

Board of the Centre

74th Session, Turin, 1-2 November 2012

CC 74/3/2

FOR DECISION

THIRD ITEM ON THE AGENDA

Review of the Financial Rules

1. The Governing Body, at its 297th Session (November 2006), approved the adoption of International Public Sector Accounting Standards (IPSAS) for the financial period beginning 1 January 2010 by the ILO. The Centre remains on schedule to produce the 2012 fully IPSAS compliant financial statements.
2. At its 73rd Session (November 2011), the Board approved the proposed amendments to the Financial Regulations that were intended to ensure consistency with IPSAS. As a consequence, the proposed amendments to the Financial Rules that give effect to the amended Financial Regulations have been prepared further to consultations with the ILO and the External Auditor.
3. The proposed amendments that are provided in Appendix I are also aimed at ensuring greater alignment with the provisions of the ILO Financial Rules, as well as introducing gender neutral language and minor edits.
4. Article 29 of the Financial Regulations provides that the Financial Rules established by the Director shall be communicated to the Board for approval.
5. ***The Board is requested to approve the amendments to the Financial Rules as set down in Appendix I.***

Turin, July 2012.

Point for decision: Paragraph 5.

Appendix I

Review of the Financial Rules of the International Training Centre of the ILO (additions are underlined and deletions are strikethrough)

~~FINANCIAL RULES~~ ~~INTERNATIONAL TRAINING CENTRE OF THE ILO~~ ~~TURIN, ITALY~~

I. Authority and applicability

1.10 REFERENCE

These Rules are established pursuant to Article 18 ~~Chapter VII~~ of the Financial Regulations of the International Training Centre of the ILO (the Centre).

1.20 DEFINITIONS

For the purposes of the Rules, the following definitions shall apply:

Treasurer:	The Treasurer is the Chief of the <u>Financial Services</u> Finance and Budget Service .
<u>Financial e and Budget Services:</u>	The <u>organizational unit responsible for Finance and Budget Service</u> includes the accounting, invoicing, cash, treasury, and payroll and budgetary functions and is responsible for all budgetary matters and clearance of operating expenditures.
Certifying Officer:	An official authorised by the Treasurer to certify the budgetary or financial propriety of proposed obligations or disbursements.
Cashier:	An official authorised by the Treasurer, <u>in accordance with Rule 9.10</u> , to receive and pay out cash and negotiable instruments.
Programme:	Activities planned for a specific field or fields over a stated period.
Activities:	Training activities (courses, seminars, advisory services) planned for a specific subject within a stated programme. Projects form an integral part of programmes.
Programme Manager:	An official in charge of <u>an organisational unit</u> a programme or project as approved by the Director of Training and to whom an allocation of funds is made by the Treasurer for the purpose of carrying out <u>a programme</u> these activities .
<u>Officials:</u>	<u>Officials of the Centre, as well as other officials, who are performing functions in the Centre subject to the authority of the Director of the Centre (the Director) and are responsible to him/her in the exercise of those functions. Officials to whom such specific delegations of authority have been made shall be accountable to the Treasurer for the responsibilities delegated to them.</u>

1.30 APPLICABILITY

These Rules shall apply to the budget of the ~~Centre International Training Centre of the ILO~~ and to all other funds placed at its disposal ~~of the Centre~~, except in so far as the applicability of special regulations and rules for such other funds is recognised by the Treasurer.

1.40 RESPONSIBILITY FOR IMPLEMENTATION

The Treasurer is responsible to the Director for the application and implementation of these Rules. The Treasurer may delegate any specific authority vested in him/her pursuant to these Rules to officials designated by him/her in writing. ~~For the purposes of this Rule and of the related rules, the term "official" covers officials of the Centre as well as other officials who are performing functions in the Centre subject to the authority of the Director and are responsible to him in the exercise of those functions.~~

1.50 ADDITIONAL INSTRUCTIONS TO BE ISSUED BY THE TREASURER

- (a) Within the framework of the Financial Regulations and these Rules, the Treasurer, in consultation with the Director, may issue such additional instructions or establish such procedures as shall be necessary to ensure effective internal financial control, sound administration of funds, and the exercise of economy. No changes in such instructions or procedures shall be made without the approval of the Treasurer.
- (b) The Treasurer may determine the extent to which these Rules shall apply to officials on individual assignments away from the Centre. He/she may establish separate financial rules, instructions and procedures for such officials taking into consideration their special conditions and requirements. In matters for which no separate rules or instructions have been thus established, the present Financial Rules shall apply.

1.60 RESPONSIBILITIES OF THE FINANCIAL SERVICES ~~FINANCE AND BUDGET SERVICE~~

The Financial Services ~~Finance and Budget Service~~ is are responsible to the Treasurer for the performance and/or supervision of all budgetary, financial and accounting operations. ~~Finance and Budget Service is~~ They are responsible for establishing and monitoring the application of policies and procedures relating to all financial operations.

1.70 APPROACHES OUTSIDE THE CENTRE

No approach shall be made outside the Centre, or accepted within the Centre, with a view to obtaining exemptions from existing financial regulations, rules or provisions of the Centre except with the prior written authorisation of the Director or the Treasurer.

1.80 RESPONSIBILITY FOR FUNDS FROM EXTERNAL SOURCES

No official may accept responsibility for the handling or management of funds belonging to a government, or to any other body of an official or quasi-official nature with which the Centre is linked or with which he/she is associated by reason of his/her status as a Centre official, unless he/she has been specifically authorised in advance to do so on the basis of a formal decision by the Director.

1.90 ELECTRONIC COMMUNICATIONS

Any reference within these Rules to written authorizations, findings or other documents shall not be interpreted to restrict the use of any electronic means of data interchange approved for official communication in the Centre.

II. Preparation of budget estimates

2.10 FORM OF THE BUDGET

The annual estimates for the budget of the Centre shall be drawn up as prescribed in Articles 4 to 9 of the Financial Regulations.

2.20 RESPONSIBILITY FOR PREPARATION OF BUDGET ESTIMATES

The Treasurer, with the assistance of the Financial Services, shall be responsible to the Director for the provision of advice on budget and ~~budgetary~~ financial policy and for the preparation of the estimates of income and expenditure included in draft programme and budget documents for submission to the Board. For this purpose, he/she shall establish such procedures, criteria and deadlines as may be required to assure the timely presentation of sound and realistic budget estimates conforming to the Financial Regulations.

2.30 ~~FURNISHING OF~~ COST ESTIMATES

The Treasurer shall be responsible for the preparation of all cost estimates that may be required in connection with the activities of the Centre, including estimates of the cost of all projects, meetings, staff salaries and missions. No official shall issue cost estimates for use outside the Centre without prior written authorisation from the Treasurer.

III. Collection of ~~contributions, invoices and~~ other income

3.10 RESPONSIBILITY FOR COLLECTION OF INCOME

The Treasurer shall be responsible for collecting and accounting for contributions and income due from sponsors.

3.20 ACCOUNTING FOR RECEIPTS

All receipts shall be brought to account with the shortest delay possible. Contributions and payments received by the Centre shall be brought to account as of the date of receipt including, where applicable, 31 December.

3.30 MISCELLANEOUS INCOME

- a) Miscellaneous income consists of the following categories of income receipts accruing to the Centre:
- (i) ~~receipts from~~ interest income which ~~is~~ are not required to be credited to the fund from which ~~they~~ it derives;
 - (ii) income from the sale of publications including related fees;
 - (iii) income received from fixed rental contracts with subcontractors present within the Centre's premises;
 - (iv) income derived from hosting activities on the Centre's premises which cannot be defined as official Centre ~~Training Activities~~. Such activities shall be known as "Services Rendered to Third Parties" and "Miscellaneous" activities;
 - (v) contributions, whether voluntary or contractual, from subcontractors of Centre services;
 - (vi) amounts recovered in respect of payments effected by the Centre if received after the end of the financial period in which the related payment was made;
 - (vii) any remaining balances of accrued liabilities set up in the previous financial period;
 - (viii) ~~receipts income from~~ for the use of the Centre's sport facilities;
 - (ix) ~~receipts from Centre officials for language courses~~;
 - (x) ~~proceeds from the sale of Centre equipment~~;
 - (x) income receipts from Residence external paying guests for the use of the Centre's residential facilities;
 - (xi) miscellaneous non-training ~~income receipts~~, such as recoveries from insurance companies in excess of expenditure;
- b) The related expenses shall be recorded as "Variable Expenses" in the ~~Statement of Income and Expenditure and Changes in Reserves and Fund Balances of the Centre and the Statement of Appropriations~~ of comparison of budget and actual amounts of the Centre.

3.40 ACCEPTANCE OF MONIES BY OFFICIALS

- (a) Wherever possible, payments to the credit of the Centre shall be directed to a Centre bank account.
- (b) The Treasurer shall designate those officials, in addition to the cashiers appointed in accordance with Rule 9.10, who are authorised to accept money on behalf of the Centre and to issue official receipts therefor.
- (c) Any other official receiving money on behalf of the Centre must immediately remit it in full to a cashier or another official authorised by the Treasurer to accept money or, where this is not possible, deposit it in a Centre account. Full details of such deposits shall be sent immediately to the Treasurer.

3.50 FURNISHING OF WRITTEN RECEIPTS

For all amounts received in cash, ~~excluding payment of Centre invoices~~, an official receipt shall be issued ~~given by the Finance and Budget Service~~. Receipts shall be drawn up in duplicate, and a copy of the original shall be retained. Receipts for cheques will normally be issued ~~given~~ only on request.

IV. Appropriations and allocations

4.10 RESPONSIBILITY OF TREASURER FOR IMPLEMENTATION OF APPROVED BUDGET

The Treasurer is responsible to the Director for ensuring that the expenditure of the Centre under the budget remains within the appropriations as voted and that such appropriations are used only for the purpose approved by the Board. In addition, the Treasurer shall be responsible for the observance of any monetary or other limitations established in connection with funds placed at the disposal of the Centre, except in so far as responsibility for the funds has been vested by the Board in an official of a body other than the Centre.

4.20 RESPONSIBILITY FOR ALLOCATION OF FUNDS

On the basis of programme decisions made by the Director within the framework of the approved budget of the Centre, or of the conditions applicable to other funds placed at the disposal of the Centre, the Treasurer shall inform programme managers of the amounts allocated to them for their programmes under each source of funds for a given period or periods. He/she shall ensure that allocation changes are made only in conformity with the Financial Regulations or with other rules governing the use of the funds concerned and within the framework of the internal programme planning and control system. Through the procedures for the control of obligations, he/she shall ensure that allocations are not overspent.

4.30 PURPOSE AND NATURE OF ALLOCATIONS OF FUNDS

- (a) Allocations of funds are made to programme managers on the basis set out in Rule 4.20 in order to express in the necessary detail the financial authorisations required for accounting and ~~budgetary~~ financial control.
- (b) Allocations of funds must be made in writing and must be signed by the Treasurer or an official designated by him/her. They shall list all limitations subject to which the funds made available may be utilised.
- (c) Programme managers to whom funds are allocated are thereby authorised to decide on the utilisation of these funds in the interest of the programme concerned. However, financial liabilities may be incurred only in conformity with the provisions relating to financial clearance and contracting procedures contained in Chapters V and X of the present Rules; an allocation of funds to a programme manager does not of itself constitute the formal authority to place orders and enter into contracts required under Rules 5.10 and 10.10 or in any relevant rules, instructions or procedures established under Rule 1.50 and 1.60. A programme manager to whom funds are allocated may delegate all or part of his/her authority under the present Rule 4.30(c) to an official or officials reporting to him/her. The ~~Finance and Budget Service~~ Financial Services shall be informed in writing of such delegations of authority.
- ~~(d) An official away from the Centre to whom funds are allocated by the Treasurer is authorised to decide on the utilisation of these funds in the interest of the project concerned and to exercise such other authorities in respect of their management as may be expressly provided for when the allocation is made.~~

The Treasurer shall ensure that programme managers ~~shall be informed regularly by the Finance and Budget Service of~~ have ready access to information on the expenditures and accrued liabilities ~~unliquidated obligations~~ recorded against their allocations. The ~~Finance and Budget Service~~ Financial Services shall monitor the extent to which allocations are used and prepare reports for the Director on amounts currently allocated, obligated and expended, and expected future expenditure, under the allocations.

V. Control of obligations

5.10 OBLIGATIONS TO BE INCURRED ONLY BY DULY AUTHORISED OFFICIALS

No contract shall be concluded and no order shall be placed on behalf of the Centre except by an official to whom a formal authority to incur such obligations has been delegated in writing by the Treasurer.

5.20 CONTROL OF OBLIGATIONS ~~AT THE CENTRE~~

- (a) All contracts, appointments, mission orders, purchase orders, or other documents by which a financial obligation is to be incurred on behalf of the Centre must be submitted in advance to an official authorized by the Treasurer to provide financial clearance under Article 18 of the Financial Regulations. ~~to the Finance and Budget Service for budgetary clearance.~~
- (b) An official who has been authorized to provide financial clearance shall exercise this authority only after ensuring that the proposed expenditure is in conformity with the applicable financial regulations and rules, and the approved budget, and is within the available balances in the respective allocations. He/she shall also ensure that the principles of sound economy are maintained. A record of obligations incurred or foreseen shall be kept in a form approved by the Financial Services. ~~An authorised official of the Finance and Budget Service shall review the obligating documents submitted in the light of the applicable financial regulations and rules, the approved budget, and the available balances in the respective allocations.~~
- (c) ~~No obligating document shall be released outside the Centre without the certification by an authorised official of the Finance and Budget Service that funds are available.~~

5.30 ~~CONTROL OF OBLIGATIONS AWAY FROM THE CENTRE~~

- (a) ~~An official away from the Centre who has been authorised to incur financial obligations in relation to funds allocated to him shall exercise this authority only after ensuring that the proposed expenditure is in conformity with the applicable financial regulations and rules, the approved budget and the available balance in the allocation. A record of obligations incurred or foreseen shall be kept in a form approved by the Finance and Budget Service.~~
- (cb) Major obligations to be incurred by officials away from the Centre shall be co-ordinated in advance with the ~~Finance and Budget Service~~ Financial Services.

5.340 OBLIGATIONS TO BE INCURRED IN CONFORMITY WITH THE BUDGET

Obligations shall be incurred only in strict conformity with the relevant budget. All obligating documents submitted for ~~budgetary~~ financial clearance shall be accompanied by an indication of the appropriate accounting classification. In case of doubt, the correct classification against which any charge is to be made shall be determined by the Treasurer.

5.450 OBJECTION TO PROPOSED OBLIGATIONS

If the Chief of the Financial Services ~~Finance and Budget Service~~ cannot approve an obligating document submitted for certification, he/she shall state his/her objections in writing. If the requesting official does not agree with the objection, the matter shall be referred to the Director for decision.

~~5.60 Information on Available Balances~~

~~(See Rule 4.40)~~

5.570 DOWNWARD ADJUSTMENTS OF OBLIGATIONS

If part, or all, of an amount recorded as an obligation is no longer required for the purpose originally foreseen, the responsible programme manager shall take the necessary actions to adjust the amount ~~inform the Finance and Budget Service immediately, in writing.~~

VI. Presentation and audit of claims

6.10 PAYMENTS TO BE MADE ON BASIS OF CLAIMS

- (a) Except for the payment of salaries, wages, regularly established allowances and amounts due under external collaboration contracts with individuals, no payment shall be effected unless claimed by the payee. Payments due under external collaboration contracts with individuals shall be made on the basis of payment requests submitted by authorised officials; such requests shall be treated in the same way as claims.
- (b) For each claim submitted, the claimant shall certify that the claim is fair and correct and that payment has not yet been received.
- (c) Where special forms for claims exist, claims must be presented on these forms.

6.20 CLAIMS TO BE SUPPORTED BY COPY OF ORDER

Claims submitted for payment must normally be supported by a copy of the relevant order showing, where applicable, the registration number of the corresponding obligation.

6.30 TIME-LIMITS FOR PRESENTATION OF CLAIMS

- (a) Officials authorised to incur obligations shall ensure the presentation, within a reasonable period, of all claims payable.
- (b) Particular care shall be exercised ~~to limit arrear claims made after the close of the financial period~~ to ensure that all expenditure is recorded within the financial period in which the goods have been received, the services have been rendered or any other financial obligation has been incurred.
- (c) Claims in respect of officially authorized travel shall be submitted within eight days after such travel has been completed.
- (d) Claims involving discounts for prompt payment shall be flagged and shall be processed with the least delay possible.

6.40 AUDIT OF CLAIMS

- (a) The Certifying Officer shall subject each claim to careful scrutiny before authorising payment, and shall maintain records of all claims processed for payment.
- (b) No claim shall be authorised for payment unless its validity has been clearly established ~~by the Finance and Budget Service.~~
- (c) Officials authorised to incur obligations shall be responsible to certify the satisfactory receipt of the relevant goods or services, shall confirm the correctness of the corresponding invoice to be paid, and shall supply the Certifying Officer with any information required in connection with the audit of claims.

6.50 CLAIMS BY MEMBERS OF THE BOARD

- (a) Services responsible for the organization of the Board meeting, the Trade Union Training Committee and the Employer Training Committee meetings, shall arrange that claims of members and experts are transmitted to the Certifying Officer in sufficient time to permit a careful audit of the claims. At the latest, claims should be submitted one full working day before the time for which payment is requested.
- (b) If the time available does not permit completion of the audit, claimants will be given, prior to their departure, round-sum advances not exceeding 80 per cent of the amount they appear to be entitled to. The balance of their entitlement will normally be forwarded to them via bank transfer as soon as possible after the meeting.
- (c) Claims by Board members attending these meetings shall be certified for correctness by an official from the service organizing the meeting.

6.60 CLAIMS TO BE ACCOMPANIED BY RECEIVING REPORTS

- (a) Claims based on the furnishing of goods or services shall be submitted to the Certifying Officer together with a certified receiving report stating whether the goods or services have been furnished in accordance with the specifications of the order, and whether the claim is administratively approved for payment. In addition, the receiving officer shall certify that the goods received have been entered in the register of stocks or inventory.

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- (b) The Treasurer may waive the requirement of receiving reports in the case of standard services such as public utilities, etc.
 - (c) For goods delivered to a place outside the country where the ordering unit is located, payment may be authorized upon receipt of documents provided that the goods were dispatched appropriately insured to their destination. A duly executed receiving report must be forwarded to the Certifying Officer not later than one month after receipt of goods.
 - (d) In the case of Rule 6.60(c), the official forwarding the claim shall certify that the goods were dispatched with appropriate insurance coverage.

6.750 SAFEGUARDS

- (a) Officials authorised to incur obligations, and the Certifying Officer, shall take all necessary steps to avoid duplicate payment of claims.
- (b) Except where this is unavoidable, no official shall be assigned simultaneously any two of the following functions: purchasing, acceptance of goods or services, auditing or disbursing.

6.860 OBJECTION TO A CLAIM

- (a) When the Treasurer, or an official authorized to make payments, objects to the payment of a claim in full or in part, he/she shall communicate his/her objection to the official presenting the claim. If the official does not agree with the objection, he/she may appeal through proper channels to the Director.
- (b) If the Director decides that a claim is to be paid notwithstanding an objection by the Treasurer, his/her decision shall be recorded in writing and reported to the External Auditor.

VII. Payments

7.10 VOUCHERS TO SUPPORT PAYMENTS

- (a) No payments shall be effected by the ~~Financial Services Finance and Budget Service~~ without satisfactory supporting documentation, explanation, and vouchers. Except for payments made from cash advances, these vouchers must show that the payment has been approved by an authorised officer the appropriate manager and by a duly authorised Certifying Officer.
- (b) Whenever claims are received as a result of a written order by the Centre, a copy of this order shall be included with the supporting vouchers.
- (c) No verbal authority shall be accepted for making any payments.

7.20 PAYMENTS TO BE MADE TO DULY ENTITLED PERSONS

- (a) Payments shall be made only to the persons to whom they are due, or to their legal representatives. A payment shall normally be made to a bank account in the name of the

person to whom payment is due, ~~either by check or by bank transfer~~. Any exception to this rule must be approved by the Treasurer.

- (b) The Treasurer may refuse to effect payment of any salary, allowance or other payment, to a third party claiming the payment on behalf of the person to whom it is due. However, if the Treasurer agrees that such payments can be ~~are~~ made to such a third party, the nature of the authority under which such payment has been approved ~~made~~ shall be recorded in writing and stated on the voucher. The cession or other authority shall either be attached to the voucher, and ~~or~~ the Treasurer shall certify on the voucher that a sufficient authority was produced.

7.30 OFFICIALS AUTHORISED TO MAKE PAYMENTS

All disbursements ~~payments~~ shall be made by officials authorised by the Treasurer after approval by the Certifying Officer, except for payments made by:

- (a) members of the staff to whom cash is advanced for the purposes of the Centre;
- (b) duly authorised officials in external ILO offices and offices of Chief Technical Advisers when acting upon requests made by the Treasurer of the Centre;
- (c) representatives of the United Nations Development Programme when acting as agents for the Centre's ~~Treasurer~~;
- (d) any other person specifically designated by the Treasurer for this purpose.

7.40 DETERMINATION OF RATES OF REMUNERATION AND REIMBURSEMENT

- (a) Salaries and wages shall be paid in accordance with the relevant provisions of the Staff Regulations, or other applicable rules. All amounts deducted from salaries shall be paid as soon as practicable to the accounts to which these amounts are due. Contributions to pension, retirement or provident funds shall normally be transferred before the end of the month for which they are due.
- (b) Reimbursement for travel expenses, and payment of travel allowances to members of the staff, shall be effected in accordance with the Staff Regulations or other applicable rules.
- (c) Reimbursement for travel expenses and payment of travel allowances to members of the ~~Centre's~~ Board shall be made in accordance with the Rules adopted by the Centre ILO Governing Body.

7.50 ADVANCE AND PROGRESS PAYMENTS

The Treasurer may authorize the inclusion in a contract of provision for such advance payments or partial payments for work in progress as may be required by normal commercial practice and the interests of the Centre. Except for cases where specific provision of this nature has been included in a contract with the approval of the Treasurer and for cases covered by Rules 6.60(c) and 6.60(d), payment may be made only after the services or goods have been received. Claims for advance and progress payments shall be presented in accordance with Rule 6.460.

7.60 TIME-LIMITS FOR PAYMENTS

- (a) Once it has been ascertained that a payment is in order, it shall be made with reasonable dispatch.

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- (b) Proper attention shall be paid to claims offering a cash discount for prompt payment.
 - (c) Payments made after the end of a financial period are not allowed as a charge against that financial period unless expenses have been accrued in the accounts for the period in accordance with paragraph 2 of article 13 of the Financial Regulations.

7.70 CURRENCIES OF ACCOUNTING AND CURRENCY CONVERSION RATES

- (a) The accounts of the Centre shall be maintained in euros ~~(as from 01/01/2008). Subsidiary accounting records may be maintained in other currencies.~~
- (b) Except where otherwise provided in the Financial Regulations or these Rules, the conversion rates used for internal accounting purposes shall be the United Nations accounting rates of exchange applicable on the date a transaction is recorded in the accounts of receipt or disbursement by the Centre ~~of the amount concerned.~~
- (c) Exchange gains and losses resulting from the revaluation of assets and liabilities held in currencies other than the euro shall be recorded in the accounts.
- (d) When salaries and allowances are paid in a currency other than that in which they are expressed, the rate of exchange used for the payment shall normally be the United Nations system rate in force on the date of entitlement.
- (e) Advances relating to salaries, allowances and expenses of officials for which the entitlement is expressed in terms of euros, including advances on education grants, shall be recorded in euros; repayments will be so calculated as to effect full recovery of the amount recorded.
- (f) Advances relating to salaries, allowances and expenses of officials for which the entitlement is expressed in terms of a currency other than the euro shall be recorded in the former currency when the advance is made in that currency and in euros in other cases. The rate of exchange at which the recorded amount in euros is calculated shall be the United Nations system rate in force on the date of the advance. The rate of exchange at which the recorded amount of the advance in euros is recovered shall be the United Nations system rate in force on the date of the recovery.
- (g) When expenses incurred by officials or other persons to whom a payment is due from the Centre are reimbursed by the Centre in a currency other than that in which the expenses were incurred, the conversion rate used for the purpose of the reimbursement shall be the United Nations system rate in force on the date on which the expenses were incurred, except in the following cases:
 - (i) where the person concerned had to purchase the currency ~~himself or herself~~ at a given date and produces a bank slip showing the rate at which it was obtained, the conversion may be made at that rate;
 - (ii) where a related advance has been made in a currency other than that in which the expenses are reimbursed by the Centre, the expenses incurred up to the amount of the advance shall be converted at the rate of exchange at which the advance was secured;
 - (iii) final payments made by the Centre in respect of education grants at the end of a scholastic year, after taking account of any advances made during the course of the year, may be calculated at a special exchange rate.

7.80 RESPONSIBILITY FOR PAYMENTS

- (a) An instruction from a superior official shall not relieve an official authorized to make payments from responsibility for an irregular payment, unless, before payment was made, written notification had been received from the Treasurer that the official's doubts concerning the regularity of that payment were unfounded.
- (b) An instruction from a superior official ~~or Certifying Officer~~ shall not relieve ~~the Treasurer~~ the Financial Services from responsibility for an irregular payment, unless the irregularity was pointed out ~~by~~ to the Treasurer ~~and/or to~~ the Director in writing before the payment was made, and ~~his~~ the objection overruled. Any such overruling shall be given in writing and shall be reported to the External Auditor.

7.90 EX GRATIA PAYMENTS

The Director may authorise such ex gratia payments as he/she deems to be necessary in the interests of the Centre. A statement of such payments shall be submitted to the External Auditor with the related accounts.

VIII. Management of funds

8.10 TREASURY MANAGEMENT

The Treasurer shall be responsible for the treasury management of all funds in the custody of the Director.

8.20 MONIES TO BE DEPOSITED IN BANKS

All Centre monies not immediately required shall be placed in such bank or banks of internationally recognised standing as the Treasurer may designate.

8.30 OPERATIONS OF BANK ACCOUNTS

~~Banking~~ accounts shall normally be operated jointly by two or more officials to be designated by the Treasurer.

8.40 INVESTMENT OF FUNDS

- (a) Reserve F ~~funds available under the General Fund and the Working Capital Fund~~ may be invested in accordance with Article 11 of the Financial Regulations.
- (b) Other funds for which the Director is responsible shall be invested in accordance with any special regulations in force for such funds, or in the absence thereof, in similar manner to funds available under the General Fund.

8.50 LOSS OF CASH OR NEGOTIABLE INSTRUMENTS, CASES OF FRAUD

Any loss of cash or negotiable instruments and any case of fraud, presumption of fraud or attempted fraud must be reported at once to the Treasurer who will ensure that appropriate follow-up action is taken and that full details are submitted to the External Auditors and the Internal Auditor with the related accounts in conformity with Rule 13.10.

8.60 EXCHANGE OF CURRENCIES

Officials responsible for the operation of the Centre's bank accounts, or for holding the Centre's cash or negotiable instruments, are not authorised to exchange one currency for another except to the extent required for the transaction of official business.

IX. Designation of cashiers and advances of funds

9.10 DESIGNATION OF CASHIERS

Officials who are to perform the function of cashier shall be designated by the Treasurer. The exact duties of each cashier shall be notified to him/her in writing. Advances to cashiers shall not be considered as operating cash advances for the purpose of these Rules.

9.20 ESTABLISHMENT OF OPERATING CASH ADVANCES (INCLUDING PETTY CASH ADVANCES)

Operating cash advances (including petty cash advances) may be made to officials designated by the Treasurer. The accounts for operating cash advances shall be maintained, normally on an imprest basis, in a form approved by the Treasurer. The person issuing an advance shall specify in writing the amount of the advance and the purposes for which it may be used. The amount of the advance shall be held to the minimum compatible with working requirements.

9.30 ACCOUNTING FOR OPERATING CASH ADVANCES

- (a) Officials to whom operating cash advances are issued under Rule 9.20 shall make use of such advances only for the purpose for which the advance was authorised and shall be personally responsible therefor.
- (b) They shall ~~render~~ ~~accountings~~ as stipulated when the advances ~~are~~ is made; such accountings, unless otherwise specified, shall be made not less frequently than once each month. They shall be in a position at all times to account for the advances. Cash and negotiable instruments shall be kept in safe custody.
- (c) Operating cash advances shall be replenished upon presentation of a claim for replenishment. These claims shall be made in the form prescribed by the Treasurer or the person issuing the advance and shall list each expenditure made in sufficient detail to permit a proper classification and scrutiny of the expenses. Except as may have been specified when the advance was issued, each expenditure listed must be supported by a proper receipt.

9.40 OTHER CASH ADVANCES

- (a) In addition to the operating cash advances referred to in Rule 9.20, the Financial Services may make such other cash advances as may be permitted by the Staff Regulations or administrative instructions approved by the Treasurer.
- (b) Travel advances shall normally be accounted for within eight days after the official's return from travel.

X. Procurement

10.10 PROCUREMENT PRINCIPLES

The following general principles shall be given due consideration when exercising the procurement functions of the Centre:

- best value for money;
- economy and efficiency to achieve quality and cost effectiveness;
- fair and open competition giving all qualified suppliers an opportunity to participate;
- transparency and accountability in the procurement process; and
- any other interests of the Centre.

10.240 AUTHORITY AND RESPONSIBILITY ~~AUTHORISED CONTRACTING OFFICIALS~~

- (a) Activities under this chapter directed to procuring, leasing or rental of ~~Contracts for the purchase of goods, equipment, works and services shall be entered into on behalf of the Centre may be carried out only by officials duly authorized for the purpose. in writing by the Treasurer.~~ Such activities include methods of informal competition such as requests for quotations, methods of formal competition using invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited vendors, and the negotiation and conclusion of contracts, including situations within the scope of Rule 10.50.
- (b) The Director shall establish a Contracts' Committee to provide written advice in relation to procurement actions leading to the award or amendment of contracts. The Director shall establish the composition and terms of the Committee, which shall include the types and monetary values of proposed procurement actions subject to review. In a case where the Director or other authorized official decides not to accept the advice of the Contracts' Committee, he/she shall record in writing the reasons for that decision.

10.320 ~~COMPETITIVE BIDDING AND ADVERTISING~~ COMPETITION

- ~~(a) Except as provided in Rules 10.20 (c) and 10.30, whenever a single purchase of goods or services is likely to exceed euros 20,000 or the equivalent, tenders from at least three suppliers shall be sought by invitations to bid or by newspaper advertisement.~~
- ~~(b) If a single purchase of goods or services is not likely to exceed euros 20,000 or the equivalent, such tenders may be sought; alternatively, an assessment of competitive prices shall be made whenever possible.~~

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- (a) Procurement contracts shall be awarded on the basis of effective competition in accordance with requirements established pursuant to Rule 1.50 and any other applicable requirements.
- (be) Rule 10.320(a) shall not apply to employment contracts or to external collaboration contracts with individuals or implementation agreements for the delivery of technical assistance other than those with commercial entities, which are entered into in accordance with applicable requirements, for the supply of the services of a particular individual. The financial criteria and procedures applicable to such contracts shall be approved by the Director of the Training Department for training and research collaboration contracts, and by the Director for all other contracts.

10.40 AWARDING OF CONTRACTS

~~Wherever tenders have been sought or an assessment of competitive prices has been made, contracts shall normally be awarded to the supplier quoting the lowest price for an acceptable offer. Contracts, including purchase orders, shall be awarded based on the following requirements:~~

- (a) in the case of requests for quotations and invitations to bid, contracts shall be awarded to the best qualified vendor submitting the most technically acceptable and lowest quotation or bid;
- (b) in the case of requests for proposals, contracts shall be awarded to the qualified vendor whose proposal is considered to be the best value (technical and financial) and the most responsive to the needs of the Centre;
- (c) if ~~However, when~~ the interests of the Centre so require, any or all quotations or bids of the tenders submitted in accordance with procedures identified in (a) or (b) above may be rejected. In such a case, Where a tender is rejected, under the provisions of this rule, the reasons for such rejection shall be recorded and a determination made whether to invite new competitive tenders, to enter into a negotiated contract or to cancel the procedure.

10.530 EXCEPTIONS TO ADVERTISING REQUIREMENTS

- a) The Treasurer may, on behalf of the Director, waive the requirement of formal competition application of the Rule 10.20(a) in cases where he/she decides in the interest of the Centre to do so, and in particular when:
- (i) there is no competitive market for the requirement, such as where a monopoly exists, ~~when~~ where the prices or rates are fixed pursuant to by legislation or government regulation by public regulatory bodies or where the requirement involves a proprietary product or service or when for other reasons there is no competitive market for the goods or services required;
- (ii) ~~when~~ the purchases fall within an approved plan of standardisation of goods or supplies which renders competition impracticable;
- (iii) the proposed contract is the result of cooperation with other organizations of the United Nations system;
- (iv) offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;
- (v) ~~when~~ the exigencies of the service do not permit the delay attendant upon the issue of invitations to bid;
- (vi) ~~when competitive bidding~~ within a reasonable period, a formal solicitation has failed to give satisfactory results;
- (vii) the proposed contract relates to obtaining services that cannot be evaluated objectively.

~~(i) — when the contract relates to professional services provided by a corporate body.~~

- b) A record shall be maintained of all cases in which the requirement of formal competition ~~the application of Rule 10.20(a)~~ has been waived. In each such case, the contract shall be annotated as follows: "Competitive bidding waived in accordance with Financial Rule 10.530 sub-paragraphs (i)-(vii) or explanation of reason if not covered by one of these subparagraphs."

10.650 PURCHASES AND CONTRACTS TO BE MADE IN WRITING

- (a) All purchases or contracts shall be made in writing, except for direct cash purchases made in accordance with Rules 9.20 and 9.30 above.
- (b) Where for any reason immediate cash payment cannot be made for goods or services ordered verbally, the order must be confirmed in writing without delay.

10.760 WRITTEN FINDINGS

Each determination or decision required of an authorised purchasing or contracting official by the provisions of these rules shall be supported by the written findings of such official. The written findings shall be placed in the appropriate case files.

XI. Property

11.10 PROPERTY RECORDS

- (a) Adequate records shall be maintained of real property; non-expendable and expendable equipment; supplies and materials received, issued, sold or otherwise disposed of, and remaining on hand. The Treasurer Property Survey Committee shall establish the nature and extent of the records to be maintained for the purposes of this Rule.
- (b) The records maintained in respect of stores and property accounts shall in all cases indicate the official accountable for each item.
- (c) Control accounts shall be maintained recording the ~~total~~ value of capital assets, property and equipment purchased, and sold, or otherwise acquired or disposed of, beyond a monetary threshold established by the Treasurer and disclosed in the financial statements.

11.20 PHYSICAL INVENTORIES

Physical inventories shall be taken of all supplies, equipment or other property of the Centre, or entrusted to the charge of the Centre, at such intervals as may be deemed necessary by the Treasurer to ensure adequate control over such assets ~~property~~.

11.30 USE OF PROPERTY OR SERVICES OF THE CENTRE

- (a) The property or the services of the Centre shall not be used for private purposes except where specifically authorised by the Director in the interest of the Centre.
- (b) The Director shall determine the amounts due to the Centre for the use of its property or services.
- (c) Goods or services of the Centre may be provided to the United Nations, other specialised agencies, or other organisations on such terms and conditions as may be appropriate in each case.

11.40 TREATMENT OF CASES OF LOSS OF ASSETS, FRAUD OR UNRECOVERED DEBT

(See Rule XIII) Any loss of assets or unrecovered debt must be reported at once to the Treasurer who shall ensure that appropriate follow-up action is taken. The Treasurer shall inform the External Auditor and the Internal Auditor of all such losses.

11.50 ACCOUNTING FOR DONATED PROPERTY

Goods received and accepted by the Centre as gifts or entrusted to the charge of the Centre for use in carrying out activities financed by the General Fund, shall be accounted for in the same manner as other goods acquired by the Centre.

11.560 DISPOSAL OF SURPLUS PROPERTY

Surplus property having residual commercial value shall be disposed of by sale after competitive bidding unless the Treasurer, in the interest of the Centre, authorises a different method of disposal.

XII. The accounts

12.10 RESPONSIBILITY FOR MAINTAINING THE ACCOUNTS

The accounts shall be maintained by the Financial Services ~~Finance and Budget Service~~ as prescribed in Chapter VI of the Financial Regulations.

XIII Accountability

13.10 CASES OF FRAUD, PRESUMPTION OF FRAUD OR ATTEMPTED FRAUD

Any case of fraud, presumption of fraud or attempted fraud must be reported to the Director through the Treasurer and the Internal Auditor. Confidentiality shall be respected at all times. No staff member who provides such information shall be adversely affected unless this information was

wilfully provided with the knowledge that it was false or with intent to misinform. In all instances, the Treasurer, the External Auditor and the Internal Auditor shall promptly be made aware of the Full details of such cases shall be submitted to the External Auditor with the related documentsaccounts.

13.20 REIMBURSEMENT OF LOSSES

Officials who, as a result of fraud or other misconduct or serious negligence, cause any kind of financial or other loss to the Centre may, without prejudice to the application of the Staff Regulations, be required to reimburse such loss, either partially or in full, irrespective of whether the loss is covered by insurance or not.

13.30 COMMITTEE ON ACCOUNTABILITY

- (a) The Director shall appoint a Committee on Accountability, which will report to him/her through the Treasurer. The Treasurer shall refer to the Committee on Accountability appropriate cases of fraud, presumption of fraud and attempted fraud, as well as of dishonesty, negligence or disregard of established Centre procedures or directives which resulted or could have resulted in financial or other loss to the Centre or damage to its property. The Committee's function shall include establishing the facts; fixing the responsibility for the loss, if any; making, where applicable, recommendations relating to reimbursement; referral to the unit responsible for disciplinary matters; and authorizing the writing-off of the loss concerned.
- (b) ~~13.40~~ The Committee on Accountability shall also examine cases of persistent failure on the part of an official to respect the Centre's financial rules and procedures or the recommendations of either the External or the Internal Auditor, which have been accepted by the Centre, establish the facts, where necessary, as under Rule 13.30 (a) above, and refer such cases to the unit responsible for disciplinary matters.

13.450 WRITING-OFF OF LOSSES

- (a) Where a loss is estimated as euros ~~5,000400~~ or less, the writing-off may be authorised by the Treasurer. The ~~Director, Treasurer~~ or the Committee on Accountability, in cases referred to it, may authorize the writing-off of losses exceeding the equivalent of euros ~~5,000400~~. A statement of all losses over euros ~~5,000400~~ which are written off shall be submitted to the External Auditor and the Internal Auditor with the related documents.accounts.
- (b) ~~13.60~~ A loss may be written-off if, in the judgement of the authorising official ~~Treasurer~~ or the Committee on Accountability, the cost of recuperating the loss would exceed the amount to be written-off, or if it is very unlikely that action to recuperate the loss would be successful.
- (c) ~~13.70~~ Amounts written-off and subsequently recovered after the close of the financial period in which the writing-off occurred shall be treated as miscellaneous income.

XIV. Internal audit

14.10 RESPONSIBILITIES OF INTERNAL AUDITOR

- (a) The Chief Internal Auditor of the International Labour Office (ILO) shall be the Internal Auditor of the Centre.
- (b) Without derogating from the control and audit responsibilities of the Treasurer and the Financial Services ~~Finance and Budget Service~~, the Internal Auditor shall carry out such independent examinations and make such reports to the Director or persons designated by the Director as he/she may consider necessary, or as the Director or ~~the~~ persons designated by him/her may specifically require, in order to ensure an effective internal audit in accordance with Chapter VIII of the Financial Regulations.
- (c) The Internal Auditor is responsible for internal audit, inspection, monitoring and evaluation of the adequacy and effectiveness of the Centre's system of internal control, financial management and use of assets as well as investigation of financial or administrative misconduct and other irregular activities. All systems, processes, operations, functions, programmes and activities within the Centre are subject to the Internal Auditor's independent review, evaluation and oversight.

14.20 TERMS OF REFERENCE GOVERNING INTERNAL AUDIT

Internal audit shall function in accordance with the Audit Charter approved by the Board and the following provisions:

- (i) the Internal Auditor shall report directly to the Director;
- (ii) internal audit shall have full, free and prompt access to all records, property, personnel, operations, functions and any other material within the Centre which, in internal audit's opinion, are relevant to the subject matter under review;
- (iii) in addition to receiving reports of fraud, presumption of fraud or attempted fraud as required under article 13.10 of the Financial Rules, internal audit shall also be available to receive directly from individual staff members complaints or information concerning the possible existence of waste, abuse of authority or other irregular activities. Confidentiality shall be respected at all times. No staff member who provides such information shall be adversely affected, unless this information was wilfully provided with the knowledge that it was false or with intent to misinform. The Internal Auditor shall immediately inform the Treasurer of any substantiated complaints or information involving loss of property or resources;
- (iv) internal audit shall report the results of its work and make recommendations to the Director, with a copy to the External Auditor, and other persons designated by the Director. At the request of the Internal Auditor, any such report shall be submitted to the Board, together with any comments thereon by the Director as he/she deems appropriate;
- (v) the Internal Auditor shall additionally submit a summary report annually to the Director, with a copy to the External Auditor, on internal audit activities of the previous year, including the orientation and scope of such activities, as well as the implementation status of recommendations. This report shall be submitted to the Board together with any comments thereon by the Director as he/she deems appropriate;
- (vi) the Director shall ensure that all internal audit recommendations are responded to and implemented, as appropriate.