

FINANCIAL REGULATIONS AND RULES

Geneva, 2026



**WORLD
METEOROLOGICAL
ORGANIZATION**

**FINANCIAL REGULATIONS AND RULES OF
THE WORLD METEOROLOGICAL ORGANIZATION**

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FINANCIAL REGULATIONS AND RULES OF THE WORLD METEOROLOGICAL ORGANIZATION

ARTICLE 1 APPLICABILITY

Regulation 1.1 These regulations shall govern the financial administration of the World Meteorological Organization (hereinafter called the Organization). They may be amended by Congress. In the event of any conflict between any provisions of the regulations and the provisions of the WMO Convention (*Basic Documents No. 1* (WMO-No. 15)), the WMO Convention shall prevail.

Rule 101.1: Applicability and authority

The Financial Rules are promulgated by the Secretary-General in accordance with the provisions of the Financial Regulations adopted by Congress. They shall govern all the financial management activities of the Organizations except as may otherwise explicitly be provided by Congress or unless specifically exempted therefrom by the Secretary-General. The Secretary-General hereby delegates authority and responsibility for the implementation of the Financial Regulations and Rules to the Assistant Secretary-General. The Assistant Secretary-General may, in turn, delegate authority for specified aspects of the Financial Regulations and Rules. In the application of the Financial Regulations and Rules, officials shall be guided by the principles of effective and efficient financial management and the exercise of economy.

Rule 101.2: Responsibility and accountability

All staff of the Organization are obligated to comply with the Financial Regulations and Rules and with Standing Instructions issued in connection with those Regulations and Rules.

Any staff member who contravenes the Financial Regulations and Rules or corresponding Standing Instructions may be held personally accountable and financially liable for his or her actions.

Rule 101.3: Definitions

For the purpose of these rules:

- (a) "Organizational Entity" shall mean any organizational unit for which the head reports to a member of Executive Management;
- (b) "Head of Organizational Entity" shall mean officer in charge of an Organizational Entity as defined in subparagraph (a) above;
- (c) Controller shall mean the officer formally designated by the Secretary-General to perform the functions assigned to the Controller under these Rules;
- (d) "Executive Management" is comprised of the Secretary-General, the Deputy Secretary-General and the Assistant Secretary-General.

ARTICLE 2 THE FINANCIAL PERIOD

Regulation 2.1 The financial period shall be four years beginning on 1 January of the calendar year immediately following a session of Congress and ending on 31 December of the fourth year.

Regulation 2.2 Nevertheless, in the event that a session of Congress is completed before

the beginning of the last full year of a financial period, a new financial period shall begin on 1 January following that session of Congress.

ARTICLE 3

MAXIMUM EXPENDITURES FOR THE FINANCIAL PERIOD

Regulation 3.1 Estimates of maximum expenditures which may be incurred by the Organization in the financial period shall be prepared by the Secretary-General.

Rule 103.1: Authority and responsibility

- (a) The Secretary-General shall decide on the programme content and resource allocation of the proposed budget for the financial period to be submitted to Congress;
- (b) Heads of organizational entities shall prepare budget proposals for the forthcoming financial period at such times as the Assistant Secretary-General may prescribe and in accordance with the Financial Regulations and Rules;
- (c) The Controller shall, consistent with these Rules, establish guidelines, including the form and content, for submission of budget proposals by Heads of organizational entities.

Regulation 3.2 The estimates shall cover the income and expenditures for the financial period to which they relate and shall be presented in Swiss francs (CHF).

Regulation 3.3 The estimates shall be made by appropriation parts corresponding to the Long-Term Goals and presented in a results-based format and shall be accompanied by such informational annexes and explanatory statements as may be requested by, or on behalf of, Congress and such further annexes or statements as the Secretary-General may deem necessary and useful.

Rule 103.2: Presentation, content and methodology

The proposed budget for the financial period shall contain, at a minimum:

- (a) A detailed statement of resources by appropriation part; for the purpose of comparison, the expenditures for the previous financial period and the appropriations for the current financial period shall be indicated alongside the resource estimates for the forthcoming financial period;
- (b) A statement of estimated income, including income classified as miscellaneous in accordance with Regulation 10.1; information on revenue-producing activities shall show estimated gross revenue and expenditure for each activity as well as the credit to the income section of the budget in respect of the net revenue from each such activity.

Regulation 3.4 The estimates shall be submitted to the Executive Council at least five weeks prior to the meeting at which they will be considered. The Executive Council shall examine them and prepare a report on them to Congress.

Regulation 3.5 The estimates prepared by the Secretary-General shall be transmitted to all Members at least six months prior to the opening of Congress. The report of the Executive Council on the estimates shall be transmitted with the estimates or as soon as possible thereafter, but not later than three months before the beginning of the session of Congress.

Regulation 3.6 The maximum expenditures for the following financial period shall be voted by Congress after consideration of the estimates and of any supplementary estimates prepared

by the Secretary-General and of the reports of the Executive Council on them.

Regulation 3.7 Supplementary estimates for the financial period may be submitted to the Executive Council by the Secretary-General during the interval between the submission of the estimates to the Executive Council and the opening of Congress.

Rule 103.3: Supplementary budget requirements

Supplementary estimates for the financial period may be submitted in the following instances:

- (a) When they include activities which the Secretary-General considers to be of the highest priority and which could not have been foreseen at the time, the initial programme budget proposals were prepared;
- (b) In respect of decisions taken by Congress;
- (c) In respect of decisions taken by the Executive Council.

Regulation 3.8 The Secretary-General shall prepare each supplementary estimate in a form consistent with the applicable portion of the estimates for the financial period.

Rule 103.4: Supplementary proposals, presentation and submission

- (a) Heads of organizational entities shall prepare supplementary estimates for the financial period at such times as the Assistant Secretary-General may prescribe;
- (b) The Secretary-General shall decide on the programme content and resource allocation of supplementary estimate proposals for the financial period to be submitted to Congress;
- (c) The Controller shall, consistent with these Rules, establish guidelines, including the form and content, for submission of supplementary proposals by Heads of organizational entities.

Regulation 3.9 When time permits, the Executive Council shall examine the supplementary estimates and prepare a report thereon to Congress; otherwise, they shall be left for consideration by Congress.

ARTICLE 4
AUTHORIZATION OF APPROPRIATIONS FOR THE FINANCIAL PERIOD

Regulation 4.1 The maximum expenditures voted by Congress shall constitute authority to the Executive Council to approve appropriations for each of the two biennia comprising the financial period. The total appropriations shall not exceed the amount voted by Congress.

Regulation 4.2 Transfers between appropriation parts may be authorized by the Executive Council, subject to the total amount of such transfers not exceeding 3 (three) per cent of the total maximum expenditure authorized for the financial period.

Rule 104.1: Inter-appropriation line transfers

- (a) Any proposed budget transfer during the biennium which will ultimately result in a transfer between appropriation lines, irrespective of the amount involved, must be submitted to the Secretary-General for approval through the Assistant Secretary-General;
- (b) The Controller shall, consistent with these Rules, prepare a summary of proposed transfers between appropriation lines;

- (c) Upon closure of the biennial accounts, a list of inter-appropriation line transfers required to balance the appropriations will be submitted to the Secretary-General for approval and submission to the Executive Council for its approval in accordance with Regulation 4.2;
- (d) The authorization of the Executive Council is submitted to the External Auditor together with the draft accounts.

ARTICLE 5 THE BIENNIUM

Regulation 5.1 The first biennium will begin with the commencement of the financial period, followed by the second biennium beginning on 1 January of the third year of the financial period.

ARTICLE 6 THE BIENNIAL BUDGET

Regulation 6.1 The biennial budget estimates shall be prepared by the Secretary-General.

Rule 106.1: Authority and responsibility

- (a) The Secretary-General shall decide on the programme content and resource allocation of the proposed biennium budget to be submitted to the Executive Council;
- (b) Heads of organizational entities shall prepare budget proposals for the forthcoming biennium at such times as the Assistant Secretary-General may prescribe and in accordance with the Financial Regulations and Rules;
- (c) The Controller shall, consistent with these Rules, establish guidelines, including the form and content, for submission of budget proposals by Heads of Department.

Regulation 6.2 The estimates shall cover income and expenditure for the biennium to which they relate and shall be presented in Swiss francs.

Regulation 6.3 The biennial budget estimates shall be presented in a results-based format based on the Long-Term Goals at the level of the Strategic Objectives and shall be accompanied by such informational annexes and explanatory statements as may be requested by, or on behalf of, the Executive Council and such further annexes or statements as the Secretary-General may deem necessary and useful.

Rule 106.2: Presentation, content and methodology

The proposed biennial budget shall contain:

- (a) A detailed statement of resources by appropriation part; for the purpose of comparison the expenditures for the previous biennium and the appropriations for the current biennium shall be indicated alongside the resource estimates for the forthcoming biennium;
- (b) A statement of estimated income, including income classified as miscellaneous in accordance with Regulation 10.1; information on revenue-producing activities shall show estimated gross revenue and expenditure for each activity as well as the credit to the income section of the budget in respect of the net revenue from each such activity.

Regulation 6.4 The Secretary-General shall submit to the regular meeting of the Executive Council estimates for the following biennium. The estimates shall be transmitted to all

members of the Executive Council at least five weeks prior to the opening of the regular session of the Executive Council.

Regulation 6.5 The budget for the following biennium shall be approved by the Executive Council.

Regulation 6.6 Supplementary estimates may be submitted by the Secretary-General whenever necessary.

Rule 106.3: Supplementary budget requirements

Supplementary estimates for the biennium may be submitted in the following instances:

- (a) When they include activities which the Secretary-General considers to be of the highest priority and which could not have been foreseen at the time the initial programme budget proposals were prepared;
- (b) In respect of decisions taken by Congress;
- (c) In respect of decisions taken by the Executive Council.

Regulation 6.7 The Secretary-General shall prepare these supplementary estimates in the same form as that of the applicable portions of the estimates for the biennium and shall submit the estimates to the Executive Council for approval.

Rule 106.4: Supplementary budget proposals, presentation and submission

- (a) Heads of organizational entities shall prepare supplementary estimates for the biennium in such form and at such times as the Assistant Secretary-General may prescribe;
- (b) The Secretary-General shall decide on the programme content and resource allocation of all supplementary estimate proposals for the biennium to be submitted to the Executive Council;
- (c) The Controller shall, consistent with these Rules, establish guidelines, including the form and content, for submission of supplementary proposals by Heads of organizational entities.

**ARTICLE 7
APPROPRIATIONS**

Regulation 7.1 The appropriations approved by the Executive Council shall constitute an authorization to the Secretary-General to enter into commitments and make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

Regulation 7.2 Appropriations shall be available to enter into commitments during the biennium to which they relate.

Regulation 7.3 Appropriations shall remain available for twelve months following the end of the financial year to which they relate to the extent that they are required to discharge commitments in respect of goods delivered and services rendered in the financial year and to discharge any other outstanding legal commitments of the financial year. At the end of the first biennium the remaining balance shall be re-appropriated subject to the approval of the Executive Council to the corresponding parts of the budget of the second biennium for the implementation of the programme approved by Congress.

Regulation 7.4 At the end of the twelve-month period following the end of the two biennia

mentioned in Regulation 7.3, the remaining balance of any appropriations retained shall be surrendered.

Regulation 7.5 Notwithstanding the provisions of Regulations 7.3 and 7.4 in the case of outstanding legal obligations in respect of fellowships, the portion of the appropriation required shall remain available until the fellowships are completed or otherwise terminated. At the time of the termination of the fellowship, any remaining balance shall be retained in the General Fund for the sole purpose of financing further long-term and short-term fellowships.

Regulation 7.6 Amounts surrendered in accordance with Regulations 7.3 and 7.4 shall be retained for the purposes approved by Congress for the financial period subject to the provisions of Regulation 9.1.

Regulation 7.7 A transfer between appropriation parts may be made by the Secretary-General subject to confirmation by the Executive Council.

Rule 107.1: Commitments against appropriations for future biennia

The Secretary-General may enter into commitments for future biennia, provided such commitments are for activities which have been approved by the Executive Council and are expected to continue beyond the end of the current biennium.

Rule 107.2

In accordance with Rule 107.1, the authority to approve commitments against future biennia is delegated to the Assistant Secretary-General. The Assistant Secretary-General may delegate this authority to the Controller. The Controller shall maintain a record of all such commitments (Rule 114.5) which shall constitute the first charges against relevant appropriations once they are approved by the Executive Council.

ARTICLE 8 PROVISION OF FUNDS

Assessments

Regulation 8.1 Appropriations shall be financed by contributions from Members of the Organization according to the scale of assessments determined by Congress, such contributions to be adjusted in accordance with the provisions of Regulation 8.2. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.

Regulation 8.2 For each of the two years of a biennium the contributions of Members shall be assessed on the basis of one half of the appropriations approved by the Executive Council for the biennium, except that adjustments shall be made to the assessment in respect of:

- (a) Supplementary appropriations for which contributions have not previously been assessed on Members;
- (b) Half of the estimated miscellaneous income for the biennium for which credits have not previously been taken into account and any adjustments in estimated income previously taken into account.

Regulation 8.3 After the Executive Council has approved the biennial budget and determined the amount needed for the Working Capital Fund, the Secretary-General shall:

- (a) Transmit the relevant documents to the Members of the Organization;

- (b) Inform the Members of their commitments in respect of annual contributions and advances to the Working Capital Fund;
- (c) Request them to remit their contributions and advances.

Rule 108.1: Requests for payment of assessed contributions

The Controller shall comply with Regulation 8.3 within sixty days of the completion of the Executive Council decision to approve or revise the biennial budget and/or the level of the Working Capital Fund. When the ordinary session of the Executive Council does not consider biennial budget documents, generally the first Executive Council session of each biennium, the Controller shall comply with Regulation 8.3 within sixty days of the completion of the ordinary session of the Executive Council.

Regulation 8.4 Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Secretary-General referred to in Regulation 8.3 above, or as of the first day of the year to which they relate, whichever is the later. As of 1 January of the following year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.

Regulation 8.5 Annual contributions and advances to the Working Capital Fund of the Organization shall be assessed and paid in Swiss francs.

Regulation 8.6 Notwithstanding the provisions of Regulation 8.5 and to facilitate payments by Members, the Secretary-General may accept, to the extent he may find it practicable, payments of contributions in freely convertible currencies other than the Swiss franc. The exchange rate applicable to these payments in establishing their equivalent in the currency of the State in which the Organization has its headquarters shall be the official United Nations rate of exchange in force on the date of credit to the WMO bank account.

Regulation 8.7 Payments made by a Member of the Organization shall be credited first to the Working Capital Fund, then applied in chronological order to the reduction of the contributions which are due in accordance with the scale of assessments.

Regulation 8.8 Notwithstanding the provisions of Regulation 8.7, amounts received in respect of the current year's contribution will be credited to that year providing that the full yearly instalment due under the terms of special arrangements as established by Congress concerning the repayment of long-outstanding contributions has been paid to the Organization. These special arrangements may be concluded with any Member in arrears for more than four years on the date of entry into force of such arrangements.

Regulation 8.9 The Secretary-General shall submit to the regular sessions of the Executive Council a report on the collection of contributions and advances to the Working Capital Fund.

Contributions from new Members

Regulation 8.10 New Members of the Organization shall be required to make a contribution for the unexpired portion of the biennium in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined provisionally by the Executive Council, subject to subsequent approval by Congress.

Rule 108.2

Contributions from new Members for the unexpired portion of the biennium in which they become Members shall be credited as additional assessed contributions.

Contributions from Members withdrawing from the Organization

Regulation 8.11 A Member withdrawing from the Organization shall make its contribution for the period from the beginning of the biennium in which it withdraws up to and including the date of its withdrawal and shall be entitled only to the amount standing to its credit in the Working Capital Fund, less any sum due from that Member of the Organization.

ARTICLE 9 FUNDS

Regulation 9.1 There shall be established a General Fund for the purpose of accounting for expenditures authorized under Regulations 7.1, 7.2 and 7.3. The General Fund will be credited with contributions paid by Members under Regulations 8.1, 8.10, 8.11 and miscellaneous income as defined under Regulation 10.1. Cash surpluses on the General Fund shall be credited on the basis of the scale of assessments to the Members of the Organization as follows:

- (a) For Members who have paid in full their previous contributions, by deduction from the next assessment;
- (b) For Members who have paid in full their contribution in respect of all previous financial periods, but who have not paid in full their contributions in respect of the period which relates to the surplus to be distributed, by reduction of their arrears, and thereafter by deduction from the next assessment;
- (c) For Members who are in arrears for more than the financial period concerning the one which relates to the surplus to be distributed, their share of the surplus will be retained by the World Meteorological Organization in a special account and will be paid when the provisions of Regulation 9.1 (a) or (b) are met.

Regulation 9.2 The cash surplus on the General Fund shall consist of the sum of:

- (a) Unexpended appropriations surrendered at the end of the two biennia making up the financial period in accordance with Regulation 7.4;
- (b) Plus the amount resulting from contributions paid by Members during the financial period that is in excess of the amount appropriated by the Executive Council for the two biennia making up the financial period; or, if Member contributions amount to less than the amount appropriated by the Executive Council for the two biennia making up the financial period, minus this difference;
- (c) Less any amount retained for purposes approved by Congress for the financial period in accordance with the provisions of Regulation 7.6, or available for fellowships in accordance with Regulation 7.5.

Rule 109.1: Cash Surplus

- (a) In the final year of the financial period, the Controller shall prepare an estimate of the cash surplus for the financial period for submission to Congress. The estimate shall take into consideration the projected unspent balance of the level of expenditures approved by Congress for the financial period and the projected receipt of assessed contributions for the financial period when compared to the appropriations approved by the Executive Council for the two biennia making up the financial period;
- (b) In the second year of the new financial period the Controller shall prepare a final report of the cash surplus for submission to the Executive Council. The report shall take into consideration the actual unspent balance of the level of expenditures approved by Congress for the financial period and the actual receipt of assessed contributions for the financial period when compared to the appropriations approved

by the Executive Council for the two biennia making up the financial period. In addition, the estimate shall be adjusted to reflect funds set aside for fellowships under Financial Regulation 7.5 and funds available for use for purposes specified by Congress in accordance with Financial Regulation 7.6;

- (c) Along with the report on the actual cash surplus or deficit for the financial period, the Secretary-General shall include proposals for the use of the surplus or funding of the deficit based on the decision of Congress taken in accordance with Financial Regulation 9.1;
- (d) To facilitate the submission of proposals referred to in Rule 109.1(c), Heads of organizational entities shall prepare proposals for the utilization of the actual cash surplus at such times as the Assistant Secretary-General may prescribe;
- (e) The Controller shall, consistent with these Rules, establish guidelines, including the form and content, for submission of proposals for the utilization of the actual cash surplus by Heads of organizational entities.

Working Capital Fund

Regulation 9.3 There shall be established a Working Capital Fund to an amount fixed by Congress and for purposes to be determined from time to time by the Executive Council. The moneys of the Working Capital Fund shall be advanced by the Members of the Organization, or at the discretion of Congress provided from interest to the extent that it is earned on the investment of the cash resources of the Fund. Interest retained in the Fund shall be credited to Members' advance accounts in accordance with current balances. Advances by Members shall be calculated by the Executive Council in accordance with the scale of assessments for the apportionment of expenses of the Organization and shall be carried to the credit of those Members which have made such advances.

Regulation 9.4 Advances made from the Working Capital Fund to finance appropriations during a biennium shall be reimbursed to the Fund as soon as and to the extent that income is available for that purpose.

Regulation 9.5 Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorized purposes shall be reimbursed through the submission of supplementary estimates.

Rule 109.2: Advances from the Working Capital Fund

Advances from the Working Capital Fund may be made only for the purposes within the terms and conditions prescribed by the Executive Council and only with the approval of the Assistant Secretary-General.

Regulation 9.6 Income derived from investments of the Working Capital Fund, not retained in the Fund to meet an increase in the level of the capital of the Fund, shall be credited to miscellaneous income.

Regulation 9.7 Trust funds, reserve and special accounts may be established by the Secretary-General and shall be reported to the Executive Council.

Regulation 9.8 The purpose and limits of each trust fund, reserve and special account shall be clearly defined by the Executive Council. Unless otherwise provided by Congress, such funds and accounts shall be administered in accordance with the present Financial Regulations and Rules.

Rule 109.3: Trust funds and reserve and special accounts

Trust funds and reserve and special accounts may be established by Congress, the

Executive Council or the Secretary-General in respect of specific activities entrusted to the Organization. The establishment, purpose and limits of trust funds and reserve and special accounts established under the authority of the Secretary-General require the approval of the Assistant Secretary-General.

Regulation 9.9 Income derived from investment of trust funds, reserve and special accounts shall be credited as provided in the provisions applicable to such funds or accounts or at the request of the donors at any time. In other circumstances, Regulation 10.1 shall apply.

ARTICLE 10 OTHER INCOME

Regulation 10.1 All other income except:

- (a) Contributions to the budget;
- (b) Direct refunds of General Fund expenditures made during the current biennium;
- (c) Advances or deposits to funds and accounts;
- (d) Interest earned on the Working Capital Fund to the extent that it is required to augment the level of the Working Capital Fund;
- (e) Revenue from rental of excess space, conference rooms and cafeteria facilities, and sales of publications and souvenirs;
- (f) Revenue from programme support cost charges to trust funds;

shall be classed as miscellaneous income, for credit to the General Fund, unless otherwise specified in accordance with Regulation 9.9.

Rule 110.1: Reimbursement of expenditures

- (a) Within the same biennium, reimbursements of actual expenditures incurred may be credited to the accounts against which they were originally charged; reimbursements of actual expenditures incurred in prior biennia shall be credited as miscellaneous income;
- (b) Adjustments that arise subsequent to the closing of a trust fund, special account, or reserve shall be credited against miscellaneous income or charged as an expense to the General Fund.

Voluntary contributions, gifts or donations

Regulation 10.2 Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General, provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Organization and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organization shall require the consent of Congress or, in case of urgency, of the Executive Council.

Regulation 10.3 Moneys accepted for purposes specified by the donor shall be treated as trust funds or special accounts under Regulations 9.7 and 9.8.

Regulation 10.4 Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and shall be reported as "gifts" in the annual financial statements.

Rule 110.2: Authority and liability

In cases other than those approved by Congress or the Executive Council, the receipt of any voluntary contribution, gift or donation to be administered by the Organization requires the approval of the Assistant Secretary-General.

**ARTICLE 11
CUSTODY OF FUNDS**

Regulation 11.1 The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.

Rule 111.1: Bank accounts, authority and policy

The Controller shall under the authority delegated by the Secretary-General in accordance with Regulation 11.1, review proposals and approve the banks in which the funds of the Organization shall be kept, shall establish all official bank accounts required for the transaction of business of the Organization and shall designate those officials to whom signatory authority is delegated for the operation of those accounts. The Controller, with the support of the Chief of Finance, shall also authorize all bank account closures. Bank accounts of the Organization are to be opened and operated in accordance with the following guidelines:

- (a) Bank accounts shall be designated "official accounts of the World Meteorological Organization" and the relevant authority shall be notified that those accounts are exempt from all taxation;
- (b) Banks shall be required to provide prompt monthly statements;
- (c) Two signatures, or their electronic equivalent, shall be required on all withdrawal instructions, including electronic modes of payment except where an exception is approved by the Controller for offices or projects located outside of headquarters;
- (d) All banks shall be required to recognize that the Assistant Secretary-General and the Controller are authorized to receive, upon request or as promptly as practicable, all information pertaining to official bank accounts of the Organization.

Rule 111.2: Bank signatories

Bank signatory authority and responsibility is assigned on a personal basis and cannot be delegated. Bank signatories cannot exercise the approving functions assigned in accordance with Rule 113.6. Designated bank signatories must:

- (a) Ensure that there are sufficient funds in the bank account when payment instructions are presented for payment;
- (b) Verify that all payment instructions are recorded in the accounts, dated and drawn to the order of the named payee approved by an approving officer (designated in accordance with Rule 113.6), as indicated in the accompanying disbursement voucher, payment instructions and original invoice;
- (c) Ensure that banking instruments are properly safeguarded in accordance with Rule 114.6.

Rule 111.3: Exchange of currencies

Officials responsible for the operation of bank accounts of the Organization or for holding cash of the Organization or negotiable instruments are not authorized to exchange one currency for another, except to the minimum extent necessary for the transaction of official business.

Rule 111.4: Remittances to offices away from headquarters

Offices away from headquarters shall obtain their funds through remittances from headquarters. In the absence of a special authorization from the Controller, those remittances shall not exceed the amount required to bring cash balances up to the levels necessary to meet the recipient office's estimated cash requirements for the next two and a half months.

Rule 111.5: Petty cash and cash advances

- (a) Petty cash funds may be authorized by the Controller to reimburse individuals for small incidental expenses;
- (b) Petty cash advances may be made only by and to officials designated for this purpose by the Controller;
- (c) The relevant accounts shall be maintained on an imprest system and the amount and purpose of each advance shall be authorized by the Controller;
- (d) The Controller may approve other cash advances as may be permitted by the Staff Regulations and Rules and Standing Instructions and as may otherwise be authorized by him or her.

Rule 111.6

Officials to whom cash advances are issued shall be held personally accountable and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for the advances at all times.

Rule 111.7: Receipt and deposit

An official receipt shall be issued by the Treasurer for all cash and negotiable instruments received. If other officials receive money intended for the Organization, they must immediately convey this money to the Treasurer. All moneys received shall be deposited in an official bank account within two business days of receipt.

Rule 111.8: Disbursements/payments

- (a) All disbursements shall be made by electronic funds transfer except to the extent that disbursements by other means are authorized by the Controller;
- (b) Disbursements shall be recorded in the accounts as at the date on which they are made, that is when the transfer, or other approved means of disbursement, is effected.

Rule 111.9: Reconciliation of bank accounts

Every month, unless an exception is authorized by the Controller, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted by banks in accordance with Rule 111.1. This reconciliation must be performed by an official playing no actual part in the receipt or disbursement of funds; if the staffing of an outposted office makes this impracticable, alternative arrangements may be established with the approval of the Controller.

**ARTICLE 12
INVESTMENT OF FUNDS**

Regulation 12.1 The Secretary-General may make short-term investments using money that is not immediately needed.

Regulation 12.2 The Secretary-General may make long-term investments of moneys standing to the credit of trust funds, reserve and special accounts, except as may otherwise be provided by the appropriate authority in respect of each such fund or account and having regard to the particular requirements as to the liquidity of funds in each case.

Rule 112.1: Authority, responsibility and policy

- (a) The authority to make and prudently manage investments under Regulations 12.1 and 12.2 is delegated to the Assistant Secretary-General;
- (b) The Controller shall monitor and review invested funds to ensure they are invested in accordance with guidelines issued by the Assistant Secretary-General and in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Organization's cash flow requirements. In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the Organization.

Rule 112.2

Investments shall be recorded in the accounts, which shall show all the relevant details for each investment, including, for example, face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.

Rule 112.3

- (a) All investments shall be made through and maintained by reputable financial institutions authorized by the Controller;
- (b) All investment transactions, including the withdrawal of invested resources, require authorization and signature of two officials designated for that purpose by the Controller.

Rule 112.4: Income

Income from General Fund investments shall be taken into account as miscellaneous income.

Rule 112.5: Losses

- (a) Any investment losses must be accounted for and reported in accordance with both the International Public Sector Accounting Standards and related policies approved by the Controller. A summary statement of investment losses, if any, shall be provided to the Assistant Secretary-General within one month of such losses occurring and to the External Auditor within three months following the end of the financial year;
- (b) Investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained.

**ARTICLE 13
INTERNAL CONTROL**

Regulation 13.1 The Secretary-General shall:

- (a) Establish detailed financial rules and procedures in order to ensure effective financial administration, the exercise of economy and effective custody of the physical assets of the Organization;

- (b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made;
- (c) Designate the officers who may receive moneys, incur obligations and make payments on behalf of the Organization.

Rule 113.1: Authority and responsibility

The utilization of all funds requires the prior authorization of the officer delegated the authority for internal approval of the specific form of commitment or obligation by the Secretary-General. Such authorization may take the form of an allotment of funds or other authorization to commit, obligate and expend specified funds for specified purposes during a specified period.

Rule 113.2: System of Internal Controls

The Controller shall, under authority delegated by the Assistant Secretary-General, maintain a system of internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and assurance that the Organization's resources and assets are safeguarded in accordance with the regulatory framework, in order to meet the aims and objectives of the Organization.

Regulation 13.2

- (a) In addition to payments authorized under clause (b) below, and notwithstanding Regulation 13.1 (b) above, the Secretary-General may, when it is deemed to be in the interest of the Organization to do so, authorize progress payments;
- (b) Except where normal commercial practice in the interest of the Organization so requires, no contract or purchase order shall be made on behalf of the Organization which requires a payment in advance of the delivery of goods or performance of contractual services.

Rule 113.3: Advance and progress payments

- (a) Except where normal commercial practice or the interests of the Organization so require, no contract or other form of undertaking shall be made on behalf of the Organization which requires a payment or payments on account in advance of the delivery of products or the performance of contractual services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded;
- (b) Advance payments may be made in connection with financial support to organizers of meetings, workshops, etc. upon receipt of an original signed letter of agreement or letter of undertaking from the organizer. Progress payments may be made in accordance with the terms of the signed letter of agreement;
- (c) In addition to subparagraphs (a) and (b), the Controller may, where necessary, authorize progress payments. Whenever an advance or progress payment is authorized the reasons therefor shall be recorded.

Regulation 13.3 No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Secretary-General, or by the officer to whom such authority has been delegated.

Rule 113.4: Checks and balances

Notwithstanding bank signatory functions assigned in accordance with Rule 111.2, all transactions that result in expenses require at least two authorizing signatures, in either

conventional or electronic form. All transactions that result in expenses must first be signed ("certified") by a duly designated certifying officer (Rule 113.5). Following certification, duly designated approving officers (Rule 113.6) must then sign to "approve" the recording of expenditures in the accounts and the further processing of payments.

Rule 113.5: Certifying officers

- (a) Heads of organizational entities, as defined in Rule 101.3 (b) above, shall be designated as certifying officer(s) for the account(s) pertaining to the section or subsection of an approved budget for which they are responsible. Heads of organizational entities shall designate, after consulting the Controller, certifying officer(s) for the account(s) pertaining to the section or subsection of an approved budget for which they are responsible. Certifying authority and responsibility may be delegated to a designated alternate certifying officer for a period when the certifying officer is absent from duty (i.e. on annual leave, sick leave or parental leave). Otherwise, certifying authority and responsibility cannot be delegated. A certifying officer cannot exercise the approving functions assigned in accordance with Rule 113.6 with respect to the section or subsection of an approved budget for which they are a certifying officer;
- (b) Certifying officers are responsible for managing the utilization of resources, including posts in accordance with the purposes for which those resources were approved, the principles of economy, efficiency and effectiveness and the Financial Regulations and Rules of the Organization. Certifying officers must maintain detailed records of all obligations and expenditures against the accounts for which they have been delegated responsibility. They must be prepared to submit any supporting documents, explanations and justifications requested by the Assistant Secretary-General, the Controller, the Internal Oversight Office or the External Auditor.

Rule 113.6: Approving officers

- (a) Approving officers are designated by the Controller to approve the entry into the accounts of expenditures relating to contracts, agreements, purchase orders and other forms of undertaking after verifying that they are in order and have been certified by a duly designated certifying officer. Approving officers are also responsible for approving the making of payments once they have ensured that they are properly due, confirming that the necessary services, supplies or equipment have been received in accordance with the contract, agreement, purchase order or other form of undertaking by which they were ordered and, if the cost exceeds CHF 5 000 (or its equivalent in other currencies), in accordance with the purpose for which the relevant financial obligation was established. Approving officers must maintain detailed records and must be prepared to submit any supporting documents, explanations or justifications requested by the Assistant Secretary-General, the Controller, the Internal Oversight Office or the External Auditor;
- (b) Approving authority and responsibility is assigned on a personal basis and cannot be delegated. An approving officer cannot exercise the certifying functions assigned in accordance with Rule 113.5. An approving officer cannot exercise the bank signatory functions assigned in accordance with Rule 111.2 for transactions upon which they were the approving officer.

Rule 113.7: Establishment and revision of obligations

- (a) Apart from the employment of staff against an approved staffing table and consequential commitments under the Staff Regulations and Rules and allocations made to executing or implementing agencies, no undertaking, including by contract, agreement or purchase order, for an amount exceeding CHF 1 000 (or its equivalent in other currencies) shall be entered into until the appropriate credit(s) has (have)

been reserved in the accounts. This shall be done through the recording of obligations against which relevant payments or disbursements, made only on fulfilment of contractual and other obligations, shall be recorded as expenditure. An obligation shall be recorded in the accounts as unliquidated during the period set forth in Regulation 7.3 and until such point as it is re-obligated, liquidated or cancelled in accordance with Regulations 7.4 and 7.5, as appropriate;

- (b) Expenditures under CHF 1 000 (or its equivalent in other currencies) for which the recording of an obligation is unnecessary require both certification and approval. All increases in obligations, including those resulting from currency fluctuations, shall be subject to the same procedures as apply to the incurring of original obligations.

Rule 113.8: Review, re-obligation and cancellation of obligations

- (a) Outstanding obligations must be reviewed periodically by the responsible certifying officer(s) and the officers responsible for the issuance of the obligations. If an obligation is determined to be valid but cannot be liquidated during the period set forth in Regulation 7.3, the provisions of Regulations 7.4 and 7.5 shall, as appropriate, be applied. Obligations that are no longer valid shall be cancelled from the accounts forthwith and the resulting credit surrendered;
- (b) When any obligation previously recorded in the accounts is, for any reason, reduced (other than by payment) or cancelled, the unit undertaking the review in conjunction with the certifying officer shall accordingly ensure that appropriate adjustments are recorded in the accounts;
- (c) Requisitioning organizational entities (including in subsidiary organizational units) are responsible for confirming that the necessary services, supplies or equipment have been received in accordance with the contract, agreement, purchase order, travel authorizations, temporary staff contracts, special service agreements, financial services agreements or other form of undertaking by which they were ordered.

Rule 113.9: Obligor documents

An obligation must be based on a formal contract, agreement, purchase order or other form of undertaking, or a liability recognized by the Organization. All obligations must be supported by an appropriate obligor document.

Ex gratia payments

Regulation 13.4 The Secretary-General may, with the approval of the President, make such ex gratia payments as he deems to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Executive Council with the financial statements as detailed in Regulation 14.1.

Rule 113.10

Ex gratia payments may be made in cases where, although in the opinion of the Legal Counsel there is no clear legal liability on the part of the Organization, payment is in the interest of the Organization. A summary statement of all ex gratia payments shall be provided to the External Auditor not later than three months following the end of the financial year. Ex gratia payments require the approval of the Secretary-General after having considered the views of the Assistant Secretary-General.

Writing-off of losses or deficiencies

Regulation 13.5 The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, except unpaid contributions, provided that a statement of all such amounts written off shall be submitted to the External Auditor with the

financial statements.

Rule 113.11

- (a) The Assistant Secretary-General may, after full investigation, authorize the writing-off of losses of cash and the book value of accounts and notes receivable deemed to be irrecoverable. A summary statement of losses of cash and receivables shall be provided to the External Auditor not later than three months following the end of the financial year;
- (b) The investigation shall in each case fix the responsibility, if any, attaching to any official(s) of the Organization for the loss or losses. Such official(s) may be required to reimburse the Organization either partially or in full. Final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Secretary-General, after consulting the Assistant Secretary-General, in accordance with the Staff Regulations.

Rule 113.12

- (a) The Controller may, after full investigation by the Property Survey Board authorize the writing-off of losses of the Organization's property and adjust the records in order to bring the balance shown into conformity with actual physical property. A summary statement of losses of non-expendable property shall be provided to the External Auditor not later than three months following the end of the financial year;
- (b) The investigation shall in each case fix the responsibility, if any, attaching to any official(s) of the Organization for the loss or losses. Such official(s) may be required to reimburse the Organization either partially or in full. The final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Secretary-General, after consulting the Assistant Secretary-General, in accordance with the Staff Regulations.

Contracts and purchases

Regulation 13.6 Tenders for equipment, supplies, and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Organization, a departure from the rule is desirable.

Rule 113.13: Procurement Functions

Procurement functions include all actions necessary for the acquisition, by purchase or lease of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when exercising the procurement functions of the WMO:

- (a) Best value for money;
- (b) Fairness, integrity and transparency;
- (c) Effective international competition;
- (d) The interest of WMO.

Rule 113.14: Authority and responsibility

- (a) The Director of Human Resources and Corporate Services is responsible for the procurement functions of the Organization and shall designate the officials responsible for performing the procurement functions;
- (b) The Assistant Secretary-General shall establish a Procurement and Contracts Committee to render written advice to the Assistant Secretary-General on

procurement actions leading to the award or amendment of procurement contracts and subject to the approval of the Assistant Secretary-General. The Assistant Secretary-General shall establish the composition and the terms of reference of such a committee, which shall include the types and monetary values of proposed procurement actions subject to review;

- (c) Where the advice of the Procurement and Contracts Committee is requested, no final action leading to the award or amendment of a procurement contract may be taken before such advice is received. In cases where the Assistant Secretary-General decides not to accept the advice of such Procurement and Contracts Committee, he or she shall record in writing the reasons for that decision.

Rule 113.15: Competition

Consistent with the principles set out in Regulation 13.6 and except as otherwise provided in Rule 113.17, procurement contracts shall be awarded on the basis of effective competition, and to this end the competitive process shall, as necessary, include:

- (a) Acquisition planning for developing an overall procurement strategy and procurement methodologies;
- (b) Market research for identifying potential suppliers;
- (c) Consideration of prudent commercial practices;
- (d) Formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers or informal methods of solicitation such as requests for quotations. The duly approved and issued Standing Instructions shall define policies concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used.

Rule 113.16: Formal methods of solicitation

- (a) When a formal invitation to bid has been issued, the procurement contracts shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the one with the lowest cost to the Organization;
- (b) When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documents;
- (c) The Assistant Secretary-General may, in the interest of the Organization, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The Assistant Secretary-General shall then determine whether to undertake a new solicitation, to directly negotiate a procurement contract pursuant to Rule 113.17 or to terminate or suspend the procurement action. The Assistant Secretary-General may delegate the authority under Rule 113.16(c) to the Director of Human Resources and Corporate Services.

Rule 113.17: Exceptions to the use of formal methods of solicitation

- (a) The Assistant Secretary-General may determine for a particular procurement action that using formal methods of solicitation is not in the best interests of the Organization:
 - (i) When there is no competitive marketplace for the requirement, such as when a monopoly exists, where prices are fixed by legislation or government regulation or where the requirement involves a proprietary product or service;

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- (ii) Where there is a strong need to standardize the requirement;
 - (iii) When the proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to Rule 113.18;
 - (iv) When offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;
 - (v) When, within a reasonable prior period, a formal solicitation has not produced satisfactory results;
 - (vi) When the proposed procurement contract is for the purchase or lease of real property and market conditions do not allow for effective competition;
 - (vii) When there is an exigency for the requirement;
 - (viii) When the proposed procurement contract relates to obtaining services that cannot be evaluated objectively;
 - (ix) When the Assistant Secretary-General, after consulting the Director of Human Resources and Corporate Services, otherwise determines that a formal solicitation will not give satisfactory results;
 - (x) When the value of the procurement is below the monetary threshold for formal methods of solicitation;
- (b) When a determination is made pursuant to subparagraph (a) above, the Assistant Secretary-General, shall record the reasons in writing and may then award a procurement contract, either on the basis of an informal method of solicitation or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirements at an acceptable price;
- (c) The Assistant Secretary-General may delegate the authority under Financial Rule 113.17 to the Director of Human Resources and Corporate Services.

Rule 113.18: Cooperation

The Director of Human Resources and Corporate Services may cooperate with other organizations of the United Nations system to meet the procurement requirements of the Organization, provided that the regulations and rules of those organizations are consistent with those of the Organization. The Director of Human Resources and Corporate Services may, as appropriate, enter into agreements for such purposes. Such cooperation may include carrying out common procurement actions together or the Organization entering into a contract relying on a procurement decision of another United Nations organization or requesting another United Nations organization to carry out procurement activities on behalf of the Organization.

Rule 113.19: Written contracts

- (a) Written procurement contracts shall be used to formalize every procurement action with a monetary value exceeding specific thresholds established by the Assistant Secretary-General. Such arrangements shall, as appropriate, specify in detail:
- (i) The nature of the products or services being procured;
 - (ii) The quantity being procured;
 - (iii) The contract or unit price;
 - (iv) The period covered;
 - (v) Conditions to be fulfilled, including the general conditions of contract of the Organization and implications for non-delivery;
 - (vi) Terms of delivery and payment;

- (vii) Name and address of supplier;
- (b) The requirement for written procurement contracts shall not be interpreted to restrict the use of any electronic means of data interchange. Before any electronic means of data interchange is used, the Director of Human Resources and Corporate Services shall ensure that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information.

Rule 113.20: Property management – Authority and responsibility

- (a) The Director of Human Resources and Corporate Services is responsible for the management of the property of the Organization, including all systems governing its receipt, recording, utilization, safekeeping, maintenance and disposal, including by sale and shall designate the officials responsible for performing property management functions;
- (b) A summary statement of non-expendable property of the Organization shall be provided to the External Auditor not later than three months following the end of the financial year.

Rule 113.21: Property Survey Board

- (a) The Assistant Secretary-General shall establish a Property Survey Board to render written advice to him or her in respect of loss, damage or other discrepancy regarding the property of the Organization. The Assistant Secretary-General shall establish the composition and terms of reference of such a board, which shall include procedures for determining the cause of such loss, damage or other discrepancy, the disposal action to be taken in accordance with Rules 113.22 and 113.23 and the degree of responsibility, if any, attending to any official of the Organization or other party for such loss, damage or other discrepancy;
- (b) Where the advice of the Property Survey Board is required, no final action in respect of the Organization's property loss, damage or other discrepancy may be taken before such advice is received. In cases where the Assistant Secretary-General decides not to accept the advice of the Board, he or she shall record in writing the reasons for that decision.

Rule 113.22: Sale/disposal of property

Sales of supplies, equipment or other property declared surplus or unserviceable shall be based on competitive bidding or donated to WMO Members upon their request, unless the Property Survey Board:

- (a) Estimates that the sales value is less than an amount to be specified by the Director of Human Resources and Corporate Services;
- (b) Considers that the exchange of property in partial or full payment for replacement equipment or supplies is in the best interest of the Organization;
- (c) Deems it appropriate to transfer surplus property from one project or operation for use in another and determines the fair market value at which the transfer(s) shall be effected;
- (d) Determines that the destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property;
- (e) Determines that the interests of the Organization will be served through the disposal of the property by gift or by sale at nominal price to an intergovernmental organization, a government or governmental agency or some other non-profit organization.

Rule 113.23

Except as provided for in Rule 113.22, property shall be sold on the basis of payments made on or before delivery.

Internal oversight

Regulation 13.7 Under the broader scheme of internal oversight, the Secretary-General shall establish an office to provide for an independent verification of financial, administrative and operational activities of WMO, including programme evaluation, monitoring mechanisms and consulting services. The office shall be called the Internal Oversight Office and shall ensure:

- (a) The regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;
- (b) The conformity of expenditure with the appropriations or other financial provisions voted by Congress or approved by the Executive Council, or with the purpose and rules related to trust funds and special accounts;
- (c) The compliance of all financial and other management activities with the established legislation;
- (d) The timeliness, completeness and accuracy of financial and other administrative data;
- (e) The effective, efficient and economical use of all resources of the Organization.

Regulation 13.8 The Internal Oversight Office shall also be responsible for investigating all allegations or presumptions of fraud, waste, mismanagement or misconduct and for conducting inspections of services and organizational units.

Regulation 13.9 The Secretary-General shall appoint a technically qualified head of the Internal Oversight Office after consulting with, and obtaining approval of, the President of WMO acting on behalf of the Executive Council. Notwithstanding [Articles 9, 10 and 11](#) of the Staff Regulations (*Basic Documents No. 1* (WMO-No. 15)) dealing with separation from service, disciplinary measures and appeals, respectively, the Secretary-General shall likewise consult the President of WMO acting on behalf of the Executive Council and obtain the President's approval before separation of the head of the Internal Oversight Office. These actions by the President in accordance with [General Regulation 8\(5\) and \(7\)](#) (*Basic Documents No. 1* (WMO-No. 15)) shall be reported to the following regular session of the Executive Council.

Regulation 13.10 The Internal Oversight Office shall function in accordance with the following provisions:

- (a) The head of the Office shall report directly to the Secretary-General;
- (b) The Office shall have full, free and prompt access to all records, property, personnel, operations and functions within the Organization that in its opinion, are relevant to the subject matter under review;
- (c) It shall be available to receive directly from individual staff members' complaints or information concerning the possible existence of fraud, waste, mismanagement or misconduct. No reprisals shall be taken against staff members providing such information unless this was wilfully provided with the knowledge that it was false or with intent to misinform;
- (d) It shall report the results of its work and make recommendations to the Secretary-General with a copy to responsible managers for action and the External Auditor. At

- the request of the head of the Office, any such report shall be submitted to the Executive Council together with the Secretary-General's comments thereon;
- (e) The Office shall submit a summary report annually to the Secretary-General with a copy to the External Auditor on its activities including the orientation and scope of such activities. This report shall be submitted to the Executive Council by the Secretary-General together with any comments he wishes to make;
 - (f) It shall monitor the implementation of recommendations duly noted by the Executive Council.

Rule 113.24: Communication line

The Secretary-General shall establish a communication line to provide the employees of the Organization as well as private entities with an additional channel to report the possible existence of fraud, abuse of authority, violation of regulations and rules or other irregular activities. The communication line is to be operated by the Internal Oversight Office.

**ARTICLE 14
FINANCIAL STATEMENTS**

Regulation 14.1 The Secretary-General shall submit to the Executive Council, for its approval, annual financial statements showing for the year to which they relate:

- (a) Financial position;
- (b) Financial performance;
- (c) Changes in net assets/equity;
- (d) Cash flow;
- (e) Actual amounts in comparison to the approved budget;
- (f) Notes, comprising a summary of significant accounting policies and other explanatory notes.

In addition, the Secretary-General shall maintain, for management purposes, such accounting records as are necessary.

Rule 114.1: Authority and responsibility

Responsibility of the financial statements is assigned to the Controller, who shall establish all accounting systems of the Organization and designate the officials responsible for performing accounting functions.

The Controller shall certify that to the best of his or her knowledge and information, all material transactions have been properly recorded in the accounting records and are properly reflected in the financial statements.

Rule 114.2: Accrual basis accounting

Unless otherwise approved by the Controller or by the particular terms governing the operation of a trust fund or special account, all financial transactions shall be recorded in the accounts on an accrual basis in compliance with the International Public Sector Accounting Standards.

Rule 114.3: Accounting for proceeds from the sale of property

Any gain from the sale of property shall be credited as miscellaneous income except:

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- (a) Where the Property Survey Board has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies (any balance shall be taken into account as miscellaneous income);
 - (b) When 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) Where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage.

The gain from the sale of surplus project equipment shall be credited as miscellaneous income to the accounts of that project, or to miscellaneous income in the General Fund if the accounts of the project have been closed.

Rule 114.4: Accounting for commitments against future biennia

Obligations established prior to the biennium to which they pertain, shall be recorded against a deferred charge account. Deferred charges shall be transferred to the appropriate account when the necessary appropriations and funds become available.

Contractual commitments established prior to the biennium to which they pertain that are not recorded as obligations shall be reported to and monitored by the Controller.

Rule 114.5: Archives

Accounting records, other financial and property records and all supporting documents shall be retained for minimum periods as may be agreed with the External Auditor.

Regulation 14.2 The Secretary-General shall submit for the second year of the biennium, in addition to the financial statements indicated in Regulation 14.1, a statement showing for the biennium to which they relate that status of appropriations including:

- (a) The original budget appropriations;
- (b) The appropriations as modified by any transfers;
- (c) Credits, if any, other than the appropriations approved by the Executive Council;
- (d) The amounts charged against those appropriations and/or other credits.

Regulation 14.3 The financial statements of the Organization shall be presented in Swiss francs and shall be prepared in accordance with International Public Sector Accounting Standards. Accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.

Rule 114.6: Currency of accounting records

Accounts shall be maintained in Swiss francs. In exceptional cases, the Controller may approve that accounting records are maintained in other currencies for trust funds and special accounts.

Rule 114.7: Accounting for exchange rate fluctuations

- (a) The United Nations operational rates of exchange between the Swiss franc and other currencies shall be used for recording all transactions of the Organization;
- (b) Payments in currencies other than the Swiss franc will be determined on the basis of the operational rate of exchange prevailing at the time of payment. Any difference between the actual amount received on exchange and the amount that would have

been obtained at the operational rate of exchange shall be accounted for as loss or gain on exchange;

- (c) When closing the final accounts for a financial year, any negative balance on the account for "loss or gain on exchange" shall be debited to the relevant budget account, while any positive balance shall be credited as income.

Regulation 14.4 Appropriate separate accounts shall be maintained for all trust funds, reserve and special accounts.

Regulation 14.5 The financial statements shall be submitted by the Secretary-General to the External Auditor not later than 31 March following the end of the financial year to which they relate.

Regulation 14.6 The Secretary-General shall submit, in addition to the financial statements covering the first year of the financial period, a statement of the total expenditures made in respect of the previous financial period. The statement shall be prepared on the same basis as the statement of comparison of actual amounts and approved budget included in the financial statements in accordance with Regulation 14.1 (e).

ARTICLE 15 EXTERNAL AUDIT

Appointment

Regulation 15.1 An External Auditor, who shall be the Auditor-General (or officer holding the equivalent title) of a Member shall be appointed, in the manner decided by the Executive Council, for a period of four years. The External Auditor can serve any number of terms, but no more than two consecutively. The selection and appointment procedures established by the Executive Council shall be followed for each term of the External Auditor, without regard for whether a serving appointee is eligible for reappointment.

Tenure of office

Regulation 15.2 If the External Auditor ceases to hold that office in his or her own country, his or her tenure of office as External Auditor shall thereupon be terminated and he or she shall be succeeded as External Auditor by his or her successor as Auditor-General. The External Auditor may not otherwise be removed during his or her tenure of office except by the Executive Council.

Scope of audit

Regulation 15.3 The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the Executive Council, in accordance with the additional terms of reference set out in the annex to these regulations.

Regulation 15.4 The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

Regulation 15.5 The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

Regulation 15.6 The Executive Council may request the External Auditor to perform certain specific examinations and issue separate reports on the results.

Facilities

Regulation 15.7 The Secretary-General shall provide the External Auditor with the facilities he or she may require in the performance of the audit.

Regulation 15.8 For the purpose of making a local or special examination or of effecting economies of audit cost, the External Auditor may engage the services of any national Auditor-General (or equivalent title) or commercial public auditors of known repute or any other person or firm who, in the opinion of the External Auditor, is technically qualified.

Reporting

Regulation 15.9 The External Auditor shall issue reports on the audit of the financial statements and relevant schedules which shall include such information as he or she deems necessary in regard to matters referred to in Regulation 15.4 and in the additional terms of reference.

Regulation 15.10 The External Auditor's reports shall be transmitted, together with the relevant audited financial statements, to the Executive Council, which shall examine them in accordance with any directions given by Congress.

Regulation 15.11 The financial statements, together with the External Auditor's certificates, shall be transmitted to the Members of the Organization by the Secretary-General.

ARTICLE 16 DECISIONS INVOLVING EXPENDITURES

Regulation 16.1 No regional association, technical commission or other competent body shall take a decision involving either an administrative change in a programme approved by Congress or the Executive Council, or the possible requirement of expenditure, unless it has received and taken account of a report from the Secretary-General on the administrative and financial implications of the proposal. Where, in the opinion of the Secretary-General, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the Executive Council has made the necessary appropriations, unless the Secretary-General certifies that provision can be made under the conditions of the resolution of the Executive Council relating to unforeseen expenditure.

Rule 116.1

All Heads of organizational entities are responsible for preparing, obtaining clearance thereon from the Assistant Secretary-General, through the Controller, and presenting to relevant bodies a statement on administrative and financial implications required by Regulation 16.1.

ARTICLE 17 GENERAL PROVISIONS

Regulation 17.1 In case of urgency and with the approval of the President of the Organization, the Secretary-General shall refer to Members, for decision by correspondence, financial matters which are beyond the competence of the Executive Council.

Regulation 17.2 The applications of any of the present regulations may be suspended for a period which shall not extend beyond the next session of Congress if the Executive Council has decided that the matter under consideration is of such a character that a decision should be taken before the next Congress. In such circumstances, the proposal of the Executive Council for such a suspension shall be communicated by the Secretary-General to all Members for consultation and subsequently for a postal ballot according to the procedures for voting by

correspondence in the General Regulations (*Basic Documents No. 1* (WMO-No. 15)).

Regulation 17.3 In the application of Regulation 17.1 the proposal shall be adopted, and in the application of Regulation 17.2 the suspension of regulations shall be put into force, if two-thirds of the votes cast for and against which have reached the Secretariat within 90 days of the date of dispatch of the request to vote to Members are in the affirmative. The decisions shall be communicated to all Members.

Regulation 17.4 In case of doubt as to the interpretation or application of any of these Financial Regulations, the Secretary-General is authorized to rule thereon, subject to confirmation by the President in important cases.

Regulation 17.5 The present Financial Regulations do not apply to the field projects of the technical cooperation activities of the Organization financed by the United Nations Development Programme; the Secretary-General is authorized to administer those activities under Financial Regulations and Rules established by the governing body and the Administrator of the United Nations Development Programme.

ANNEX
ADDITIONAL TERMS OF REFERENCE
GOVERNING EXTERNAL AUDIT

(1) The External Auditor shall perform such audit of the financial statements of the Organization, including all trust funds and special accounts, as he or she deems necessary in order to satisfy himself or herself:

- (a) That the financial statements are in accord with the books and records of the Organization;
- (b) That the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions and other applicable directives;
- (c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;
- (d) That the internal controls are adequate in the light of the extent of reliance placed thereupon;
- (e) That procedures satisfactory to the External Auditor have been applied to the recording of all assets, liabilities, surpluses and deficits.

(2) The External Auditor shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as he or she chooses of all financial records, including those relating to supplies and equipment.

(3) The External Auditor and his or her staff have free access at all convenient times to all books, records and other documentation that are, in the opinion of the External Auditor, necessary for the performance of the audit. Information that is classified as privileged and which the Secretary-General (or his designated senior official) agrees is required by the External Auditor for the purposes of the audit and information classified as confidential shall be made available on application. The External Auditor and his or her staff shall respect the privileged and confidential nature of any information so classified that has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor may draw the attention of the Executive Council to any denial of information classified as privileged that in his or her opinion was required for the purpose of the audit.

(4) The External Auditor shall have no power to disallow items in the financial statements but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which he or she entertains doubt as to legality or propriety. Audit objections to these, or any other transactions, arising during the examination of the financial statements shall be communicated immediately to the Secretary-General.

(5) The External Auditor shall express and sign an opinion on the financial statements of the Organization. The opinion shall include the following basic elements:

- (a) The identification of the financial statements audited;
- (b) A reference to the responsibility of the Secretary-General and the responsibility of the External Auditor;
- (c) A reference to the audit standards followed;
- (d) A description of the work performed;
- (e) An expression of opinion on the financial statements as to whether:

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- (i) The financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;
 - (ii) The financial statements were prepared in accordance with the stated accounting policies;
 - (iii) The accounting policies were applied on a basis consistent with that of the preceding financial period;
 - (f) An expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;
 - (g) The date of the opinion;
 - (h) The External Auditor's name and position;
 - (i) Should it be necessary, a reference to the report of the External Auditor on the financial statements.
- (6) The report of the External Auditor to the Executive Council on financial operations of the period should mention:
- (a) The type and scope of his or her examination;
 - (b) Matters affecting the completeness or accuracy of the financial statements, including, where appropriate:
 - (i) Information necessary to the correct interpretation of the financial statements;
 - (ii) Any amounts which ought to have been received but which have not been brought to account;
 - (iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;
 - (iv) Expenditures not properly substantiated;
 - (v) Whether proper books of accounts have been kept. Where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;
 - (c) Other matters that should be brought to the notice of the Executive Council, such as:
 - (i) Cases of fraud or presumptive fraud;
 - (ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);
 - (iii) Expenditure likely to commit the Organization to further outlay on a large scale;
 - (iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;
 - (v) Expenditure not in accordance with the intention of Congress and/or the Executive Council after making allowance for duly authorized transfers within the budget;
 - (vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
 - (vii) Expenditure not in conformity with the authority that governs it;
 - (d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;

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- (e) If appropriate, transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable that the Executive Council should have early knowledge.
- (7) The External Auditor may make such observations with respect to his or her findings resulting from the audit and such comments on the Secretary-General's financial report as he or she deems appropriate to the Executive Council or to the Secretary-General.
- (8) Whenever the scope of audit of the External Auditor is restricted, or whenever he or she is unable to obtain sufficient evidence, the External Auditor shall refer to the matter in his or her report, making clear in the report the reasons for his or her comments and the effect on the financial position and the financial transactions as recorded.
- (9) In no case shall the External Auditor include criticism in his or her report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.
- (10) The External Auditor is not required to mention any matter referred to in the foregoing that, in his or her opinion, is insignificant in all respects.
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