



International Civil Aviation Organization

A41-WP/34  
AD/6  
11/7/22

## WORKING PAPER

### ASSEMBLY — 41ST SESSION

### ADMINISTRATIVE COMMISSION

#### Agenda Item 51: Amendment of the Financial Regulations

#### AMENDMENT TO THE ICAO FINANCIAL REGULATIONS

(Presented by the Council of ICAO)

#### EXECUTIVE SUMMARY

This working paper proposes amendments to the Financial Regulations, for confirmation by the Assembly as follows:

- Amendments to the Headings of Articles I, IV, V, VI, X, and XI for improved coherence, and the conversion of Annex A, Glossary of Terms, to a new Article XV on Definitions with three revised, four deleted and eight new definitions.
- Updates to Financial Regulations 1.1, 4.3, 4.4, 4.10, 5.6, 5.9, 6.6, 7.2, 7.3, 8.1, 9.1, 9.3, 10.1, 10.2, 10.3, 11.1, 12.1, 13.4, 13.8; and the addition of Financial Regulations 1.2, 1.3, 7.9, and 13.9.
- Incorporation of salient points contained in the footnotes into the body of the Financial Regulations for better integration.

**Action:** The Assembly is invited to:

- a) confirm amendments to the headings of Articles I, IV, V, VI, X, and XI; deletion of the footnotes of Doc 7515/16; revisions to Financial Regulations 1.1, 4.3, 4.4, 4.10, 5.6, 5.9, 6.6, 7.2, 7.3, 8.1, 9.1, 9.3, 10.1, 10.2, 10.3, 11.1, 12.1, 13.4, and 13.8; addition of new Financial Regulations 1.2, 1.3, 7.9, and 13.9; and conversion of Annex A into a new Article XV Definitions with three revised, four deleted and eight new definitions; and
- b) adopt the Assembly Resolution proposed in Appendix B.

<i>Strategic Objectives:</i>	This working paper relates to all Strategic Objectives and all Supporting Strategies.
<i>Financial implications:</i>	Not applicable.
<i>References:</i>	Doc 7515/16, <i>The ICAO Financial Regulations</i>

## 1. INTRODUCTION

1.1 The Council has approved forty-four amendments to the Financial Regulations during its 225<sup>th</sup> Sessions and proposes that the Assembly confirm their application as described below and outlined in **Appendix A**. The proposed amendments to the Financial Regulations are presented in the Draft Assembly Resolution in **Appendix B**.

## 2. PROPOSED AMENDMENTS

### 2.1 Background

2.1.1 The proposed revisions to the 16<sup>th</sup> Edition of *The ICAO Financial Regulations* (Doc 7515/16) are the result of a comprehensive review that considered policies and frameworks that are in use at ICAO since the 2017 publication of the current edition, validating completeness by comparing the content and structure to counterpart documents of five benchmarked UN Organizations<sup>1</sup>. While the primary objective of the review has been to ensure that the document is up to date in terms of content, due consideration has also been given to improving its clarity and coherence.

2.1.2 Financial Regulations provide high-level coverage of key aspects of financial management for all programme types and funding sources. As a result of this review, it is proposed to add four new Regulations and to update the content of nineteen existing regulations. Minor modifications are proposed to six Article headings to improve the internal coherence of Doc 7515 and to incorporate Annex A, Glossary of Terms, into Article XV on Definitions, which contains new definitions and revisions to existing terms, aimed at improving comprehension of the regulations. Revisions are proposed within all Articles of *The ICAO Financial Regulations* except to Article II Finance Committee of the Council, Article III Financial Year and Article XIV Suspension and Amendment.

### 2.2 Article I Applicability

2.2.1 The first edition of Doc 7515 was approved in 1956 when the ICAO Work Programme was almost exclusively funded by assessed contributions from Member States, and the focus of the Financial Regulations was on sound administration and oversight over the Regular Budget and related Appropriations and Provision of Funds. The wording of **Financial Regulation 1.1** has remained unchanged as programmatic delivery and funding sources increased in complexity. The expansion of the Organization's scope was accommodated by identifying exceptions to this focus through a footnote that qualifies the "Applicability" of Doc 7515. It is proposed to eliminate the footnote and imbed the content in the regulations mentioned therein.

2.2.2 It is also proposed to revise the heading in order to include **Accountability** along with a new **Financial Regulation 1.2** clarifying the Secretary General's role and delegated authority with regard to the financial activities of the Organization. A proposed **Financial Regulation 1.3** on **Definitions** refers to a new **Article XV** dedicated to presenting the terminology used for interpreting the Financial Regulations, which is currently contained in Annex A, Glossary of Terms and referenced by a footnote being deleted. These changes would bring the contents into closer alignment with equivalent Articles in the Financial Regulations of other UN Organizations, and would reinforce their general applicability to all sources of funding and programme activity.

### 2.3 Article IV The Budget

2.3.1 In 2004, the ICAO Assembly requested the implementation of a Strategic Action Plan that entailed a more systematic planning process whereby Business Plans and Budgets became the reporting

---

<sup>1</sup> The five benchmarked UN Organizations are the United Nations (UN), United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), United Nations Children's Fund (UNICEF), and United Nations Office for Project Services (UNOPS).

framework that would unite strategies, activities, funds, human resources and timeframes into a coherent means of monitoring and evaluating outcomes. There was an implicit assumption of coherence between the contents of the Business Plan and the Budget Document.

2.3.2 Since the regulations in this Article apply only to the Regular Budget, it is proposed that the heading of **Article IV** be changed from **The Budget** to **Regular Budget**. This change will allow eliminating the sub-title “**Regular Programme**”.

2.3.3 The current wording of **Financial Regulation 4.3** suggests that Regular Budget Estimates, which are primarily sourced by assessed contributions from Member States, fully fund the ICAO Business Plan. The proposed revision would better reflect the current reality that the Business Plan reports on a more expansive mandate that requires the mobilization of additional resources by engaging in revenue generating activities and the solicitation of voluntary contributions. Whereas the Business Plan currently reflects programme activities that require multiple sources of funding, the Regular Budget Estimates present the resources required to fulfil ICAO’s obligations under the Chicago Convention and applicable Assembly Resolutions that are primarily funded through assessed contributions.

2.3.4 The revised wording of **Financial Regulation 4.4** allows more flexibility to align the presentation in the Budget Estimates to modifications in the Business Planning framework. Previously, each modification to the planning framework would precipitate a change to Regulation 4.4<sup>2</sup>. Likewise, the proposed modification to **Financial Regulation 4.10** introduces the possibility of voting for the budget by new strategies and objectives related to the results-based management structure of the Business Plan.

## 2.4 **Article V Appropriations**

2.4.1 Since Article V on Appropriations is a function of Article IV on the Regular Budget, it is proposed that the heading would read **Article V Regular Budget Appropriations**. The current heading is qualified with a footnote clarifying that non-cash expenditures that do not require an outlay of funds are not included in the appropriations but are included in the estimates for authorization purposes. It is recommended that the footnote be removed and instead included in a corresponding Financial Rule to be approved by the Secretary General.

2.4.2 The proposed revision to **Financial Regulation 5.6** applies the structural flexibility proposed in revised Financial Regulations 4.4 and 4.10 to the carryover of appropriations. This would avoid the requirement to modify the Regulation with every change to the business planning framework. Additionally, a syntax change is proposed to the Regulation for additional clarity.

2.4.3 Likewise, the revised wording of **Financial Regulation 5.9** applies the structural flexibility in the revised Financial Regulation 4.4 to transfers of appropriations.

## 2.5 **Article VI Provision of Funds**

2.5.1 Since this Article addresses the Provision of funds to the Regular Budget, it is proposed that the heading be accordingly revised to read **Article VI Provision of Regular Budget Funds**.

2.5.2 The revision to **Financial Regulation 6.6** reflects the current practice that Member States are assessed partly in Canadian dollars and partly in United States dollars, in a proportion determined by the requirements of the two currencies.

---

<sup>2</sup> Initially, the Secretary General’s Budget Estimates were drafted on a line-item basis and aggregated into Parts, Sections and Chapters. In 1993, the Council recommended a programmatic approach to budgeting whereby the formulation of the Programme Budget Estimates was to correspond to ICAO’s Work Programme. In this case budgetary approval was done at the level of Major Programmes, Programmes and Sub-Programmes, with greater granularity introduced in 1999. With the introduction of a Strategic Planning Framework in 2004, the Budget Estimates were to align to the expected results that would be required to meet ICAO’s Strategic Objectives.

## 2.6 Article VII Establishment and Administration of Funds

2.6.1 This Article pertains to the funds that are established to manage ICAO's activities. The revision proposed to **Financial Regulation 7.2** reflects the authority of the Secretary General to create Funds or Special Accounts for any category of Funds, Reserves and Special Accounts established by the Governing Bodies, and not just for the Ancillary Revenue Generation Fund. It allows for effective financial management of voluntary contributions and expansion of new products and services.

2.6.2 Modifications are proposed to three paragraphs in **Financial Regulation 7.3**. In **Financial Regulation 7.3 b)** the bullet ii) is removed since advances from the Working Capital Fund are no longer required for the referenced Joint Financing Fund. In **Financial Regulation 7.3 c)**, the treatment of deficits resulting from revenue generation activities is further clarified. Likewise the proposed modifications to **Financial Regulation 7.3 d)** further explain the budgetary aspects of revenue generation activities.

2.6.3 A new **Financial Regulation 7.9** is proposed to address that voluntary contributions may be accepted by the Secretary General if the purposes for which the contributions are made are consistent with the policies, aims, and activities of the Organization.

## 2.7 Article VIII Joint Financing of Air Navigation Facilities and Services

2.7.1 **Financial Regulation 8.1** foresaw that projects requiring joint financing under Chapter XV of the Convention would be financed by assessed contributions on contracting governments, which are levied and collected by ICAO and remitted to the servicing governments. The proposed revision accommodates the current reality that financing may also be by other means. The current practice includes a recovery of costs by service providers, through user charges collected by the United Kingdom, and directly remitted to the Governments of Iceland and Denmark.

## 2.8 Article IX Technical Cooperation

2.8.1 The heading of Article IX contains a footnote confirming the Assembly's approval of the participation of the Organization in programmes of technical cooperation financed exclusively by extra-budgetary resource. It is proposed that this principle be incorporated in **Financial Regulation 9.1** with more contemporary information about the programme. Likewise the Regulation has been further modified to make reference to Financial Regulation 7.2 described in paragraph 2.6.1.

2.8.2 The proposed modification to **Financial Regulation 9.3** removes reference to administrative charges that are specific to UNDP, which now plays a minor role in the Technical Cooperation Programme. There is also a reference added to the new proposed Financial Regulation 7.7.

## 2.9 Article X Depositories and Investments

2.9.1 Financial regulations that address banking have not been materially revised since the first edition of Doc 7515, even though ICAO's banking needs and relationships with financial institutions has increased in sophistication. The first proposed revision is to update the heading to read **Article X Banking and Investments**.

2.9.2 **Financial Regulation 10.1** is modified to better reflect the Secretary General's responsibilities and accountabilities for the management of monetary resources.

2.9.3 The revision proposal for **Financial Regulation 10.2** would better reflect the current practice that the Secretary General may make short term investment of funds in excess of immediate requirements and shall periodically inform the Finance Committee on the status of such investments. The Secretary General would require the approval of the Finance Committee for long term investments.

2.9.4 The proposed revision to **Financial Regulation 10.3** underscores that the selection of banking partners and the management of relationships with financial institutions shall be in accordance with criteria and standards elaborated in the Financial Rules and in ICAO guidelines established for cash and investment management.

## 2.10 Article XI Internal Control and Internal Audit

2.10.1 It is proposed that the heading be revised to **Article XI Internal Control and Internal Oversight** to reflect the expanded role of the internal oversight function at ICAO. Additionally, it is proposed that additional elements of the control environment be added to **Financial Regulation 11.1**. A new **Financial Regulation 11.1 b)** underscores the requirement to establish and enforce a Procurement Code, which is already in effect with the *ICAO Procurement Code* (Doc 9761). A new **Financial Regulation 11.1 e)** introduces a directive on the issuance of refunds of any contributed funds. A renumbered **11.1 f)** makes reference to the Enterprise Risk Management and Internal Control Framework and to the OIO Charter.

## 2.11 Article XII Accounts and Financial Statements

2.11.1 The proposed revision to **Financial Regulation 12.1** refers to the use of the International Public Sector Accounting Standards (IPSAS) for financial reporting by ICAO, and adopted throughout the UN system.

## 2.12 Article XIII External Audit

2.12.1 The appointment of an External Auditor by the Council and its confirmation by the Assembly to conduct an independent audit of the funds, assets and accounts of the Organization are addressed by Article XIII. Additional Terms of Reference Governing the External Audit are addressed in Annex B. Article XIII and the Additional Terms of Reference elaborated in an Annex is common practice among UN Organizations. Since Annex A is to be converted to an Article, Annex B will become the only Annex to the *ICAO Financial Regulations*. Accordingly, reference to “Annex B” has been revised to read “Annex” in **Financial Regulations 13.4 and 13.8**.

2.12.2 A new **Financial Regulation 13.9** is proposed to formalize the application of the Single Audit Principle as part of a common internal control and audit framework, as recognized throughout the United Nations system organizations. This is predicated on the premise that control and audit functions are based on common methods, thus enabling auditors of one institution to rely on the work of auditors from another institution instead of re-performing the audit themselves.

## 2.13 Article XV Definitions

2.13.1 To increase the visibility of definitions and to promote a common understanding and interpretation of the terminology used in the Financial Regulations, Annex A, Glossary of Terms has been converted into Article XV Definitions. Necessary updates have been made to add, delete or modify the description of terms used throughout Doc 7515.

## 3. Conclusion

3.1 The Assembly is invited to endorse the amendments to the ICAO Financial Regulations approved by the Council, and to approve amendments which are reflected in the draft Assembly Resolution, to come into effect on 1 January 2023.

APPENDIX A

PROPOSED AMENDMENTS TO THE ICAO FINANCIAL REGULATIONS DOC 7515/16

Reg. No.	Existing Text	Edited changes	New Complete Text	Comments/Justification
<b>Article I Applicability</b>				
	<p>Article I Applicability<sup>1</sup></p> <p><sup>1</sup>Articles IV, V and VI govern the Regular Programme Budget, its formulation, approval, execution, and funding and do not apply to Technical Cooperation Programme Funds. Pertinent provisions apply to the Administrative and Operational Services Cost Fund, in particular Regulations 4.1, 4.2, 4.4–4.9 inclusive, 5.1, 5.5, 5.7 and 5.8. See also Article IX</p>	<p>Article 1 Applicability<sup>1</sup> and Accountability</p> <p><del><sup>1</sup>Articles IV, V and VI govern the Regular Programme Budget, its formulation, approval, execution, and funding and do not apply to Technical Cooperation Programme Funds. Pertinent provisions apply to the Administrative and Operational Services Cost Fund, in particular Regulations 4.1, 4.2, 4.4–4.9 inclusive, 5.1, 5.5, 5.7 and 5.8. See also Article IX</del></p>	<p>Article I Applicability and Accountability</p>	<p>The modified heading brings Article I into better alignment with the corresponding Article in the Financial Regulations of other UN Organizations. Footnote 1 is to be removed and distinctions reflected in the footnote are imbedded in the corresponding Articles. Minor modifications to Article headings and content would eliminate the need for a footnote.</p>
1.1	<p>These Regulations<sup>2</sup> shall govern the financial administration of the International Civil Aviation Organization.</p> <p><sup>2</sup>Annex A provides a Glossary of Terms to be used for the interpretation of these Regulations.</p>	<p>These Regulations<sup>2</sup> shall govern the financial administration of the International Civil Aviation Organization.</p> <p><del><sup>2</sup>Annex A provides a Glossary of Terms to be used for the interpretation of these Regulations.</del></p>	<p>These Regulations shall govern the financial administration of the International Civil Aviation Organization.</p>	<p>Footnote 2 making reference to Annex A Glossary of Terms is to be removed since definitions are to be contained in Article XV which is dedicated to Definitions.</p>
1.2	<p>New Regulation</p>	<p>The Secretary General is responsible and accountable to the Council for the financial management and operation of ICAO and may delegate authority for the implementation of specific aspects of the</p>	<p>The Secretary General is responsible and accountable to the Council for the financial management and operation of ICAO and may delegate authority for the implementation of specific aspects of the</p>	<p>Clarification of the Secretary General’s role and delegated authority with regard to the financial management of the Organization.</p>

		Financial Regulations, documented in the Financial Rules, in line with Article XI.	Financial Regulations, documented in the Financial Rules, in line with Article XI.	
1.3	New Regulation	The definitions in respect of specific terms used in these Regulations are presented in Article XV.	The definitions in respect of specific terms used in these Regulations are presented in Article XV.	A dedicated Article XV on Definitions replaces Annex A and the related the footnote in Regulation 1.1, which is accordingly removed. This conforms to the presentation of Definitions in the Regulations of other UN Agencies.
<b>Article IV The Budget</b>				
	Article IV The Budget	Article IV <del>The</del> Regular Budget	Article IV Regular Budget	Elimination of footnote in Article I requires greater precision in Article Headings.
4.3	The Secretary General's Regular Budget Estimates shall present the resources necessary to meet the results required to comply with the Business Plan for which the estimates are presented.	The Secretary General's Regular Budget Estimates shall present the resources necessary to meet the results required to comply with ICAO's obligations under the Chicago Convention and applicable Assembly Resolutions, as they have been incorporated into the Business Plan <del>for which the estimates are presented.</del>	The Secretary General's Regular Budget Estimates shall present the resources necessary to meet the results required to comply with ICAO's obligations under the Chicago Convention and applicable Assembly Resolutions, as they have been incorporated into the Business Plan.	A distinction is made between the entire content of the Business Plan and aspects of it that are funded by the Regular Budget since they are statutory obligations of the Organization under the Chicago Convention and applicable Assembly Resolutions.

<p>4.4</p>	<p>The Secretary General’s Regular Budget Estimates shall be divided into Programme, Programme Support, and Management and Administration. While Programme relates to Strategic Objectives, Programme Support and Management and Administration relate to Supporting Strategies. For each Strategic Result and Supporting Strategy, the budget estimates will contain required resources, and also expected results, outputs and key performance indicators to measure progress made towards the attainment of results.</p>	<p>The Secretary General’s Regular Budget Estimates shall be subdivided into Programme, <del>Programme Support, and Management and Administration.</del> While <del>Programme</del> relates to Strategic Objectives, <del>Programme Support and Management and Administration</del> relate to Supporting Strategies. For each <del>Strategic Result and Supporting Strategy</del>, the budget estimates will contain required resources, and also expected results, outputs and key performance indicators to measure progress made towards the attainment of results. Strategic Objectives, Supporting Strategies, and may include any other objective or strategy related to the results-based management structure of the Business Plan.</p>	<p>The Secretary General’s Regular Budget Estimates shall be subdivided into Strategic Objectives, Supporting Strategies, and may include any other objective or strategy related to the results-based management structure of the Business Plan.</p>	<p>A higher-level description of the budgetary structure permits adapting the presentation of budgetary estimates to changes in the framework used for business planning.</p>
<p>4.10</p>	<p>The budget resolution, as defined in Regulation 4.7 c), shall be voted by the Assembly by Strategic Objectives and Supporting Strategies and by Total Authorized Appropriation.</p>	<p>The budget resolution, as defined in Regulation 4.7 c), shall be voted and adopted by the Assembly by Strategic Objectives, <del>and</del> Supporting Strategies, and any other objective or strategy related to the results-based management structure of the Business Plan;</p>	<p>The budget resolution, as defined in Regulation 4.7 c), shall be voted and adopted by the Assembly by Strategic Objectives, Supporting Strategies, and any other objective or strategy related to the results-based management structure of the Business Plan;</p>	<p>Allows for the possibility of voting of the budget by any component related to the results-based management structure of the Business Plan.</p>

		and by Total Authorized Appropriation.	and by Total Authorized Appropriation.	
<b>Article V Appropriations</b>				
	<p>Article V Appropriations<sup>3</sup></p> <p><sup>3</sup> Non-cash expenditures not requiring an outlay of funds, such as depreciation, amortization and goods and services provided to the Organization without charges, are not included in the appropriations but are included in the estimates for authorization purposes.</p>	<p>Article V Regular Budget Appropriations<sup>3</sup></p> <p><del><sup>3</sup> Non-cash expenditures not requiring an outlay of funds, such as depreciation, amortization and goods and services provided to the Organization without charges, are not included in the appropriations but are included in the estimates for authorization purposes.</del></p>	<p>Article V Regular Budget Appropriations</p>	<p>Information in Footnote 3 to be transferred to the Financial Rule.</p>
5.6	<p>The Secretary General up to 10 per cent per appropriation for each Strategic Objective or Supporting Strategy and, above this percentage, the Council, irrespective of its authority under Regulation 5.9 to effect transfers between Strategic Objectives or Supporting Strategies, may determine that any unspent balance of appropriations in any financial year be carried over to the following year. The total of expended and carried over appropriations shall not exceed the Total Authorized Appropriation plus amounts carried over from the previous year. Any balance of unspent appropriations and</p>	<p>The unspent balance of appropriations in any financial year may be carried over to the following year under the authority of the Secretary General for up to 10 per cent per appropriation for each Strategic Objective, or Supporting Strategy, or any other objective or strategy that has been voted and adopted by the Assembly, and for any amount above this percentage, under the authority of the Council, irrespective of its authority under Regulation 5.9 to effect transfers between Strategic Objectives or Supporting Strategies, may determine that any unspent</p>	<p>The unspent balance of appropriations in any financial year may be carried over to the following year under the authority of the Secretary General for up to 10 per cent per appropriation for each Strategic Objective, Supporting Strategy, or any other objective or strategy that has been voted and adopted by the Assembly, and for any amount above this percentage, under the authority of the Council, irrespective of its authority under Regulation 5.9. The total of expended and carried over appropriations shall not exceed the Total Authorized Appropriation plus amounts</p>	<p>Additional flexibility to adapt to changes in the business planning framework and syntax change.</p>

	<p>appropriations not carried over to the following year shall be cancelled.</p>	<p><del>balance of appropriations in any financial year be carried over to the following year.</del> The total of expended and carried over appropriations shall not exceed the Total Authorized Appropriation plus amounts carried over from the previous year. Any balance of unspent appropriations and appropriations not carried over to the following year shall be cancelled.</p>	<p>carried over from the previous year. Any balance of unspent appropriations and appropriations not carried over to the following year shall be cancelled.</p>	
<p>5.9</p>	<p>Transfers from one Strategic Objective or Supporting Strategy to another may be effected by the Secretary General up to an amount not exceeding 20 per cent of the annual appropriation for each of the Strategic Objectives or Supporting Strategies to which the transfer is made. Above this percentage, transfers between Strategic Objectives or Supporting Strategies may be effected by the Secretary General, with the prior approval of the Council after obtaining the advice of the Finance Committee. All transfers, including those that fall within the authority of the Secretary General, shall be reported to the Assembly.</p>	<p>Transfers from one Strategic Objective, <del>or</del> Supporting Strategy, or any other objective or strategy voted and adopted by the Assembly, to another may be effected by the Secretary General up to an amount not exceeding 20 per cent of the annual appropriation for each of the Strategic Objectives, <del>or</del> Supporting Strategies, or other objective or strategy, to which the transfer is made. Above this percentage, transfers <del>between</del> among Strategic Objectives, <del>or</del> Supporting Strategies, or other objective or strategy, may be effected by the Secretary General, with the prior approval of the Council after obtaining</p>	<p>Transfers from one Strategic Objective, Supporting Strategy, or any other objective or strategy voted and adopted by the Assembly, to another may be effected by the Secretary General up to an amount not exceeding 20 per cent of the annual appropriation for each of the Strategic Objectives, Supporting Strategies, or other objective or strategy, to which the transfer is made. Above this percentage, transfers among Strategic Objectives, Supporting Strategies, or other objective or strategy, may be effected by the Secretary General, with the prior approval of the Council after obtaining the advice of the</p>	<p>To allow additional flexibility to adapt to changes in the business planning framework.</p>

		the advice of the Finance Committee. All transfers, including those that fall within the authority of the Secretary General, shall be reported to the Assembly.	Finance Committee. All transfers, including those that fall within the authority of the Secretary General, shall be reported to the Assembly.	
<b>Article VI Provision of Funds</b>				
	Article VI Provision of Funds	Article VI Provision of Regular Budget Funds	Article VI Provision of Regular Budget Funds	For greater distinction between Article VI and VII
6.6	The contributions of Member States shall be payable in Canadian dollars. To the extent that the Secretary General may find it possible to accept during the financial year other currencies, the Secretary General may invite certain Member States to remit a portion of their contributions in such currencies, of specified amounts, as the Secretary General may designate to the extent that contributions so assessed are fair and equitable.	The contributions of Member States shall be <del>payable in Canadian dollars</del> assessed partly in Canadian dollars and partly in United States dollars, in a proportion determined by the requirements of the two currencies. To the extent that the Secretary General may find it possible to accept during the financial year other currencies, the Secretary General may invite certain Member States to remit a portion of their contributions in such currencies, of specified amounts, as the Secretary General may designate to the extent that contributions so assessed are fair and equitable.	The contributions of Member States shall be assessed partly in Canadian dollars and partly in United States dollars, in a proportion determined by the requirements of the two currencies. To the extent that the Secretary General may find it possible to accept during the financial year other currencies, the Secretary General may invite certain Member States to remit a portion of their contributions in such currencies, of specified amounts, as the Secretary General may designate to the extent that contributions so assessed are fair and equitable.	To reflect the current reality of split currency assessments.
<b>Article VII Establishment and Administration of Funds</b>				

<p>7.2</p>	<p>The Secretary General may establish Funds or Special Accounts within the scope of the Ancillary Revenue Generation Fund referred to in Regulation 7.3 c).</p>	<p>The Secretary General may <del>establish</del> create Funds or Special Accounts <del>within the scope of the Ancillary Revenue Generation Fund referred to in Regulation 7.3 c</del> for the purpose of efficient financial administration of those Funds, Reserves and Special Accounts, established as per Regulation 7.1.</p>	<p>The Secretary General may create Funds or Special Accounts for the purpose of efficient financial administration of those Funds, Reserves and Special Accounts, established as per the Regulation 7.1.</p>	<p>To reflect the Secretary General's authority to create Funds or Special Accounts to allow for effective financial management of voluntary contributions and expansion of new products and services.</p>
<p>7.3</p>	<p>As far as the General Fund, the Working Capital Fund, and the Ancillary Revenue Generation Fund are concerned:</p> <p>a) the General Fund shall be credited with contributions (including any arrears thereof) from Member States, miscellaneous income and advances made from the Working Capital Fund and shall be debited with all general expenditures of the Organization and reimbursements to the Working Capital Fund;</p> <p>b) the Working Capital Fund shall be utilized to make advances as necessary:</p> <p>i) to the General Fund to finance temporary cash deficits as a result of delays in receipt of income, the sums so advanced to be reimbursed</p>	<p>As far as the General Fund, the Working Capital Fund, and the Ancillary Revenue Generation Fund are concerned:</p> <p>a) the General Fund shall be credited with contributions (including any arrears thereof) from Member States, miscellaneous income and advances made from the Working Capital Fund and shall be debited with all general expenditures of the Organization and reimbursements to the Working Capital Fund.</p> <p>b) the Working Capital Fund shall be utilized to make advances as necessary:</p> <p>i) to the General Fund to finance temporary cash deficits as a result of delays in receipt of</p>	<p>As far as the General Fund, the Working Capital Fund, and the Ancillary Revenue Generation Fund are concerned:</p> <p>a) the General Fund shall be credited with contributions (including any arrears thereof) from Member States, miscellaneous income and advances made from the Working Capital Fund and shall be debited with all general expenditures of the Organization and reimbursements to the Working Capital Fund.</p> <p>b) the Working Capital Fund shall be utilized to make advances as necessary:</p> <p>i) to the General Fund to finance temporary cash deficits as a result of delays in receipt of</p>	<p>7.3 b ii) is removed since advances from the Working Capital Fund are no longer required for the referenced Joint Financing Fund.</p> <p>7.3 c) and d) further clarification is provided for the treatment of deficits resulting from revenue generation activities and on budgetary aspects.</p>

<p>as soon as receipts are available for the purpose;</p> <p>ii) to the relevant Joint Financing Fund for the operation of projects under agreements concluded under Chapter XV of the Convention, for the purpose of defraying expenses pending receipt of contributions assessable to participating States by virtue of these agreements, the outstanding balance of the sums so advanced not to exceed \$100 000 at any time and to be reimbursed as soon as receipts from participating States are available for the purpose; and</p> <p>iii) in cases where the Council has approved appropriations under Regulation 5.2 a) and b), to the relevant special fund created under Regulation 8.4 subject to the limit therein specified.</p> <p>c) the Ancillary Revenue Generation Fund shall be used to record all revenues and expenditures relating to self-financing activities. In the event of a deficit at the end of a financial year, the deficit shall be carried forward to the next year and offset by income in that period, and the deficit shall not be funded by the Regular Budget. Budgetary</p>	<p>income, the sums so advanced to be reimbursed as soon as receipts are available for the purpose;</p> <p><del>ii) to the relevant Joint Financing Fund for the operation of projects under agreements concluded under Chapter XV of the Convention, for the purpose of defraying expenses pending receipt of contributions assessable to participating States by virtue of these agreements, the outstanding balance of the sums so advanced not to exceed \$100 000 at any time and to be reimbursed as soon as receipts from participating States are available for the purpose; and</del></p> <p>ii) in cases where the Council has approved appropriations under Regulation 5.2 a) and b), to the relevant special fund created under Regulation 8.4 subject to the limit therein specified.</p> <p>c) the Ancillary Revenue Generation Fund shall be used to <del>record all revenues and expenditures relating to</del> administer self-financing activities and revenue-generating products and</p>	<p>income, the sums so advanced to be reimbursed as soon as receipts are available for the purpose; and</p> <p>ii) in cases where the Council has approved appropriations under Regulation 5.2 a) and b), to the relevant special fund created under Regulation 8.4 subject to the limit therein specified.</p> <p>c) the Ancillary Revenue Generation Fund shall be used to administer self-financing and revenue-generating products and services. In the event of a deficit at the end of a financial year, the deficit shall be funded by accumulated surplus or it shall be carried forward to the next year and offset by income in that period, and the deficit shall not be funded by the Regular Budget. Budgetary estimates for the Ancillary Revenue Generation Fund, showing income, expenditure and amounts estimated for transfers to the General Fund to finance the Regular Budget approved by the Council, shall be presented, together with the Regular Budget, to the</p>	
---	--	--	--

<p>estimates for the Ancillary Revenue Generation Fund, showing income, expenditure and amounts estimated for transfers to the General Fund to finance the Regular Budget approved by the Council, shall be presented, together with the Regular Budget, to the Assembly for its review and approval. The Secretary General may make such adjustments to the budget estimates, approved by the Assembly, as may be required during the budgetary period concerned in order to further enhance revenue generation, and provide adequate administration and support services to the activities of the Organization, within the terms of these Financial Regulations and the resources available in the Fund, but without reducing the amounts earmarked for transfer to the General Fund. Any surplus not projected to be committed or expensed may be transferred to the General Fund.</p> <p>d) within the Ancillary Revenue Generation Fund, the following reserve shall be established at levels set by the Council:</p>	<p>services. In the event of a deficit at the end of a financial year, the deficit shall be funded by accumulated surplus or it shall be carried forward to the next year and offset by income in that period, and the deficit shall not be funded by the Regular Budget. Budgetary estimates for the Ancillary Revenue Generation Fund, showing income, expenditure and amounts estimated for transfers to the General Fund to finance the Regular Budget approved by the Council, shall be presented, together with the Regular Budget, to the Assembly for its review and approval. The Secretary General may make such adjustments to the budget estimates, approved by the Assembly, as may be required during the budgetary period concerned in order to further enhance revenue generation, and provide adequate administration and support services to the activities of the Organization, within the terms of these Financial Regulations and the resources available in the Fund, but without reducing the</p>	<p>Assembly for its review and approval. The Secretary General may make such adjustments to the budget estimates, approved by the Assembly, as may be required during the budgetary period concerned in order to further enhance revenue generation, and provide adequate administration and support services to the activities of the Organization, within the terms of these Financial Regulations and the resources available in the Fund, but without reducing the amounts earmarked for transfer to the General Fund. Any surplus not projected to be committed or expensed may be transferred to the General Fund.</p> <p>d) within the Ancillary Revenue Generation Fund, an operational reserve shall be established, at levels set by the Council, to guarantee the financial viability and integrity of the Ancillary Revenue Generation Fund. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The decision to make a</p>	
--	--	---	--

	<p>1. an operational reserve, the purpose of which is to guarantee the financial viability and integrity of the Ancillary Revenue Generation Fund. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The elements to be compensated for and covered by it shall be limited to:</p> <ul style="list-style-type: none"> <li>i) downward fluctuations or shortfalls in resources;</li> <li>ii) uneven cash flows;</li> <li>iii) increases in actual costs as compared to planning estimates or fluctuations in delivery; and</li> <li>iv) other contingencies which result in a loss of resources for which the Ancillary Revenue Generation Fund has made commitments.</li> </ul> <p>The decision to make a drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next regular session.</p>	<p>amounts earmarked for transfer to the General Fund. Any surplus not projected to be committed or expensed may be transferred to the General Fund.</p> <p>d) within the Ancillary Revenue Generation Fund, <del>the following</del> an operational reserve shall be established, at levels set by the Council, <del>1. an operational reserve, the purpose of which is</del> to guarantee the financial viability and integrity of the Ancillary Revenue Generation Fund. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The decision to make a drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next regular session. The elements to be compensated for and covered by <del>it</del> the Reserve shall be limited to:</p> <ul style="list-style-type: none"> <li>i) downward fluctuations or shortfalls in resources;</li> <li>ii) uneven cash flows;</li> </ul>	<p>drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next regular session. The elements to be compensated for and covered by the Reserve shall be limited to:</p> <ul style="list-style-type: none"> <li>i) downward fluctuations or shortfalls in resources;</li> <li>ii) uneven cash flows;</li> <li>iii) increases in actual costs as compared to planning estimates or fluctuations in delivery; and</li> <li>iv) other contingencies which result in a loss of resources for which the Ancillary Revenue Generation Fund has made commitments.</li> </ul>	
--	---	--	--	--

		<p>iii) increases in actual costs as compared to planning estimates or fluctuations in delivery; and iv) other contingencies which result in a loss of resources for which the Ancillary Revenue Generation Fund has made commitments.</p> <p><del>The decision to make a drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next regular session.</del></p>		
7.9	New Regulation	<p>Voluntary contributions may be accepted by the Secretary General if the contributions made are consistent with the purposes, objectives, policies, principles or functions of the Organization. Such contributions shall be administered as Trust Funds and the status of Voluntary Contributions shall be periodically reported to the Finance Committee.</p>	<p>Voluntary contributions may be accepted by the Secretary General if the contributions made are consistent with the purposes, objectives, policies, principles or functions of the Organization. Such contributions shall be administered as Trust Funds and the status of Voluntary Contributions shall be periodically reported to the Finance Committee.</p>	<p>To reflect the Secretary General's authority to receive voluntary contributions.</p>
<p><b>Article VIII Joint Financing of Air Navigation Facilities and Services</b></p>				

8.1	Unless the Assembly makes specific provision therefor, projects requiring joint financing under Chapter XV of the Convention shall be financed not from the General Fund, but by assessed contributions agreed to by the interested parties.	Unless the Assembly makes specific provision therefor, projects requiring joint financing under Chapter XV of the Convention shall be financed not from the General Fund, but by assessed contributions or other means agreed to by the interested parties.	Unless the Assembly makes specific provision therefor, projects requiring joint financing under Chapter XV of the Convention shall be financed not from the General Fund, but by assessed contributions or other means agreed to by the interested parties.	To reflect the current reality that funding also comes from sources other than assessed contributions.
<b>Article IX Technical Cooperation</b>				
	Article IX Technical Cooperation <sup>4</sup>  <sup>4</sup> The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extrabudgetary resources, such as those provided by the United Nations Development Programme and through Trust Funds provided by governments and other entities.	Article IX Technical Cooperation <sup>4</sup>  <del><sup>4</sup> The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extrabudgetary resources, such as those provided by the United Nations Development Programme and through Trust Funds provided by governments and other entities</del>	Article IX Technical Cooperation	Relevant aspects of Footnote 4 need to be incorporated in Regulation 9.1 to create context for the establishment of Technical Cooperation Funds.
9.1	In accordance with Article VII, Regulation 7.1, the Council authorizes the establishment of such Funds as may be necessary for the administration of programmes of technical cooperation. The Secretary General may establish and shall administer such Funds, in support of the Technical Cooperation Programme, in accordance with the applicable	The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extra budgetary resources. In accordance with Article VII, Regulation 7.1, the Council authorizes the establishment of such Funds as may be necessary for the administration of programmes	The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extra budgetary resources. In accordance with Article VII, Regulation 7.1, the Council authorizes the establishment of such Funds as may be necessary for the administration of programmes	Incorporation of relevant aspects of Footnote 4 and reference to revised Regulation 7.2.

	provisions of these Financial Regulations and with due regard to the requirements of the organizations, governments and other entities providing the respective funds.	of technical cooperation. In line with Regulation 7.2, the Secretary General may create and shall administer such those Funds, in support of the Technical Cooperation Programme, in accordance with the applicable provisions of these Financial Regulations and with due regard to the requirements of the organizations, governments and other entities providing the respective funds.	of technical cooperation. In line with Regulation 7.2, the Secretary General may create and shall administer those Funds, in support of the Technical Cooperation Programme, in accordance with the applicable provisions of these Financial Regulations and with due regard to the requirements of the organizations, governments and other entities providing the respective funds.	
9.3	The cost of administration and operation of the Organization's programmes of technical cooperation shall be met by the organizations, governments and other entities providing the funds for technical cooperation. For United Nations Development Programme (UNDP) projects, administrative charges shall be determined in coordination with the UNDP, and for all other projects, administrative charges shall be determined on the basis of the estimated costs to be incurred by the Organization for the implementation of the project.	The cost of administration and operation of the Organization's programmes of technical cooperation shall be met by the organizations, governments and other entities providing the funds for technical cooperation and managed through an Administrative and Operational Services Cost (AOSC) Fund. For <del>United Nations Development Programme (UNDP) projects, administrative charges shall be determined in coordination with the UNDP, and for all other projects,</del> Administrative charges shall be determined on the basis of the estimated costs to be incurred by	The cost of administration and operation of the Organization's programmes of technical cooperation shall be met by the organizations, governments and other entities providing the funds for technical cooperation and managed through an Administrative and Operational Services Cost (AOSC) Fund. Administrative charges shall be determined on the basis of the estimated costs to be incurred by the Organization for the implementation of the project, subject to Regulation 7.7.	A broader statement eliminates the need to highlight UNDP projects that currently play a minor role in the TCP and a reference is made to Regulation 7.7.

		the Organization for the implementation of the project, subject to Regulation 7.7.		
<b>Article X Depositories and Investments</b>				
	Article X Depositories and Investments	Article X <del>Depositories</del> Banking and Investments	Article X Banking and Investments	More aligned with contemporary context
10.1	The Secretary General shall designate the bank(s) or financial institution(s) in which the funds of the Organization shall be kept.	The Secretary General shall designate the bank(s) or other financial institution(s) in which the funds of the Organization shall be kept. The Secretary General shall be accountable for effective cash and investment management in accordance with criteria and standards elaborated in the Financial Rules and any applicable policies.	The Secretary General shall designate the bank(s) or other financial institution(s) in which the funds of the Organization shall be kept. The Secretary General shall be accountable for effective cash and investment management in accordance with criteria and standards elaborated in the Financial Rules and any applicable policies.	Reflects responsibilities and accountabilities for the management of monetary resources.
10.2	The Secretary General, with the approval of the Finance Committee, shall from time to time designate trustee securities for investment purposes.	<del>The Secretary General, with the approval of the Finance Committee, shall from time to time designate trustee securities for investment purposes.</del> may make short-term investment of funds in excess of immediate requirements and shall periodically inform the Finance Committee on the status of such investments. Long term investment of funds shall require approval by the Finance Committee.	The Secretary General may make short-term investment of funds in excess of immediate requirements and shall periodically inform the Finance Committee on the status of such investments. Long term investment of funds shall require approval by the Finance Committee.	Reflects current practice.

10.3	The Secretary General may make investments in such designated trustee securities and shall inform the Finance Committee periodically of such investments.	<del>The Secretary General may make investments in such designated trustee securities and shall inform the Finance Committee periodically of such investments.</del> —The selection of banking partners and the management of relationships with financial institutions shall be in accordance with criteria and standards elaborated in the Financial Rules and in ICAO guidelines established for cash and investment management.	The selection of banking partners and the management of relationships with financial institutions shall be in accordance with criteria and standards elaborated in the Financial Rules and in ICAO guidelines established for cash and investment management.	Addresses management of relationships with financial institutions.
<b>Article XI Internal Control and Internal Audit</b>				
	Article XI Internal Control and Internal Audit	Article XI Internal Control and Internal <del>Audit</del> Oversight	Article XI Internal Control and Internal Oversight	To reflect the expanded role of ICAO's oversight function.
11.1	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 documents which ensure that the services or goods have been received and have not already been paid for;	The Secretary General shall:  a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;  b) establish and enforce a Procurement Code that regulates the conduct of all procurement activities, including solicitation, evaluations, and approval of all procurement for goods and	The Secretary General shall:  a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;  b) establish and enforce a Procurement Code that regulates the conduct of all procurement activities, including solicitation, evaluations, and approval of all procurement for goods and	To include additional elements of the control environment, a new 11.1 b) is added to underscore the establishment and enforcement of a Procurement Code for all procurement activity, including third-party procurement; a new 11.1 e) introduces a directive on the issuance of refunds of any contributed funds; and the renumbered 11.1 f) makes reference to the Enterprise Risk Management and Internal

	<p>c) designate the officers who may receive monies and, subject to Regulation 11.2, may incur expenditures and make payments on behalf of the Organization; and</p> <p>d) maintain a system of internal controls and a separate internal audit function, which shall provide for an effective current examination and <i>ex post facto</i> review of the operation of the system of internal control; these two measures being provided to ensure:</p> <p>i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;</p> <p>ii) the conformity of expenditures with the appropriations or other financial provisions, or with the purposes and rules relating to Funds, Reserves and Special Accounts; and</p> <p>iii) the economical use of the resources of the Organization.</p>	<p>services, including third party procurement;</p> <p>⇒ c) cause all payments to be made on the basis of supporting documents which ensure that the services or goods have been received and have not already been paid for;</p> <p>⇒ d) designate the officers who may receive monies and, subject to Regulation 11.2, may incur expenditures and make payments on behalf of the Organization; and</p> <p>e) ensure that refunds of any contributed funds and applicable interest, if any, shall only be made to the original donor entity or a legally administered trust fund on behalf of the entity;</p> <p>⇒ f) maintain a system of internal controls, in line with the Organization's Enterprise Risk Management and Internal Control Framework and a separate internal audit oversight function as described in the OIO Charter. <del>these two measures being provided to ensure:</del></p>	<p>services, including third party procurement;</p> <p>c) cause all payments to be made on the basis of supporting documents which ensure that the services or goods have been received and have not already been paid for;</p> <p>d) designate the officers who may receive monies and, subject to Regulation 11.2, may incur expenditures and make payments on behalf of the Organization;</p> <p>e) ensure that refunds of any contributed funds and applicable interest, if any, shall only be made to the original donor entity or a legally administered trust fund on behalf of the entity;</p> <p>f) maintain a system of internal controls, in line with the Organization's Enterprise Risk Management and Internal Control Framework and a separate internal oversight function as described in the OIO Charter.</p>	<p>Control Framework and updates the role of the oversight function.</p>
--	--	--	--	--

		<p>i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;</p> <p>ii) the conformity of expenditures with the appropriations or other financial provisions, or with the purposes and rules relating to Funds, Reserves and Special Accounts; and</p> <p>iii) the economical use of the resources of the Organization.</p>		
<b>Article XII Accounts and Financial Statements</b>				
12.1	<p>The Secretary General shall maintain such accounting records as are necessary and shall submit annual financial statements in accordance with accounting standards adopted by the United Nations Organizations. The statements shall also include:</p> <p>a) the status of appropriations including:</p> <p>i) the appropriations voted by the Assembly;</p> <p>ii) the said appropriations as modified by any transfers and any new appropriations made under Regulation 5.2, and</p> <p>iii) the amounts charged against the appropriations; and</p>	<p>The Secretary General shall maintain such accounting records as are necessary and shall submit annual financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) <del>accounting standards</del> adopted by the United Nations Organizations. The statements shall also include:</p> <p>a) the status of appropriations including:</p> <p>i) the appropriations voted by the Assembly;</p> <p>ii) the said appropriations as modified by any transfers and</p>	<p>The Secretary General shall maintain such accounting records as are necessary and shall submit annual financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) adopted by the United Nations Organizations. The statements shall also include:</p> <p>a) the status of appropriations including:</p> <p>i) the appropriations voted by the Assembly;</p> <p>ii) the said appropriations as modified by any transfers and any new appropriations made under Regulation 5.2, and</p>	<p>To identify the accounting standards used for financial reporting.</p>

	b) credits not budgeted by the Assembly.	any new appropriations made under Regulation 5.2, and iii) the amounts charged against the appropriations; and b) credits not budgeted by the Assembly.	iii) the amounts charged against the appropriations; and b) credits not budgeted by the Assembly.	
<b>Article XIII External Audit</b>				
13.4	The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special direction of the Assembly, in accordance with the additional terms of reference set out in Annex B to the present Regulations.	The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special direction of the Assembly, in accordance with the additional terms of reference set out in the Annex <del>B</del> to the present Regulations.	The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special direction of the Assembly, in accordance with the additional terms of reference set out in the Annex to the present Regulations.	To reflect a change to a single Annex instead of the previous two.
13.8	The report of the External Auditor on the audit of the financial statements and relevant schedules relating to the accounts for the financial period shall include such information as the External Auditor deems necessary with regard to matters referred to in Regulation 13.5 and in the additional terms of reference in <i>Annex B</i> .	The report of the External Auditor on the audit of the financial statements and relevant schedules relating to the accounts for the financial period shall include such information as the External Auditor deems necessary with regard to matters referred to in Regulation 13.5 and in the additional terms of reference in the <i>Annex B</i> .	The report of the External Auditor on the audit of the financial statements and relevant schedules relating to the accounts for the financial period shall include such information as the External Auditor deems necessary with regard to matters referred to in Regulation 13.5 and in the additional terms of reference in the <i>Annex</i> .	To reflect a change to a single Annex instead of the previous two.
13.9	New Regulation	As part of a common internal control and audit framework in the United Nations system organizations, the Single Audit Principle shall apply.	As part of a common internal control and audit framework in the United Nations system organizations, the Single Audit Principle shall apply.	To formalize the UN Single Audit Principle in the Financial Regulations.

	Annex B Additional Terms of Reference Governing the External Audit	<del>Annex B</del> Additional Terms of Reference Governing the External Audit	Annex Additional Terms of Reference Governing the External Audit	To reflect a change to a single Annex instead of the previous two.
<b>Annex A Glossary of Terms</b>				
	Annex A Glossary of Terms	<del>Annex A Glossary of Terms</del> Article XV Definitions	Article XV Definitions	Article XV on Definitions replaces Annex A Glossary of Terms with the following additions, deletions and modifications. <sup>3</sup>
1	<p>“Allotment” or “allocation of funds”:</p> <p>a) when used in respect to the Regular Budget, shall mean the document, electronic or otherwise, which enables and authorizes expenditures against Regular Budget Funds.</p> <p>b) when used with all other Funds, Reserves and Special Accounts, shall mean that funds are available and received by the Organization, thus allowing expenditures to occur.</p>	<p>Allotment” or “allocation of funds”:</p> <p>a) when used in respect to the Regular Budget, shall mean the document, electronic or otherwise, which enables and authorizes expenditures against Regular Budget Funds.</p> <p>b) when used with all other Funds, Reserves and Special Accounts, shall mean that funds are available and received by the Organization, thus allowing expenditures to occur.</p>		No Change
2	<p>“Business Plan” shall mean the Business Plan of the Organization, representing the operational plan for implementing the Strategic Objectives of the Organization.</p>	<p>“Business Plan” shall mean the document that sets the overall direction and provides the framework for guiding ICAO to achieve objectives and strategies. <del>the Business Plan of the Organization, representing</del></p>	<p>“Business Plan” shall mean the document that sets the overall direction and provides the framework for guiding ICAO to achieve objectives and strategies.</p>	To provide more clarity to a term already in use.

<sup>3</sup> Appendix A contains only the additions, deletions and modifications made to the Definitions whereas Appendix B lists the full content of Article XV

		<del>the operational plan for implementing the Strategic Objectives of the Organization.</del>		
3	“Capital Expenditures” shall mean tangible assets, such as property, plant and equipment, and capitalized intangible assets (also called fixed assets), which are held by the Organization and have a useful life of more than one year.	<del>“Capital Expenditures” shall mean tangible assets, such as property, plant and equipment, and capitalized intangible assets (also called fixed assets), which are held by the Organization and have a useful life of more than one year.</del>		To delete a term no longer used in the Financial Regulations.
4	“Commitment” shall mean an engagement or an obligation to conclude a transaction with a third party, by contract or other means, during the current year or subsequent years.	“Commitment” shall mean an engagement or an obligation to conclude a transaction with a third party, by contract or other means, during the current year or subsequent years.		No Change
		<del>“Ex gratia payment” shall mean a payment made where there is no legal liability but the moral obligation to make such payment is justifiable.</del>	“Ex gratia payment” shall mean a payment made where there is no legal liability but the moral obligation to make such payment is justifiable.	To define a term used in Regulation 11.3.
5	“Expenditure” shall mean the use of funds by the Organization or a commitment to pay at a later date cash or equivalent for the acquisition of goods and services that will generally translate into the operating expenses or capital spending of the Organization.	<del>“Expenditure” shall mean the sum of disbursements and unliquidated commitments where “disbursement” shall mean the amount paid and shall be used interchangeably with the term “payments”. the use of funds by the Organization or a commitment to pay at a later</del>	“Expenditure” shall mean the sum of disbursements and unliquidated commitments where “disbursement” shall mean the amount paid and shall be used interchangeably with the term “payments”.	To provide more clarity to terms already in use.

		<del>date cash or equivalent for the acquisition of goods and services, that will generally translate into the operating expenses or capital spending of the Organization.</del>		
6	“Expenses” shall mean decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.	“Expenses” shall mean decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.		No Change
7	“Fixed assets” shall mean property, plant and equipment, and intangible assets capitalized under IPSAS and the Organization’s policy.	“Fixed assets” shall mean property, plant and equipment, and intangible assets capitalized under IPSAS and the Organization’s policy.		No Change
8	“Full cost” shall mean all direct and indirect costs attributable to the administration, operation and support of the Organization’s activities.	“Full cost” shall mean all direct and indirect costs attributable to the administration, operation and support of the Organization’s activities.		No Change
9	“Fund” or “Special Account” shall mean an account or accounts set aside for a specific purpose. Funds may be restricted internally by the Secretariat or externally by a contributor, a Member State, the Council, or the Assembly.	“Fund” or “Special Account” shall mean <del>an account or accounts set aside for a specific purpose</del> the set of accounting records established to record and report on the financial transactions, and the terms may	“Fund” or “Special Account” shall mean the set of accounting records established to record and report on the financial transactions, and the terms may be used interchangeably. Funds may be restricted internally by	To provide more clarity to terms already in use.

		be used interchangeably. Funds may be restricted internally by the Secretariat or externally by a contributor, a Member State, the Council, or the Assembly.	the Secretariat or externally by a contributor, a Member State, the Council, or the Assembly.	
10	“Income” relates to funding sources and includes proceeds from the sale of fixed assets.	<del>“Income” relates to funding sources and includes proceeds from the sale of fixed assets.</del>		To delete and replace with a definition of “revenue” and “income” which are used interchangeably in the Financial Regulations.
11	“Liabilities” shall mean present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential	“Liabilities” shall mean present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential		No Change
12	“Miscellaneous Income” shall mean any funds earned by the Organization as a result of interest revenue, fees charged for services and indirect costs, and other sundry receipts.	“Miscellaneous Income” shall mean any funds earned by the Organization as a result of interest revenue, fees charged for services and indirect costs, and other sundry receipts.		No Change
13	“Revenue” shall mean the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.	<del>“Revenue” shall mean the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.</del>		To delete and replace with a definition of “revenue” and “income” which are used interchangeably in the Financial Regulations.
		“Revenue” and “Income” shall mean the increase in economic	“Revenue” and “Income” shall mean the increase in economic	To provide more clarity to terms already in use.

		benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity. “Revenue” and “Income” are used inter-changeably in this document.	benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity. “Revenue” and “Income” are used inter-changeably in this document.	
14	“Revolving Fund” shall mean a Fund established under the Financial Regulations for a particular purpose and financed by an ongoing basis by various sources of funding such as transfers and current operations from other Funds. It may be used to finance specific expenditures, deficits and accumulated deficits in whole or in part.	“Revolving Fund” shall mean a Fund established under the Financial Regulations for a particular purpose and financed by an ongoing basis by various sources of funding such as transfers and current operations from other Funds. It may be used to finance specific expenditures, deficits and accumulated deficits in whole or in part.		No Change
		“Single Audit Principle” shall mean that, given a control system where the control and audit functions are based on common methods, they enable auditors of one institution to rely on the work of auditors from another institution instead of re-performing the audit themselves	“Single Audit Principle” shall mean that, given a control system where the control and audit functions are based on common methods, they enable auditors of one institution to rely on the work of auditors from another institution instead of re-performing the audit themselves.	To define term used in Regulation 13.9.

15	“Strategic Objectives” shall mean the units into which the programmatic elements of the Business Plan shall be subdivided.	“Strategic Objectives” shall mean the units into which the programmatic elements of the Business Plan shall be subdivided.		No Change
16	“Supporting document” shall mean a document justifying a transaction, which is used for control and recording purposes. It also includes electronic forms used for these purposes.	“Supporting document” shall mean a document justifying a transaction, which is used for control and recording purposes. It also includes electronic forms used for these purposes.		No Change
17	“Supporting Strategies” shall refer to all management and administrative activities included in the Regular Budget.	“Supporting Strategies” shall refer to all management and administrative activities included in the Regular Budget.		No Change
		“Third Party Procurement” shall mean procurement conducted by ICAO at the request of and on behalf of third-parties.	“Third Party Procurement” shall mean procurement conducted by ICAO at the request of and on behalf of third-parties.	To define term used in Regulation 11.1
18	“Trustee Security” shall mean those financial instruments approved by the Finance Committee for use in investing the Organization’s funds other than term deposits in the banks and institutions referred to in Regulation 10.1.	<del>“Trustee Security” shall mean those financial instruments approved by the Finance Committee for use in investing the Organization’s funds other than term deposits in the banks and institutions referred to in Regulation 10.1.</del>		Reference to this term has been deleted from Article X.

		“Triennium” shall mean a period of three consecutive financial years reflecting the Organization’s planning and budget cycle.	“Triennium” shall mean a period of three consecutive financial years reflecting the Organization’s planning and budget cycle.	To define term used in Regulation 5.10.
		“Trust Fund” shall mean a Fund established to administer moneys received by ICAO on behalf of and for purposes specified by the contributor. While they are considered extra-budgetary resources, their use must be consistent with the policies, aims, and activities of ICAO.	“Trust Fund” shall mean a Fund established to administer moneys received by ICAO on behalf of and for purposes specified by the contributor. While they are considered extra-budgetary resources, their use must be consistent with the policies, aims, and activities of ICAO.	To define term used in Article VII and Article IX.
		“Voluntary contribution” shall mean resources in cash or in kind provided by a donor in support of ICAO's mandate.	“Voluntary contribution” shall mean resources in cash or in kind provided by a donor in support of ICAO's mandate.	To define term used in Regulation 7.9.
		“Write-Off” shall mean an accounting action that reduces the value of an asset including cash, inventories, receivables or other assets.	“Write-Off” shall mean an accounting action that reduces the value of an asset including cash, inventories, receivables or other assets.	To define term used in Regulation 11.4.

-----

**APPENDIX B**

**DRAFT RESOLUTION FOR ADOPTION BY THE 41<sup>ST</sup> SESSION OF THE ASSEMBLY**

**Resolution 51/1**

**Amendment of the Financial Regulations**

*Whereas* the Council is respectful of the position of the Assembly in approving the Budgets and Appropriations of the Organization;

*Whereas* the Council is able to meet on a regular basis to deal with exigencies and developments affecting the amounts appropriated;

*Whereas* the Council requires the flexibility between Assembly sessions to accommodate changes in the financing needs;

*The Assembly resolves*, that the amendments as set out below to the headings of Articles I, IV, V, VI, X, and XI; deletion of the footnotes of Doc 7515/16; revisions to Financial Regulations 1.1, 4.3, 4.4, 4.10, 5.6, 5.9, 6.6, 7.2, 7.3, 8.1, 9.1, 9.3, 10.1, 10.2, 10.3, 11.1, 12.1, 13.4, and 13.8; addition of new Financial Regulations 1.2, 1.3, 7.9, and 13.9; and the conversion of Annex A into a new Article XV Definitions; are confirmed pursuant to Financial Regulation 14.1.

Reg. No.	Edited changes	New revised text
<b>Article I Applicability</b>		
	Article I Applicability <sup>1</sup> -and Accountability <del><sup>1</sup>Articles IV, V and VI govern the Regular Programme Budget, its formulation, approval, execution, and funding and do not apply to Technical Cooperation Programme Funds. Pertinent provisions apply to the Administrative and Operational Services Cost Fund, in particular Regulations 4.1, 4.2, 4.4 4.9 inclusive, 5.1, 5.5, 5.7 and 5.8. See also Article IX</del>	Article 1 Applicability and Accountability
1.1	These Regulations <sup>2</sup> shall govern the financial administration of the International Civil Aviation Organization. <del><sup>2</sup>Annex A provides a Glossary of Terms to be used for the interpretation of these Regulations.</del>	These Regulations shall govern the financial administration of the International Civil Aviation Organization.
1.2	New Regulation	The Secretary General is responsible and accountable to the Council for the financial management and operation of ICAO and may delegate

		authority for the implementation of specific aspects of the Financial Regulations, documented in the Financial Rules, in line with Article XI.
1.3	New Regulation	The definitions in respect of specific terms used in these Regulations are presented in Article XV.
<b>Article IV The Budget</b>		
	Article IV Regular Budget	Article IV Regular Budget
4.3	The Secretary General's Regular Budget Estimates shall present the resources necessary to meet the results required to comply with ICAO's obligations under the Chicago Convention and applicable Assembly Resolutions, as they have been incorporated into the Business Plan for which the estimates are presented.	The Secretary General's Regular Budget Estimates shall present the resources necessary to meet the results required to comply with ICAO's obligations under the Chicago Convention and applicable Assembly Resolutions, as they have been incorporated into the Business Plan.
4.4	The Secretary General's Regular Budget Estimates shall be subdivided into Programme, Programme Support, and Management and Administration. While Programme relates to Strategic Objectives, Programme Support and Management and Administration relate to Supporting Strategies. For each Strategic Result and Supporting Strategy, the budget estimates will contain required resources, and also expected results, outputs and key performance indicators to measure progress made towards the attainment of results. Strategic Objectives, Supporting Strategies, and may include any other objective or strategy related to the results-based management structure of the Business Plan.	The Secretary General's Regular Budget Estimates shall be subdivided into Strategic Objectives, Supporting Strategies, and may include any other objective or strategy related to the results-based management structure of the Business Plan.
4.10	The budget resolution, as defined in Regulation 4.7 c), shall be voted and adopted by the Assembly by Strategic Objectives, and Supporting Strategies, and any other objective or strategy related to the results-based management structure of the Business Plan; and by Total Authorized Appropriation.	The budget resolution, as defined in Regulation 4.7 c), shall be voted and adopted by the Assembly by Strategic Objectives, Supporting Strategies and any other objective or strategy related to the results-based management structure of the Business Plan; and by Total Authorized Appropriation.
<b>Article V Appropriations</b>		
	Article V Regular Budget Appropriations <sup>3</sup> <sup>3</sup> Non-cash expenditures not requiring an outlay of funds, such as depreciation, amortization and goods and services provided to the Organization without charges, are not included in the appropriations but are included in the estimates for authorization purposes.	Article V Regular Budget Appropriations

5.6	<p>The unspent balance of appropriations in any financial year may be carried over to the following year under the authority of the Secretary General for up to 10 per cent per appropriation for each Strategic Objective, <del>or</del> Supporting Strategy or any other objective or strategy that has been voted and adopted by the Assembly, and for any amount above this percentage, under the authority of the Council, irrespective of its authority under Regulation 5.9 <del>to effect transfers between Strategic Objectives or Supporting Strategies, may determine that any unspent balance of appropriations in any financial year be carried over to the following year.</del> The total of expended and carried over appropriations shall not exceed the Total Authorized Appropriation plus amounts carried over from the previous year. Any balance of unspent appropriations and appropriations not carried over to the following year shall be cancelled.</p>	<p>The unspent balance of appropriations in any financial year may be carried over to the following year under the authority of the Secretary General for up to 10 per cent per appropriation for each Strategic Objective, Supporting Strategy, or any other objective or strategy that has been voted and adopted by the Assembly; and for any amount above this percentage, under the authority of the Council irrespective of its authority under Regulation 5.9. The total of expended and carried over appropriations shall not exceed the Total Authorized Appropriation plus amounts carried over from the previous year. Any balance of unspent appropriations and appropriations not carried over to the following year shall be cancelled.</p>
5.9	<p>Transfers from one Strategic Objective, <del>or</del> Supporting Strategy, or any other element voted and adopted by the Assembly, to another may be effected by the Secretary General up to an amount not exceeding 20 per cent of the annual appropriation for each of the Strategic Objectives, <del>or</del> Supporting Strategies, or other objective or strategy, to which the transfer is made. Above this percentage, transfers <del>between</del> among Strategic Objectives, <del>or</del> Supporting Strategies, or other objective or strategy, may be effected by the Secretary General, with the prior approval of the Council after obtaining the advice of the Finance Committee. All transfers, including those that fall within the authority of the Secretary General, shall be reported to the Assembly.</p>	<p>Transfers from one Strategic Objective, Supporting Strategy, or any other objective or strategy voted and adopted by the Assembly, to another may be effected by the Secretary General up to an amount not exceeding 20 per cent of the annual appropriation for each of the Strategic Objectives, Supporting Strategies, or other objective or strategy, to which the transfer is made. Above this percentage, transfers among Strategic Objectives, Supporting Strategies, or other objective or strategy, may be effected by the Secretary General, with the prior approval of the Council after obtaining the advice of the Finance Committee. All transfers, including those that fall within the authority of the Secretary General, shall be reported to the Assembly.</p>
<b>Article VI Provision of Funds</b>		
	Article VI Provision of Regular Budget Funds	Article VI Provision of Regular Budget Funds
6.6	<p>The contributions of Member States shall be <del>payable in Canadian dollars</del> assessed partly in Canadian dollars and partly in United States dollars, in a proportion determined by the requirements of the two currencies. To the extent that the Secretary General may find it</p>	<p>The contributions of Member States shall be assessed partly in Canadian dollars and partly in United States dollars, in a proportion determined by the requirements of the two currencies. To the extent that the Secretary General may find it possible to accept during the financial year other</p>

	possible to accept during the financial year other currencies, the Secretary General may invite certain Member States to remit a portion of their contributions in such currencies, of specified amounts, as the Secretary General may designate to the extent that contributions so assessed are fair and equitable.	currencies, the Secretary General may invite certain Member States to remit a portion of their contributions in such currencies, of specified amounts, as the Secretary General may designate to the extent that contributions so assessed are fair and equitable.
<b>Article VII Establishment and Administration of Funds</b>		
7.2	The Secretary General may <del>establish</del> create Funds or Special Accounts <del>within the scope of the Ancillary Revenue Generation Fund referred to in Regulation 7.3 e</del> for the purpose of efficient financial administration of those Funds, Reserves and Special Accounts, established as per Regulation 7.1.	The Secretary General may create Funds or Special Accounts for the purpose of efficient financial administration of those Funds, Reserves and Special Accounts, established as per the Regulation 7.1.
7.3	As far as the General Fund, the Working Capital Fund, and the Ancillary Revenue Generation Fund are concerned:  a) the General Fund shall be credited with contributions (including any arrears thereof) from Member States, miscellaneous income and advances made from the Working Capital Fund and shall be debited with all general expenditures of the Organization and reimbursements to the Working Capital Fund.  b) the Working Capital Fund shall be utilized to make advances as necessary: i) to the General Fund to finance temporary cash deficits as a result of delays in receipt of income, the sums so advanced to be reimbursed as soon as receipts are available for the purpose; ii) <del>to the relevant Joint Financing Fund for the operation of projects under agreements concluded under Chapter XV of the Convention, for the purpose of defraying expenses pending receipt of contributions assessable to participating States by virtue of these agreements, the outstanding balance of the sums so advanced not to exceed \$100 000 at any time and to be reimbursed as soon as receipts from participating States are available for the purpose; and</del>	As far as the General Fund, the Working Capital Fund, and the Ancillary Revenue Generation Fund are concerned:  a) the General Fund shall be credited with contributions (including any arrears thereof) from Member States, miscellaneous income and advances made from the Working Capital Fund and shall be debited with all general expenditures of the Organization and reimbursements to the Working Capital Fund.  b) the Working Capital Fund shall be utilized to make advances as necessary: i) to the General Fund to finance temporary cash deficits as a result of delays in receipt of income, the sums so advanced to be reimbursed as soon as receipts are available for the purpose; and ii) in cases where the Council has approved appropriations under Regulation 5.2 a) and b), to the relevant special fund created under Regulation 8.4 subject to the limit therein specified.  c) the Ancillary Revenue Generation Fund shall be used to administer self-financing and revenue-generating products and services. In the event of a deficit at the end of a financial year, the deficit shall be funded by accumulated surplus or it shall be carried forward to the next year and

<p>iii) ii) in cases where the Council has approved appropriations under Regulation 5.2 a) and b), to the relevant special fund created under Regulation 8.4 subject to the limit therein specified.</p> <p>c) the Ancillary Revenue Generation Fund shall be used to <del>record all revenues and expenditures relating to</del> administer self-financing activities and revenue-generating products and services. In the event of a deficit at the end of a financial year, the deficit shall be funded by accumulated surplus or it shall be carried forward to the next year and offset by income in that period, and the deficit shall not be funded by the Regular Budget. Budgetary estimates for the Ancillary Revenue Generation Fund, showing income, expenditure and amounts estimated for transfers to the General Fund to finance the Regular Budget approved by the Council, shall be presented, together with the Regular Budget, to the Assembly for its review and approval. The Secretary General may make such adjustments to the budget estimates, approved by the Assembly, as may be required during the budgetary period concerned in order to further enhance revenue generation, and provide adequate administration and support services to the activities of the Organization, within the terms of these Financial Regulations and the resources available in the Fund, but without reducing the amounts earmarked for transfer to the General Fund. Any surplus not projected to be committed or expensed may be transferred to the General Fund.</p> <p>d) within the Ancillary Revenue Generation Fund, <del>the following an operational reserve shall be established, at levels set by the Council, 1. an operational reserve, the purpose of which is</del> to guarantee the financial viability and integrity of the Ancillary Revenue Generation Fund. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The decision to make a drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next</p>	<p>offset by income in that period, and the deficit shall not be funded by the Regular Budget. Budgetary estimates for the Ancillary Revenue Generation Fund, showing income, expenditure and amounts estimated for transfers to the General Fund to finance the Regular Budget approved by the Council, shall be presented, together with the Regular Budget, to the Assembly for its review and approval. The Secretary General may make such adjustments to the budget estimates, approved by the Assembly, as may be required during the budgetary period concerned in order to further enhance revenue generation, and provide adequate administration and support services to the activities of the Organization, within the terms of these Financial Regulations and the resources available in the Fund, but without reducing the amounts earmarked for transfer to the General Fund. Any surplus not projected to be committed or expensed may be transferred to the General Fund.</p> <p>d) within the Ancillary Revenue Generation Fund, an operational reserve shall be established, at levels set by the Council, to guarantee the financial viability and integrity of the Ancillary Revenue Generation Fund. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The decision to make a drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next regular session. The elements to be compensated for and covered by the Reserve shall be limited to:</p> <ul style="list-style-type: none"> <li>i) downward fluctuations or shortfalls in resources;</li> <li>ii) uneven cash flows;</li> <li>iii) increases in actual costs as compared to planning estimates or fluctuations in delivery; and</li> <li>iv) other contingencies which result in a loss of resources for which the Ancillary Revenue Generation Fund has made commitments.</li> </ul>
--	--

	<p>regular session. The elements to be compensated for and covered by <del>it</del> the Reserve shall be limited to:</p> <p>i) downward fluctuations or shortfalls in resources;</p> <p>ii) uneven cash flows;</p> <p>iii) increases in actual costs as compared to planning estimates or fluctuations in delivery; and</p> <p>iv) other contingencies which result in a loss of resources for which the Ancillary Revenue Generation Fund has made commitments.</p> <p><del>The decision to make a drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next regular session.</del></p>	
7.9	New Regulation	Voluntary contributions may be accepted by the Secretary General if the contributions made are consistent with the purposes, objectives, policies, principles or functions of the Organization. Such contributions shall be administered as Trust Funds and the status of Voluntary Contributions shall be periodically reported to the Finance Committee.
<b>Article VIII Joint Financing of Air Navigation Facilities and Services</b>		
8.1	Unless the Assembly makes specific provision therefor, projects requiring joint financing under Chapter XV of the Convention shall be financed not from the General Fund, but by assessed contributions or other means agreed to by the interested parties.	Unless the Assembly makes specific provision therefor, projects requiring joint financing under Chapter XV of the Convention shall be financed not from the General Fund, but by assessed contributions or other means agreed to by the interested parties.
<b>Article IX Technical Cooperation</b>		
	<p>Article IX Technical Cooperation<sup>4</sup></p> <p><del><sup>4</sup>The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extrabudgetary resources, such as those provided by the United Nations Development Programme and through Trust Funds provided by governments and other entities.</del></p>	Article IX Technical Cooperation
9.1	The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extra budgetary resources. In accordance with Article VII, Regulation 7.1, the Council authorizes the establishment of such Funds as may be necessary for the administration of programmes of technical	The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extra budgetary resources. In accordance with Article VII, Regulation 7.1, the Council authorizes the establishment of such Funds as may be necessary for the administration of programmes of technical cooperation. In line with

	cooperation. In line with Regulation 7.2, the Secretary General may create and shall administer <del>such those</del> Funds, in support of the Technical Cooperation Programme, in accordance with the applicable provisions of these Financial Regulations and with due regard to the requirements of the organizations, governments and other entities providing the respective funds.	Regulation 7.2, the Secretary General may create and shall administer those Funds, in support of the Technical Cooperation Programme, in accordance with the applicable provisions of these Financial Regulations and with due regard to the requirements of the organizations, governments and other entities providing the respective funds.
9.3	The cost of administration and operation of the Organization's programmes of technical cooperation shall be met by the organizations, governments and other entities providing the funds for technical cooperation and managed through <del>a consolidated</del> an Administrative and Operational Services Cost (AOSC) Fund. <del>For United Nations Development Programme (UNDP) projects, administrative charges shall be determined in coordination with the UNDP, and for all other projects, -Administrative charges shall be determined on the basis of the estimated costs to be incurred by the Organization for the implementation of the project, subject to Regulation 7.7.</del>	The cost of administration and operation of the Organization's programmes of technical cooperation shall be met by the organizations, governments and other entities providing the funds for technical cooperation and managed through an Administrative and Operational Services Cost (AOSC) Fund. Administrative charges shall be determined on the basis of the estimated costs to be incurred by the Organization for the implementation of the project, subject to Regulation 7.7.
<b>Article X Depositories and Investments</b>		
	<del>Article X Depositories</del> Banking and Investments	Article X Banking and Investments
10.1	The Secretary General shall designate the bank(s) or other financial institution(s) in which the funds of the Organization shall be kept. The Secretary General shall be accountable for effective cash and investment management in accordance with criteria and standards elaborated in the Financial Rules and any applicable policies.	The Secretary General shall designate the bank(s) or other financial institution(s) in which the funds of the Organization shall be kept. The Secretary General shall be accountable for effective cash and investment management in accordance with criteria and standards elaborated in the Financial Rules and any applicable policies.
10.2	<del>The Secretary General, with the approval of the Finance Committee, shall from time to time designate trustee securities for investment purposes.</del> may make short-term investment of funds in excess of immediate requirements and shall periodically inform the Finance Committee on the status of such investments. Long term investment of funds shall require approval by the Finance Committee.	The Secretary General may make short-term investment of funds in excess of immediate requirements and shall periodically inform the Finance Committee on the status of such investments. Long-term investment of funds shall require approval by the Finance Committee.
10.3	<del>The Secretary General may make investments in such designated trustee securities and shall inform the Finance Committee periodically of such investments.</del> The selection of banking partners	The selection of banking partners and the management of relationships with financial institutions shall be in accordance with criteria and standards

	<p>and the management of relationships with financial institutions shall be in accordance with criteria and standards elaborated in the Financial Rules and in ICAO guidelines established for cash and investment management.</p>	<p>elaborated in the Financial Rules and in ICAO guidelines established for cash and investment management.</p>
<p><b>Article XI Internal Control and Internal Audit</b></p>		
	<p>Article XI Internal Control and Internal <del>Audit</del> Oversight</p>	<p>Article XI Internal Control and Internal Oversight</p>
<p>11.1</p>	<p>The Secretary General shall:</p> <ul style="list-style-type: none"> <li>a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;</li> <li>b) establish and enforce a Procurement Code that regulates the conduct of all procurement activities, including solicitation, evaluations, and approval of all procurement for goods and services, including third party procurement;</li> <li><del>b) c)</del> c) cause all payments to be made on the basis of supporting documents which ensure that the services or goods have been received and have not already been paid for;</li> <li><del>e) d)</del> d) designate the officers who may receive monies and, subject to Regulation 11.2, may incur expenditures and make payments on behalf of the Organization; <del>and;</del></li> <li>e) ensure that refunds of any contributed funds and applicable interest, if any, shall only be made to the original donor entity or a legally administered trust fund on behalf of the entity;</li> <li><del>d) f)</del> f) maintain a system of internal controls, in line with the Organization's Enterprise Risk Management and Internal Control Framework and a separate internal <del>audit</del> oversight function, as described in the OIO Charter, <del>which shall assess and contribute to the improvement of governance, risk management, and control</del></li> </ul>	<p>The Secretary General shall:</p> <ul style="list-style-type: none"> <li>a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;</li> <li>b) establish and enforce a Procurement Code that regulates the conduct of all procurement activities, including solicitation, evaluations, and approval of all procurement for goods and services, including third party procurement;</li> <li>c) cause all payments to be made on the basis of supporting documents which ensure that the services or goods have been received and have not already been paid for;</li> <li>d) designate the officers who may receive monies and, subject to Regulation 11.2, may incur expenditures and make payments on behalf of the Organization;</li> <li>e) ensure that refunds of any contributed funds and applicable interest, if any, shall only be made to the original donor entity or a legally administered trust fund on behalf of the entity;</li> <li>f) maintain a system of internal controls, in line with the Organization's Enterprise Risk Management and Internal Control Framework and a separate internal oversight function as described in the OIO Charter.</li> </ul>

	<p>processes; and to the improvement of programme management and the achievement of results provide for an effective current examination and <i>ex post facto</i> review of the operation of the system of internal control. These two measures being provided to shall ensure, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;</li> <li>ii) the conformity of expenditures with the appropriations or other financial provisions, or with the purposes and rules relating to Funds, Reserves and Special Accounts; and</li> <li>iii) the economical use of the resources of the Organization.</li> </ul>	
<b>Article XII Accounts and Financial Statements</b>		
<p>12.1</p>	<p>The Secretary General shall maintain such accounting records as are necessary and shall submit annual financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) <del>accounting standards</del> adopted by the United Nations Organizations. The statements shall also include:</p> <ul style="list-style-type: none"> <li>a) the status of appropriations including: <ul style="list-style-type: none"> <li>i) the appropriations voted by the Assembly;</li> <li>ii) the said appropriations as modified by any transfers and any new appropriations made under Regulation 5.2, and</li> <li>iii) the amounts charged against the appropriations; and</li> </ul> </li> <li>b) credits not budgeted by the Assembly.</li> </ul>	<p>The Secretary General shall maintain such accounting records as are necessary and shall submit annual financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) adopted by the United Nations Organizations. The statements shall also include:</p> <ul style="list-style-type: none"> <li>a) the status of appropriations including: <ul style="list-style-type: none"> <li>i) the appropriations voted by the Assembly;</li> <li>ii) the said appropriations as modified by any transfers and any new appropriations made under Regulation 5.2, and</li> <li>iii) the amounts charged against the appropriations; and</li> </ul> </li> <li>b) credits not budgeted by the Assembly.</li> </ul>
<b>Article XIII External Audit</b>		
<p>13.4</p>	<p>The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special direction of the Assembly, in accordance with the additional terms of reference set out in the Annex <del>B</del> to the present Regulations.</p>	<p>The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special direction of the Assembly, in accordance with the additional terms of reference set out in the Annex to the present Regulations.</p>
<p>13.8</p>	<p>The report of the External Auditor on the audit of the financial statements and relevant schedules relating to the accounts for the financial period shall include such information as the External Auditor deems necessary with regard to matters referred to in</p>	<p>The report of the External Auditor on the audit of the financial statements and relevant schedules relating to the accounts for the financial period shall include such information as the External Auditor deems necessary with</p>

	Regulation 13.5 and in the additional terms of reference in <del>the Annex B.</del>	regard to matters referred to in Regulation 13.5 and in the additional terms of reference in the <i>Annex</i> .
13.9	New Regulation	As part of a common internal control and audit framework in the United Nations system organizations, the Single Audit Principle shall apply.
	<del>Annex B</del> Additional Terms of Reference Governing the External Audit	Annex Additional Terms of Reference Governing the External Audit
<b>Annex A Glossary of Terms</b>		
	<del>Annex A Glossary of Terms</del>	Article XV Definitions
1	<p>“Allotment” or “allocation of funds”:</p> <p>a) when used in respect to the Regular Budget, shall mean the document, electronic or otherwise, which enables and authorizes expenditures against Regular Budget Funds.</p> <p>b) when used with all other Funds, Reserves and Special Accounts, shall mean that funds are available and received by the Organization, thus allowing expenditures to occur.</p>	<p>Allotment” or “allocation of funds”:</p> <p>a) when used in respect to the Regular Budget, shall mean the document, electronic or otherwise, which enables and authorizes expenditures against Regular Budget Funds.</p> <p>b) when used with all other Funds, Reserves and Special Accounts, shall mean that funds are available and received by the Organization, thus allowing expenditures to occur.</p>
2	<p>“Business Plan” shall mean the document that sets the overall direction and provides the framework for guiding ICAO to achieve objectives and strategies.<del>the Business Plan of the Organization, representing the operational plan for implementing the Strategic Objectives of the Organization.</del></p>	<p>“Business Plan” shall mean the document that sets the overall direction and provides the framework for guiding ICAO to achieve objectives and strategies.</p>
3	<p><del>“Capital Expenditures” shall mean tangible assets, such as property, plant and equipment, and capitalized intangible assets (also called fixed assets), which are held by the Organization and have a useful life of more than one year.</del></p>	
4	<p>“Commitment” shall mean an engagement or an obligation to conclude a transaction with a third party, by contract or other means, during the current year or subsequent years.</p>	<p>“Commitment” shall mean an engagement or an obligation to conclude a transaction with a third party, by contract or other means, during the current year or subsequent years.</p>
		<p>“<i>Ex gratia</i> payment” shall mean a payment made where there is no legal liability but the moral obligation to make such payment is justifiable.</p>
5	<p>“Expenditure” shall mean the sum of disbursements and unliquidated commitments where “disbursement” shall mean the amount paid and shall be used interchangeably with the term “payments”. <del>the use of funds by the Organization or a commitment to pay at a later date cash</del></p>	<p>“Expenditure” shall mean the sum of disbursements and unliquidated commitments where “disbursement” shall mean the amount paid and shall be used interchangeably with the term “payments”.</p>

	<del>or equivalent for the acquisition of goods and services, that will generally translate into the operating expenses or capital spending of the Organization.</del>	
6	“Expenses” shall mean decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.	“Expenses” shall mean decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.
7	“Fixed assets” shall mean property, plant and equipment, and intangible assets capitalized under IPSAS and the Organization’s policy.	“Fixed assets” shall mean property, plant and equipment, and intangible assets capitalized under IPSAS and the Organization’s policy.
8	“Full cost” shall mean all direct and indirect costs attributable to the administration, operation and support of the Organization’s activities.	“Full cost” shall mean all direct and indirect costs attributable to the administration, operation and support of the Organization’s activities.
9	<del>“Fund” or “Special Account” shall mean an account or accounts set aside for a specific purpose</del> the set of accounting records established to record and report on the financial transactions, and the terms may be used interchangeably. Funds may be restricted internally by the Secretariat or externally by a contributor, a Member State, the Council, or the Assembly.	“Fund” or “Special Account” shall mean the set of accounting records established to record and report on the financial transactions, and the terms may be used interchangeably. Funds may be restricted internally by the Secretariat or externally by a contributor, a Member State, the Council, or the Assembly.
10	<del>“Income” relates to funding sources and includes proceeds from the sale of fixed assets.</del>	
11	“Liabilities” shall mean present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential	“Liabilities” shall mean present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential
12	“Miscellaneous Income” shall mean any funds earned by the Organization as a result of interest revenue, fees charged for services and indirect costs, and other sundry receipts.	“Miscellaneous Income” shall mean any funds earned by the Organization as a result of interest revenue, fees charged for services and indirect costs, and other sundry receipts.
13	<del>“Revenue” shall mean the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.</del>	

		“Revenue” and “Income” shall mean the increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity. “Revenue” and “Income” are used inter-changeably in this document.
14	“Revolving Fund” shall mean a Fund established under the Financial Regulations for a particular purpose and financed by an ongoing basis by various sources of funding such as transfers and current operations from other Funds. It may be used to finance specific expenditures, deficits and accumulated deficits in whole or in part.	“Revolving Fund” shall mean a Fund established under the Financial Regulations for a particular purpose and financed by an ongoing basis by various sources of funding such as transfers and current operations from other Funds. It may be used to finance specific expenditures, deficits and accumulated deficits in whole or in part.
		“Single Audit Principle” shall mean that, given a control system where the control and audit functions are based on common methods, they enable auditors of one institution to rely on the work of auditors from another institution instead of re-performing the audit themselves.
15	“Strategic Objectives” shall mean the units into which the programmatic elements of the Business Plan shall be subdivided.	“Strategic Objectives” shall mean the units into which the programmatic elements of the Business Plan shall be subdivided.
16	“Supporting document” shall mean a document justifying a transaction, which is used for control and recording purposes. It also includes electronic forms used for these purposes.	“Supporting document” shall mean a document justifying a transaction, which is used for control and recording purposes. It also includes electronic forms used for these purposes.
17	“Supporting Strategies” shall refer to all management and administrative activities included in the Regular Budget.	“Supporting Strategies” shall refer to all management and administrative activities included in the Regular Budget.
		“Third Party Procurement” shall mean procurement conducted by ICAO at the request of and on behalf of third-parties.
18	<del>“Trustee Security” shall mean those financial instruments approved by the Finance Committee for use in investing the Organization’s funds other than term deposits in the banks and institutions referred to in Regulation 10.1.</del>	
		“Triennium” shall mean a period of three consecutive financial years reflecting the Organization’s planning and budget cycle.
		“Trust Fund” shall mean a Fund established to administer moneys received by ICAO on behalf of and for purposes specified by the contributor. While they are considered extra-budgetary resources, their use must be consistent with the policies, aims, and activities of ICAO.

		“Voluntary contribution” shall mean resources in cash or in kind provided by a donor in support of ICAO's mandate.
		“Write-Off” shall mean an accounting action that reduces the value of an asset including cash, inventories, receivables or other assets.

— END —