THE ICAO FINANCIAL REGULATIONS

Article I
Appliability

1.1 These Regulations shall govern the financial administration of the International Civil Aviation Organization.

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.

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

1. Articles IV, V and VI govern the Regular Programme Budget, its formulation, approval, execution and funding. These Articles do not apply to Technical Cooperation Programme Funds. Pertinent provisions apply to the Administrative and Operational Services Cost Fund, in particular Regulations 4.1, 4.2, 4.4–4.9 inclusive, 5.1, 5.5, 5.7 and 5.8. See also Article IX.

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.

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.

4.3 The Secretary General’s estimates shall be based on the work programme proposed by the Council for the relevant financial year.
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.

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.

4.7 The Council’s estimates shall be accompanied by:

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;

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;

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.

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).

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**

**Appropriations**

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.

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 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 miscellaneous income; and

ii) expenditure on projects related to aviation safety, and/or to the enhancement of the efficient delivery of ICAO programmes.

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.

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.

5.6 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.

5.7 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.

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.

5.9 Transfers between Programmes within Major Programmes may be effected by the Secretary General.

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.

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.

Article VI
Provision of Funds

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;
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.

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.

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.

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.

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.

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
6.10 A Contracting State which ceases to be a member of the Organization:

   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

   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.

Article VII
Establishment and Administration of Funds

7.1 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 unless otherwise provided.

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.

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

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.

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.

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.

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.

Article IX
Technical Cooperation

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.

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-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.
2. 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.

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, 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.

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.

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

11.1 The Secretary General shall:
   a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;
   b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and have not already been paid for;
   c) designate the officers who may receive monies and, subject to Regulation 11.2, incur obligations and make payments on behalf of the Organization;
   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
   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:
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

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.

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.

**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 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.

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.

12.5 The Secretary General shall submit to the Finance Committee such periodic financial reports and statements as he
may be requested 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.

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.

**Article XIV**

**Suspension and Amendment**

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 TO THE FINANCIAL REGULATIONS

Additional Terms of Reference
Governing the External Audit

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 —