|  |  |
| --- | --- |
| **Council Working Group on Financial and Human Resources****Eighth meeting – Geneva, 22-23 January 2018** |  |
|  |  |
|  | **Document CWG-FHR-8/8** |
| **6 December 2017** |
| **English only** |

**Contribution by the Secretariat**

PROPOSED AMENDMENTS
TO THE FINANCIAL REGULATIONS AND FINANCIAL RULES

2010 Edition

Paragraph 5 to Article 1; paragraph 2 to Rule 12.1 to Article 12; Rule 15.1 to Article 15; paragraph 1 to Rule 16.2 to Article 16; paragraph 2 to Rule 18.4 to Article 18; paragraph 1 to Article 27

I **Introduction**

1 The ITU’s External Auditor (Corte dei Conti) conducted his audit on the financial statements for 2016. In his report, it is recommended (Rec. 2/2016) that Management should submit a proposal for amending the Financial Regulations and Financial Rules in order to be consistent with the procurement principles found in Service Order No. 14/06.

2 Following the renaming of the “Administration and Finance Department” into the “Financial Resources Management Department” some articles need to be modified to reflect the new name of the Department.

3 The IPSAS board has been abrogated and IPSAS 25 has been replaced by IPSAS 39 which will enter into force in January 2018. This new IPSAS rule refers to the employee benefit.

II **Inconsistencies**

4 Paragraph 5 to Article 1 to the Financial Regulations and Financial Rules stipulates that the Contracts Committee shall make recommendations on how to fulfil the proposed requirements bearing in mind economy, quality and the best interests of the Union.

5 However, no reference is made in the Financial Regulations and Financial Rules to the Procurement principles presented in Service Order 14/06.

6 Paragraph 2 to Rule 12.1 to Article 12; Rule 15.1 to Article 15; paragraph 1 to Rule 16.2 to Article 16 and paragraph 2 to Rule 18.4 to Article 18 all referred to “the Chief of the Administration and Finance Department”. This naming is no more in line with the ITU organizational structure.

7 Paragraph 1 to Article 27 made a reference to an abrogated and replaced IPSAS rule.

III **Consequences**

8 The above-mentioned provisions of paragraph 1 to Article 5 should be more detailed to be in line with the Procurement principles.

9 All the articles referring to “The Chief of the Administration and Finance Department” has to be amended to reflect the actual denomination.

10 The reference to IPSAS 25 has to be removed and replaced by a more general approach of the standard covering its main topic.

IV **Recommendation:** The following articles to the Financial Regulations and Financial Rules may be amended as follows:

|  |  |
| --- | --- |
| FINANCIAL REGULATIONS AND FINANCIAL RULES CURRENTLY IN FORCE | **PROPOSED AMENDMENTS TO THE FINANCIAL REGULATIONS AND FINANCIAL RULES**  |
| **Article 1Management and control of the finances of the Union**5. The Contracts Committee shall assist the Secretary-General in the examination of projects for contracts to be concluded by the Union, the amount of which exceeds a limit to be set by the Secretary-General. It shall make recommendations on how to fulfil the proposed requirements bearing in mind economy, quality and the best interests of the Union. Its membership shall be determined by the Secretary-General, in consultation with the Coordination Committee. Its terms of reference and the procedures to be followed for the conclusion of contracts by the Union shall be established by the Secretary-General, in consultation with the Coordination Committee. | **Article 1Management and control of the finances of the Union**5. The Contracts Committee shall assist the Secretary-General in the examination of projects for contracts to be concluded by the Union, the amount of which exceeds a limit to be set by the Secretary-General. It shall make recommendations on how to fulfil the proposed requirements bearing in mind economy, quality and the following principles of procurement:1. fairness, integrity and transparency;
2. effective competition, when appropriate international;
3. best value for money; and,
4. best interest of the Union.

Its membership shall be determined by the Secretary-General, in consultation with the Coordination Committee. Its terms of reference and the procedures to be followed for the conclusion of contracts by the Union shall be established by the Secretary-General, in consultation with the Coordination Committee. |
| **Article 12Supervision of actual expenses****Rule 12.1****Certifying officers**2. Certifying officers are responsible for managing the utilization of resources, in accordance with the purposes for which those resources were approved whilst respecting the principles of efficiency, effectiveness and economy and all regulations, rules and instructions of the Union that may apply to the use of these resources. The Chief of the Administration and Finance Department shall ensure that certifying officers have ready access to information on the expenses and obligations recorded against their budget appropriations. Certifying officers must be prepared to submit any supporting documents, explanations and justifications requested by the Secretary-General, or any officials designated by him, or by the External Auditor | **Article 12Supervision of actual expenses****Rule 12.1****Certifying officers**2. Certifying officers are responsible for managing the utilization of resources, in accordance with the purposes for which those resources were approved whilst respecting the principles of efficiency, effectiveness and economy and all regulations, rules and instructions of the Union that may apply to the use of these resources. . The Chief of the Financial Resources Management Department shall ensure that certifying officers have ready access to information on the expenses and obligations recorded against their budget appropriations. Certifying officers must be prepared to submit any supporting documents, explanations and justifications requested by the Secretary-General, or any officials designated by him, or by the External Auditor. |
| Article 15Liquid assets of the UnionRule 15.1Receipt of fundsOnly officials designated by the Secretary-General shall be authorized to issue official receipts. If other officials receive money intended for the Union, they must immediately convey this money to an official authorized to issue official receipts. The Chief of the Administration and Finance Department, or an official designated by him, shall acknowledge all receipts of funds, sign all pertinent documents related thereto and endorse all cheques made out to the Union. | Article 15Liquid assets of the UnionRule 15.1Receipt of fundsOnly officials designated by the Secretary-General shall be authorized to issue official receipts. If other officials receive money intended for the Union, they must immediately convey this money to an official authorized to issue official receipts. The Chief of the Financial Resources Management Department, or an official designated by him, shall acknowledge all receipts of funds, sign all pertinent documents related thereto and endorse all cheques made out to the Union. |
| **Article 16Investment of funds**Rule 16.2Investments1. The authority to make and prudently manage investments is delegated by the Secretary-General to the Chief of the Administration and Finance Department. | **Article 16Investment of funds**Rule 16.2Investments1. The authority to make and prudently manage investments is delegated by the Secretary-General to the Chief of the Financial Resources Management Department. |
| Article 18Keeping of accounts and presentation of financial statementsRule 18.4Accounting of bank transactions2. At least every month, or more frequently if necessary, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted in the bank statements, unless a waiver is granted in writing by the Chief of the Administration and Finance Department. | Article 18Keeping of accounts and presentation of financial statementsRule 18.4Accounting of bank transactions2. At least every month, or more frequently if necessary, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted in the bank statements, unless a waiver is granted in writing by the Chief of the Financial Resources Management Department. |

|  |  |
| --- | --- |
| Article 27Net Assets including Reserve Account1. The Net Assets include:

- the effects of transition to IPSAS;- the Reserve Account;- the Superannuation, benevolent and investment funds;- the ASHI actuarial losses as defined by IPSAS 25, since ITU elected to recognize the actuarial gains and losses in the period when they occur;- the variation of Net Assets of the extra-budgetary funds and the effect of presenting them in the financial statements presentation currency;- the surplus or deficit for the period according to IPSAS. | Article 27Net Assets including Reserve Account1. The Net Assets include:

- the effects of transition to IPSAS;- the Reserve Account;- the Superannuation, benevolent and investment funds;- the ASHI actuarial losses as defined by the IPSAS on employee benefits, since ITU elected to recognize the actuarial gains and losses in the period when they occur;- the variation of Net Assets of the extra-budgetary funds and the effect of presenting them in the financial statements presentation currency;- the surplus or deficit for the period according to IPSAS. |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_