



WORKING PAPER

ASSEMBLY — 36TH SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 56: Amendment of the Financial Regulations

AMENDMENT OF THE FINANCIAL REGULATIONS

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

This working paper presents amendments to the Financial Regulations in order to reflect the establishment of the Ancillary Revenue Generation Fund and adoption during the next triennium of Results Based Budgeting and International Public Sector Accounting Standards (IPSAS). Some improvements are also made for clarity or to better reflect current practice. A new Annex is presented (Annex 1) to include a Glossary of Terms. Amendments would be effective 1 January 2008.

It is proposed to review Article XIII – External Audit and the Additional Terms of Reference Governing the External Audit during the next triennium in coordination with the External Auditor and the United Nations Organizations.

Action: The Assembly is invited to:

- a) note the attached amendments to the Financial Regulations approved by the Council;
- b) approve the amendments to Financial Regulation 5.2; and
- c) approve the draft Assembly Resolution proposed in the Appendix.

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| <i>Strategic Objectives:</i> | This working paper relates to Supporting Implementation Strategy 4 and does not relate to any Strategic Objective. |
| <i>Financial implications:</i> | Not applicable. |
| <i>References:</i> | Doc 7515/12, <i>The ICAO Financial Regulations</i> |

1. INTRODUCTION

1.1 The Council has approved the establishment of an Ancillary Revenue Generation Fund and the implementation of Results Based Budgeting (RBB) and new accounting standards. These initiatives impact on existing Financial Regulations and amendments are presented for application effective 1 January 2008.

2. AMENDMENTS

2.1 The Council in C-DEC 177/2 has approved the establishment of the Ancillary Revenue Generation Fund to provide greater impetus and sustainability of revenue generating activities while, at the same time, increasing transparency and accountability for the operations. The purpose of this Fund is to match full costs with the relative income from activities supplementary to the Organization's Strategic Objectives. Amendments prepared reflect the establishment of the Fund, as well as how it will be financed, administered and used.

2.2 The basic principle of RBB is to align the financial requirements of an Organization to its planned results. Limitations in Official Development Assistance (ODA) resources and competing development priorities have progressively shifted the donor community's focus from budgetary inputs to results. Because RBB provides for a more transparent representation of the elements of the budget – since resource requirements are tied to expected results – this transition has resulted in a progressive United Nations (UN) system-wide shift to accountability, Resource Based Management and Results Based Budgeting. Also, efforts are in progress to harmonize, simplify and streamline UN initiatives in various areas, including Finance and Budgeting. Consistent with this framework, the Organization has undertaken to move to the RBB principle, which was supported by the Council in C-DEC 178/14. Accordingly, it is essential to amend Financial Regulations to reflect ICAO's move to results-based management.

2.3 The UN and the UN System's Chief Executive Board (CEB) have approved the replacement of the United Nations System Accounting Standards (UNSAS) with the International Public Sector Accounting Standards (IPSAS) to be applied to the accounts and the financial statements on or before 1 January 2010. The CEB has established a Task Force on Accounting Standards to ensure consistent interpretation and application of IPSAS across the UN system. ICAO is part of an Accounting Policy Group that reviews policy and guidance related to IPSAS implementation in the UN system.

2.4 The Council in C-DEC 178/7 approved the action plan beyond the year 2005 for the gradual implementation of IPSAS during the next triennium in order to be in line with other United Nations Organizations. Current Financial Regulations need to be reviewed and amended to switch from the cash basis and obligation concept for accounting to the full accrual basis for accounting and reporting, which is recognized by the international community. The amendments proposed take into consideration the necessity to provide the Secretariat the flexibility required to properly manage and record the resources of the Organization in the context of tight budgetary controls and international accounting standards to be applied.

2.5 By adopting IPSAS before 2010, ICAO is considered to be an early adopter. Therefore, it is foreseen that further amendments will be proposed during the next triennium in light of future UN developments in this area. For example, Article XIII – External Audit and the Additional Terms of Reference Governing the External Audit will need to be further reviewed and amended in order to ensure

consistency across the UN system when appropriate, to reflect current practice and procedures and to use the terminology recommended by IPSAS. This review would need to be performed in coordination with other UN organizations and bodies and the External Auditor of the Organization.

2.6 Other amendments to the Financial Regulations are made for clarity and to better reflect modernized processes and practices currently applied, or that will be exercised with the introduction of a new financial system.

3. CONCLUSION

3.1 The Assembly is invited to note the amendments to the ICAO Financial Regulations approved by the Council, and to approve amendments to the Financial Regulation 5.2, which are reflected in the draft Assembly Resolution in the Appendix to this paper.

APPENDIX

DRAFT RESOLUTION FOR ADOPTION BY THE 36TH SESSION OF THE ASSEMBLY

Resolution 18.9/1

Amendment of the Financial Regulations

Whereas the Council has approved the establishment of an Ancillary Revenue Generation Fund to provide greater impetus and sustainability of revenue generating activities while, at the same time, increasing transparency and accountability for the operations;

Whereas the Council has approved the principle of Results Based Budgeting to better align the financial requirements of the Organization to its planned results;

Whereas the Council has approved the adoption of internationally recognized accounting standards approved by the United Nations and the United Nations System's Chief Executive Board for application on or before 1 January 2010 to improve the quality, comparability and credibility of the United Nations system's financial reporting;

Whereas the Council has approved further amendments to the Financial Regulations to improve clarity and to better reflect current and future processes and practices with the implementation of a new financial system;

The Assembly:

1. *resolves* that the amendments as set out below to Financial Regulation 5.2 are approved effective 1 January 2008; and

2. *notes* that further amendments as set out below have been approved by the Council, effective 1 January 2008.

| Number | Existing Text | Edited Changes | New Complete Text | Comments/Justification |
|-------------------|--|----------------|-------------------|------------------------|
| Article I | Applicability¹ | | | |
| 1.1 | These Regulations ² shall govern the financial administration of the International Civil Aviation Organization. | | | New footnote 2 below. |
| Article II | Finance Committee of the Council | | | |
| 2.1 | For the purpose of assisting it in administering the finances of the Organization, the Council shall appoint a Finance Committee which shall be chosen from among the Representatives of the members of the Council and which shall be responsible to it. The Finance Committee shall: | | | |
| | a) exercise the functions assigned to it by these Regulations; | | | |
| | b) make such examinations of the Organization as it deems necessary for ensuring that the amounts voted or otherwise authorized are properly spent and that the most efficient and economical method of carrying out the approved programmes is observed; and | | | |
| | c) deal with any matter referred to it by the Council. | | | |

¹ Articles IV, V and VI govern the Regular Programme Budget, its formulation, approval, execution and funding and do not apply to Technical Programme 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.

² Annex A provides a Glossary of Terms to be used for the interpretation of these Regulations.

2.2 The proceedings of the Finance Committee shall be governed by Rules of Procedure established by the Council.

Article III Financial Year

3.1 The financial year shall be the period 1 January to 31 December inclusive.

**Article IV The Budget
REGULAR PROGRAMME**

4.1 Budget estimates for each financial year proposed by the Secretary General shall be submitted by him to the Council.

~~Regular Budget e~~Estimates for each financial year proposed by the Secretary General shall be submitted ~~by him~~ to the Council.

Regular Budget Estimates for each financial year proposed by the Secretary General shall be submitted to the Council.

Change in terminology in accordance with C-WPs 12841 and 12940. Editorial change, for gender neutrality.

4.2 The Secretary General's estimates shall cover all receipts and expenditures for each of the financial years to which they relate and shall be presented in United States dollars.

~~The Secretary General's Regular Budget e~~Estimates shall cover all ~~receipts~~ ~~income~~ and expenditures for each of the financial years to which they relate and shall be presented in ~~[United States]~~ Canadian dollars.

The Secretary General's Regular Budget Estimates shall cover all income and expenditures for each of the financial years to which they relate and shall be presented in Canadian dollars.

Change in terminology in accordance with C-WPs 12841 and 12940. Term 'receipts' replaced by 'income' to reflect adoption of accrual accounting (refer to definitions in Annex 1) and for consistency with terminology used in several other Regulations. Decision to be made on whether United States dollars to be retained or replaced with Canadian dollars.

4.3 The Secretary General's estimates shall be based on the work programme proposed by the Council for the

~~The Secretary General's estimates shall be based on the work programme proposed by the~~

The Secretary General's Regular Budget Estimates shall present the resources necessary to meet the results

Change in terminology in accordance with C-WPs 12841 and

relevant financial year.

~~Council for the relevant financial year. The Secretary General's Regular Budget Estimates shall present the resources necessary to meet the results required to comply with the Business Plan for the period for which the estimates are presented.~~

required to comply with the Business Plan for the period for which the estimates are presented.

12940. Term 'work programme' replaced by 'Business Plan' to reflect ICAO's move to results-based management.

4.4

The Secretary General's Programme Budget comprising the work programme and budget estimates shall be divided into Major Programmes, Programmes, Subprogrammes and programme elements with priority shown against each programme element. Each programme element in the Programme Budget shall, as far as practicable, contain the target date of completion of the task or tasks.

~~The Secretary General's Programme Budget comprising the work programme and budget estimates shall be divided into Major Programmes, Programmes, Subprogrammes and programme elements with priority shown against each programme element. Each programme element in the Programme Budget shall, as far as practicable, contain the target date of completion of the task or tasks. The Secretary General's Regular Budget Estimates shall be divided into Programme, Programme Support, and Management and Administration. Programme will include resources for Strategic Results that relate to Strategic Objectives. Programme Support will include resources required to provide backstopping top the Programme. Management and Administration will include resources required to support the maintenance of the identity, direction and operation of the Organization. Both Programme and While Programme relates to Strategic Objectives, Programme~~

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.

Changes in terminology in accordance with C-WPs 12841 and 12940. Text replaced to reflect ICAO's move to results-based management.

Support and Management and Administration relate to Supporting ~~Implementation~~ Strategies. For each Strategic Result and Supporting ~~Implementation~~ 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.

4.5 The Council shall refer the Secretary General's estimates to its Finance Committee with any general guidance that it considers appropriate. The Finance Committee shall report to the Council on the Secretary General's estimates.

4.6 The Council, after considering the Secretary General's estimates and the report made thereon by the Finance Committee, shall submit, for each financial year, its budget estimates to the Assembly.

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| 4.7 | The Council's estimates shall be accompanied by: | The Council's Regular Budget e Estimates shall be accompanied by: | The Council's Regular Budget Estimates shall be accompanied by: | Change in terminology in accordance with C-WPs 12841 and 12940. Amendments proposed in subsections b) to f). |
| | a) a letter of transmittal from the President of the Council on behalf of the Council; | a) a letter of transmittal from the President of the Council on behalf of the Council; | a) a letter of transmittal from the President of the Council on behalf of the Council; | |
| | b) a message from the Council giving an explanation of the Programme Budget estimates of the Organization for the relevant financial year; | b) a message from the Council giving an explanation of the Programme Regular Budget e Estimates of the Organization for the relevant financial year; | b) a message from the Council giving an explanation of the Regular Budget Estimates of the Organization for the relevant financial year; | Change in terminology in accordance with C-WPs 12841 and 12940. |
| | c) a draft budget resolution for each financial year approved by the Council and recommended for adoption by the Assembly; such resolution shall specify by Major Programme the appropriations required for the relevant financial year. The total of the appropriations required for all Major Programmes for each financial year shall be considered as the Total Authorized Appropriation. The draft budget resolution shall also specify the manner in which it is proposed to finance the Total Authorized Appropriation for each financial year, and other relevant information; | c) a draft budget resolution for each financial year approved by the Council and recommended for adoption by the Assembly; such resolution shall specify by Major Programme the proposed appropriations required for the relevant financial year. The total of the proposed appropriations required for all Major Programmes for each financial year shall be considered as the Total Authorized Appropriation, once approved . The draft budget resolution shall also specify the manner in which it is proposed to finance the Total Authorized Appropriation for each financial year, and other relevant information; | c) a draft budget resolution for each financial year approved by the Council and recommended for adoption by the Assembly; such resolution shall specify the proposed appropriations required for the relevant financial year. The total of the proposed appropriations required for each financial year shall be considered as the Total Authorized Appropriation, once approved. The draft budget resolution shall also specify the manner in which it is proposed to finance the Total Authorized Appropriation for each financial year, and other relevant information; | Term 'major programme' deleted to reflect ICAO's move to results-based management. |
| | d) comparative statements showing the appropriations and expenditures of the last completed financial year, the appropriations voted for the current year, and the amounts requested in the | d) comparative statements showing the appropriations and expenditures of the last completed financial year, the appropriations voted for the current year, and the | d) comparative statements showing the appropriations and expenditures of the last completed financial year, the appropriations voted for the current year, and the amounts requested in the | |

estimates;

e) supporting schedules of personnel services, classified by organization units, showing positions and rates of pay; and

f) such other supporting schedules and explanations as the Council may deem necessary and useful.

amounts requested in the estimates; ~~and~~

e) supporting schedules of personnel services, ~~classified by organization units,~~ showing positions and ~~rates of pay; and~~

~~f)~~ such other ~~supporting~~ schedules and explanations as the Council may deem necessary and useful.

estimates; and

e) supporting schedules of personnel services showing positions and such other schedules and explanations as the Council may deem necessary and useful.

Old subsection e) deleted to reflect ICAO's move to results-based management, since a results-based budget should focus on results and not inputs.

Remaining subsections adjusted following deletion of old subsection e).

4.8 The Council's estimates, with their accompanying documentation, shall be transmitted to all Contracting States by such means as will ensure, apart from unforeseen contingencies, that they will be received at least 50 days prior to the opening of the session of the Assembly at which they are to be considered.

4.9 Amendments to the estimates may, however, be submitted by the Council to the Assembly at any time prior to the adoption of the budget by the Assembly.

4.10 The budget shall be voted by the Assembly by Major Programme and by Total Authorized Appropriation as defined in Regulation 4.7 c).

The budget resolution, as defined in Regulation 4.7 c), shall be voted by the Assembly by ~~Major Programme and Strategic Objectives and Supporting Strategies~~ and by Total Authorized Appropriation ~~as defined in~~

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.

Text altered to reflect ICAO's move to results-based management.

~~Regulation 4.7 c).~~

4.11 After the adoption of the budget by the Assembly, any request for supplementary appropriations outside the provisions of Regulation 5.2 shall be submitted to the Assembly by the Council in a form consistent with, and following the procedure of, the annual budget.

Article V Appropriations³

5.1 The Total Authorized Appropriation, as defined in Regulation 4.7 c), voted by the Assembly shall constitute an authorization to the Secretary General to incur obligations and make advances and payments for the purposes for which the appropriations were voted, up to the amounts so voted.

The Total Authorized Appropriation, as defined in Regulation 4.7 c) ~~and~~ voted by the Assembly, shall constitute an authorization to the Secretary General to incur ~~obligations~~ expenditures and make advances and payments for the ~~purposes for which the appropriations were voted~~ results specified in the Regular Budget, up to the amounts so voted.

The Total Authorized Appropriation, as defined in Regulation 4.7 c) and voted by the Assembly, shall constitute an authorization to the Secretary General to incur expenditures and make advances and payments for the results specified in the Regular Budget, up to the amounts so voted.

New footnote below.

Editorial change, for clarity.

Term ‘obligations’ replaced by ‘expenditures’ for consistency with Financial Regulation 4.2.

Text replaced to reflect ICAO’s move to results-based management.

5.2 The Council may, in respect of a given financial year, approve appropriations in excess of the budget voted by the Assembly as follows:

- a) up to an amount not exceeding 2 per cent of the Total Authorized Appropriation in respect of the first year following adoption of the budget,
- 4 per cent of the Total Authorized Appropriation in respect of the second

The Council may, in respect of a given financial year, approve appropriations in excess of the budget voted by the Assembly as follows:

- a) up to an amount not exceeding 2 per cent of the Total Authorized Appropriation in respect of the first year following adoption of the budget,
- 4 per cent of the Total

The Council may, in respect of a given financial year, approve appropriations in excess of the budget voted by the Assembly as follows:

- a) up to an amount not exceeding 2 per cent of the Total Authorized Appropriation in respect of the first year following adoption of the budget,
- 4 per cent of the Total Authorized Appropriation in respect of the second

Amendments proposed in subsections a), b) and c).

Editorial change, for clarity.

³ 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 in the estimates for authorization purposes.

year and 2 per cent of the Total Authorized Appropriation in respect of the third year, to meet unavoidable expenditures other than those specified in Regulation 5.2 b) and c);

b) up to \$100 000 for expenditures relating to urgent new projects such as the temporary financing of any airport or air navigation facility or service, the lack or breakdown of which might create serious difficulty or danger to international air navigation unless immediate action were taken by the Council, and in respect of which action for joint financing under Chapter XV of the Convention is expected; and

c) irrespective of a) and b) above, up to the amount by which, for one or more financial years not yet submitted to the Assembly, actual miscellaneous income exceeds the amount of miscellaneous income taken into account by the Assembly in approving the appropriations for that year or those years to finance:

i) expenditure directly related to the source of such additional

Authorized Appropriation in respect of the second year and 2 per cent of the Total Authorized Appropriation in respect of the third year, to meet ~~unavoidable~~ ~~unforeseen and mandatory~~ expenditures other than those specified in Regulation 5.2 b) and c);

b) up to ~~\$100 000~~ 0.5 per cent of the total annual appropriation for ~~expenditures relating to~~ urgent new projects ~~such as the temporary financing of any airport or air navigation facility or service, the lack or breakdown of which might create serious difficulty or danger to international air navigation unless immediate action were taken by the Council, and in respect of which action for joint financing under Chapter XV of the Convention is expected~~, in support of the Strategic Objectives, not included in the framework of the approved budget; and

c) irrespective of a) and b) above, up to the amount by which, for one or more financial years not yet submitted to the Assembly, actual miscellaneous income and any excess net income available in the Ancillary Revenue Generation Fund exceeds the amount of ~~miscellaneous~~ income taken into

year and 2 per cent of the Total Authorized Appropriation in respect of the third year, to meet unforeseen and mandatory expenditures other than those specified in Regulation 5.2 b) and c);

b) up to 0.5 per cent of the total annual appropriation for urgent new projects, in support of the Strategic Objectives, not included in the framework of the approved budget; and

c) irrespective of a) and b) above, up to the amount by which, for one or more financial years not yet submitted to the Assembly, actual miscellaneous income and any excess net income available in the Ancillary Revenue Generation Fund exceed the amount of income taken into account by the Assembly in approving the appropriations for that year or those

Amount increased to recognize inflation; text replaced to reflect ICAO's move to results-based management.

Fin. Reg. 5.2c) Reference C-DEC 177/2, C-WP/12521: To allow use of excess income in the Ancillary Revenue Generation Fund to finance appropriations when there is a surplus, as is currently the case.

Expenditure for security and environment added

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| | miscellaneous income; and ii) expenditure on projects related to aviation safety, and/or to the enhancement of the efficient delivery of ICAO programmes. | account by the Assembly in approving the appropriations for that year or those years to finance: i) expenditure directly related to the source of such additional miscellaneous income; and ii) expenditure on projects related to aviation safety, and/or to the enhancement of the efficient delivery of ICAO the Organization's programmes Business Plan. | years to finance expenditure on projects related to the efficient delivery of the Organization's Business Plan. | in line with the Strategic Objectives of the Organization. 'ICAO' replaced with 'the Organization's', editorial change for uniformity in text. Term 'programmes' replaced with 'Business Plan' to reflect ICAO's move to results-based management. |
| 5.3 | Action under Regulation 5.2 shall constitute an authorization to the Secretary General to incur obligations and make advances and payments for the purposes for which such appropriations were provided up to the amounts so provided. | Action under Regulation 5.2 shall constitute an authorization to the Secretary General to incur obligations expenditures and make advances and payments for the purposes for which such appropriations were provided up to the amounts so provided. | Action under Regulation 5.2 shall constitute an authorization to the Secretary General to incur expenditures and make advances and payments for the purposes for which such appropriations were provided up to the amounts so provided. | Term 'obligations' replaced by 'expenditures' for consistency with Financial Regulation 4.2. |
| 5.4 | Any action taken under Regulation 5.2 shall be reported by the Council to the next session of the Assembly. | | | |
| 5.5 | Appropriations shall be available for obligation during the financial year to which they relate. | Appropriations shall be available for obligations expenditures during the financial year to which they relate. | Appropriations shall be available for expenditures during the financial year to which they relate. | Term 'obligations' replaced by 'expenditures' for consistency with Financial Regulation 4.2. |

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| 5.6 | <p>The Secretary General up to 10 per cent per appropriation for each Major Programme and, above this percentage, the Council, irrespective of its authority under Regulation 5.10 to effect transfers between Major Programmes, may determine that any unobligated balance of appropriations in any financial year during the period between normal triennial sessions of the Assembly be carried over to the following year. The total of obligated and carried over appropriations shall not exceed the Total Authorized Appropriation plus amounts carried over from the previous year. Any balance of unobligated appropriations shall be cancelled.</p> | <p>The Secretary General up to 10 per cent per appropriation for each Major Programme Strategic Objective or Supporting Strategy and, above this percentage, the Council, irrespective of its authority under Regulation 5.10 5.9 to effect transfers between Major Programmes Strategic Objectives or Supporting Strategies, may determine that any unobligated unspent balance of appropriations in any financial year during the period between normal triennial sessions of the Assembly be carried over to the following year. The total of obligated expended and carried over appropriations shall not exceed the Total Authorized Appropriation plus amounts carried over from the previous year. Any balance of unobligated unspent appropriations and appropriations not carried over to the following year shall be cancelled.</p> | <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 during the period between normal triennial sessions of the Assembly 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 appropriations not carried over to the following year, shall be cancelled.</p> | <p>Text altered to reflect ICAO's move to results-based management, as well as for IPSAS compliance.</p> |
| 5.7 | <p>Appropriations shall remain available for twelve months following the end of the financial year to which they relate to the extent that they are required to discharge obligations incurred during that year.</p> | <p>Appropriations shall remain available for twelve months following after the end of the financial year to which they relate to the extent that they are required to discharge obligations expenditures incurred during that year.</p> | <p>Appropriations shall remain available after the end of the financial year to which they relate to the extent that they are required to discharge expenditures incurred during that year.</p> | <p>Time frame 'for twelve months' deleted since IPSAS use other criteria to determine the validity of a liability or commitment; term 'obligations' replaced by 'expenditures' for consistency with Financial Regulation 4.2.</p> |

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| 5.8 | At the end of the twelvemonth period provided in Regulation 5.7, any unliquidated obligation then remaining shall be cancelled, and any later payment which might be required under it shall be charged against current appropriations. | At the end of the twelvemonth period provided in Regulation 5.7, any unliquidated obligation then remaining shall be cancelled, and any later payment which might be required under it shall be charged against current appropriations. | <i>Old Financial Regulation 5.8 deleted.</i> | Text deleted for consistency with accrual basis of accounting. |
| 5.9 | Transfers between Programmes within Major Programmes may be effected by the Secretary General. | Transfers between Programmes Strategic Results within Major Programmes each Strategic Objective may be effected by the Secretary General. | Transfers between Strategic Results within each Strategic Objective may be effected by the Secretary General. | Text replaced to reflect ICAO's move to results-based management. |
| 5.10 | Transfers from one Major Programme to another may be effected by the Secretary General up to an amount not exceeding 10 per cent per appropriation for each of the Major Programmes involved in the transfer. Above this percentage, transfers from one Major Programme may be effected by the Secretary General, with the prior approval of the Council after obtaining the advice of the Finance Committee. Such transfers shall be reported to the Assembly. | Transfers from one Major Programme Strategic Objective or Supporting Strategy to another may be effected by the Secretary General up to an amount not exceeding 10 per cent per of the annual appropriation for each of the Major Programmes involved in the transfer Strategic Objectives or Supporting Strategies to which the transfer is made. Above this percentage, transfers from one Major Programme 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. Such transfers shall be reported to the Assembly. | Transfers from one Strategic Objective or Supporting Strategy to another may be effected by the Secretary General up to an amount not exceeding 10 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. Such transfers shall be reported to the Assembly. | Text replaced to reflect ICAO's move to results-based management. |

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| 5.11 | The Secretary General may defer the implementation of specific subprogramme elements planned for a third financial year of a triennium to the first financial year of the next triennium. With the approval of the Council, that part of the appropriation relating to the deferred activity shall remain available for obligation for twelve months following the end of the financial year for which it was approved and for a further period of twelve months, to the extent that they are required to discharge unliquidated obligations incurred in respect of the preceding twelve months. | The Secretary General may defer the implementation of specific subprogramme elements activities planned for a the third financial year of a triennium to the first financial year of the next triennium. With the approval of the Council, that part of the appropriation relating to the deferred activity shall remain available to incur and to discharge expenditures relating to the deferred activity. for obligation for twelve months following the end of the financial year for which it was approved and for a further period of twelve months, to the extent that they are required to discharge unliquidated obligations incurred in respect of the preceding twelve months. | With the approval of the Council, the Secretary General may defer the implementation of specific activities planned for the third financial year of a triennium to the first financial year of the next triennium. With the approval of the Council, that part of the appropriation shall remain available to incur and to discharge expenditures. relating to the deferred activity. | Text modified to reflect ICAO's move to results-based management and accrual accounting. Editorial changes for clarity. |
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Article VI Provision of Funds

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| 6.1 | The appropriations, including supplementary appropriations, for a given financial year shall be financed: a) by contributions from Contracting States according to the scale of assessments determined by the Assembly; b) from miscellaneous income; | The appropriations, including supplementary appropriations, for a given financial year shall be financed: a) by contributions from Contracting States according to the scale of assessments determined by the Assembly; b) from miscellaneous income and approved transfers from other funds other than those established under Financial Regulation 9.1; | The appropriations, including supplementary appropriations, for a given financial year shall be financed: a) by contributions from Contracting States according to the scale of assessments determined by the Assembly; b) from miscellaneous income and approved transfers from other funds, other than those established in Financial Regulation 9.1; | Amendment proposed to subsection b). Reference C-DEC 177/2, C-WP/12521: To allow for transfer from the Ancillary Revenue Generation Fund and |
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c) by contributions resulting from the assessment of new Contracting States under Regulation 6.9;

d) to the extent possible, from cash surpluses referred to in Regulation 6.2; and

e) to the extent necessary, by advances from the Working Capital Fund.

c) by contributions resulting from the assessment of new Contracting States under Regulation 6.9;

d) to the extent possible, from cash surpluses referred to in Regulation 6.2; and

e) to the extent necessary, by advances from the Working Capital Fund.

c) by contributions resulting from the assessment of new Contracting States under Regulation 6.9;

d) to the extent possible, from cash surpluses referred to in Regulation 6.2; and

e) to the extent necessary, by advances from the Working Capital Fund.

other Funds under the control of the Council to finance the Regular Programme.

6.2

To the extent that the total income actually collected under a), b), c) and d) of Regulation 6.1 and contributions in arrears actually collected in a given financial year exceed the obligations, including unliquidated obligations, of that year, this surplus shall be designated as cash surplus. The cash surplus may be used to meet obligations. Any balance of cash surplus at the end of the year prior to the year in which the Assembly is held shall be disposed of in the manner to be decided by the Assembly, this balance having been adjusted to become the difference between total surplus shown in the financial statements under balance of funds and assessments receivable from Contracting States.

~~To the extent that the total income actually collected under a), b), c) and d) of Regulation 6.1 and contributions in arrears actually collected in a given financial year exceed the obligations, including unliquidated obligations, of that year, this surplus shall be designated as cash surplus. The~~
A cash surplus is defined as the difference between total accumulated surplus shown in the financial statements under balance of funds the General Fund and assessments receivable from Contracting States. A cash surplus may be used to meet obligations expenditures and to finance deficits in other Funds such as the Revolving Fund established under Financial Regulation 7.8. Any balance of The cash surplus at the end of the year prior to the year in which the Assembly is held shall be disposed of in the manner to be decided by the Assembly, this balance having been adjusted to

A cash surplus is defined as the difference between accumulated surplus shown in the financial statements under the General Fund and assessments receivable from Contracting States. A cash surplus may be used to meet expenditures and to finance deficits in other Funds such as the Revolving Fund established under Financial Regulation 7.8. The cash surplus at the end of the year prior to the year in which the Assembly is held shall be disposed of in the manner to be decided by the Assembly.

Terms ‘obligations’ and ‘unliquidated obligations’ replaced by ‘expenses’ and ‘expenditures’ for consistency with both IPSAS and Financial Regulation 4.2.

Possibility to finance deficits in other Funds such as the Revolving Fund for after-service benefits.

Editorial changes, for clarity.

become

6.3

If the total income under a), b), c) and d) of Regulation 6.1 for a given year is less than the obligations, including unliquidated obligations, of that year, the deficit for that year shall be financed by advances from the Working Capital Fund and the deficit carried over to the following year. Should this procedure result in a deficit at the end of the year prior to the year in which the Assembly is held, such deficit may be assessed on Contracting States by the Assembly, this deficit having been adjusted to become the difference between total surplus shown in the financial statements under balance of funds and assessments receivable from Contracting States.

~~If the total income under a), b), c) and d) of Regulation 6.1 for a given year is less than the obligations, including unliquidated obligations, of that year, the cash deficit is defined as the difference between total accumulated surplus shown in the financial statements under balance of funds the General Fund and assessments receivable from Contracting States. A cash deficit for that a given year shall be financed by advances from the Working Capital Fund and the deficit carried over to the following year. Should this procedure result in a there be an accumulated deficit at the end of the year prior to the year in which the Assembly is held, such deficit may be assessed on Contracting States by the Assembly, this deficit having been adjusted to become~~

A cash deficit is defined as the difference between accumulated surplus shown in the financial statements under the General Fund and assessments receivable from Contracting States. A cash deficit for a given year shall be financed by advances from the Working Capital Fund and the deficit carried over to the following year. Should there be an accumulated deficit at the end of the year prior to the year in which the Assembly is held, such deficit may be assessed on Contracting States by the Assembly.

Text altered for consistency with Financial Regulation 6.2.

- 6.4 After the Assembly has adopted the budget, the Secretary General shall:
- a) transmit to Contracting States the Assembly resolutions adopting the budget and the scale of assessment of Contracting States; and
 - b) inform Contracting States of the amounts of their contributions as determined by the Assembly and request them to remit such amounts in conformity with Regulation 6.5.
- 6.5 Except as otherwise provided in these Regulations or where the Assembly otherwise determines:
- a) contributions, payments under terms of agreements for settlement of arrears, and advances to the Working Capital Fund shall be considered as due and payable in full upon the expiry of thirty days from the date that the notification from the Secretary General is dispatched under Regulations 6.4 b) and 7.4 b), or as of the first day of the financial year to which they relate, whichever is the later; and
 - b) as of 1 January of the following financial year, any unpaid balance of such contributions, payments under terms of agreements for settlement of arrears, and advances to the Working Capital Fund shall be considered to be one year in arrears.

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| 6.6 | The contributions of Contracting States shall be payable in United States dollars. To the extent that the Secretary General may find it possible to accept during the financial year other currencies, he shall invite all Contracting States to remit a portion of their contributions in such currencies, of specified amounts, as he may designate. | The contributions of Contracting States shall be payable in United States Canadian dollars. To the extent that the Secretary General may find it possible to accept during the financial year other currencies, he the Secretary General shall invite all Contracting States to remit a portion of their contributions in such currencies, of specified amounts, as he the Secretary General may designate. | The contributions of Contracting 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 shall invite all Contracting States to remit a portion of their contributions in such currencies, of specified amounts, as the Secretary General may designate. | Final decision to be made on whether United States dollars to be retained or replaced with Canadian dollars. Editorial change for gender neutrality. |
| 6.7 | Payments by Contracting States, including those of Contracting States with agreements for settlement of arrears, shall be credited first to advances due to the Working Capital Fund and any balance applied against outstanding amounts relating to agreements and contributions, beginning with the earliest. | | | |
| 6.8 | The Council shall submit to each session of the Assembly a report on the collection of contributions together with a statement of action taken to secure payment of arrears. | | | |
| 6.9 | The Council shall, if the Assembly is not in session, determine the contributions of a new Contracting State subject to approval or adjustment at the next session of the Assembly. Such assessment of a new Contracting State shall be made as of the first day of the month following that on which its ratification of or adherence to the | | | |

Convention has come into force. The contribution of a new Contracting State shall be due and payable in full upon the expiry of thirty days from receipt of notification from the Secretary General of the determinations made by the Council.

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| 6.10 | <p>A Contracting State which ceases to be a member of the Organization:</p> <p>a) shall not be entitled to reimbursement in respect of its contribution to the General Fund for the financial year in which its membership ceased; and</p> <p>b) may, at the discretion of the Assembly, be reimbursed, in such manner as the Assembly may direct, in respect of its equity in the Working Capital Fund. There shall be set off against such reimbursement any amount due to the Organization from that State on any account.</p> | <p>A Contracting State which ceases to be a member of the Organization:</p> <p>a) shall not be entitled to reimbursement in respect of its contribution to the General Fund for the financial year in which its membership ceased; and</p> <p>b) may, at the discretion of the Assembly, be reimbursed, in such manner as the Assembly may direct, in respect of its equity in the Working Capital Fund. There shall be set off against such reimbursement any amount due to the Organization from that State on any account, including its fair share in any accumulated deficit that the Organization may have.</p> | <p>A Contracting State which ceases to be a member of the Organization:</p> <p>a) shall not be entitled to reimbursement in respect of its contribution to the General Fund for the financial year in which its membership ceased; and</p> <p>b) may, at the discretion of the Assembly, be reimbursed, in such manner as the Assembly may direct, in respect of its equity in the Working Capital Fund. There shall be set off against such reimbursement any amount due to the Organization from that State on any account, including its fair share in any accumulated deficit that the Organization may have.</p> | <p>Amendment proposed to subsection b).</p> <p>Text added for clarity with the introduction of IPSAS.</p> |
| Article VII | Establishment and Administration of Funds | | | |
| 7.1 | <p>There shall be established a General Fund, a Working Capital Fund and such other Funds, Reserves and Special Accounts as the Assembly or the Council may determine from time to time, which shall be administered in accordance with these Regulations</p> | <p>There shall be established a General Fund, a Working Capital Fund, an Ancillary Revenue Generation Fund, and such other Funds, Reserves and Special Accounts as the Assembly or the Council may determine from time</p> | <p>There shall be established a General Fund, a Working Capital Fund, an Ancillary Revenue Generation Fund, and such other Funds, Reserves and Special Accounts as the Assembly or the Council may determine from time to time, which shall be administered in</p> | <p>Reference Fin. Reg. 7.1. Reference C-DEC 177/2, C-WP/12521: To establish the Ancillary Revenue Generation Fund within the financial framework of the</p> |

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| | unless otherwise provided. | to time, which shall be administered in accordance with these Regulations unless otherwise provided. | accordance with these Regulations unless otherwise provided. | Organization. |
| 7.2 | The Secretary General may establish Funds or Special Accounts for self-financing activities (activities where costs are offset by income) which shall be administered in accordance with these Regulations unless otherwise provided. Any surplus shall be retained to finance purchases related to the activities for which the fund or account was established and may be carried forward to the next year. 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. No deficit is to be funded by the Regular Programme Budget. | The Secretary General may establish Funds or Special Accounts within the scope of the Ancillary Revenue Generation Fund referred to in Financial Regulation 7.3 c). for self-financing activities (activities where costs are offset by income) which shall be administered in accordance with these Regulations unless otherwise provided. Any surplus shall be retained to finance purchases related to the activities for which the fund or account was established and may be carried forward to the next year. 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. No deficit is to be funded by the Regular Programme Budget. | The Secretary General may establish Funds or Special Accounts within the scope of the Ancillary Revenue Generation Fund referred to in Financial Regulation 7.3 c). | Reference Fin. Reg. 7.2. C-DEC 177/2, C-WP/12521: To clarify the nature of the relationship between Financial Regulations 7.2 and 7.3 c). |
| 7.3 | As far as the General Fund and the Working Capital Fund are concerned: a) the General Fund shall be credited with contributions (including any arrears thereof) from Contracting States, miscellaneous income and advances made from the Working | As far as the General Fund, and 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 Contracting States, miscellaneous income and | 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 Contracting States, miscellaneous income and advances made from the Working | Reference Fin. Reg. 7.3. Amendment to subsection b) i); new subsection c) to be added below. |

Capital Fund and shall be debited with all general expenditures of the Organization and reimbursements to the Working Capital Fund; and

b) the Working Capital Fund shall be utilized to make advances as necessary:

i) to the General Fund to finance budgetary appropriations pending receipt of contributions from Contracting States, the sums so advanced to be reimbursed as soon as receipts are available for the purpose;

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

iii) in cases where the Council has approved appropriations under Regulation 5.2 b), to the relevant

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; ~~and~~

b) the Working Capital Fund shall be utilized to make advances as necessary:

i) to the General Fund to finance ~~budgetary appropriations pending receipt of contributions from Contracting States~~ 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) 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

iii) in cases where the Council has approved appropriations under Regulation 5.2 b), to the relevant

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) 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

iii) in cases where the Council has approved appropriations under Regulation 5.2 b), to the relevant

Reference Fin. Reg. 7.3
b) i).
Text replaced for consistency with Financial Regulation 6.3.

special fund created under Regulation 8.4 subject to the limit therein specified.

special fund created under Regulation 8.4 subject to the limit therein specified.

special fund created under Regulation 8.4 subject to the limit therein specified.

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 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, within the terms of these Financial Regulations and the resources available in the Fund, but without affecting the amounts earmarked for transfer to the General Fund. Any such

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 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, within the terms of these Financial Regulations and the resources available in the Fund, but without affecting the amounts earmarked for transfer to the General Fund. Any such adjustment by the Secretary General to the budget estimates exceeding 5 per cent of the amount approved by the Assembly for a year shall require the prior approval

Reference Fin. Reg. 7.3 c).
Reference C-DEC 177/2, C-WP/12521:
text added to describe the purpose of the Ancillary Revenue Generation Fund and how it will be administered, as well as to incorporate relevant parts of Financial Regulation 7.2 for greater clarity.

Last sentence added to indicate how the surplus may be used.

adjustment by the Secretary General to the budget estimates exceeding 5 per cent of the amount approved by the Assembly for a year shall require the prior approval of the Council. Any surplus not projected to be committed or expensed may be transferred to the General Fund.

of the Council. Any surplus not projected to be committed or expensed may be transferred to the General Fund.

7.4 The Assembly shall determine:

a) the amount of the Working Capital Fund; and

b) whether Contracting States shall make advances to the Working Capital Fund in respect of any given year. Such advances will be made by States in proportion to the scale of their contributions to the General Fund in respect of that given year. The Secretary General shall inform Contracting States of the amounts of such advances as determined by the Assembly and request them to remit such amounts, in conformity with Regulation 6.5.

7.5 The Assembly, and if the Assembly is not in session, the Council, subject to approval or adjustment at the next session of the Assembly, shall determine the amount which a new Contracting State shall advance to the Working Capital Fund. Such amount shall bear to the total amount of the Working Capital Fund determined in accordance with Regulation 7.4 for the

year in which the new member joins the Organization, the same proportion as the contribution of that State, calculated for the whole of that financial year, would bear to the total amount of contributions of all Contracting States to the General Fund for that year.

7.6 Income from investments of, and bank interest earned on, the Working Capital Fund and the General Fund shall be credited to the General Fund as Miscellaneous Income. Income and interest on any other Fund shall be credited to that other Fund.

7.7 The Secretary General is authorized to charge for services provided by the Organization. This charge, together with interest earnings or earnings from investments thereon, shall be used to reimburse all, or part of, the costs incurred by the Organization in the generation and administration of these services.

7.8 (new)

Effective 1st January 2008, there shall be established a separate Revolving Fund to record (1) all transactions relating to after-service health insurance (ASHI) benefits including unfunded liabilities and (2) any other unfunded liabilities and deficits of the Organization following the application of International Public Sector Accounting Standards. Funding of these benefits shall be

Effective 1st January 2008, there shall be established a separate Revolving Fund to record (1) all transactions relating to after-service health insurance (ASHI) benefits including unfunded liabilities and (2) any other unfunded liabilities and deficits of the Organization following the application of International Public Sector Accounting Standards. Funding of these benefits shall be presented separately in the estimates submitted

New regulation to record in a separate account/Fund ASHI benefits and the unfunded liability accounted for with the introduction of IPSAS in ICAO's proprietary Funds.

presented separately in the estimates submitted by the Secretary General to the Council and by the Council to the Assembly. With reference to Financial Regulation 5.1, expenditures related to these benefits may exceed the estimates included in the budgets and appropriations voted for this purpose. Differences between estimates and actual expenditures shall be reported to the Council and the Assembly for consideration.

by the Secretary General to the Council and by the Council to the Assembly. With reference to Financial Regulation 5.1, expenditures related to these benefits may exceed the estimates included in the budgets and appropriations voted for this purpose. Differences between estimates and actual expenditures shall be reported to the Council and the Assembly for consideration.

Article VIII **Joint Financing of Air Navigation Facilities and Services**

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.

8.2 The General Fund may be used to finance investigations, negotiations, conferences and other expenses arising out of a request for financial aid or action taken by the Council in accordance with Chapter XV of the Convention, but not to finance the actual procurement, installation, construction, maintenance or operation of facilities unless the Assembly makes specific provision therefor.

The General Fund may be used to finance investigations, negotiations, conferences and other ~~expenses~~ expenditures arising out of a request for financial aid or action taken by the Council in accordance with Chapter XV of the Convention, but not to finance the actual procurement, installation, construction, maintenance or operation of facilities unless the Assembly makes specific

The General Fund may be used to finance investigations, negotiations, conferences and other expenditures arising out of a request for financial aid or action taken by the Council in accordance with Chapter XV of the Convention, but not to finance the actual procurement, installation, construction, maintenance or operation of facilities unless the Assembly makes specific provision therefor.

Editorial change for consistency in terminology.

provision therefor.

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| 8.3 | If the preliminary steps referred to in Regulation 8.2 result in a project which is later financed by assessed contributions, the General Fund shall be reimbursed from such contributions for any expenses of the Organization previously charged to the General Fund. | If the preliminary steps referred to in Regulation 8.2 result in a project which is later financed by assessed contributions, the General Fund shall be reimbursed from such contributions for any expenses expenditures of the Organization previously charged to the General Fund. | If the preliminary steps referred to in Regulation 8.2 result in a project which is later financed by assessed contributions, the General Fund shall be reimbursed from such contributions for any expenditures of the Organization previously charged to the General Fund. | Editorial change for consistency in terminology. |
| 8.4 | Whenever the Council authorizes appropriations under Regulation 5.2 b), it shall create a special and separate fund for each such project, and pending receipt of contributions from States shall transfer to each such fund from the Working Capital Fund such amount as may have been authorized in respect thereof, provided that the total amount outstanding at any time of all such transfers shall not exceed 3 per cent of the total budgetary appropriation. | | | |
| 8.5 | Any expenditure from any such special Fund referred to in Regulation 8.4 shall be reimbursed to the Working Capital Fund by the Contracting States which later participate in the joint financing of the project in question, at which time any unexpected or unobligated balance of such Fund shall be returned to the Working Capital Fund, after which that special Fund shall be closed. | Any expenditure from any such special Fund referred to in Regulation 8.4 shall be reimbursed to the Working Capital Fund by the Contracting States which later participate in the joint financing of the project in question, at which time any unexpected or unobligated unspent balance of such Fund shall be returned to the Working Capital Fund, after which that special Fund shall be closed. | Any expenditure from any such special Fund referred to in Regulation 8.4 shall be reimbursed to the Working Capital Fund by the Contracting States which later participate in the joint financing of the project in question, at which time any unspent balance of such Fund shall be returned to the Working Capital Fund, after which that special Fund shall be closed. | Text altered to comply with IPSAS. |

Article IX Technical Cooperation⁴

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| 9.1 | In accordance with Article VII, Regulation 7.1, the Council may establish such funds as may be necessary for the administration of programmes of technical co-operation. The Secretary General shall administer such Technical Cooperation Funds 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. | In accordance with Article VII, Regulation 7.1, the Council may establish authorizes the establishment of such Funds as may be necessary for the administration of programmes of technical co-operation. The Secretary General may establish and shall administer such Technical Cooperation 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. | 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 co-operation. The Secretary General may establish and shall administer such 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. | Editorial change, to reflect actual practice. |
| 9.2 | The Secretary General shall include in the Annual Report prepared for the Council information on the execution of such programmes of technical cooperation. The Council in turn shall report to the Assembly on the Organization's execution of programmes of technical co-operation. | | | |
| 9.3 | The cost of administration and operation of the Organization's programmes of technical co-operation shall be met by the organizations, governments and other entities providing the funds for technical co- | The cost of administration and operation of the Organization's programmes of technical co-operation shall be met by the organizations, governments and other entities providing the funds | The cost of administration and operation of the Organization's programmes of technical co-operation shall be met by the organizations, governments and other entities providing the funds for technical co- | Editorial change for uniformity and specificity. |

⁴ The Assembly has approved participation by the Organization in programmes of technical co-operation 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.

operation. 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 ICAO for the implementation of the project.

for technical co-operation. 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 ~~ICAO~~ the Organization for the implementation of the project.

operation. 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.

9.4 Funds received by the Organization as a result of such charges shall be administered by the Secretary General under the applicable provisions of these Financial Regulations, through a consolidated Administrative and Operational Services Cost (AOSC) Fund, which shall be utilized to meet the full cost of such administration, operation and support of the Organization's programmes of technical co-operation.

9.5 Budgetary estimates for AOSC, after having been reviewed by the Technical Co-operation Committee and the Finance Committee and approved by the Council, shall be presented with the Regular Programme Budget to the Assembly. The Assembly shall review and approve the AOSC estimates. The Secretary General shall make such adjustments to the approved estimates as may be required during the budgetary period concerned in order to provide adequate administration and support services to the Organization's programmes of technical co-operation,

Budgetary estimates for AOSC, after having been reviewed by the Technical Co-operation Committee and the Finance Committee and approved by the Council, shall be presented with the Regular Programme Budget to the Assembly. The Assembly shall review and approve the AOSC estimates. The Secretary General shall make such adjustments to the approved estimates as may be required during the budgetary period concerned in order to provide adequate administration

Budgetary estimates for AOSC, after having been reviewed by the Technical Co-operation Committee and the Finance Committee and approved by the Council, shall be presented with the Regular Programme Budget to the Assembly. The Assembly shall review and approve the AOSC estimates. The Secretary General shall make such adjustments to the approved estimates as may be required during the budgetary period concerned in order to provide adequate administration and support services to the Organization's programmes of technical co-operation,

within the terms of these Financial Regulations and within the amounts of extrabudgetary resources provided to the Organization for this purpose, and report to the Finance Committee thereon. Any such adjustment to the ordinary administrative and operational costs for the year exceeding a 10 per cent increase over the amount approved by the Assembly, or previously approved by the Council hereunder, shall be subject to prior approval of the Council.

and support services to the Organization's programmes of technical co-operation, within the terms of these Financial Regulations and within the amounts of extrabudgetary resources provided to the Organization for this purpose, and report to the Finance Committee thereon. Any such adjustment to the ordinary administrative and operational costs for the year exceeding a 10~~5~~ per cent increase over the amount approved by the Assembly, or previously approved by the Council hereunder, shall be subject to prior approval of the Council.

within the terms of these Financial Regulations and within the amounts of extrabudgetary resources provided to the Organization for this purpose, and report to the Finance Committee thereon. Any such adjustment to the ordinary administrative and operational costs for the year exceeding a 5 per cent increase over the amount approved by the Assembly, or previously approved by the Council hereunder, shall be subject to prior approval of the Council.

Article X Depositories and Investments

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

The Secretary General shall designate the ~~bank~~ bank(s) or ~~banks~~ financial institutions(s) in which the funds of the Organization shall be kept.

The Secretary General shall designate the bank(s) or financial institution(s) in which the funds of the Organization shall be kept.

Editorial change for clarity.

10.2 The Secretary General, with the approval of the Finance Committee, shall from time to time designate trustee securities for investment purposes.

10.3 The Secretary General may make investments in such designated trustee securities and shall inform the Finance Committee periodically of such investments.

Article XI Internal Control and Internal Audit

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| 11.1 | <p>The Secretary General shall:</p> <p>a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;</p> <p>b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and have not already been paid for;</p> <p>c) designate the officers who may receive monies and, subject to Regulation 11.2, incur obligations and make payments on behalf of the Organization;</p> <p>d) make suitable provision for the bonding of all officials and employees who may be entrusted by him with the receipt, custody and disbursement of funds and other financial resources of the Organization; and</p> <p>e) maintain (1) systems of internal control for each programme and fund; and (2) a separate internal audit function, which shall provide for an effective current examination and ex post facto review of the operation of the systems of internal control; these two measures being provided to ensure:</p> | <p>The Secretary General shall:</p> <p>a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;</p> <p>b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and have not already been paid for;</p> <p>c) designate the officers who may receive monies and, subject to Regulation 11.2, incur obligations expenditures and make payments on behalf of the Organization; and</p> <p>d) make suitable provision for the bonding of all officials and employees who may be entrusted by him with the receipt, custody and disbursement of funds and other financial resources of the Organization; and</p> <p>ed) maintain (1) a systems of internal controls for each programme and fund; and (2) a separate internal audit function, which shall provide for an effective current examination and ex post facto review of the operation of the systems of internal control; these two</p> | <p>The Secretary General shall:</p> <p>a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;</p> <p>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;</p> <p>c) designate the officers who may receive monies and, subject to Regulation 11.2, 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 ex post facto review of the operation of the system of internal control; these two measures being provided to ensure:</p> | <p>Amendments proposed in subsections b), c) and d).</p> <p>Text deleted to use more current terminology.</p> <p>Term ‘obligations’ replaced by ‘expenditures’ for consistency in terminology.</p> <p>Old subsection d) deleted, editorial change to reflect actual practice. New subsection d), which was formerly subsection e), edited for clarity.</p> |
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| | | measures being provided to ensure: | | |
| | i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization; | i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization; | i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization; | |
| | ii) the conformity of obligations and expenditures with the appropriations or other financial provisions, or with the purposes and rules relating to Funds, Reserves and Special Accounts; and | ii) the conformity of obligations expenditures with the appropriations or other financial provisions, or with the purposes and rules relating to Funds, Reserves and Special Accounts; and | 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 | |
| | iii) the economical use of the resources of the Organization. | iii) the economical use of the resources of the Organization. | iii) the economical use of the resources of the Organization. | |
| 11.2 | No obligation shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Secretary General. | No obligation expenditure shall be incurred until allotments or other appropriate authorizations have been made electronically or in writing under the authority of the Secretary General. | No expenditure shall be incurred until allotments or other appropriate authorizations have been made electronically or in writing under the authority of the Secretary General. | Term 'obligation' replaced with 'expenditure' for consistency in terminology; term 'electronically' added to recognize the acceptability and validity of documents in electronic/digital form. |

11.3 Ex gratia payments that are deemed to be necessary in the interest of the Organization may be authorized in each case:

a) by the Secretary General, up to an amount of \$500 but not exceeding in the aggregate the amount voted by the Assembly in the relevant section of the budget; and

b) above \$500, by the Finance Committee.

A statement of such payments shall be reported to the Assembly together with the annual accounts.

11.4 The Secretary General may, with the prior approval of the Finance Committee, for individual writeoff actions exceeding \$20 000 in original value, write off losses of cash, stores and other assets provided that a statement of all such accounts written off shall be submitted to the Auditors with the annual accounts.

The Secretary General may, ~~with the prior approval of the Finance Committee, for individual writeoff actions exceeding \$20 000 in original value,~~ write off losses of cash, stores and other assets provided that a statement of all such accounts written off shall be submitted to the External Auditors with the annual accounts. For individual writeoff actions exceeding \$20 000 in original value, prior approval of the Finance Committee must be obtained.

The Secretary General may write off losses of cash, stores and other assets provided that a statement of all such accounts written off shall be submitted to the External Auditors with the annual accounts. For individual writeoff actions exceeding \$20 000 in original value, prior approval of the Finance Committee must be obtained.

Editorial change for clarity.

**Article
XII**

Accounts and Financial Statements

12.1

The Secretary General shall maintain such accounting records as are necessary and shall submit annual financial statements showing for the financial year to which they relate:

- a) the income and expenditures of all funds;
- b) the status of appropriations including:
 - i) the appropriations voted by the Assembly;
 - ii) the said appropriations as modified by any transfers and any new appropriations made under Regulation 5.2; and
 - iii) the amounts charged against the appropriations;
- c) credits not budgeted for by the Assembly;
- d) the assets and liabilities of the Organization; and
- e) such other information as may be appropriate to indicate the current

The Secretary General shall maintain such accounting records as are necessary and shall submit annual financial statements ~~showing for the financial year to which they relate~~ in accordance with accounting standards adopted by the United Nations Organizations. The statements shall also include:

- ~~a) the income and expenditures of all funds;~~
- ~~b) the status of appropriations including:
 - i) the appropriations voted by the Assembly,
 - ii) the said appropriations as modified by any transfers and any new appropriations made under Regulation 5.2, and
 - iii) the amounts charged against the appropriations; and~~
- ~~e) credits not budgeted for by the Assembly;~~
- ~~d) the assets and liabilities of the Organization; and~~
- ~~e) such other information as may be appropriate to indicate the~~

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:

- a) the status of appropriations including:
 - i) the appropriations voted by the Assembly,
 - ii) the said appropriations as modified by any transfers and any new appropriations made under Regulation 5.2, and
 - iii) the amounts charged against the appropriations; and
- b) credits not budgeted for by the Assembly.

Text altered to comply with accounting standards adopted by the UN, including United Nations System Accounting Standards (UNSAS) and IPSAS.

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| | financial position of the Organization. | current financial position of the Organization. | | |
| 12.2 | Appropriate separate accounts shall be maintained for all Funds, Reserves and Special Accounts. | | | |
| 12.3 | The annual financial statements of the Organization shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Secretary General may deem necessary. | The annual financial statements of the Organization shall be presented in United States Canadian dollars except for Funds administered on behalf of a third party by the Organization, which may be presented in United States dollars as the Secretary General may determine. Accounting records may, however, be kept in such currency or currencies as the Secretary General may deem necessary. | The annual financial statements of the Organization shall be presented in Canadian dollars except for Funds administered on behalf of a third party by the Organization, which may be presented in United States dollars as the Secretary General may determine. Accounting records may, however, be kept in such currency or currencies as the Secretary General may deem necessary. | Final decision to be made on whether United States dollars to be retained or replaced with Canadian dollars. |
| 12.4 | The annual financial statements shall be submitted by the Secretary General to the External Auditor for examination not later than 31 March following the end of the financial year. | The annual financial statements shall be submitted by the Secretary General to the External Auditor for examination not later than 31 March following the end of the financial year. These statements shall be certified by the Chief of the Finance Branch, approved by the Secretary General, and presented to the Council for consideration and recommendation to the Assembly for approval. | The annual financial statements shall be submitted by the Secretary General to the External Auditor for examination not later than 31 March following the end of the financial year. These statements shall be certified by the Chief of the Finance Branch, approved by the Secretary General, and presented to the Council for consideration and recommendation to the Assembly for approval. | Text added to reflect current practice. |
| 12.5 | The Secretary General shall submit to the Finance Committee such periodic financial reports and statements as he may be requested to make. | The Secretary General shall submit to the Finance Committee such periodic financial reports and statements as he may be requested | The Secretary General shall submit to the Finance Committee such periodic financial reports and statements as requested. | Editorial change, for gender neutrality. |

~~to make.~~

Article XIII
External Audit

13.1 Subject to confirmation by the Assembly, the Council shall appoint an External Auditor, who shall be the Auditor General (or officer exercising an equivalent function) of a Contracting State, to make annually, and at such other time as may be necessary for special purposes, an independent audit of the funds, assets and accounts of the Organization. The appointment shall be for such period as determined by the Council and confirmed by the Assembly.

13.2 If the External Auditor ceases to hold office as the Auditor General (or officer exercising an equivalent function) in his/her own country, his/her tenure of office as External Auditor shall thereupon be terminated and he/she shall be succeeded as External Auditor by his/her successor as Auditor General subject to the approval of the Council. The External Auditor may not otherwise be removed during his/her tenure of office, except by the Assembly.

13.3 Not later than 15 May following the close of the financial year, or six weeks after the dispatch of the financial statements under Regulation 12.4, whichever shall be later, the report of the External Auditor on the annual audit addressed to the Assembly shall be delivered to the Council with the comments of the Secretary General thereon. The Council shall consider the comments of the Secretary General on the action that he intends to take in response to substantive recommendations in the Report of the External Auditor. The Council shall submit the report of the External Auditor, the Secretary General's comments, and its comments thereon to the Assembly at its next session.

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 the Annex to the present Regulations.

13.5 The External Auditor shall be completely independent and solely responsible for the conduct of the audit. The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

The External Auditor shall be completely independent and solely responsible for the conduct of the audit of all the Organization's accounts and Funds. The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and

The External Auditor shall be completely independent and solely responsible for the conduct of the audit of all the Organization's accounts and Funds. The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

Editorial change for clarity.

management of the Organization.

13.6 The Secretary General shall provide the External Auditor with the facilities required in the performance of the audit.

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

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 the Annex.

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~~ Annex **B**.

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 Annex B.

For reference specificity, since there are now two annexes.

Article XIV Suspension and Amendment

XIV

14.1 Any of the provisions of the present Regulations, with the exception of Regulation 5.2, may be suspended or amended by the Council, which shall report thereon to the next session of the Assembly. No such suspension or amendment which, under the provisions of the Convention, deals with matters which are within the jurisdiction of the Assembly shall remain in effect beyond the next session of the Assembly unless confirmed by the Assembly.

ANNEX A Glossary of Terms

1

“Allotment” or “allocation of funds”
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.
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.

New annex.

Refer to Financial Regulation 11.2.

2

“Business Plan” shall mean the Business Plan of the Organization, representing the operational plan for implementing the Strategic Objectives of the Organization.

Refer to Financial Regulation 4.3.

3

“Capital Expenditures” shall mean tangible assets, such as property, plant and equipment, and capitalized

Derived from IPSAS terminology.

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| | intangible assets (also called fixed assets), which are held by the Organization and have a useful life of more than one year. | |
| 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. | Definition in line with recognized accounting terminology. |
| 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 operating expenses or capital spending to the Organization. | Definition in line with recognized accounting terminology and use to minimize changes to the Regulations. |
| 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. | IPSAS definition. |
| 7 | “Fixed assets” shall mean property, plant and equipment, and intangible assets capitalized under IPSAS and the Organization’s policy. | Refer to “capital expenditure” definition. |
| 8 | “Full cost” shall mean all direct and indirect costs attributable to the administration, operation and support of the Organization’s activities. | Definition in line with accounting terminology. |

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| 9 | <p>“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 Contracting State, the Council, or the Assembly.</p> | <p>Definition in line with recognized accounting terminology.</p> |
| 10 | <p>“Income” relates to funding sources and includes proceeds from sale of fixed assets.</p> | <p>Terminology used to recognize various sources of funding to finance the Organization’s activities and to minimize change to the Regulations.</p> |
| 11 | <p>“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.</p> | <p>IPSAS definition; refer to Financial Regulation 7.8.</p> |
| 12 | <p>“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.</p> | <p>Definition in line with recognized terminology.</p> |
| 13 | <p>“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.</p> | <p>IPSAS definition.</p> |

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| 14 | <p>“Revolving Fund” shall mean a Fund established under the Financial Regulations for a particular purpose and financed on an on-going 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.</p> | <p>Definition in line with recognized accounting terminology.</p> |
| 15 | <p>“Strategic Objectives” shall mean the units into which the programmatic elements of the Business Plan shall be subdivided.</p> | <p>Refer to Financial Regulation 4.4.</p> |
| 16 | <p>“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.</p> | <p>Based on current terminology Regulation 11.1 b).</p> |
| 17 | <p>“Supporting Strategies” shall refer to all management and administrative activities included in the Regular Budget.</p> | <p>Refer to Financial Regulation 4.4.</p> |
| 18 | <p>“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 banks and institutions referred to in F.R. 10.1.</p> | <p>Refer to Financial Regulation 10.2.</p> |

**ANNEX B Additional Terms of Reference
Governing the External Audit**

No changes proposed.
Refer to explanations in
proposed A-WP.

- 1 The External Auditor shall perform such audit of the accounts of the Organization, including all trust funds and special accounts, as he deems necessary in order to satisfy himself:
- a) that the financial statements are in accord with the books and records of the Organization;
 - b) that the financial transactions reflected in the statements have been in accordance with the Financial Regulations, the budgetary provisions and other applicable directives;
 - c) that the securities and monies on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;
 - d) that the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon; and
 - e) that procedures satisfactory to the External Auditor have been applied to the recording of all assets, liabilities, surpluses and deficits.
- 2 The External Auditor shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary

General and may proceed to such detailed examination and verification as he chooses of all financial records, including those relating to supplies and equipment.

- 3 The External Auditor and his staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the External Auditor, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary General (or his designated senior official) agrees is required for the purposes of the audit and information classified as confidential shall be made available on application. The External Auditor and his staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor may draw the attention of the Assembly to any denial of information classified as privileged which, in his opinion, was required for the purpose of the audit.
- 4 The External Auditor shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary General for appropriate action any transaction concerning which he entertains doubt as to legality or propriety. Audit objections, to these or any other transactions, arising

during the examination of the accounts shall be communicated immediately to the Secretary General.

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

a) the identification of the financial statements audited;

b) a reference to the responsibility of the Secretary General and the responsibility of the External Auditor;

c) a reference to the audit standards followed;

d) a description of the work performed;

e) an expression of opinion on the financial statements as to whether:

i) the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;

ii) the financial statements were prepared in accordance with the stated accounting policies; and

iii) the accounting policies were applied on a basis consistent with that

of the preceding financial period;

f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;

g) the date of the opinion;

h) the name and position of the External Auditor; and

i) should it be necessary, a reference to the report of the External Auditor on the financial statements.

6

The report of the External Auditor on the financial statements should mention:

a) the type and scope of his examination;

b) matters affecting the completeness or accuracy of the accounts, including where appropriate:

i) information necessary to the correct interpretation of the accounts;

ii) any amounts which ought to have been received but which have not been brought to account;

iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;

iv) expenditures not properly substantiated; and

v) whether proper books of accounts have been kept — where in the presentation of statements there are deviations of a material nature from generally accepted accounting principles applied on a consistent basis, these should be disclosed;

c) other matters which should be brought to the notice of the Assembly, through the Council, such as:

i) cases of fraud or presumptive fraud;

ii) wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);

iii) expenditures likely to commit the Organization to further outlay on a large scale;

iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;

v) expenditure not in accordance with the intention of the Assembly after making allowance for duly authorized transfers within the budget;

vi) expenditure in excess of appropriations as amended by duly

authorized transfers within the budget;
and

vii) expenditure not in conformity
with the authority which governs it;

d) the accuracy or otherwise of the
supplies and equipment records as
determined by stocktaking and
examination of the records; and

e) if appropriate, transactions
accounted for in a previous year
concerning which further information
has been obtained or transactions in a
later year concerning which it seems
desirable that the Assembly should
have early knowledge.

7 The External Auditor may make such
observations with respect to his
findings resulting from the audit and
such comments on the Secretary
General's financial report as he deems
appropriate, to the Assembly (through
the Council) or to the Secretary
General.

8 Whenever the scope of audit of the
External Auditor is restricted, or
whenever the External Auditor is
unable to obtain sufficient evidence, he
shall refer to the matter in his report,
making clear the reasons for the
comments and the effect on the
financial position and the financial
transactions as recorded.

9

In no case shall the External Auditor include criticism in his report without first affording the Secretary General an adequate opportunity of explanation on the matter under observation.

— END —