or calling for proposals, as determined by DDG-MT; or

(g) DDG-MT determines that, in the interest of the Agency, competitive tenders or proposals will not give satisfactory results.

**Procurement Requests for a Sole Source of Supply**

Rule 110.39

A procurement request for a sole source of supply shall require appropriate written justification with a cost analysis or a detailed statement attesting that the price to be paid is fair and reasonable. This statement shall be submitted by or through the Allotment Manager to the Contracting Officer and approved by the Division Director concerned.

**Submission and Processing of Tenders, Proposals and Quotations**

Rule 110.40

All competitive tenders, proposals and quotations shall be submitted and processed in accordance with procedures established by DDG-MT.

**Award of Contracts**

Rule 110.41

(a) Following receipt and opening of tenders or proposals they shall be evaluated technically and commercially. The lowest technically acceptable bid shall then be considered for award, taking into account also other criteria, such as tenderer's standing, integrity and financial soundness; the capacity of the tenderer to deliver the goods or perform the services within the time required; and to provide the necessary maintenance. When competitive tenders, proposals or quotations are called, a comparative analysis of them shall be kept on record.

(b) When competitive tenders relate to a group of items, the contract may be awarded to the bidder who has submitted the lowest aggregate bid, although the cost of individual items is higher than that of other bidders.

(c) Contracts shall be awarded to the bidder who has submitted the lowest technically acceptable bid provided that the other necessary criteria are met. Where the interests of the Agency so require, all tenders may be rejected. Such rejection shall be recorded in writing together with the reasons for rejection of the tenders. In that event the responsible Contracting Officer shall determine whether new competitive tenders shall be invited or whether negotiations on a contract shall be taken up with a bidder or a third party.

(d) When proposals have been called the Agency may reject all proposals and invite subsequently competitive tenders based on the proposals.

Responsible office: MTBF
Form and Contents of Contracts

Rule 110.42
(a) Contracts or purchases from a single contractor in an aggregate amount of the equivalent of US $2,000 or more shall be effected by written contracts or written purchase orders which shall specify in detail:

(i) In the case of goods - the exact description of the goods, the quantity required, the price of each article and the currency, the conditions of shipping and delivery and the terms of payment;

(ii) In the case of services other than those of staff members - the nature of the services, the period covered, the conditions of fulfillment and the amount, the currency and terms of payment.

(b) If the contract involves commitments against resources of future years it shall, whenever possible and appropriate, contain a clause permitting the Agency to terminate the contract if the necessary funds are not available.

Review of Unliquidated Obligations

Rule 110.43
Unliquidated obligations shall be reviewed periodically by the Contracting Officer concerned who shall make recommendations whether an obligation shall be cancelled or retained. If, at the end of the period of availability of an appropriation, an unliquidated obligation against the appropriation of a previous financial year is determined by DIR-MTBF to constitute a valid charge it shall be re-obligated against the appropriation of the current financial year. Such re-obligation shall not be required for the TC Programme or other activities financed from extrabudgetary resources.

Commitments against Resources of Future Years

Rule 110.44
DIR-MTBF shall maintain a record of all commitments against resources of future financial years. Such commitments shall constitute a first charge against relevant appropriations as these are approved by the General Conference, or against the TCF.

Certifying Officers

Rule 110.45
Heads of Department shall designate an appropriate number of Certifying Officers within their Department and shall keep DIR-MTBF informed of officers so designated. Certifying Officers are authorized to certify that the goods have been received or shipped and that the services have been rendered in accordance with the documents establishing the obligation.

AUTHORITY FOR PAYMENT

Rule 110.46
The basis for payment shall be the following:

(a) For salaries and related entitlements to staff members (including payroll):
(i) The letters of appointment;
(ii) Salary scales and other entitlements set forth in the Staff Regulations and Rules, or approved by the Director General, as provided by DIR-MTPR.

(b) For payments to individuals other than staff members (e.g. consultants, TC experts, lecturers at Agency meetings, trainees, holders of fellowships): According to the terms of the contract or other document issued by the Agency providing for payment.

(c) For entitlements related to official travel:
   (i) The Agency's Travel Rules for staff members and their dependants;
   (ii) The terms of the contract or other document issued by the Agency providing for payment of travel expenses for other persons travelling at the Agency's expense, provided that the Agency's Travel Rules shall apply if no travel standards are specified.

(d) For goods and services:
According to the terms of the relevant contract, purchase order or other document containing a financial undertaking of the Agency.

Payment Authorization Officers

Rule 110.47
(a) DIR-MTBF shall designate in writing one or more Payment Authorization Officers in MTBF, who shall authorize all payments on behalf of the Agency.
(b) Payments shall only be authorized on the basis of original supporting vouchers and/or other documents which ensure that:
   (i) Payment has not previously been made; and
   (ii) Payment is properly due.
(c) Payments under Rule 110.46(b), (c) and (d) shall only be authorized where:
   (i) The obligation has been approved pursuant to the present Rules;
   (ii) The obligation has been incurred by a Contracting Officer to do so pursuant to Rule 110.33; and
   (iii) The relevant Certifying Officer has made the certification required pursuant to Rule 110.45 except when pre-payment has been agreed upon.
DDG-MT may approve exceptions to the requirements set forth in (i) to (iii) above.
(d) In authorizing payment, every effort shall be made to benefit from discounts agreed to with a contractor for timely payment.

Pre-Payments

Rule 110.48
(a) Subject to the provisions of (b) below, contracts or purchase orders shall normally provide for payment after goods have been received, services rendered or shipping documents submitted.
(b) When standard commercial practices or the interest of the Agency so require contracts or purchase orders may be issued which provide for payment or deposits in advance of the receipt of goods or the performance of
services or the submission of shipping documents. Such pre-payments or deposits shall be authorized by DDG-MT or by other officials delegated by DDG-MT.

Advances

Rule 110.49

*(a)* Advances may be made in respect of:

(i) Entitlements of staff members as set forth in the Staff Regulations and Rules;
(ii) Expenditures related to official travel;
(iii) Expenditures related to meetings, training courses, and fellowship training, held or organized by the Agency;
(iv) Imprest funds; and
(v) Payment requests submitted pursuant to contractual agreements concluded with United Nations organizations and specialized agencies of the United Nations.

(b) DDG-MT may authorize in addition such other advances as may be approved by the Director General.

Imprest Funds

Rule 110.50

(a) Procedures for the operation of imprest funds shall be established by DIR-MTBF. DIR-MTBF shall approve the establishment of each imprest fund.

(b) Imprest funds shall be established when the amounts to be paid are minor or when, in specific situations, the Agency cannot make timely payment by following standard procedures. Such funds may only be used for the purposes specified and payment made from them shall not exceed the limits authorized.

(c) Imprest funds shall be replenished on the basis of fully documented receipts for payments made from such funds. Imprest funds may also be replenished pending submission of such receipts.

(d) Imprest fund holders and their deputies shall normally be staff members holding a contract with the Agency of a duration of at least twelve months.

Responsibility of Holders of Advances and of Imprest Funds

Rule 110.51

Officials to whom advances are issued and imprest fund holders shall make use of advances only for the purpose for which the advances were authorized and shall be held personally responsible and financially liable for the proper management and safekeeping of the cash advanced. They shall render accounts as and when required by DIR-MTBF and shall be in a position at all times to account for the advances. Cash or negotiable instruments shall be kept in safe custody.

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5 Effective 3 June 2005.
RECEIPT, MANAGEMENT AND PAYMENT OF FUNDS

Receipt of Moneys

Rule 110.52
(a) Only the Treasurer and other officials designated by DIR-MTBF shall be authorized to receive moneys and to issue official receipts on behalf of the Agency if so required by the payer.
(b) Each receipt of money shall be recorded in the Agency’s books by means of a receipt voucher as of the day of receipt and not later than the next business day.
(c) On receipt of advances to the Working Capital Fund or of assessed or voluntary contributions an official letter of receipt signed by DIR-MTBF shall promptly be transmitted to the Member State concerned or the contributor.

Deposit of Moneys

Rule 110.53
All moneys received shall be deposited by the Treasurer or his/her deputy in an official bank account of the Agency not later than the next business day following the day of receipt.

Exchange of Currencies

Rule 110.54
Except in case of investment transactions or for other purposes authorized by DDG-MT, officials responsible for the operation of Agency bank accounts or for holding Agency cash or negotiable instruments are not authorized to exchange one currency for another, except to the extent necessary for the transaction of official business.

Payments

Rule 110.55
(a) The Treasurer and other officials in MTBF designated by DDG-MT are authorized to make payments which have been approved by a Payment Authorization Officer in accordance with Rule 110.47.
(b) Payments shall be made by written bank instruction, except to the extent that cash payments are made from imprest funds.
(c) A payment shall be recorded in the accounts as of the date when the payment is processed.
(d) Written bank instructions shall include:
(ii) Cheques;
(ii) Transfer orders;
(iii) Letters of credit;
(iv) Payment orders; and
(v) Cables and other electronically transmitted instructions that are duly authenticated with the pertinent confidential code and of which a hard copy is retained.
(e) Adequate evidence of payment or of receipt, shall be obtained for all payments made. MTBF shall maintain records of all payments made.

Inter-Office Vouchers

Rule 110.56

(a) Payment may also be made through inter-office voucher arrangements. Such arrangements constitute a method of payment through another international organization, normally UNDP. Payment through inter-office voucher arrangements may only be requested when the Agency is prevented from making payment, usually as a result of a lack of banking arrangements, or when payment cannot be made in time or for reasons of efficiency.

(b) Only DIR-MTBF is authorized to issue instructions to other organizations to make inter-office voucher payments. DIR-MTBF may delegate in writing this authority to other staff.

(c) It shall be the responsibility of DIR-MTBF to resolve any financial problems as may result from the instruction issued.

Bank Signatures

Rule 110.57

(a) Written bank instructions shall be signed by two officials designated pursuant to Rule 110.55. DDG-MT may, when satisfied that adequate safeguards are provided and for cheques up to certain amounts, authorize the signature of cheques by one signatory only or authorize the use of facsimile or stamp signatures.

(b) Cables and other electronically transmitted instructions may be dispatched only by officials authorized by DIR-MTBF. The outgoing instruction shall be signed by two officials designated pursuant to Rule 110.55.

(c) In order to provide adequate internal controls, Contracting Officers shall not be authorized to issue written bank instructions, unless a division of duties is not practicable.

Losses and Write-Offs

Rule 110.58

(a) Any loss of cash or negotiable instrument shall, as soon as circumstances permit, be reported by the official responsible to DIR-MTBF who shall inform DDG-MT, as appropriate.

(b) DDG-MT may, after full investigation, authorize the writing-off of losses of cash and the book value of accounts receivable and notes receivable deemed to be irrecoverable. The writing-off of arrears of assessed contributions shall not be authorized. DIR-MTBF shall be responsible for the preparation of the statement to be submitted to the External Auditor pursuant to Regulation 10.05.

(c) The investigation shall, in each case, determine the responsibility, if any, attached to any staff member for the loss. Such staff member may be required by the Director General to reimburse the loss either partially or in full.

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6 Effective 1 December 2003.
7 Effective 1 December 2003.
RECEIPT, MANAGEMENT AND DISPOSAL OF SUPPLIES, EQUIPMENT AND OTHER PROPERTY

Property Records

Rule 110.59

(a) Complete and accurate records shall be maintained for property of the Agency or for which the Agency is responsible. Such records shall be maintained for Headquarters and for laboratories, offices and projects away from Headquarters.

(b) DDG-MT shall determine the property items for which records shall be maintained and the type of data which these records shall contain.

(c) DIR-MTGS shall be responsible for the maintenance of records for property at Headquarters, laboratories and offices away from Headquarters with the exception of records with respect to property procured with funds from the Department of Safeguards for which DIR-SGTS shall be responsible. DIR-MTGS shall, however, through regular spot checks ensure that these records are accurate and maintained by the Department of Safeguards in a manner consistent with other such records established in order to satisfy the requirements of Financial Regulation 10.01 and 10.02. Records for property procured under research contracts or TC projects shall be maintained by the Director of the Division of Planning, Co-ordination and Evaluation (DIR-TCPC) until title is transferred to the recipient. If property procured under TC projects is to be used on Agency premises it shall be transferred to the records maintained by MTGS.

(d) Property (except certain portable items such as typewriters, calculators) shall be charged out to the receiving Division and the Division Director concerned shall be primarily responsible and accountable for the property and his/her signature shall be required on all relevant documents.

(e) Portable items not charged out to a Division may be charged out to staff members who shall be responsible for their safekeeping and accountable for them.

(f) Property items shall be assigned an estimated life-span which will be reflected in the property records. The writing-off of items during their estimated life-span shall require consideration by the Procurement Authorization Committee and approval by DDG-MT. DIR-MTGS shall make a proposal to that effect to the Committee. Items which have reached or exceeded their respective estimated life-span or which have been written-off shall be kept on the property records until they are sold, otherwise disposed of in accordance with Rule 110.66, or removed from the records in accordance with Rule 110.64(a).

(g) The property records shall include the original purchase value or, in the case of gifts or in-kind contributions of equipment, their estimated value at the time of receipt.

Physical Inventories

Rule 110.60

Physical inventories shall be taken of supplies, equipment or other property of the Agency or for which the Agency is responsible, at such intervals as deemed necessary to ensure adequate control over such property. DIR-MTGS shall be responsible for taking such physical inventories and selecting the items to be inventoried.

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8 Approved by the Director General on 30 June 2000.
Receipt of Supplies and Equipment

Rule 110.61
All supplies, equipment or other property received by the Agency shall be inspected immediately following receipt to ensure that their condition is satisfactory and in accordance with the terms of the related purchase order or contract. A receiving report shall be issued for all items received and these items shall be entered into the appropriate property records.

Issue of Supplies and Equipment

Rule 110.62
Central supplies, equipment and other property shall be issued only against requisition requests, signed by officials designated for that purpose. DDG-MT may, however, authorize a different procedure.

Vouchers

Rule 110.63
All transactions related to supplies, equipment or other property shall be recorded. Records shall be supported by appropriate vouchers or evidence of receipt and issue, except for items where the maintenance of detailed records is determined by DDG-MT to be uneconomical or impractical.

Losses of Property

Rule 110.64
(a) Property which has been lost shall be removed from the property records. Removal of such property from the records shall require consideration by the Procurement Authorization Committee and approval by DDG-MT. DIR-MTGS shall make a proposal to that effect to the Committee after a full investigation has been carried out.
(b) DDG-MT shall determine whether a staff member or other person is responsible for the loss. If DDG-MT determines that the staff member or other person shall be required to compensate the Agency for the loss, the matter shall be referred to the Director General for decision.
(c) A statement of all such losses shall be prepared by DIR-MTBF for submission to the External Auditor with the accounts.

Surplus and Obsolete Property

Rule 110.65
Property that becomes surplus to operating requirements, obsolete or unusable shall be reported by the Division Director or staff member accountable for the property to DIR-MTGS who shall arrange to have the property transferred to a storage area.

Responsible office: MTBF
Sale or Disposal of Property

Rule 110.66

(a) Property which has reached its assigned life-span or which has been written-off and which, in accordance with procedures established by DDG-MT, is determined to be surplus to the Agency's requirements and the condition of which warrants its sale, may be sold. This may be done by advertising for bids at the Vienna International Centre (VIC), the Seibersdorf laboratories and, where practical, also by inviting bids from outside the VIC. Bids shall not be required if the estimated sales value per item is less than US $1 000.

(b) A general surplus sale of obsolete or unserviceable property may be held without invitation to bid. In that event DIR-MTGS shall obtain the approval of DDG-MT for the sale and for the prices of the items to be sold.

(c) Property may also be disposed of in the following manner:

(i) By trade-in for replacement equipment;

(ii) By gift or sale at nominal prices to non-profit making organizations or charity institutions; provided that the property has been written off; or

(iii) By destruction or another method of disposal if such method is more economical or required by law. DIR-MTGS shall decide which method of disposal shall be chosen after having obtained, if required, appropriate technical advice.

Sales on a Cash Basis

Rule 110.67

Sales of Agency property shall be on the basis of cash payments on or before delivery, unless DDG-MT makes exceptions in the interest of the Agency.

Accounting for Proceeds from Sales

Rule 110.68

(a) The proceeds from the sale of property shall be credited as miscellaneous income to the Regular Budget Fund or to the appropriate Fund, except where these proceeds are applied directly against the purchase price of replacement equipment or supplies, provided that any balance shall be credited as miscellaneous income to the Regular Budget Fund or to the appropriate Fund.

(b) The trade-in of property is not considered to be a sale and the allowance shall be applied against the cost of the replacement property.

(c) The proceeds from the sale of official cars shall be applied against the cost of their replacement.

INTERNAL AUDIT

Rule 110.69

There shall be an Office of Internal Audit. The terms of reference of that Office are set forth in AM. III/1, “Office of Internal Audit”.

Responsible office: MTBF
COMMISSARY AND OTHER ACTIVITIES RELATED TO STAFF WELFARE AND SOCIAL SECURITY

Rule 110.70
(a) The present Rules do not apply to the Commissary which shall be operated in accordance with rules and directives issued by the Director General. Other activities related to staff welfare and social security may be carried out by the Agency as authorized by the Director General and in accordance with directives issued by DDG-MT.
(b) Financial and accounting services for staff activities may be performed as authorized by the Director General and in accordance with directives issued by DDG-MT.

ARTICLE XI. THE ACCOUNTS AND FINANCIAL STATEMENTS

Responsibility for Accounting Records and Annual Accounts

Rule 111.01
DIR-MTBF shall be responsible for maintaining the accounting records of the Agency. The annual accounts shall be prepared by DIR-MTBF as of the end of each financial year and shall, after approval by the Director General, be submitted to the External Auditor not later than three months following the end of the financial year together with such statements as may be required.

Basis of Accounting

Rule 111.02
The accounts of the Agency shall be maintained and financial statements shall be drawn therefrom in accordance with the United Nations System Accounting Standards, except where the Director General determines that departure from the Standards is in the interest of the Agency.

Annual Accounts and Statements

Rule 111.03
For each Fund or group of related Funds the financial statements drawn from the accounts shall consist of:
(a) A statement of income and expenditure;
(b) A statement of assets and liabilities; and
(c) Notes to (a) and (b) above.
The annual accounts shall be accompanied by such additional information in the form of schedules or tables which the Board may request or which may be required to present the financial position of each Fund and the income and expenditure of each Fund. Contributions in kind and their value shall be disclosed together with the financial statements. The method of valuation shall also be shown.
Regular Budget Accounts

Rule 111.04

With respect to the Regular Budget Fund, the annual accounts shall include in addition a statement of appropriations showing:

(a) The original appropriations and any supplementary appropriations;
(b) The appropriations after modification by any transfers;
(c) Credits, if any, other than appropriations approved by the General Conference;
(d) The expenditures charged against those appropriations and/or other credits; and
(e) The unused balances of appropriations and of other credits.

Direct Refunds of Expenditure

Rule 111.05

Direct refunds of expenditures shall be treated as follows:

(a) Refunds charged in the same financial year against the budgetary accounts may be credited against expenditures, but no other proceeds shall be so credited; and
(b) Refunds charged to budgetary accounts of prior financial years shall be taken into the accounts as miscellaneous income.

Currency Exchange Rates

Rule 111.06

The United Nations accounting rate of exchange between the United States dollar and other currencies shall be used for the recording of all Agency transactions.

Treatment of Exchange Adjustments

Rule 111.07

(a) Exchange gains or losses pertaining to:

(i) The receipt of contributions shall be recognized by adjusting contribution income;

(ii) The liquidation of obligations shall be recognized by adjusting expenditure for the obligation in question;

*(b)* The revaluation of monetary items (that is, money held, assets and liabilities, reserves and fund balances to be received or paid in fixed or determinable amounts of money) shall be recorded as:

(i) A provision on the balance sheet if a net gain;

(ii) A deduction from miscellaneous income if a net loss.

All other gains and losses on currency exchange shall be recorded as additions to or deductions from miscellaneous income.

**Other Statements**

Rule 111.08
The External Auditor shall be provided with:

(a) A summary statement of supplies, equipment and other property for which property records are kept;
(b) Details of losses of cash, stores and other assets; and
(c) Such other statements as the External Auditor may require.

**Retention and Destruction of Records**

Rule 111.09
The accounting and other financial and property records and all supporting documents shall be retained for five years or such other period(s) as may be agreed with the External Auditor, after which, on the authority of DIR-MTBF and, in the case of property records DIR-MTGS, such records and documents may be destroyed.

**ARTICLE XII. EXTERNAL AUDIT**

[No Rules issued]

**ARTICLE XIII. GENERAL PROVISIONS**

**Exemptions**

Rule 113.01
Exemptions from the present Rules may be made upon written authorization of the Director General, provided that exemptions made do not result in any inconsistency with the Financial Regulations.

**Amendment and Suspension**

Rule 113.02
The present Rules may be amended or suspended by the Director General in a manner consistent with the Financial Regulations.