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**Resolution A.1017(26)**

**Adopted on 2 December 2009  
(Agenda item 17(a))**

**REVISION OF THE ORGANIZATION'S FINANCIAL REGULATIONS  
(effective 1 January 2010)**

THE ASSEMBLY,

RECALLING that the Organization's Financial Regulations provide a framework for the financial control and reporting of the Organization's financial resources,

RECALLING ALSO the adoption, by the United Nations General Assembly, of resolution 60/283 of 17 August 2006, by means of which it approved the adoption by the United Nations of the International Public Sector Accounting Standards (IPSAS),

DESIRING THE NEED to improve comparability, harmonization, transparency and accountability of financial reporting across the United Nations Common System in support of management reform,

RECALLING IN PARTICULAR the agreement given, in principle, by the Assembly at its twenty-fifth session to the change in the Organization's accounting standards from the United Nations System Accounting Standards to the International Public Sector Accounting Standards as from 1 January 2010,

RECOGNIZING that this change in applicable accounting standards has a consequent impact on the framework of financial control and reporting and, therefore, on the Financial Regulations of the Organization,

MINDFUL OF the provision of article XIV of the Organization's Financial Regulations, which requires that amendments to the said Regulations should be approved by the Assembly,

HAVING CONSIDERED the recommendations of the Council at its 102nd session:

1. APPROVES the revised Financial Regulations of the Organization set out in the annex to this resolution; and RESOLVES that they shall take effect as from 1 January 2010;

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2. REQUESTS the Council and the Secretary-General, as appropriate, to monitor progress on the development of United Nations System-wide Financial Regulations and to take any necessary action to align the Organization's revised Financial Regulations as closely as practicable with the United Nations Common System IPSAS-compliant Financial Regulations;
3. REQUESTS the Secretary-General to ensure the effective implementation and application of the Organization's Financial Regulations, as revised;
4. REVOKES resolutions A.14(I), A.32(II), A.59(III), A.75(IV), A.253(VII), A.301(VIII), A.364(IX) and A.845(20).

## **ANNEX**

### **AMENDMENTS TO THE ORGANIZATION'S FINANCIAL REGULATIONS**

#### **Article I**

##### **APPLICABILITY**

REGULATION 1.1 These Regulations shall govern the financial administration of the International Maritime Organization.

#### **Article II**

##### **FINANCIAL PERIOD**

REGULATION 2.1 The financial period shall be a calendar year from 1 January to 31 December inclusive.

#### **Article III**

##### **BUDGET**

REGULATION 3.1 The proposed budget, covering two consecutive financial periods, shall be prepared on a biennial basis by the Secretary-General.

REGULATION 3.2 The proposed budget shall cover income and expenditure for each of the financial periods covered by the biennium to which it relates and shall be presented in pounds sterling.

REGULATION 3.3 The proposed budget shall contain the resources necessary to meet the requirements of the strategic results derived from the Organization's Strategic Plan, and shall be structured in such a manner as to provide transparency between the resources required and the results to be achieved. The proposed budget shall include budgetary estimates for the income, expenditure and transfer of the regular budget and all Funds established by the Assembly under regulation 6.7, shall reflect the availability of extra-budgetary resources and shall be accompanied by such information, annexes and explanatory statements as may be requested by or on behalf of the Assembly or Council and such further annexes or statements as the Secretary-General may deem necessary and useful.

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

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

REGULATION 3.6 The Assembly shall, in the second year of a biennium, adopt the budget for the ensuing biennium and vote the budget appropriations by strategic results and in total for the financial period to which they relate.

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

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

#### **Article IV**

#### **APPROPRIATIONS**

REGULATION 4.1 The appropriations voted by the Assembly shall constitute an authorization to the Secretary-General to incur obligations, make payments and transfers and build up reserves for the purposes for which the appropriations were voted and up to the amounts so voted.

REGULATION 4.2 The Secretary-General may enter into commitments for future financial periods, provided that such commitments:

- (a) are consistent with the Organization's Strategic Plan for those future financial periods and with the Organization's normal operating practices; or
- (b) are authorized by specific decisions of the Council.

REGULATION 4.3 Appropriations shall be available for the financial period to which they relate and for the ensuing financial periods to the extent that they are required to discharge commitments incurred during that period.

REGULATION 4.4 Such portion of appropriations as may be required to meet the outstanding legal obligations as at the last day of the calendar year shall remain available for twelve months.

REGULATION 4.5 The Secretary-General may make transfers from one strategic result to another provided that the transfer made is not more than 10 per cent of the lower of the two approved appropriations. Transfers of more than 10 per cent of the approved appropriation must have prior authorization of the Council. The Secretary-General may proceed, without prior concurrence of the Council, to transfer up to 50 per cent of any uncommitted balance of appropriations of the first financial period of a biennium to the same strategic result in the second financial period. Transfers above 50 per cent of the uncommitted balance of appropriations shall be effected with the prior approval of the Council.

REGULATION 4.6 The Secretary-General shall report to the Council on appropriations carried forward or transferred to the following financial year in accordance with the provisions of regulations 4.3 and 4.5.

## Article V

### PROVISION OF FUNDS

REGULATION 5.1 The appropriations, subject to adjustments made in accordance with the provisions of regulation 5.2, shall be financed by contributions from Member States, according to the scale of assessments fixed by the Assembly after consideration of the proposals of the Council thereon. Pending the receipt of contributions the appropriations may be financed from the Working Capital Fund.

REGULATION 5.2 In the assessment of the contributions of Members for each calendar year, adjustments shall be made in respect of:

- (a) estimated funding for the work of the Organization from internal and external sources other than assessments;
- (b) supplementary appropriations for which contributions have not previously been assessed on the Members.

REGULATION 5.3 In respect of contributions for each calendar year, the Secretary-General, during the last two months of the preceding year, shall:

- (a) inform Members of their obligations in respect of annual contributions to the budget;
- (b) inform Members of their obligations in respect of advances to the Working Capital Fund;
- (c) request Members to remit all contributions and advances due.

REGULATION 5.4 Contributions and advances shall be considered as due and payable in full within thirty days of receipt of the communications of the Secretary-General referred to in regulation 5.3 above, or as of the first day of the calendar year to which they relate, whichever is later.

REGULATION 5.5 Contributions and advances to the Working Capital Fund shall be assessed in pounds sterling and payable in such currencies as the Council may, on advice from the Secretary-General, decide.

REGULATION 5.6 Payments made by a Member State shall be credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member was assessed.

REGULATION 5.7 The Secretary-General shall submit to the regular session of the Assembly a report on the collection of contributions and advances to the Working Capital Fund.

REGULATION 5.8 For any period during which it has not been included in the assessment of Members, a new Member shall be required to make a contribution according to the scale applied to existing Members in the year in which it becomes a Member and, if applicable, the scale applied to existing Members in the next year, as well as pay an advance to the Working Capital Fund. The contribution assessed in respect of the calendar year in which it becomes a Member

shall be based on the number of full months remaining in that year after the date on which the Convention has come into force for the new Member. The contribution of the new Member for that calendar year, and the advance, shall be due and payable within thirty days of receipt of the notification by the Secretary-General of the determinations made by the Assembly, and, if applicable, the contributions for the next calendar year shall be due and payable in accordance with the provisions of regulation 5.4.

**REGULATION 5.9** A Member State which withdraws from the Organization shall not be entitled to adjustment in respect of contributions paid or assessed. In the event that the most recent financial statements show that the Organization has net liabilities, the Member State will be assessed as owing a closing contribution constituting a proportion of the net liability in those financial statements consistent with the proportion of the overall appropriation assessed on that Member State for the preceding financial period.

**REGULATION 5.10** The Secretary-General shall report to each session of the Assembly, the Council and the Committees of the Organization, as appropriate, on the application of Article 56 of the Convention.

## **Article VI**

### **FUNDS**

#### **REGULATION 6.1**

- (a) There shall be established a General Fund for the purpose of accounting for the expenditure of the Organization, unless otherwise determined by the Assembly for other funds established in accordance with regulation 6.7. The contributions paid by Member States under regulation 5.1, miscellaneous income and any advances made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.
- (b) A surplus of revenue over expenditure for a financial period in any Fund shall be credited to the reserves of that Fund. An excess of expenditure over revenue for a financial period in any Fund shall be debited to decrease the reserves of that Fund.

**REGULATION 6.2** There shall be established a Working Capital Fund in an amount and for purposes to be determined from time to time by the Assembly. Any Member on joining the Organization shall make an advance to the Fund in accordance with the scale of contributions applicable to the budget of the year of its accession. The Fund shall be increased by the amounts that joining Members are required to advance, until the Assembly establishes a new level of the Fund.

**REGULATION 6.3** Advances made by Member States to the Working Capital Fund shall be carried to the credit of the Members which have made such advances.

**REGULATION 6.4** Advances made from the Working Capital Fund to finance budgetary appropriations during a financial period shall be reimbursed to the Fund as soon as and to the extent that resources are available for that purpose.

REGULATION 6.5 Advances made from the Working Capital Fund for unforeseen and extraordinary expenditure or other authorized purposes shall be reimbursed through the submission of supplementary estimates, except when such advances are recoverable from some other source.

REGULATION 6.6 Income derived from investments of the Working Capital Fund shall be credited to the General Fund.

REGULATION 6.7

- (a) Trust, reserve and special funds may be established by the Secretary-General or the Assembly from time to time as may be required in order to deliver work in accordance with the Organization's Strategic Plan. The Secretary-General shall report to the Council on the establishment of any new funds.
- (b) Unless otherwise provided, the purpose and limits of each trust, reserve and special fund shall be clearly defined by the appropriate authority and shall be administered in accordance with these Regulations.

## **Article VII**

### **OTHER INCOME**

REGULATION 7.1 The Secretary-General has the authority to accept extra-budgetary contributions, provided that the purposes for which the contributions are made are consistent with the Organization's Strategic Plan. Other than when resources have specifically been provided through the approved budget, or from an alternative funding source, the direct and indirect costs associated with implementing activities funded from extra-budgetary contributions shall be fully recovered.

REGULATION 7.2 Monies accepted for purposes specified by the donor shall be treated as trust or special funds under regulation 6.7.

REGULATION 7.3 Monies accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the accounts.

## **Article VIII**

### **MANAGEMENT OF RESOURCES**

REGULATION 8.1 The Secretary-General is responsible to the Council and the Assembly for the proper management of the Organization's resources.

## **Article IX**

### **INVESTMENT OF FUNDS**

REGULATION 9.1 The Secretary-General shall establish an investment policy on the investment of surplus cash and, within the terms of that policy, may make investments for less than one year of cash not needed for immediate requirements and shall inform the Council periodically of such investments.

REGULATION 9.2 The Secretary-General may, within the terms of the investment policy and after consultation with the Council, make investments for longer than one year of cash not needed for that period, on the basis of projected cash flow estimates.

REGULATION 9.3 Income derived from investments shall be credited as provided in the rules relating to each fund.

## **Article X**

### **INTERNAL CONTROL**

REGULATION 10.1 The Secretary-General shall:

- (a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;
- (b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and that payment has not previously been made;
- (c) designate the officers who may receive monies, incur obligations and make payments on behalf of the Organization;
- (d) maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:
  - (i) the regularity of the receipt, custody, and disposal of all funds and other financial resources of the Organization;
  - (ii) the conformity of obligations and expenditures with the appropriations or other financial provision voted by the Assembly, or with the purposes and rules relating to trust and other special funds;
  - (iii) the economic use of the resources of the Organization.

REGULATION 10.2 No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Secretary-General.

REGULATION 10.3 The Secretary-General may make such *ex gratia* payments as he deems to be necessary in the interests of the Organization, provided that a statement of such payments is submitted to the Assembly with the financial statements.

REGULATION 10.4 The Secretary-General may, after full investigation, authorize losses of cash, stores and other assets to be written off, provided that a statement of all such amounts written off is submitted to the External Auditor with the financial statements.



## **Article XI**

### **FINANCIAL REPORTING**

REGULATION 11.1 The Secretary-General shall produce annual financial statements for the Organization to be prepared in accordance with International Public Sector Accounting Standards (IPSAS). The Secretary-General shall also prepare annual consolidated financial statements under IPSAS showing the financial position of the Organization and all other organizations which it is deemed to control for financial reporting purposes.

REGULATION 11.2 The financial statements for each financial period shall be submitted by the Secretary-General to the External Auditor by 28 February following the end of that financial period.

## **Article XII**

### **EXTERNAL AUDIT**

#### **Appointment**

REGULATION 12.1 An External Auditor, who shall be Auditor-General (or an officer holding the equivalent title) of a Member State, shall be appointed by the Assembly for a four-year period covering the two budget periods immediately following the Assembly's decision. In order to support the Assembly in making its decision, the Council should, in good time, provide an opportunity for all interested and eligible Auditors-General to submit to it an application to be considered by the Assembly setting out their proposed approach and the costs to the Organization. The Council should then submit this information for the Assembly's consideration, along with such comments as it considers to be appropriate.

REGULATION 12.2 If the External Auditor ceases to hold the office of Auditor-General in his own country, his tenure of office as External Auditor shall thereupon be terminated and he shall be succeeded as External Auditor by his successor as Auditor-General. The External Auditor may not otherwise be removed during his tenure of office except by the Assembly.

REGULATION 12.3 The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the Council or the Assembly, in accordance with the additional terms of reference set out in the appendix to these Regulations.

REGULATION 12.4 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 12.5 The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

REGULATION 12.6 The Council or the Assembly may request the External Auditor to perform certain specific examinations and issue separate reports on the results.

#### **Facilities**

REGULATION 12.7 The Secretary-General shall provide the External Auditor with such facilities as he may require in the performance of the audit.

REGULATION 12.8 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 repute or any other person or firm considered by the External Auditor to be technically qualified.

### **Reporting**

REGULATION 12.9 The External Auditor shall issue a report on the audit of the financial statements, which shall include such information as he deems necessary in regard to matters referred to in financial regulation 12.4 and in the additional terms of reference.

REGULATION 12.10 The External Auditor's reports shall be transmitted through the Council, together with the audited financial statements, to the Assembly in accordance with any directions given by the Assembly. The Council shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems advisable. The report on the financial statements shall be submitted to the Council not later than 31 May following the end of the financial period to which the financial statements relate.

## **Article XIII**

### **RESOLUTIONS INVOLVING EXPENDITURES**

REGULATION 13.1 No committee, commission or other competent body shall take a decision involving expenditure unless it has before it a report from the Secretary-General on the administrative and financial implications of the proposal.

REGULATION 13.2 Where, in the opinion of the Secretary-General, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the Assembly has made the necessary appropriations, unless the Secretary-General certifies that provision can be made under the conditions of the resolution of the Assembly relating to unforeseen and extraordinary expenses.

REGULATION 13.3 All measures affecting the budget shall require a two-thirds majority of those present and voting in order to be adopted.

## **Article XIV**

### **GENERAL PROVISIONS**

REGULATION 14.1 These regulations shall be effective as of the date of their approval by the Assembly, which has the authority to amend them as and when appropriate.

REGULATION 14.2 The word "Member" in these regulations shall be deemed to apply to Associate Members as well.