

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:

- a) fairness, integrity and transparency;
- b) effective competition, when appropriate international;
- c) best value for money; and
- d) 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.

### ***Rule 1.1***

#### ***Delegation of authority***

The Secretary-General may delegate his authority to implement the Financial Regulations, the Financial Rules and instructions, subject to any limitations set forth elsewhere in these rules. Such delegations of authority shall be made in writing. Staff members to whom the Secretary-General has delegated authority for the implementation of the Financial Regulations, the Financial Rules and instructions are responsible for the correct and proper exercise of such authority. Any staff member who takes any action contrary to the Financial Regulations and the Financial Rules and instructions issued in connection therewith may be subject to disciplinary measures in accordance with the Staff Regulations and Rules. Delegations of authority to other staff members do not relieve the Secretary-General from his overall responsibility.

## **SECTION II**

### **Budget of the Union and ITU TELECOM budget**

#### **Article 2**

##### **Structure and universal nature of the budget of the Union**

1. a) The budget of the Union shall be based on the decisions taken by the Plenipotentiary Conference, in particular those concerning the strategic plan, the financial plan and the financial limits adopted. It should be correlated with priorities set out in the strategic plan and should include all activities/outputs, and related costs, listed in the operational plans.
- b) The budget of the Union shall consolidate the appropriations for the:
  - i) General Secretariat;
  - ii) Radiocommunication Sector;
  - iii) Telecommunication Standardization Sector;
  - iv) Telecommunication Development Sector;

For the purpose of the present regulations, references to the term "Sector(s)" shall include the General Secretariat.

- c) Revenue and expenses not included in the budget are governed by the relevant provisions contained in Section IV of these regulations.
2. All expenses entered in the budget of the Union shall be covered by revenue included therein. Details of revenue and expenses shall be shown separately. Revenue shall not be offset against expenses so as to show only balances. Activities which are subject to cost recovery are segregated in the budget of the Union as decided by the Council.

- b) transfer appropriations for a given Sector from only the operating expenses to the capital expenses within sections.
2. The Secretary-General, after consultation with the Coordination Committee, shall, when it is considered to be in the interest of the Union, be authorized to transfer appropriations:
- a) within one Sector, from section 9 to sections 1 to 8, if applicable and required;
  - b) within one Sector, with respect to sections 1 to 8 only, from one section or subsection to another section or subsection, provided that the total transfers do not exceed 10 per cent of the total appropriations for non-staff costs under sections 1 to 8 of the Sector concerned;
  - c) from one Sector to another, provided that the total transfers do not exceed three per cent of the total appropriations for the biennium under sections 1 to 9 of the recipient Sector;
  - d) within one Sector, from section 9 to sections 1 to 8, from the operating expenses to the capital expenses, if applicable and required;
  - e) from the operating expenses of one Sector to the capital expenses of another Sector, if applicable and required.
3. Subject to §§ 1 and 2 above and Article 12, § 4 of the present regulations, no other transfer of appropriations may be effected without the authorization of the Council.

## **Article 12**

### **Supervision of actual expenses**

1. The Secretary-General and the officials authorized by virtue of the relevant provisions of the Convention shall take all necessary action for the supervision of all budget operations and, in particular, of the amount of actual expenses with respect to the authorized appropriations, so as to show at any time the balance of the appropriations still available for each section or the expenses (see Articles 6 and 7 of the present regulations).

2. No expenses may be committed without written authorization from the Secretary-General or an official duly authorized for this purpose.
3. Subject to the provisions of Articles 10 and 11 of the present regulations, no such authorization shall be given unless the corresponding appropriations are available.
4. The Secretary-General, after consultation with the Coordination Committee, and subject to the provisions of Articles 10 and 11 of these regulations, shall be authorized, in exceptional cases, to commit an expense not provided for in the budget of the Union when the corresponding furnishing of services or goods must be undertaken in the interest of the Union, on the firm understanding that the total expenses under sections 1 to 9 mentioned in Article 6 of the present regulations shall in no case exceed the total appropriations authorized by the Council.
5. In the cases mentioned in § 4 above, the Secretary-General shall submit a report to the following session of the Council justifying his recourse to this procedure.
6. Actual shortfalls in revenue related to the implementation of cost-recovery activities should be absorbed in principle by the relevant appropriations provided in the budget of the Sectors and General Secretariat, as appropriate.

#### ***Rule 12.1***

##### ***Certifying officers***

1. The Secretary-General shall designate one or more officials as certifying officers for the accounts pertaining to a section or subsection of the approved budget. Certifying authority and responsibility is assigned on a personal basis and cannot be delegated.
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 department in-charge of

financial resources management 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 13**

#### **Closing of budget operations and deferred activities**

1. No commitment for a given financial year may be incurred after the annual closure of the accounts for that period.
2. Subject to §§ 3 and 4 below, the appropriations not utilized at the close of the financial year concerned shall be cancelled and the result of that budgetary period shall be credited or debited to the Reserve Account as the case may be.
3. When certain goods supplied or services rendered during a financial year have not been billed before the end of that period, the corresponding expenses shall be noted during that financial year and credited to accounts payable.
4.
  - a) In respect only of sections 1 to 8 of the budget, unused appropriations for activities not carried out for reasons beyond the Secretary-General's control (deferred activities), which have therefore been temporarily credited to the Reserve Account in accordance with § 2 of the present article, remain available for the next financial year.
  - b) In the next financial year, the expenses on such deferred activities shall be covered by necessary budgetary appropriations to be made available, upon the approval of the Secretary-General.

- c) In respect of section 9, unused appropriations at the end of the first year of the approved budget may be carried over to the second year of the budget, if appropriate and duly justified.
5. The Secretary-General shall explain, in the financial operating report, the rationale for all cases of deferred activities.

#### **Article 14**

##### **Expenses and revenue from publications**

The expenses and revenue resulting from the production and sale of the Union's publications, as well as the revenue from royalties, bookshop articles and any advertisements placed in those publications, shall be included in the budget of the Union. Detailed rules pertaining to the Union's publications shall be established by the Secretary-General.

## **SECTION III**

### **Liquid assets, investment and advances of funds**

#### **Article 15**

##### **Liquid assets of the Union**

The Secretary-General shall closely follow the strict observance of the relevant provisions of the Constitution and the Convention, in order to ensure that the liquid assets constantly meet the requirements of the Union and that the debts owed to the Union are reduced and kept to a minimum.

##### ***Rule 15.1***

###### ***Receipt of funds***

Only 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 department in-charge of financial resources management, 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.

##### ***Rule 15.2***

###### ***Cash advances***

Only officials designated for this purpose by the Secretary-General may make cash advances.

## **Article 16**

### **Investment of funds**

1. The Secretary-General shall choose the banks or other institutions in which the Union's funds are to be deposited.
2. In this respect, the Secretary-General shall ensure, including by establishing appropriate guidelines, that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Union's cash-flow requirements. In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the United Nations.
3. The financial operating report shall contain a statement of the overall yield obtained by the investments made during each budgetary period.

#### ***Rule 16.1***

##### ***Custody of funds***

The Secretary-General shall designate the banks in which the funds of the Union shall be kept, shall establish all bank accounts required for the Union and shall designate those officials to whom signing authority is delegated for the operation of those accounts. The Secretary-General shall also authorize all bank account closures. The Union's bank accounts are to be opened and operated in accordance with the following guidelines:

1. Bank accounts shall be designated "Official bank accounts of ITU" and the relevant authority shall be notified that ITU bank accounts are exempt from all taxation.
2. Two signatures by the designated bank signatories shall be required on all cheques and other payment instructions as well as on investment transactions.
3. For cash payment instructions of less than CHF 5 000 only one such signature is required.



***Rule 16.2***

***Investments***

1. The authority to make and prudently manage investments is delegated by the Secretary-General to the Chief of the department in-charge of financial resources management.
2. Investments shall be recorded in an investment ledger, which shall show all the relevant details for each investment, including face value, purchase price, date of maturity, place of deposit, proceeds of sale and revenue earned.

**Article 17**

**Advances of funds accorded by the Government  
of the Swiss Confederation**

In accordance with the arrangement entered into between the Union and the Government of the Swiss Confederation, the latter places at the disposal of the Secretary-General, if necessary and if he so requests, and under conditions to be stipulated, funds to meet the temporary cash requirements of the Union.

## **SECTION IV**

### **Accounting**

#### **Article 18**

##### **Keeping of accounts and presentation of financial statements**

1.
  - a) The accounting system shall include in the most practical form all principal and accessory books, files or statements needed for the systematic recording of all revenue and expenses and for all the other financial operations of the Union.
  - b) The financial statements shall be presented according to the accounting standards common to the organizations of the United Nations system.
2. The following special accounts shall be kept separately:
  - a) the accounts of the Staff Superannuation and Benevolent Funds of the Union, which shall be kept in accordance with the regulations and agreements in force;
  - b) the accounts for the execution of technical cooperation projects financed by the organizations of the United Nations system;
  - c) the accounts for voluntary contributions and trust funds dealt with in Annex 2 hereto;
  - d) the accounts of exhibitions, forums and similar events organized by or in collaboration with the Union, which shall be kept in accordance with Article 19 of these regulations;
  - e) other special accounts mentioned in these regulations as well as those designated by the Council as special accounts.

***Rule 18.4***

***Accounting of bank transactions***

1. Disbursements shall be recorded in the accounts as at the date on which they are made, that is, when the cheque is issued, the transfer is executed or cash is paid out.
2. 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 department in-charge of financial resources management.

***Rule 18.5***

***Financial statements***

1. In addition to the provisions of Article 28 of the Financial Regulations, annual financial statements for all the accounts of ITU as at 31 December shall be submitted to the External Auditor not later than 31 March of the following year. The annual IPSAS financial statements shall include all funds of the Union. Additional financial statements may be prepared as and when the Secretary-General deems it necessary.
2. Financial statements submitted to the External Auditor shall be presented in accordance with the accounting standards common to the organizations of the United Nations system and shall include:
  - a) a statement of financial performance including information on revenue and expenses;
  - b) a statement of the financial position including information on assets and liabilities;
  - c) a statement of changes in Net Assets, including variations in reserves;
  - d) a statement of cash flows;
  - e) a comparison of budget and actual amounts according to IPSAS financial statements;
  - f) accounting methods and notes relating to the financial statements;
  - g) such other schedules as may be required.

***Rule 18.6***

***Inventories***

1. The accounts of the Union shall be supplemented by inventories of, in particular:
  - furniture and equipment;
  - stores, reprography and technical services;
  - printing paper;
  - publications.
2. Any assets acquired having a unit value exceeding CHF 5 000 shall be not only inventoried but also entered in the appropriate accounts on the assets side of the financial position. They shall then be amortized over a period corresponding to their expected useful lifetime.
3. The Secretary-General shall establish the procedures governing the inventories of the Union.

***Rule 18.7***

***Premises***

Union premises shall be entered on the assets side of the statement of the financial position of the Union and shall be amortized over a period corresponding to their expected useful lifetime.

**Article 19**

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

1. Separate accounts shall be kept for each exhibition, forum or similar event.
2. Each account must show revenue and expenses, duly broken down.

## **Article 26**

### **Accrued liability for other staff benefits**

1. Any other accrued liabilities necessary under the accounting standards common to the organizations within the United Nations system shall be presented in the statement of financial position.
2. Benefits granted by the Union to its staff members, whether during or after their period of service, shall be recorded in the accounts in accordance with the accounting standards common to the organizations of the United Nations system.

## **Article 27**

### **Net Assets including Reserve Account**

1. 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 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.

2. The Reserve Account shall be made up of:
  - a) the positive or negative net balance (surplus/deficit) from the financial year on a budgetary basis;
  - b) transfers from other reserves/funds as decided by the Council.
3. Notwithstanding the provisions of Article 13, § 4 b) of the present regulations, bearing in mind the need to maintain the Reserve Account at a minimum level determined by the Plenipotentiary Conference, withdrawals may be made from the Reserve Account by special decision of the Council, *inter alia*, for:
  - a) reducing the amount of the contributory unit;
  - b) balancing the budget of the Union;
  - c) transfers to other reserves/funds;
  - d) any amounts to be debited to the Reserve Account as prescribed by the accounting standards common to the organizations of the United Nations system.
4. The Secretary-General shall report annually on the actual position of the Reserve Account, including any variations therein, in the financial operating report.