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|  | **Revision 1 to Document CWG-FHR-17/16** |
| **22 January 2024** |
| **English only** |
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| **Contribution by the Russian Federation, Armenia (Republic of), Belarus (Republic of), Kyrgyz Republic, and Tajikistan (Republic of)** | |
| PROPOSED AMENDMENTS TO THE FINANCIAL REGULATIONS AND FINANCIAL RULES – EDITION 2018 | |
| **Purpose**  As it is generally known, the difference between Financial Regulations and Financial Rules is that the former are issued by the governing bodies (the ITU Council) while the latter are established and promulgated by the Secretary-General. In this view it is suggested to maintain Article 1 – Management and control of the finances of the Union fully within the Financial Regulations to ensure due accountability and to safeguard a Member State-led process in key aspects of ITU financial management.  **Action required**  The Council Working Group on Financial and Human Resources is invited **to consider** the proposal contained in the contribution and **maintain Article 1 – Management and control of the finances of the Union in full as a Financial Regulation.**  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **References**  [*CWG-FHR-16/*](https://www.itu.int/dms_pub/itu-s/md/23/cwgfhr16/c/S23-CWGFHR16-C-0003!!MSW-E.docx)*3* | |

1. **Background**

During the Sixteenth meeting of the Council Working Group on Financial and Human Resources amendments to the Financial Regulations and Financial Rules - Edition 2018 (CWG-FHR-16/3) were submitted for Member-States’ consideration. The matter was deferred to the Seventeenth meeting of the Working Group.

1. **Discussion**

The Russian Federation acknowledges that Financial Regulations and Financial Rules should be subject to regular and timely updates. Nevertheless, no innovations in this field should come at the expense of member states’ key control over ITU financial governance. The proposal to move paragraphs 4 and 5 of Article 1 (not paragraphs 5 and 6 as stated in the Secretariat document, since the closing paragraph of Article 1 is paragraph 5 – the Secretariat needs to amend document CWG-FHR-16/3 accordingly) from Financial Regulations (adopted by the Council) to Financial Rules (adopted by the Secretary-General) would deprive member states of this capability. Given the great sensitivity of the issue covered by the relevant Article, namely procurement, it would be imperative to maintain the current approach by keeping both paragraphs within the Financial Regulations to ensure good governance, proper accountability, and oversight.

1. **Proposals**

Considering the above the Russian Federation proposes the following:

* To retain paragraphs 4 and 5 of Article 1 within the Financial Regulations.

Corresponding amendments to the document CWG-FHR-16/3 are proposed as detailed in the annex 1.

Annex 1

**Proposed amendments to the  
Financial Regulations and Financial Rules - 2018 Edition**

**Introduction**

This document presents an update to the Financial regulations to the council in order to improve financial accountability of the secretariat, improve internal control processes and provide transparency in line with taking into account current best practices of the United Nations and of the specialized agencies.

Specific changes to this document are as follows:

**PREAMBLE, paragraph 3, second sentence**

1. This sentence has been deleted as all funds managed by ITU including project funds should be administered under ITU’s Financial Regulations.

**Article 3 - ITU TELECOM secretariat budget**

1. Propose to delete this Article as ITU Telecom is no longer an event.

**Article 9 - Approval of the biennial budget**

1. Propose to delete paragraph 4.

**Article 10 - Implementation of the budget of the Union: Role of the Secretary-General**

1. Paragraph 6, delete the reference to ITU telecom activities.
2. Paragraph 6, to move reporting to web based platform.

**Article 11 – Withholding account and transfers of appropriations**

1. Introduction of the paragraph Withholding account to manage financial accountability.

**Article 15 – Custody of Cash and Cash equivalents**

1. Introduction of new text to strengthen financial accountability on ITU’s cash and cash equivalents.

**Article 16 - Investment of Cash and Cash equivalents**

1. Introduction of new text to strengthen investment accountability on ITU’s cash and cash equivalents.

**Article 18 - Accounts and financial statements**

1. Introduction of new text to strengthening accounts and financial statements

**Article 19 - ITU TELECOM exhibitions, forums and similar events organized by the Union**

1. Propose to delete the article to reflect current business operations.

**Article 19 – Funds –** Introducing fund accounting to better reflect accounting requirements.

**Article 26 Accrued liability for other staff benefits –** Updating text to reflect full IPSAS compliance.

**Article 27 - Net Assets including Reserve Account –** to update text to reflect the actual business practices.

**Annex 2 «Rules, procedures and financial arrangements for voluntary contributions and trust funds»** to the Financial Regulations and Financial Rules that need to reflect the new guidelines on the in-kind contribution.

These proposed amendments to Annex 2 to the ITU Financial Regulations and Financial Rules are needed in order to conform with No. 486 of the ITU Convention, which states that the Financial Regulations should contain special provisions on the acceptance and use of voluntary contributions in cash or in-kind, as well as No. 487, which indicates how such contributions should be reported as part of ITU's financial statements, as well as in a separate document indicating data on each case of origin of funds, their intended use and action taken.

**Article 29** which reflects the outcome of the Council 2023 deliberations as to the creation of an ITU Oversight Unit. The proposed amendments are to be read in conjunction with the proposed Internal Oversight Charter also discussed at this meeting of the Council Working Group on Financial and Human Resources

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| **Current Financial Regulations and Financial Rules 2018** | **Proposal** | **Comments** |
| **PREAMBLE, paragraph 3, second sentence**  However, in matters related to projects financed by organizations of the United Nations system and not covered by these regulations, the relevant provisions of the financial regulations in force in the organization concerned shall be applicable as far as possible. | To delete text | This sentence has been deleted as all funds managed by ITU including project funds should be administered under ITU’s Financial Regulations. |
| **Article 1 - Management and control of the finances of the Union**  4.  The Coordination Committee shall assist and advise the Secretary-General on all general financial questions, or on those concerning more than one Sector.  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. |  |  |

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