UNITED NATIONS CHILDREN'S FUND

FINANCIAL REGULATIONS AND RULES OF THE
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UNITED NATIONS
New York, 1988
FINANCIAL REGULATIONS AND RULES OF THE
UNITED NATIONS CHILDREN'S FUND

EXECUTIVE DIRECTOR'S TRANSMITTAL NOTE


2. The Executive Director established the UNICEF Financial Rules, which came into effect on 1 January 1988, 60 days following their circulation to members of the Executive Board in accordance with UNICEF Financial Regulation 12.1 (a). The Financial Regulations and Rules were then published as document E/ICEF/1988/AB/L.3 of 19 January 1988.

3. At the 1988 session the Executive Board, by its resolution 1988/11, section F, determined that:

"Financial rule 108.4 should be withdrawn and financial regulation 8.3 should be revised as follows to reflect Executive Board policy in this area:

Regulation 8.3: 'Programme recommendations shall be approved by the Board on the basis of estimated future resources as projected in the medium-term plan and may be financed from general resources, supplementary funds or both. Programme activities which are approved subject to the availability of supplementary funds may be implemented only as and when such funds are received or pledged in writing. Where a project approved by the Board subject to the availability of supplementary funds has an important reinforcing role for programme activities financed from general resources, the Executive Director may, if necessary between Board sessions and under the conditions and limits set by the Executive Board, implement such project by using general resources and report to the Board at its next following session'."

4. The present edition of the UNICEF Financial Regulations and Rules embodies all the amendments and decisions adopted by the Executive Board up to and including its 1988 regular session.

James P. Grant
Executive Director
UNICEF
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UNITED NATIONS FINANCIAL REGULATIONS: ARTICLE XII, EXTERNAL AUDIT

SUBJECT INDEX
FINANCIAL REGULATIONS AND RULES OF THE
UNITED NATIONS CHILDREN'S FUND

PREFACE

1. On 11 December 1946, the General Assembly of the United Nations adopted resolution 57 (I) establishing the United Nations International Children's Emergency Fund (UNICEF) and defining its terms of reference, financial basis and organizational form. On 1 December 1950, the General Assembly extended the period of the UNICEF mandate for three years, shifting its emphasis to programmes of long-range benefit to children of developing countries (resolution 417 (V)). On 6 October 1953, the General Assembly adopted resolution 802 (VIII), reaffirming the provisions of its resolutions 57 (I) and 417 (V), with the exception of any reference to time-limits contained in those resolutions. Resolution 802 (VIII) changed the name of the organization to the United Nations Children's Fund, retaining the acronym UNICEF.

2. The General Assembly resolutions provide that UNICEF shall be:

(a) Authorized to receive funds, contributions or other assistance from Governments, voluntary agencies, individual or other sources; to make expenditures and to finance or arrange for the provision of supplies, material, services and technical assistance for the furtherance of its purposes; to facilitate and co-ordinate activities relating thereto; and, generally, to acquire, hold or transfer property and to take any other legal action necessary or useful in the performance of its objects and purposes (resolution 57 (I), para. 2 (a));

(b) Governed by an Executive Board composed of representatives of Governments designated by the Economic and Social Council from States Members of the United Nations or members of the specialized agencies with due regard to geographical distribution and to the representation of the major contributing and recipient countries, which, with due regard to the urgency of the needs and available resources, formulates the policies, determines the programmes and allocates the resources of the Fund for the purpose of meeting, through the provision of supplies, training and advice, emergency and long-range needs of children and their continuing needs, particularly in underdeveloped countries, with a view to strengthening, wherever appropriate, the permanent child health and child welfare programmes of the countries receiving assistance (resolution 417 (V), paras. 6 (a) and (b));

(c) Administered by an Executive Director appointed by the Secretary-General in consultation with the Executive Board, under policies, including the determination of programmes and allocation of funds, established by the Executive Board in accordance with such principles as may be laid down by the Economic and Social Council and its Social Commission (resolution 57 (I), paras. 3 (a) and (b)).

3. General Assembly resolution 57 (I) also provides that UNICEF:

(a) Shall not engage in activity in any country except in consultation with, and with the consent of, the Government concerned (para. 2 (c));
(b) In agreement with the Governments concerned, shall take such measures as are deemed appropriate to ensure the proper utilization and distribution of supplies or other assistance which it provides (para. 2 (b)).

In conformity with those provisions, UNICEF normally concludes with each Government a standard basic agreement establishing the general conditions for mutual co-operation in the country.

4. The work of UNICEF is reviewed annually by the Economic and Social Council on the basis of the report of the Executive Board on its annual session (resolution 57 (I), para. 7).


6. The Regulations, together with the Rules made thereunder in accordance with regulation 12.1 (a), are hereby promulgated and shall come into effect on 1 January 1988 as provided in regulation 2.4.

James P. Grant  
Executive Director  
UNICEF
Article I. DEFINITIONS

Regulation 1.1: For the purpose of these regulations the following definitions shall apply:

(a) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions of the United Nations;

(b) "Appropriations" shall mean the total amount approved by the Executive Board for specified purposes for the current biennial budget against which obligations may be incurred for those purposes up to the amounts so approved;

(c) "Appropriation line" shall mean a subdivision of the appropriations for which a specific amount is shown in the appropriations resolution;

(d) "Board of Auditors" shall mean the United Nations Board of Auditors;

(e) "Capital assets" shall mean assets intended for long-continued use or possession, e.g., land, buildings and non-expendable equipment;

(f) "Contributions" shall mean voluntary contributions from Governments as well as funds, contributions, donations and other assistance from intergovernmental organizations, non-governmental organizations, voluntary agencies, individual and other sources;

(g) "Executive Board" or "Board" shall mean the Executive Board of UNICEF;

(h) "Executive Director" shall mean the Executive Director of UNICEF or the officials to whom the Executive Director has delegated authority and responsibility for the matter in question;

(i) "General Assembly" shall mean the General Assembly of the United Nations;

(j) "Greeting Card Operation" shall mean the organizational entity established within UNICEF to generate public support and funds for UNICEF, mainly through the production and marketing of greeting cards and other products;

(k) "National Committees for UNICEF" shall mean national organizations which have concluded a relationship agreement with UNICEF for the purpose of promoting the aims and objectives of UNICEF;
(l) "Programme activities" shall mean activities associated directly with the planning, programming, implementation, monitoring and evaluation of UNICEF co-operation in country, regional, interregional and global programmes, as distinguished from activities of a programme support or administrative nature;

(m) "Programme expenditures" shall mean the costs incurred for programme supplies and equipment, project personnel, consultants and other local costs provided by UNICEF for training, project-related workshops, studies, advisory services and the logistical aspects of supply distribution;

(n) "Programme support and administrative services expenditures" shall mean the costs incurred for the provision of UNICEF management, technical, administrative and financial support services for programme activities;

(o) "Secretary-General" shall mean the Secretary-General of the United Nations or the officials to whom the Secretary-General has delegated authority and responsibility for the matter in question;

(p) "UNICEF" shall mean the United Nations Children's Fund.

Definition

Rule 101.1: For the purposes of these Rules the definitions provided in UNICEF financial regulation 1.1 shall apply.

Rule 101.2: Under these Rules, the following additional definitions shall apply:

(a) "Head of the office(s)" shall mean the official in charge of the entity defined in paragraph (c) below;

(b) "Host country" shall mean the country where a UNICEF office is located or which receives programme support from a UNICEF office located elsewhere;

(c) "Office(s)" shall mean any organizational unit at headquarters or any UNICEF office away from headquarters;

(d) "Official(s)" shall mean UNICEF staff member(s) employed under the Staff Regulations and Rules of the United Nations;

(e) "Regulations" shall mean the UNICEF Financial Regulations.
Article II. APPLICABILITY

Regulation 2.1: These Regulations shall govern the financial management and operation of UNICEF and shall apply to all financial resources administered by UNICEF.

Regulation 2.2: Amendments to these regulations may be made only by the Executive Board, after due consultations with the Advisory Committee.

Regulation 2.3: The Executive Director shall administer these regulations consistently with the applicable resolutions and decisions of the General Assembly, the Economic and Social Council and the Executive Board.

Regulation 2.4: These regulations shall come into effect on 1 January 1988 and shall be promulgated by the Executive Director.

Regulation 2.5: In regard to any matter not specifically covered by these regulations, the appropriate provisions of Financial Regulations of the United Nations shall, mutatis mutandis, apply.

Regulation 2.6: The administration of funds obtained from or through UNICEF by other organizations or entities designated by the Executive Director for the execution of activities approved by UNICEF may be carried out under their respective financial regulations, rules, practices and procedures subject to such agreements as may be concluded between UNICEF and such organizations or entities.

Authority and applicability

Rule 102.1: These Rules shall apply to all the financial activities of UNICEF except as may otherwise be provided by the Executive Board or specifically exempted therefrom by the Executive Director.

Rule 102.2: Except where otherwise provided under these Rules, the relevant Financial Rules of the United Nations shall apply in any application of Regulation 2.5.

Rule 102.3: The Comptroller shall, on behalf of the Executive Director, administer these Rules and shall determine the proper application of rule 102.2 above. The Comptroller may by written instructions delegate authority under this rule to other officials.

Rule 102.4: These Rules may be amplified by the Comptroller through appropriate administrative issuances establishing procedures and instructions for the proper administration of these Rules.
Article III. ACCOUNTABILITY

Regulation 3.1: The Executive Director is fully responsible and accountable to the Executive Board for all phases and aspects of UNICEF activities.

Accountability

Rule 103.1: All officials shall be accountable to the Executive Director for the regularity of actions taken by them in the course of their official duties. Any official who takes action contrary to the regulations, rules or administrative issuances may be held personally responsible and financially liable for the consequences of such action.

Rule 103.2: Any staff member may be required to reimburse UNICEF either partially or in full for any financial loss suffered by UNICEF as a result of the staff member's negligence or of his or her having violated any regulation, rule or directive.

Article IV. FINANCIAL RESOURCES

Regulation 4.1: The financial resources of UNICEF shall consist of:

(a) Income of UNICEF as set forth in regulation 4.2;

(b) The funds received for special accounts as set forth in article V.

Regulation 4.2: The income of UNICEF shall consist of:

(a) Contributions;

(b) Net income from the UNICEF Greeting Card Operation and from other income-producing activities;

(c) Miscellaneous income.

Regulation 4.3: Contributions to UNICEF may be paid or pledged on an annual basis or for a number of years. They may be pledged to UNICEF at special pledging conferences or in response to a specific request or appeal by the Executive Director or the Secretary-General. They also may be received by UNICEF, unsolicited or as a result of fund-raising activities, through the National Committees for UNICEF and otherwise.

Record of pledges

Rule 104.1: A pledge shall be recorded as income in accordance with regulation 4.9; a record of pledges shall also be maintained, in the currency pledged. In case a pledge is not collectible, the Comptroller
may, after consultations with the donor concerned, authorize the outstanding amount to be recorded in a separate account as an offset to UNICEF income. (See also rule 104.5, Recording of income.)

**Regulation 4.4:** Contributions to UNICEF to finance programmes or projects approved by the Executive Board subject to supplementary funding shall be accepted in accordance with such principles as the Executive Board may establish, provided that such contributions:

(a) Will be acceptable to the recipient country or countries;

(b) Include amounts sufficient to defray the separately identifiable expenses related to their administration.

**Supplementary funds**

Rule 104.2: Supplementary funds are to be accepted on the basis of an agreement with the donor, or some other appropriate document, specifying the purpose and terms of the contribution.

**Regulation 4.5:** Contributions to UNICEF may be accepted:

(a) In cash, in currencies which are usable or convertible by UNICEF;

(b) In kind, in a form that can be utilized for the purposes of UNICEF.

**Contributions towards local costs**

Rule 104.3: Contributions by Governments towards the local costs of a UNICEF office in the host country may be made in local currency. Such contributions shall be treated as UNICEF income.

**Regulation 4.6:** Contributions accepted in kind shall be considered income only when specifically requested by UNICEF and received in accordance with its specifications. Contributions in kind other than those considered income shall be accepted in accordance with regulation 5.1. Their monetary value shall be determined by the Executive Director.

**Regulation 4.7:** All income received by UNICEF shall be credited to the UNICEF Account, referred to in article X, and shall be classified according to the purposes for which such income is received, as follows:

(a) Contributions for UNICEF programme activities, programme support and administrative services, the net income from the UNICEF Greeting Card Operation and other income-producing activities shall be credited as general resources;
(b) Contributions for programmes or projects approved by the Executive Board subject to supplementary funding shall be credited as supplementary funds;

(c) Contributions for emergency operations shall be credited as emergency relief and rehabilitation.

Contributions for emergency operations

Rule 104.4: In the event that funds are needed for emergency relief operations, the Executive Director may appeal for contributions in accordance with regulation 4.3. Such contributions shall be credited as income to the UNICEF Account and disbursed for the purposes for which they are received in accordance with the Regulations and Rules. (See also rule 110.3 for emergency reserve.)

Regulation 4.8: All other income received by UNICEF shall be classified as miscellaneous income and shall be credited as general resources, however, the following should not be considered as income to UNICEF:

(a) Direct refunds of expenditures made for programme activities or in respect of the biennial budget which shall be credited to the accounts originally charged if received in the same financial period during which the charge was recorded, but refunds of expenditures of prior financial periods shall be credited to miscellaneous income;

(b) Revenue derived from the staff assessment;

(c) Deposits to special accounts established under article V.

Regulation 4.9: All income shall be recorded in the UNICEF Account in United States dollars. The United Nations operational rates of exchange shall be used to convert into United States dollars all income received in other currencies, based on the United Nations operational rates of exchange in effect on the date of the pledge or, if paid, on the date of payment.

Recording of income

Rule 104.5: The Comptroller shall determine:

(a) The date on which a pledge shall be recorded as income;

(b) The periods, taking into account any specification by the donor, to which the income shall relate for purposes of incurring expenditures.
Regulation 4.10: Differences resulting from the payment of contributions pledged in currencies other than United States dollars shall be recorded:

(a) Against these contributions if the payment of the pledge is made within the year for which the pledge is intended;

(b) Against UNICEF miscellaneous income, as gains or losses on exchange, if the payment of the pledge is made subsequent to the year for which the pledge is intended.

Article V. SPECIAL ACCOUNTS

Regulation 5.1: Special accounts may be established by the Executive Board or by the Executive Director for special purposes consistent with the policies, aims and activities of UNICEF. The purpose and limits of each special account shall be defined by the authority which established it at the time the account is established.

Establishment of special accounts

Rule 105.1: Each special account shall be established on the basis of a resolution or decision of the Executive Board, or a written agreement signed by the Executive Director and the donor, or express terms of reference issued by the Executive Director for the special account concerned, or as provided under rule 105.6.

Rule 105.2: An agreement signed with a donor under rule 105.1 shall specify the amount and purpose of the funds to be received, the activities to be financed and their duration and shall include such other provisions as the Executive Director shall consider necessary to give effect to the policies, aims and regulations of UNICEF.

Rule 105.3: UNICEF may enter into commitments for the activities under special accounts after adoption, signature or issuance of the basic document required for the establishment of the special account:

(a) Upon receipt of the necessary funds from the donor; or

(b) Where UNICEF and the donor agree on a specific payment schedule.

Rule 105.4: Unless otherwise provided by the Executive Board, special accounts and the activities financed therefrom shall be administered in accordance with the applicable regulations, rules and administrative issuances. The Comptroller shall institute procedures consistent with these rules for the management of special accounts.
Regulation 5.2: Within the policies and guidelines approved by the Board, the Executive Director may establish special accounts for funds received by UNICEF to procure supplies, equipment and services at the request and on behalf of Governments, agencies or other organizations. A written agreement should be concluded between UNICEF and the requesting Government, agency or organization, specifying the nature and cost of the services to be furnished by UNICEF and providing for full financing of all actual and incidental expenses connected with procurement.

Purchasing activities by special agreement

Rule 105.5: UNICEF may enter into special arrangements with Governments, other organizations in the United Nations system, governmental and non-governmental organizations, to undertake activities on their behalf for the purchase of supplies, equipment and services, where such materials and services are required for purposes related to UNICEF activities and consistent with the aims and policies of UNICEF. Such arrangements shall be on the basis of written agreements which shall include provisions for UNICEF to receive payment in advance to cover all costs of the purchasing activities to be undertaken by UNICEF, except where a payment schedule acceptable to UNICEF has been agreed upon covering such costs or where reciprocal arrangements already exist or have been concluded with the recipient, with the approval of the Comptroller.

Rule 105.6: Special accounts shall be established to which all funds received by UNICEF for the purchasing activities under rule 105.5 shall be credited and expenditures charged. Any unexpended balance or accrued interest on such special accounts shall be disposed of in accordance with rules 105.9 and 105.10.

Rule 105.7: All financial and other transactions for the purchasing activities under rule 105.5 shall be conducted in conformity with the relevant regulations, rules, instructions and directives.

Rule 105.8: UNICEF shall take out and maintain such insurance as is necessary against risks of claims associated with the purchasing activities under rule 105.5, covering, among others, the procurement, shipment, provision or use of any materials or services, conducted on behalf of Governments, agencies or other organizations. The costs of such insurance shall be borne by the requesting Government or organization.

Regulation 5.3: Funds placed in special accounts shall not form part of the income of UNICEF. Unless otherwise provided by the Executive Board, such funds:

(a) Shall not involve any direct or indirect additional financial liability for UNICEF;

(b) Shall include amounts sufficient to defray expenses related to their administration as shall be determined by the Executive Director.
Unexpended balances on special accounts

Rule 105.9: Any unexpended balance on special accounts shall be disposed of by UNICEF in consultation with the donor.

Interest on special accounts

Rule 105.10: In conformity with regulation 11.4, any interest accrued on special accounts shall be credited to the UNICEF Account as miscellaneous income.

Article VI. FINANCIAL PERIODS

Regulation 6.1: UNICEF shall have a medium-term plan as provided for in article VII covering a planning period consisting of four consecutive calendar years.

Regulation 6.2: To provide for continuity in the programming and implementation of UNICEF co-operation in programmes, the financial period for the purpose of the proposed utilization of resources and of the entering into commitments in respect of programme activities shall be the duration of each programme as provided for in article VIII.

Regulation 6.3: The financial period for the purpose of accounting for expenditures incurred in respect of programme activities as provided for in article VIII shall consist of a single calendar year.

Regulation 6.4: For the purpose of accounting for expenditures incurred in respect of the biennial budget, as provided for in article IX, the financial period shall consist of two consecutive calendar years, the first of which shall be an even year.

Article VII. MEDIUM-TERM PLAN

Regulation 7.1: The Executive Director shall, in conformity with criteria and conditions approved by the Executive Board, propose a medium-term plan to the Executive Board for its approval, recommending the apportionment and utilization of the existing and anticipated resources of UNICEF over the plan period. The medium-term plan shall describe in detail general objectives, fund-raising, financial and programme strategies and priorities and overall capacity in terms of personnel, programme support and administrative services, to implement the activities proposed in the plan. It shall contain a financial plan, expressed in United States dollars.
Planning period

Rule 107.1: The medium-term plan shall cover a planning period of four calendar years consisting of the current year and the three following ones. The plan shall be updated and revised annually with the oldest year dropped and a new year added.

Duration of programmes

Rule 107.2: UNICEF co-operation in programmes shall normally be prepared within the framework of national plans and priorities taking into account past programme experience and the programme objectives and priorities, as provided in the medium-term plan. The duration of each programme shall be for a period of three to five years. However, because of the cycle of national plans or because of special situations specific to a country, the duration of a programme may be for a shorter period of one or two years.

Regulation 7.2: The proposed financial plan shall provide, in detail, the financial projections of:

(a) Estimated future resources for each year of the plan period;

(b) Estimated yearly levels of expenditures for activities in programme co-operation, administrative and programme support services and acquisition of capital assets which estimated future resources would make possible;

(c) Working capital levels required for the liquidity of UNICEF.

Regulation 7.3: The estimate of future resources shall take into account contributions paid or pledged for the period of the plan or a part thereof and any additional resources expected within the plan period. Except for pledged contributions, estimated future resources shall not imply a commitment on the part of individual donors and shall not prejudice the legislative processes and budgetary practices of donors.

Regulation 7.4: The proposed medium-term plan shall be transmitted to all members of the Executive Board in accordance with the Board's rules of procedure.

Regulation 7.5: The Executive Board shall, upon review of the proposed medium-term plan:

(a) Endorse the programme objectives described therein;

(b) Approve the financial plan contained in the medium-term plan as a framework of projections;
(c) Approve the level of programme recommendations to be prepared by the Executive Director for submission to the Board at its next session.

Regulation 7.6: The medium-term plan shall be revised annually and submitted to the Executive Board for approval.

Article VIII. PROGRAMME ACTIVITIES

Regulation 8.1: Within the framework of the medium-term plan, the Executive Director shall submit to the Board for review and approval multi-year country programme recommendations for the activities to be undertaken by UNICEF in the countries with which UNICEF co-operates. In addition, the Executive Director may propose recommendations for regional, interregional and global programmes for review and approval by the Board.

Programme recommendations

Rule 108.1: The UNICEF representative in the host country shall, in consultation with the responsible national authorities, prepare programme recommendations containing the programme activities in which UNICEF shall co-operate at the country level. In addition, UNICEF officials designated by the Executive Director may make programme recommendations for programme activities at the regional, interregional or global level. All programme recommendations shall be submitted as required to the Executive Director.

Rule 108.2: Programme recommendations shall normally contain:

(a) An analysis of situations and identification of problems and needs to be addressed;

(b) Evaluation of earlier phases of co-operation;

(c) Criteria for selecting Government and UNICEF priorities;

(d) Overall strategy of intervention and major objectives to be achieved;

(e) Areas of intervention and main components of the programme activities;

(f) The estimated cost of the supplies, equipment and cash support to be provided by UNICEF;

(g) Plans of operations or country programme documents as provided in regulation 8.12; a master plan of operation may be prepared for the overall country programme with sub-plans or plans of action for the sectoral components of the programme or for development areas;
(h) The Executive Director shall prescribe such additional requirements as necessary or as the Board may otherwise require.

Rule 108.3: Programme recommendations may include activities to be financed from general resources and supplementary funds, provided that budget estimates for each source of funding shall be indicated separately in the plans of operations or programme documents.

Regulation 8.2: Each of the country programme recommendations shall provide, in sufficient detail, a description of the activities proposed for the duration of the programme (usually three to five years), together with such other information and explanatory statements as may be requested by the Board and as the Executive Director may deem necessary and shall be accompanied by a budget of the estimated expenditures and their source of funding. Similar information shall be prepared for regional, interregional and global programmes.

Regulation 8.3: Programme recommendations shall be approved by the Board on the basis of estimated future resources as projected in the medium-term plan and may be financed from general resources, supplementary funds or both. Programme activities which are approved subject to the availability of supplementary funds may be implemented only as and when such funds are received or pledged in writing. Where a project approved by the Board subject to the availability of supplementary funds has an important reinforcing role for programme activities financed from general resources, the Executive Director may, if necessary between Board sessions and under the conditions and limits set by the Executive Board, implement such project by using general resources and report to the Board at its next following session.

Regulation 8.4: The approval by the Board of a programme recommendation or of a revision thereof shall constitute the authorisation for the Executive Director to implement the programme consistent with the approved purposes and to incur expenditures and obligations within the approved budget of that programme, subject to availability of resources and in accordance with the actual progress and requirements of the programme.

Rule 108.4: Programme recommendations for the revision of the budget approved with each programme recommendation shall be prepared and submitted to the Executive Director in accordance with rule 108.1, as necessary, during the course of the programme.

Regulation 8.5: The Executive Director shall, on the basis of the budget approved with each programme recommendation, draw up for each approved programme annual estimates of expenditures which, in the aggregate, shall be within the levels of expenditures projected in the medium-term plan. For this
purpose and to allocate funds as they are necessary, the Executive Director shall prepare a summary of estimated programme expenditures.

Regulation 8.6: The summary of estimated programme expenditures shall be submitted to the Board on an annual basis. It shall indicate, under appropriate headings and by source of funding, the annual estimated programme expenditures in respect of current and proposed programme recommendations.

Programme expenditures

Rule 108.5: The Executive Director shall authorize the UNICEF representative, or such other officials as he may designate for the purpose, to incur expenditures for approved programme activities according to each year's requirements and the actual progress of the programme.

Regulation 8.7: Within the limit of the total annual estimated programme expenditures, the Executive Director shall be authorized to incur expenditures above or below the individual annual estimates made for each programme in accordance with the actual progress and requirements of such programme.

Rule 108.6: The summary of estimated programme expenditures may be revised by the Executive Director to reflect actual and projected programme expenditures. Where, as a result of such revision, the difference between the actual and previously estimated programme expenditures for any one year exceeds the limit established by the Board, a report thereof shall be submitted to the Board.

Regulation 8.8: Within the limit established by the Executive Board, the Executive Director shall be authorized to make funds available between Board sessions when necessary because of unforeseen circumstances, to ensure the continued operation of programmes.

Regulation 8.9: Following completion of the activities specified in a programme recommendation and satisfaction of all outstanding obligations, any balance of the amounts approved by the Board in the budget contained in each programme recommendation shall revert to the UNICEF Account referred to in article X.

Refunds of programme expenditures

Rule 108.7: Refunds received in respect of programmes operationally completed or terminated, and for which all financial transactions have been recorded, shall be credited to the UNICEF Account as miscellaneous income. Refunds of programme expenditures received during the duration of the programme shall be credited to the programme account originally charged.
Regulation 8.10: Within limits established by the Executive Board and consistent with the need to ensure efficient and economic execution of operations and activities, the Executive Director shall be authorized to purchase and stockpile, in advance of requirements, supplies and equipment such as are generally used in UNICEF programmes. The inventory value of the stockpiled supplies and equipment shall be shown in the accounts as an asset.

Regulation 8.11: In cases of an emergency, the Executive Director may, in agreement with the Government concerned, divert funds from approved activities and supplies already in the country for emergency relief and rehabilitation operations. Such operations shall be reported to the Board at its next session following commencement of such operations.

Diversion of supplies and reallocation of funds

Rule 108.8: The Executive Director may, at the request of or with the agreement of the Government, authorize the UNICEF representative to divert supplies already in the country for immediate emergency relief operations within limits established by the Board. Funds for approved programme activities in the country may be reallocated for emergency relief by the UNICEF representative only in the amounts authorized by the Board.

Regulation 8.12: UNICEF co-operation in programmes shall be carried out on the basis of:

(a) A basic agreement concluded between UNICEF and the Government concerned, establishing the general terms and conditions for mutual co-operation in the country, the respective commitments of UNICEF and the Government and the administrative and technical arrangements for the implementation of UNICEF-supported programmes, including provisions for the Government to finance local costs associated with such programmes;

(b) Plans of operation or country programme documents concluded between UNICEF, the Government concerned and, when appropriate, other organizations participating in the programme, setting out, consistently with the basic agreement:

(i) The objectives of the programme, the undertakings of UNICEF, the Government and the participating organizations, with a target time-schedule for carrying the programme through its various phases;

(ii) The estimated financial resources required to carry out specifically identified programme activities developed on the basis of actual programme requirements.
Basic agreement

Rule 108.9: The Executive Director may, by written instrument, delegate to the UNICEF representative in the country or to another official, the authority to sign, on behalf of UNICEF, the basic agreement provided for under regulation 8.12 (a).

Plans of operation

Rule 108.10: The plans of operations or country programme documents shall be prepared and revised, as necessary, by the competent UNICEF representatives in accordance with regulation 8.12 (b) and submitted to the Executive Director with the programme recommendations. They shall be implemented only upon approval of the programme recommendations by the Board.

Regulation 8.13: Ownership of supplies, equipment, materials and other property financed by UNICEF for programme activities shall be transferred to the recipient Government or other entity nominated by it, in accordance with the basic agreement. Until transferred, ownership shall remain with UNICEF.

Transfer of ownership

Rule 108.11: The UNICEF representative shall be responsible for ensuring that the transfer of ownership of programme supplies, equipment and materials financed by UNICEF is made consistently with the provisions of regulation 8.13 and that such transfer is made against valid legal documents or other appropriate documentation.

Article IX: BIENNIAL BUDGET

Regulation 9.1: The proposed biennial budget shall cover programme support and administrative services. It shall be prepared by the Executive Director within the framework of the medium-term plan.

Budget proposals

Rule 109.1: The proposed biennial budget shall be divided into parts and sections by categories and object of expenditures. For purposes of comparison, the estimates already approved for the current financial period shall be indicated alongside the estimates proposed for the ensuing financial period.

Rule 109.2: In addition to the information required by regulation 9.8, the proposed biennial budget shall contain:

(a) Narratives in such form as the Board or the Executive Director may require;
(b) Statements of the estimated expenditures provided for under each of the parts and sections by categories and object of expenditures;

c) Tables showing the estimated expenditures for each office;

d) Tables showing proposed budget posts;

e) Tables showing estimated income under appropriate headings;

(f) Explanatory statements with regard to proposed expenditure levels;

(g) The amounts of administrative costs estimated to be recoverable in respect of programmes or projects financed from supplementary funds.

Rule 109.3: The Comptroller shall, consistently with these rules, establish guidelines for submission of budget proposals to the Executive Director, by the heads of offices concerned, for incorporation in the proposed biennial budget. The budget proposals shall be reviewed and submitted with the recommendation of the Comptroller in such form and at such times as the Executive Director shall prescribe.

Regulation 9.2: The biennial budget shall cover proposed expenditures and anticipated income related to the biennium and shall be presented in United States dollars.

Regulation 9.3: Expenditures for programme support and administrative services shall be financed from UNICEF general resources.

Regulation 9.4: The Executive Director shall, in the second year of a biennium, submit his proposed biennial budget for the following biennium to the Executive Board. This proposed biennial budget shall be transmitted to all members of the Board in accordance with the Board's rules of procedure.

Regulation 9.5: The Executive Director shall also transmit the proposed biennial budget to the Advisory Committee for examination and reporting to the Executive Board.

Regulation 9.6: The Advisory Committee is requested to prepare a report to the Executive Board on the proposed biennial budget. This report shall be transmitted to all members of the Board as soon as it is available.

Regulation 9.7: The Executive Board shall, in the second year of a biennium, adopt the biennial budget for the following biennium.

Regulation 9.8: The proposed biennial budget shall show separately, under appropriate headings:
(a) The total estimated expenditures for the biennium divided into categories and objects of expenditures and shall be accompanied by such information annexes and explanatory statements as may be requested by the Executive Board or as the Executive Director may deem necessary and useful;

(b) The proposed means and the estimated expenditures for the acquisition of capital assets;

(c) The level and limits of the proposed contingency provisions;

(d) The budget estimates, as revised, for the current biennium.

Unforeseen and extraordinary expenses

Rule 109.4: Authorizations to enter into commitments against funds reserved for unforeseen and extraordinary expenses shall be subject to any limits established by the Board and may be issued only by the Comptroller or by such other official as may be specifically designated by the Executive Director.

Regulation 9.9: Supplementary proposals to amend the biennial budget may be submitted by the Executive Director whenever necessary.

Supplementary budget proposals

Rule 109.5: Supplementary budget proposals shall be prepared and submitted in the same form as the biennial budget.

Regulation 9.10: The Executive Director shall prepare supplementary proposals to amend the biennial budget in a form consistent with the approved biennial budget and shall submit such proposals to the Executive Board. The Executive Director shall also transmit the supplementary proposals to the Advisory Committee for examination and reporting to the Executive Board.

Regulation 9.11: Appropriations for the biennial budget approved by the Executive Board shall constitute an authorization to the Executive Director to incur obligations and to make payments for the purposes for which the appropriations were approved and up to the amounts so approved.

Regulation 9.12: The Executive Director shall be authorized to make transfers:

(a) Between the appropriation lines for the biennium budget to such limits as the Executive Board may specifically decide;
(b) Within each appropriation line for the biennium without prior approval by the Board.

Administration of biennial budget appropriations

Rule 109.6: After the proposed biennial budget has been approved by the Executive Board, authorizations by the Comptroller to expend biennial budget appropriations shall be issued annually to each office concerned. These authorizations may take the form of:

(a) Post authorization tables indicating the number and level of posts for each office;

(b) Allotment advices for the objects of expenditures under the control of each office;

(c) Any other authorization to commit funds for a specific period or a specific purpose.

Rule 109.7: The head of each office to which an authorization has been issued according to rule 109.6 shall be responsible for ensuring that expenditures remain within the relevant authorizations and are incurred for the purposes for which they were authorized. Any unforeseen or extraordinary expenditures above category levels shall require prior authorization in accordance with rule 109.4.

Rule 109.8: Refunds of expenditures financed from a given biennial budget shall be credited to the accounts originally charged, if received in the same financial period or, if subsequently received, to miscellaneous income.

Regulation 9.13: Appropriations for the biennial budget shall be available for obligations during the biennium to which they relate.

Regulation 9.14: Appropriations shall remain available for 12 months following the end of the biennium to which they relate, to the extent that they are required to discharge any outstanding legal obligation of the biennium. The balance of the appropriations shall revert to the UNICEF Account.

Regulation 9.15: At the end of the 12-month period provided for in regulation 9.14, the then remaining balance of any appropriations retained shall revert to the UNICEF Account. Any unliquidated obligations of the biennium in question shall at that time be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.
Article X. THE UNICEF ACCOUNT

Regulation 10.1: There shall be established a UNICEF Account to which all of the income to UNICEF, as specified in article IV, shall be credited and against which all expenditures made therefrom on behalf of UNICEF shall be charged.

Regulation 10.2: Within the UNICEF Account, separate accounts shall be maintained for the UNICEF Greeting Card Operation and other income-producing activities.

Regulation 10.3: Working capital shall be provided from the cash resources of the UNICEF Account. The Greeting Card Operation shall be financed from UNICEF working capital.

Working capital

Rule 110.1: To ensure the liquidity of UNICEF, the Comptroller shall maintain balances of cash, within the cash resources of the UNICEF Account, from general resources and supplementary funds at the levels approved by the Board pursuant to regulation 7.2.

Status of cash resources

Rule 110.2: The Comptroller shall report annually to the Board on the status of the cash resources of the UNICEF Account.

Regulation 10.4: Separate accounts shall be maintained for any reserve within the UNICEF Account as may be approved by the Executive Board and for each accounting entity established in conformity with article V.

Emergency reserve

Rule 110.3: There shall be established an emergency reserve account, within the UNICEF Account, to be maintained with such amounts as shall be approved by the Executive Board during each financial period. The emergency reserve shall be available in cases of emergency, including natural disasters, civil strife or economic emergency, where the immediate response of UNICEF is necessary to start operations until other resources are received through contributions as provided in rule 104.4.
Article XI. MANAGEMENT OF FUNDS

Regulation 11.1: The Executive Director shall designate the bank or banks in which the funds of UNICEF shall be deposited and maintained.

Bank accounts

Rule 11.1: The Comptroller, or those officials authorized by the Comptroller, shall designate the banks in which the funds of UNICEF shall be deposited and maintained. A designation of a bank shall cover all branches of that bank.

Rule 11.2: The Comptroller, or those officials authorized by the Comptroller, shall establish such official bank accounts as may be required for the transaction of UNICEF business. The Comptroller shall also designate the initial signatories to operate those accounts and those officials authorized to amend the signatory panels.

Rule 11.3: If, as a result of an emergency, it is necessary to open a bank account at an office away from UNICEF headquarters prior to the establishment of a bank account in accordance with rule 11.2, the head of the office may open a bank account for deposit of UNICEF funds, on the following conditions:

(a) Wherever possible, the bank shall be a branch of one of the banks designated under rule 11.1;

(b) The bank shall be instructed that the account is an official account of UNICEF and that the bank is authorized to provide any information that the Comptroller may request concerning the account;

(c) The bank shall also be instructed that bank statements are required and to whom they are to be sent;

(d) An immediate report of all actions taken shall be made by cable to the Comptroller who shall ratify the action taken by the head of the office, if such action is considered appropriate;

(e) Unless otherwise authorized in writing by the Comptroller, two signatures shall be required on all cheques and on all withdrawal instructions.

Rule 11.4: All bank accounts shall be reconciled with the statements submitted by the banks on a regular basis as the Comptroller shall determine.

Receipt of funds

Rule 11.5:

(a) An official receipt shall be issued as of the date the funds are received for the exact amount paid.
(b) Only officials duly designated by the Comptroller shall be authorized to issue official receipts. In cases where other officials receive funds intended for UNICEF, they shall immediately transmit such funds in full to the cashier or other official authorized to issue an official receipt.

(c) Receipts shall be recorded in the accounts on the date the remittance is received.

Rule III.6: All funds received shall be deposited intact in an official bank account not later than the business day following the date of receipt.

Disbursements to be made by cheque

Rule III.7:

(a) All disbursements shall be made by cheque or bank transfer except to the extent that cash disbursements are authorized by the Comptroller.

(b) Disbursements shall be recorded in the accounts as of the date made, that is, when a cheque is issued, a bank transfer is requested or cash is paid out.

(c) Cheques or payment instructions to banks shall be signed by two authorized signatories. The Comptroller may, where adequate safeguards are provided, authorize the signing of cheques or payment instructions by one signatory only.

(d) The official approving a payment shall not at the same time be the signatory of the cheque or payment instruction for that payment.

Payee's receipts to be obtained

Rule III.8: Except where payment is effected by cheque and the returned cheque can thus serve as a receipt, and unless special arrangements have been authorized by the Comptroller, all disbursements shall be made against a written acknowledgement of receipt by the payee for the actual amount paid.

Petty cash

Rule III.9: Petty cash advances may be made to officials designated by the Comptroller. These cash advances shall normally be maintained on an imprest basis. The amount and purpose of each advance shall be defined by the Comptroller, the amount being held to the minimum compatible with working requirements.
Rule 111.10: Officials to whom petty cash advances are issued may make use of the advances only for the purpose for which the advances were authorized and shall be held personally responsible and financially liable for the proper management and safekeeping of the cash advanced. They shall submit monthly accounts unless otherwise required by the Comptroller. They shall be in a position at all times to account for the advances. Cash or negotiable instruments shall be kept in safe custody.

Regulation 11.2: The Executive Director, in accordance with the aims and objectives of UNICEF, shall take the required actions to make full and effective use of all currencies available to UNICEF.

Acquisition and utilization of currencies

Rule 111.11: Officials responsible for the operation of UNICEF bank accounts or for holding UNICEF cash or negotiable instruments are not authorized to exchange one currency for another, except as may be authorized by the Comptroller for the normal transaction of official business.

Rule 111.12: The Comptroller may establish procedures for the acquisition and utilization of currencies held by UNICEF.

Regulation 11.3: Account being taken of the objectives and policies of UNICEF and the special requirements of its operations, including liquidity, funds not required immediately may be placed, mainly in short-term instruments, by the Executive Director.

Investment of funds

Rule 111.13: The Executive Director shall establish a committee to be known as the Finance Advisory Committee, to render advice to the Comptroller on matters of investment of funds not needed for immediate requirements of UNICEF. The Comptroller may, after consultation with the Finance Advisory Committee, make long-term investments of funds in such instruments as shall be approved by the Committee, having regard to the requirements of UNICEF operations. The Comptroller or such other officials as may be designated by the Executive Director, may make short-term investments of funds not needed for immediate requirements and shall report to the Finance Advisory Committee periodically on such investments.

Rule 111.14: Investments shall be registered in investment ledger accounts which shall show relevant details for each investment, including, the face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.

Regulation 11.4: Interest derived from placement of funds shall be credited to miscellaneous income. Unless otherwise authorized by the Executive Director, no interest shall be payable on funds administered by UNICEF.
Article XII. INTERNAL CONTROL

Regulation 12.1: The Executive Director shall:

(a) Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy and may establish special rules for the UNICEF Greeting Card Operation. The rules so established shall be circulated to the members of the Executive Board for information at least sixty days before they become effective;

(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 that payments have not previously been made;

(c) Designate the officers who may receive moneys, incur obligations or commitments and make payments on behalf of UNICEF;

(d) Maintain an internal financial control which shall provide for an effective current examination and review of financial transactions in order to ensure:

(i) The regularity of the receipt, custody and disposal of all funds and other financial resources of UNICEF;

(ii) The conformity of expenditures and obligations or commitments with the appropriations or other financial provisions approved by the Executive Board, and with the purposes and rules relating to the relevant special account;

(iii) The economic use of the resources of UNICEF.

Certification and approval of commitments and expenditures

Rule 112.1: Every commitment or proposal for incurring an expenditure shall, before the expenditure is actually incurred, require certification and approval by the officials designated for the purpose by the Comptroller under rules 112.2 and 112.3.

Certifying officers

Rule 112.2:

(a) One or more officials shall be designated by the Comptroller as certifying officer(s) on the recommendation of the head of the office concerned. Alternates may also be designated by the Comptroller to act in the absence of the certifying officer(s).
(b) The responsibilities of certifying officers, including those for specific accounts assigned to them, shall be established by the Comptroller. Any authority granted and responsibility assigned to such officers cannot be delegated.

(c) Prior to certification of a document, the certifying officer shall verify that:

(i) The obligation or claim is a valid charge against UNICEF funds;

(ii) The funds necessary to satisfy the obligation or claim are currently available in the relevant account for which the certifying officer is responsible.

Appointing officers

Rule 112.3:

(a) One or more officials shall be designated by the Comptroller as approving officer(s). Alternates may also be designated by the Comptroller to act in the absence of the approving officer(s).

(b) Approving officers have the responsibility for approving payments and other financial transactions on behalf of UNICEF as set forth in rule 112.4.

Approval of payments

Rule 112.4:

(a) Only those officials designated by the Comptroller may approve payments on behalf of UNICEF. In addition, all authorizations, whether by telegraph or by letter, to effect payments at another duty station are to be issued and signed by the Comptroller or on behalf of the Comptroller by those officials who have been duly designated to do so.

(b) Payments shall be made only on the basis of duly certified supporting documents attesting to receipt of the goods or services.

(c) An approving officer must verify that:

(i) The goods or services received conform to the terms of the contract or other instrument establishing the obligation;

(ii) Payment has not previously been made;

(iii) The supporting documents have no patent irregularities.

(d) A payment shall not be approved if the approving officer knows or has reason to believe that such payment is barred under these Rules.
Advance or progress payments

Rule 112.5: Advance or progress payments may be authorized by the Comptroller, notwithstanding paragraph (b) of rule 112.4, upon a determination by the Comptroller that to do so is in the interest of UNICEF or where normal commercial practice so requires. Whenever advance or progress payments are authorized, the reasons thereof shall be recorded.

Rule 112.6: In addition to advances specified in rule 112.5, the Comptroller may make such other cash advances in conformity with these Rules as may be permitted by the Staff Regulations and Rules of the United Nations, or as may be approved by the Executive Director.

Remittances

Rule 112.7: Offices away from headquarters may obtain funds through remittances from headquarters. Such remittances shall be limited, unless otherwise justified, to such amount as the Comptroller shall determine, taking into account the financial requirements of the offices concerned. Those offices authorized by the Comptroller to draw funds directly from the headquarters system of bank accounts may not draw funds in excess of the level established without prior approval of the Comptroller.

Rule 112.8: Organizations or entities designated by the Executive Director, in accordance with regulation 2.6, for the execution of UNICEF-approved activities, may obtain funds through remittances from UNICEF headquarters or from other authorized UNICEF offices. Such remittances shall not exceed the amount needed to cover a reasonable period of foreseen cash requirements related to UNICEF financial activities.

Employment of staff or consultants

Rule 112.9: Staff or consultants may be engaged only with the written authority of the Director of Personnel and Administrative Services and within the allotments or other limits approved for the purpose in the biennial budget or the budgets approved with programme recommendations, or as may be provided in the special accounts established under regulation 5.1.

Rule 112.10: The Director of Personnel and Administrative Services or other officials authorized by the Executive Director shall be responsible for ensuring that the terms of employment of staff or consultants conform to the terms of the staff regulations and rules and applicable resolutions and decisions of the General Assembly and the Executive Board.
Purchases

Rule 112.11: Purchases may be authorized where:

(a) Provision has been made in the budget approved with a programme recommendation or the biennial budget;

(b) The purchase is authorized by the Executive Director pursuant to regulation 8.10; or

(c) A special account for the purpose has been established under regulations 5.1 and 5.2.

Rule 112.12: In cases where purchases on behalf of UNICEF by other organizations or entities are authorized, the funds to be provided by UNICEF for such purchases shall be released only on the basis of a written agreement between UNICEF and the organization or entity concerned. The agreement shall specify the nature and extent of the purchasing activities to be undertaken on behalf of UNICEF and shall provide for administration of the funds and execution of the activities approved by UNICEF in accordance with the regulations and rules of such organization or entity, or where considered inadequate in accordance with these Rules.

Authorized officials

Rule 112.13: Unless otherwise provided by the Executive Director, all purchases on behalf of UNICEF, including the requisition, rental or sale of supplies, equipment, services or other requirements, may be carried out only by the officials duly authorized for the purpose. Purchasing activities include, in addition to entering into contract, the distribution of formal invitations to bid, advertisements or requests for proposals and the negotiation of contracts where competitive tenders have been waived.

Rule 112.14:

(a) The Director of Supply Division, or such other officials authorized by the Executive Director, shall be responsible for all purchases on behalf of UNICEF in respect of activities and programmes undertaken by UNICEF, or any other activity or service authorized by the Executive Board.

(b) The Director of Supply Division may authorize purchases, on behalf of UNICEF, by or through a Government, an international or intergovernmental organization, a National Committee for UNICEF or other non-governmental organization with which UNICEF co-operates in the execution of approved activities and programmes.

Regulation 12.2: Obligations for the current financial period or commitments for current and future financial periods shall be incurred only after appropriate written authorizations by the Executive Director.
Legal obligations

Rule 112.15: A legal obligation is to be based on a contract, purchase order, agreement or other form of undertaking by UNICEF supported by an appropriate obligating document or based on a liability recognized by UNICEF. Such obligation shall be carried as an outstanding obligation unless, after review in accordance with rule 112.18, it is considered no longer valid. (See also rules 112.21, 112.22 and 112.23 for commitments against future financial periods.)

Reservation of funds to meet expenditures

Rule 112.16:

(a) Apart from the employment of staff under rules 112.9 and 112.10 and consequential commitments under the Staff Regulations and Rules of the United Nations and unless otherwise authorized by the Comptroller, funds to meet expenditures which may accrue in the financial period shall be reserved in the accounts by means of obligating documents.

(b) When an obligation or liability is incurred in currencies other than United States dollars, it shall be recorded in the accounts in the United States dollar equivalent at the prevailing United Nations operational rate of exchange. At the time of payment, where currency fluctuation has resulted in a change in the United States dollar equivalent from the original amount obligated, the difference is to be charged or credited to the same account against which the obligation was recorded.

Obligating documents

Rule 112.17:

(a) Obligating documents shall be in such form as the Comptroller shall prescribe and shall be certified by designated officials.

(b) An obligating document may be used only for internal purposes to reserve funds to meet proposed expenditures and shall not be sufficient to create a legal obligation. (See also rule 112.15 for legal obligations.)

(c) Obligating documents shall be duly amended in writing prior to payment if the amount payable exceeds the original obligation beyond the limits set by the Comptroller.

(d) Proposed payments against liabilities acknowledged by UNICEF which had not been previously obligated shall require authorization by approving officers before payment can be made, but shall not require any obligating document to be established.

Review of outstanding obligations

Rule 112.18: Outstanding obligations retained against biennial budget appropriations or programme allocations shall be reviewed periodically by the certifying officers.
(a) Obligations which, after review, are no longer considered valid shall be cancelled from the relevant accounts and the resulting credit surrendered;

(b) If, after twelve months of the ensuing financial period an outstanding obligation continues to be valid, it shall be reobligated against the appropriations or allocations of the then current financial period.

Increases in obligations

Rule 112.19: All increases in obligations or proposals for incurring additional expenditures, including increases due to currency fluctuation, shall be subject to the same rules as apply to the establishment of the original obligations.

Decreases in obligations

Rule 112.20: When an obligation previously recorded in the accounts is for any reason decreased (other than by payment) or cancelled, the accounts shall be adjusted in conformity with procedures established by the Comptroller.

Commitments against current and future financial periods

Rule 112.21: Commitments may be authorized by the Comptroller, consistently with these Rules, against current and future financial periods, when necessary in the interests of UNICEF, provided that any authorization to enter into commitments for future financial periods shall normally be restricted to administrative requirements of a continuing nature and to other contracts or legal obligations where longer lead-times are required to ensure timely delivery and shall be subject to such limits and other requirements as the Board may prescribe.

Rule 112.22: The Comptroller shall maintain a record in the accounts of all commitments against future financial periods, which shall constitute a first charge against the relevant authorizations for funds as these are made by the Board.

Rule 112.23: In instances where commitments exist at the end of a financial period which result from commitments against future financial periods, such commitments shall be charged to a deferred charge account. The deferred charge shall, in turn, be transferred to the appropriate account when the necessary authorization is obtained. (See also rule 112.17 with regard to obligating documents and rule 112.18 for review of outstanding obligations.)

Regulation 12.3: The Executive Director may make such ex-gratia payments as he deems to be necessary in the interest of UNICEF, provided that a statement of such payments shall be submitted to the Executive Board with the accounts.
Ex-gratia payments

Rule 112.24: Ex-gratia payments may be made in cases where, although in the opinion of the United Nations Office of Legal Affairs there is no legal liability on UNICEF, the moral obligation is such as to make payment desirable in the interest of UNICEF. The approval of the Executive Director is required for all ex-gratia payments.

Regulation 12.4: The Executive Director may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Board of Auditors with the accounts.

Losses of cash, receivables and property

Rule 112.25: Any loss of UNICEF cash, negotiable instrument or property must be reported at once to the Comptroller. No amount due to UNICEF may be waived without the written authorization of the Comptroller.

Rule 112.26: The Comptroller may, after full investigation, authorize:

(a) The writing-off of losses of cash, accounts and notes receivable deemed to be irrecoverable;

(b) The writing-off of property or such other adjustment of the records as will bring the balance shown by the records into conformity with actual quantities.

The investigation shall, in each case, fix the responsibility, if any, attaching to any official of UNICEF for the loss. Such official may be required to reimburse the loss either partially or in full.

Regulation 12.5: Competitive tenders for equipment, supplies and other requirements shall be invited by distribution of formal invitations to bid, advertisements or requests for proposals, except where the Executive Director determines that a departure from the rule is necessary in the interests of UNICEF.

Requirement for invitations to bid or requests for proposals

Rule 112.27: Except as provided in rule 112.29, all purchases under these rules shall be carried out by means of competitive tenders, through either invitations to bid or requests for proposals, depending on the nature of the goods or services required. The form of such invitations to bid or requests for proposals shall be in accordance with rule 112.28.
Issuance of invitations to bid and requests for proposals and receipt of bids and proposals

Rule 112.28:

(a) Invitations to bid shall be advertised or otherwise issued in accordance with procedures established by the Executive Director. All bids shall be opened at the time and place specified in the invitation to bid and an immediate record made thereof. Bidders or their authorized representatives may attend the opening of bids.

(b) Requests for proposals shall be advertised or otherwise issued in accordance with procedures established by the Executive Director, who shall also establish procedures for opening and recording all proposals received.

Waiver of competitive tenders

Rule 112.29: The procedures established under rule 112.28 for the issuance of invitations to bid and requests for proposals may, subject to rule 112.30, be waived by the Executive Director or by the officials authorized in that regard, in cases where:

(a) The prices or rates are fixed pursuant to national legislation or by regulatory bodies;

(b) Standardization of supplies, equipment or spare parts is, on the advice of the Contracts Review Committee, considered appropriate;

(c) Emergency situations or exigencies of the service do not permit the delay attendant upon the issuance of invitations to bid or requests for proposals or the reissue thereof in cases where such solicitation has failed to achieve satisfactory results;

(d) The proposed contract relates to purchasing from a sole source of supply or to the purchasing of perishable supplies;

(e) The proposed contract relates to professional services other than staff services;

(f) Invitations for bids or requests for proposals will not give satisfactory results or are not, in the particular case, deemed in the interest of UNICEF.

In all the above cases, the relevant reasons shall be recorded in writing.

Contracts Review Committees

Rule 112.30:

(a) In conformity with the policies and guidelines established by the Executive Board, the Executive Director shall determine the types and monetary value of the contracts for which the advice of a contracts review committee is required.
(b) A contracts review committee shall be established to render written advice to the Executive Director, as necessary, and local contracts review committees shall be established, as required, to render advice to such other officials as shall be authorized in that regard.

(c) The composition and the terms of reference of the contracts review committees shall be established by the Executive Director.

(d) It is the responsibility of a contract review committee to ensure that:

(i) Appropriate authority has been obtained for the commitment of funds;

(ii) The interests of UNICEF are protected;

(iii) The purchasing activities are carried out in conformity with the regulations, rules, instructions and directives and are in accordance with the best business practice.

(e) Where the advice of a contracts review committee is required under its terms of reference, no commitment is to be entered into before such advice is sought and acted upon by the Executive Director or the officials authorized in that regard. In cases where the Executive Director or the official authorized decides not to accept the advice of the Committee, the reasons for such decision shall be recorded.

Awarding of contracts

Rule 112.31:

(a) When invitations to bid, or requests for proposals, have been issued in accordance with rule 112.28, the award of a contract shall be made, within the period specified for the validity of bids, to the bidder whose responsive bid has been determined to be the lowest evaluated bid, due consideration being given to the utilization of currencies available to UNICEF and which require special management, provided that when the interests of UNICEF so require, any or all bids may be rejected. In the latter instance, the reasons for rejection shall be recorded and a determination made whether to invite new competitive tenders.

(b) When proposals have been requested in accordance with rule 112.28 (b), contracts shall be awarded to the qualified contractor who is considered to have submitted the most responsive evaluated proposal.

(c) The awarding of contracts under this rule shall be in accordance with procedures established by the Executive Director.
Written contracts or purchase orders

Rule 112.32:

(a) Written contracts or written purchase orders shall be used, as appropriate, for purchases of goods and services. The Comptroller shall, by written instruction, establish the conditions under which the requirements of this rule may be waived.

(b) Written contracts or purchase orders shall include detailed specifications covering, among others:

(i) Nature of materials or services being provided;
(ii) Quantity being provided;
(iii) Unit prices;
(iv) Period covered;
(v) Conditions to be fulfilled;
(vi) Terms of delivery and payment.

Management of supplies, equipment or other property

Rule 112.33: The Comptroller shall determine the types of supplies, equipment and other property for which records shall be maintained and the nature and extent of the records to be kept, consistently with the purpose of these Rules. Such records shall be maintained both for headquarters and for offices away from headquarters and shall show separately the supplies, equipment and other property belonging to UNICEF and those entrusted to UNICEF.

Rule 112.34: Physical inventories shall be taken of supplies, equipment or other property owned by or entrusted to UNICEF, annually or at such intervals as deemed necessary, to ensure adequate control over such property. The selection of items for which inventories shall be maintained shall be the responsibility of the Comptroller who shall also establish the criteria for the conduct of physical inventories and for the inventory valuation. The Comptroller may delegate the responsibility for the maintenance of property records as well as the conduct of physical inventories to the heads of the offices concerned.

Rule 112.35: All supplies, equipment or other property received by UNICEF shall immediately be inspected to ensure that they comply with the specifications of the purchase contract and that their condition is satisfactory. As each item is received, an appropriate receiving report shall be issued and the item shall be entered, if required under rule 112.33, into the property records.

Rule 112.36: Supplies, equipment or other property shall be issued only to authorized officials.
Rule 112.37: The issue to individuals of supplies or other property for individual official use (e.g. tools, calculators, cameras) shall be recorded in the property records as "issued on loan". The records shall be supported by a receipt from the individual concerned, and such receipts shall be renewed from year to year. On transfer of the individual to another duty station or service or on separation, the item is to be returned to stock and the loan record cancelled.

Shortages, overages, damages and surplus property

Rule 112.38: There shall be established a property survey board at headquarters, and at UNICEF offices away from headquarters, to investigate and report in writing to the Comptroller, or other authorized officials, on:

(a) The cause of any shortages, overages of and damage to supplies, equipment or other property, indicating the degree of responsibility attaching to any UNICEF officials and the action to be taken thereon;

(b) The disposal of supplies, equipment or other property which have become surplus to operating UNICEF requirements or unserviceable through obsolescence or normal wear and tear;

(c) Such other matters as may be referred to the Property Survey Board.

In cases where the recommendation of the Property Survey Board is not accepted by the Comptroller, the reasons for such decision shall be recorded in writing.

Rule 112.39: The composition of the Property Survey Board and its terms of reference shall be determined by the Executive Director.

Rule 112.40: Sales of supplies, equipment or other property declared surplus or unserviceable following a recommendation by a property survey board shall be made after competitive bidding, provided that such competitive bidding is not necessary when:

(a) The estimated sales value is, in the opinion of the Board, less than $500;

(b) The exchange of surplus property in partial or full payment for replacement equipment or supplies will, in the opinion of the Board, be in the interest of UNICEF;

(c) The destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property;

(d) The interests of UNICEF will be served by disposal by gift or sale at nominal prices to a Government or government agency, National Committee for UNICEF or some other non-governmental or intergovernmental organization.

Rule 112.41: Sales of UNICEF property shall be on the basis of cash payments on or before delivery. Exceptions to this rule may be authorized in writing by the Comptroller in the interest of UNICEF. The proceeds from such sale shall be
credited as miscellaneous income to the source of funds originally charged with the purchase thereof, except where a property survey board has recommended:

(a) The application of these proceeds directly against the purchase price of replacement equipment or supplies;

(b) That the proceeds from the sale of surplus programme equipment be credited to the accounts of that programme, provided that they have not been closed; or

(c) That, where equipment is transferred from one programme for use in another, the fair market value of such equipment shall be credited to the accounts of the releasing programme and charged to the accounts of the programme receiving the equipment.

Internal audit

Rule 112.42: The Internal Audit Service shall conduct independent audits in conformity with generally accepted auditing standards. The Internal Audit Service shall review, evaluate and report to the Executive Director on the soundness, adequacy and application of systems, procedures and related internal controls. The audits shall encompass the following elements:

(a) A review of financial transactions to determine whether they are in compliance with established regulations, rules, policies, procedures and administrative instructions;

(b) An appraisal of the operational efficiency and economy with which financial, physical and human resources are utilized;

(c) A review and an appraisal of programmes and programme activities financed from general resources and supplementary funds.

Article XIII. ACCOUNTS

Regulation 13.1: The Executive Director shall submit accounts biennially in respect of the UNICEF Account and in respect of each special account established and administered by UNICEF in conformity with article V. The accounts shall show:

(a) The income and expenditures;

(b) The assets and liabilities;

(c) The status of each programme budget referred to in regulation 8.2, the allocations made therefrom and the amounts charged against those allocations;

(d) The status of appropriations approved by the Executive Board for the biennial budget and the amounts charged against those appropriations;
(e) The status of reserves approved by the Executive Board;

(f) The status of capital asset accounts.

The Executive Director shall also give such other information as may be appropriate to indicate the current financial position of UNICEF.

**Principal accounts**

**Rule 113.1:** The principal accounts shall consist of:

(a) Programme accounts by source of funds, showing the status of the budgets approved with the programme recommendations, the allocations made therefrom, the disbursements, unliquidated obligations and the remaining balances of the approved budgets;

(b) Biennial budget accounts, showing appropriations, allotments, disbursements, unliquidated obligations and the remaining balances of the appropriations;

(c) General ledger accounts showing for the UNICEF Account all income, expenditure, cash at banks, investments, receivables and other assets, reserves, payables and other liabilities;

(d) Separate accounts structured as those described under paragraphs (a) to (c) above for the special accounts established under regulation V, the Greeting Card Operation and any other income-producing activities.

**Regulation 13.2:** The accounts of UNICEF:

(a) Shall be presented in United States dollars. Accounting records may be kept in such currency or currencies as the Executive Director may deem necessary;

(b) Shall reflect the financial transactions on an accrual basis, except as may be otherwise required by the terms of special accounts.

**Subsidiary accounts**

**Rule 113.2:** The Comptroller may require the maintenance of subsidiary accounting records, including property accountability records, as deemed necessary.

**Accounting policy**

**Rule 113.3:** The Comptroller is responsible for the policies with respect to the financial operations of UNICEF. The Comptroller shall prescribe and maintain the accounting records and shall institute all financial
systems and procedures, including those in respect of offices away from headquarters, designated to permit accurate and timely financial reporting on all activities by the Executive Director to the Executive Board.

Currency of accounts

Rule 113.4: The accounting records of UNICEF shall be maintained in United States dollars at the United Nations operational rates of exchange, which shall be used in the recording of all UNICEF transactions. UNICEF offices away from headquarters may also maintain accounting records in the currency of the country in which they are situated.

Exchange of currencies

Rule 113.5: When there is an actual conversion of United States dollars into local currency (or vice versa), any difference between that amount and the amount which would have been obtained at the United Nations operational rate of exchange shall be considered as a loss or gain on exchange.

Rule 113.6: When the United Nations operational rate of exchange for a currency has been revised, any assets or liabilities held in that currency shall be revalued, for financial statement purposes, in terms of United States dollars in accordance with procedures established by the Comptroller.

Rule 113.7: Any loss or gain in exchange, or change in value of assets and liabilities due to revaluation, shall be debited or credited, as appropriate to UNICEF income.

Regulation 13.3: The accounts of UNICEF shall be submitted by the Executive Director, not later than 31 March following the end of each biennial period, to the Board of Auditors for examination and opinion.

Certification of financial statements

Rule 113.8: The Comptroller shall certify that to the best of his/her knowledge and information all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules.

Regulation 13.4: The Executive Director shall transmit the accounts of UNICEF to the members of the Executive Board in accordance with the Board's rules of procedure.

Other statements

Rule 113.9: In addition to the accounts, the Comptroller shall provide to the Board of Auditors information on ex-gratia payments, supplies,
equipment and other property for which property records are kept, losses of cash, stores and other assets written off, and such other information as the Board of Auditors may require.

Retention and destruction of records

Rule 113.10: The UNICEF accounts and other financial records and all supporting documents shall be retained for such period(s) as may be agreed with the Board of Auditors, after which, on the authority of the Comptroller, such records and documents may be destroyed.

Article XIV. EXTERNAL AUDIT

Regulation 14.1: The accounts of UNICEF shall be subject to external audit performed by the Board of Auditors in accordance with the provisions of article XII of the United Nations Financial Regulations, annexed to these Regulations for information which shall, mutatis mutandis, apply to UNICEF.

Regulation 14.2: The report of the Board of Auditors together with the comments thereon of the Advisory Committee shall be transmitted to the members of the Executive Board. In submitting the above, the Executive Director shall comment on the auditors' substantive observations and on their follow-up.
Information annex

UNITED NATIONS FINANCIAL REGULATIONS

ARTICLE XII. EXTERNAL AUDIT

Appointment of a board of auditors

Regulation 12.1: The General Assembly shall appoint a board of auditors to perform the audit of the accounts of the United Nations. This board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.

Tenure of office of the members of the Board of Auditors

Regulation 12.2: The members of the Board of Auditors shall be elected for a three-year term of office. The term of office shall commence on 1 July and expire on 30 June three years subsequent thereto. The term of office of one of the members shall expire each year. Consequently, the General Assembly shall elect each year a member to take office from 1 July of the following year.

Regulation 12.3: If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his own country, his tenure of office shall thereupon be terminated and he shall be succeeded as a member of the Board by his successor as Auditor-General. A Board member may not otherwise be removed during his tenure of office except by the General Assembly.

Scope of audit

Regulation 12.4: The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.

Regulation 12.5: The Board of Auditors 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.

Regulation 12.6: The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.

Regulation 12.7: The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.
Facilities

Regulation 12.8: The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.

Regulation 12.9: For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or officer holding the equivalent title) or commercial public auditors of known repute, or any other person or firm who, in the opinion of the Board, is technically qualified.

Reporting

Regulation 12.10: The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 12.5 and in the additional terms of reference.

Regulation 12.11: The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.

Audit assignment allocation

Regulation 12.12: The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.
ANNEX TO THE UNITED NATIONS FINANCIAL REGULATIONS

Additional terms of reference governing the audit of the United Nations

1. The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:

(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 Rules and Regulations, the budgetary provisions and other applicable directives;

(c) That the securities and moneys 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;

(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits.

2. The Board of Auditors 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 it chooses of all financial records, including those relating to supplies and equipment.

3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board of Auditors, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his designated senior officials) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board of Auditors and its 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 Board may draw the attention of the General Assembly to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit.

4. The Board of Auditors 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 it 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 Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion on the financial statements in the following terms:

"We have examined the following appended financial statements, numbered ... to ..., properly identified, and relevant schedules of (name of the body) for the financial period ended 31 December 19... Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances."

and which states, as appropriate, whether:

(a) The financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended;

(b) The financial statements were prepared in accordance with the stated accounting principles;

(c) The accounting principles were applied on a basis consistent with that of the preceding financial period;

(d) Transactions were in accordance with the Financial Regulations and legislative authority.

6. The report of the Board of Auditors to the General Assembly on the financial operations of the period should mention:

(a) The type and scope of its 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;

(v) Whether proper books of accounts have been kept - where in the presentation of statements there are deviations of a material nature from the 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 General Assembly, 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) Expenditure 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 General 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;

(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 stock-taking and examination of the records;

(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 General Assembly should have early knowledge.

7. The Board of Auditors may make such observations with respect to its findings resulting from the audit and such comments on the Secretary-General's financial report as it deems appropriate to the General Assembly or to the Secretary-General.

8. Whenever the scope of audit of the Board of Auditors is restricted, or whenever the Board is unable to obtain sufficient evidence, it shall refer to the matter in its opinion and report, making clear in its report the reasons for its comments and the effect on the financial position and the financial transactions as recorded.

9. In no case shall the Board of Auditors include criticism in its report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.

10. The Board is not required to mention any matter referred to in the foregoing which, in its opinion, is insignificant in all respects.
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