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UNOPS FINANCIAL REGULATIONS and UNDP FINANCIAL RULES that apply mutatis mutandi to UNOPS

The full text of UNOPS Financial Regulations was Established by Executive Board decision at its First Regular Session of 10-13 January 1995 as an Annex to the Financial Regulations and Rules of UNDP, such Financial Regulations are set out below.

UNDP FINANCIAL RULES

Note to readers of this text:

All UNDP Financial Rules apply mutatis mutandi to UNOPS. However, because several UNDP Financial Rules have no corresponding UNOPS Regulation (e.g. on UNDP Funding activities), only specific UNDP Financial Rules have been inserted in the following Chapter under certain UNOPS Financial Regulations in order to assist readers of UNOPS Financial Regulations. For example each time that such a UNDP cited Financial Rule says "UNDP", the rule should be read as saying "UNOPS"; each time that such a UNDP cited Financial Rule says "the Administrator" and/or "the Assistant Administrator" that rule must be read as saying "the Executive Director UNOPS". It must be noted, however, that any other UNDP Rule not provided hereunder still can be applicable to UNOPS mutatis mutandi, should the circumstances so require. In the case of doubts as to the applicability of a particular UNDP rule the full text of the UNDP Financial Regulations and Rules must also be consulted. For all questions of interpretation and such mutatis mutandi applicability, the UNOPS Policy and Contracts Division should be consulted.

TE: The Insertion of UNDP Financial Rules under specific UNOPS Financial Regulations was done in the ensuing text on an informal basis to assist readers of UNOPS Financial Regulations. In the case of doubts as to the applicability of a particular Rule the full text of the UNDP Financial Regulations and Rules should be consulted.

A. APPLICABILITY

Article I. APPLICABILITY

Regulation 1.1: These Regulations are made in accordance with General Assembly resolutions A/48/501 and Executive Board decisions 95/1, 94/32, and 94/12, and shall govern the financial

management of the United Nations Office for Project Services (UNOPS) unless otherwise provided by the General Assembly or the Executive Board. These Regulations shall be interpreted and applied together with the United Nations Development Programme Financial Regulations, having regard to the nature and scope of UNOPS Activities.

Regulation 1.2: Amendments and exceptions to these Regulations may be made only by the Executive Board.

Regulation 1.3: These Regulations shall become effective on January 10th, 1995.

Regulation 1.4: In regard to any matter not specifically covered by these Regulations, the appropriate provisions of the United Nations Development Programme Financial Regulations shall, mutatis mutandis, apply.

Rule 101.1 Applicability

(a) These Rules shall apply to the financial administration of all activities of UNDP except as may otherwise be provided by the General Assembly or the Executive Board.

(b) The Administrator may amend these Rules in accordance with UNDP Financial Regulation 14.1(a).

(c) Under UNDP Financial Regulation 1.4 (See UNOPS Regulation 10.1), the Financial Rules of the United Nations should be taken into consideration in any application of the United Nations Financial Regulations.

(d) The Administrator may, when he deems it necessary, suspend the application of any of these Rules.

B. DEFINITIONS

Article II. DEFINITIONS

Regulation 2.1: For the purpose of the Financial Regulations of UNOPS, the following definitions of the main entities involved in the activities of UNOPS shall apply:

(a) "UNOPS" shall mean the United Nations Office for Project Services, as established pursuant to General Assembly resolutions A/48/501 and Executive Board decisions 95/1, 94/32 and 94/12;

(b) "Management Coordination Committee" shall mean the Committee established by the Secretary-General pursuant to Executive Board decision 94/32;

(c) "Executive Director" shall mean the Executive Director of UNOPS;

(d) "Funding Source" shall mean any entity, which may be an organization of the United Nations System, or, acting through an organization of the United Nations System, an International Financial Institution, a recipient Government, a donor Government, or a non-governmental organization, which provides financial resources for development assistance, for which UNOPS provides services.

Regulation 2.2: For the purposes of the Financial Regulations of UNOPS, the following definitions in respect of specific terms used shall apply:

(a) "biennial budget" shall mean the budget to cover operational costs of UNOPS;

(b) "disbursement" shall mean the actual amount paid;

(c) "expenditure" shall mean total charges incurred whether paid or unpaid, i.e. the sum of disbursements and unliquidated obligations for the current year in respect of projects and for the biennium in respect of the biennial budget;

(d) "fee" shall mean the sum payable to UNOPS for services rendered in the context of agreements or other instruments covering management and other support services. It shall include all costs associated with the development, negotiation, conclusion and implementation of such agreements;

(e) "funds received" shall mean:

- for projects financed from UNDP funds, the signed project document or advance authorization;

- for projects financed from non-UNDP funds administered by UNDP, cash received or a recognized blanket withdrawal authorization or letter of credit from a funding source; or

- for projects financed from other funds, cash received or other arrangements that may be agreed;

(f) "obligation" shall mean an engagement involving a liability against the resources of the current year and future years in respect of project activities and the current biennium in respect of the biennial budget;

(g) "operational costs" shall mean the costs against the UNOPS Account of UNOPS Activities for the provision of management, technical, administrative, financial and logistical support;

(h) "project" shall mean any separately identified development undertaking of one or more Governments and assisted by a Funding Source;

(i) "project document" shall mean the formal document, covering the agreed written arrangements for the undertaking of the project, including, inter alia, the project activities, the

project budget and UNOPS income. This term, where appropriate, shall also include agreements or other instruments covering management or other support services;

(j) "resources entrusted to the charge of UNOPS" shall mean all resources for which UNOPS is responsible by virtue of its acceptance to provide services;

(k) "services" shall include comprehensive project management, the implementation of components of programmes and projects under execution by other organizations of the United Nations system or by national institutions, the provision of management and other support services for multilateral, bilateral and recipient government-financed projects, and the loan administration and project supervision on behalf of international financial institutions;

(l) "support costs" shall mean the expenses incurred by UNOPS as a result of its implementation of projects funded either by UNDP or other United Nations organizations that apply a common reimbursement regime for such implementation services;

(m) "UNOPS Account" shall mean the Account established for the purposes of accounting for all income to UNOPS and all expenditures made by UNOPS against that income;

(n) "UNOPS Activities" shall mean undertakings by UNOPS, either in the form of services funded by projects or in the form of transactions funded from the UNOPS Account;

(o) "UNOPS income" shall mean the earnings of UNOPS for its services, and shall include:

(i) support costs earned;

(ii) fees earned under management or other support services agreements; and

(iii) interest earned thereon.

C. ACCOUNTABILITY

Article III. ACCOUNTABILITY

Regulation 3.1: The Executive Director is accountable to the Executive Board and to the Secretary-General, for UNOPS Activities, and shall report to the Executive Board through the Management Coordination Committee, which shall provide operational guidance and exercise management direction.

Rule 103.1 Accountability

(a) The Administrator may delegate to other UNDP officials any powers or responsibilities under these Rules. A record of such delegations shall be maintained by the Assistant Administrator, Bureau for Finance and Administration.

(b) The Assistant Administrator shall be responsible, on behalf of the Administrator, for the administration of these Rules, including any application under Rule 101.1(c) above, of the United Nations Financial Regulations and Rules.

(c) The Assistant Administrator may delegate responsibility for administration of these Rules, in whole or in part, to the Director, Division of Finance.

(d) The Assistant Administrator may issue such instructions or establish such procedures as he may deem necessary for the administration of these Rules.

Rule 103.2 Personal responsibility

All officials of UNDP are responsible to the Administrator for the regularity of actions taken by them in the course of their official duties. Any official who takes any action contrary to these Financial Rules or to the instructions which may be issued in connection therewith may be held personally responsible and financially liable for the consequences of such action.

D. FINANCIAL PERIODS

Article IV. FINANCIAL PERIODS

Period for the biennial budget

Regulation 4.1: The financial period for the purpose of both proposed utilization of resources and the incurring of and accounting for expenditures in respect of the biennial budget shall consist of two consecutive calendar years (hereinafter referred to as biennium), the first of which shall be an even year.

Period for project budgets

Regulation 4.2: To provide for continuity in the programming and implementation of UN assistance to projects, the financial period for the purpose of the proposed utilization of resources entrusted to the charge of UNOPS and of entering into obligations in such respect shall be the duration of each project as defined in the project document.

Regulation 4.3: The financial period for the purpose of incurring and accounting for expenditures in respect of projects shall consist of a single calendar year.

Article V. UNOPS ACTIVITIES

Regulation 5.1: Policies set by the Executive Board shall determine the nature and scope of UNOPS Activities.

Regulation 5.2: As a self-financing entity, UNOPS shall rely exclusively on income earned in order to meet its operational costs. All UNOPS income shall remain in the UNOPS Account, in

accordance with these Regulations, to cover the UNOPS biennial budget, any reserve, and working capital.

Regulation 5.3: UNOPS may enter into such written arrangements as are necessary to undertake UNOPS Activities.

Regulation 5.4: UNOPS services shall be provided within the framework of a project document.

Rule 108.18 Project documents: project budgets

(a) A project document shall be agreed for each UNDP-assisted project by and among the Government(s) concerned, UNDP, and the designated executing agency, and shall be required for each such project, regardless of the magnitude or duration of UNDP assistance to it.

(b) The project document shall include a project budget to be established on an annualized basis for the duration of the project. The budgetary provision contained in the agreed project document shall constitute a commitment by UNDP to finance the assistance described therein, subject to the availability of funds.

Regulation 5.5: UNOPS shall ensure that all expenditures for foreseen project activities do not exceed funds received.

Article VI. BIENNIAL BUDGET

Proposed biennial budget

Regulation 6.1: The proposed biennial budget shall cover operational costs. It shall be prepared by the Executive Director and shall be related to the plan submitted for the current planning period or, should the biennium span more than one planning period, the current and the following period.

Rule 109.1 Proposed biennial budget

(a) For each financial period, the Administrator shall establish the financial limits and set out the policy considerations to govern the preparation of the UNDP biennial budget.

(b) The heads of organizational units of UNDP shall submit their budget proposals to the Assistant Administrator, Bureau for Finance and Administration, in such detail and at such times as he may require.

(c) The Assistant Administrator shall review the budget proposals and make his recommendations to the Administrator. The Administrator shall decide as to the proposed biennial budget to be submitted to the Executive Board.

Regulation 6.2: The biennial budget shall cover proposed expenditures and anticipated income related to the biennium and shall be presented in United States dollars.

Regulation 6.3: In the second year of a biennium, the proposed UNOPS biennial budget for the following biennium shall be submitted to the Executive Board through the Management Coordination Committee. This proposed biennial budget shall be transmitted to all Members of the Executive Board at least six weeks prior to the opening of that session of the Board.

Regulation 6.4: The proposed biennial budget shall also be transmitted to the Advisory Committee for examination at the same time as it is transmitted to Members of the Executive Board under Regulation 6.3 above.

Regulation 6.5: 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 Executive Board as soon as it is available.

Regulation 6.6: The Executive Board shall, in the second year of a biennium, adopt the biennial budget for the following biennium.

Rule 109.2 Submission and approval of the biennial budget

(a) The biennial budget estimates shall be submitted to the Advisory Committee for comment prior to presentation to the Executive Board.

(b) The proposed budget, together with the Advisory Committee report thereon, shall be considered for approval by the Executive Board in June of the year preceding the financial period to which the budget relates.

(c) The approved budget and the related comments of the Advisory Committee shall be submitted to the General Assembly for information at the time the relevant annual report of the Executive Board is considered.

Rule 109.3 Form of the proposed biennial budget

(a) The proposed biennial budget, both for income and expenditure, shall be prepared in such form as the Executive Board may prescribe.

(b) The proposed biennial budget shall be accompanied by:

(i) A detailed table showing the estimated expenditure for each major organizational unit; for purposes of comparison, the appropriations for the current biennium shall be indicated alongside the estimates for the following biennium;

(ii) A table showing estimated income under appropriate headings; and

(iii) Explanatory statements with regard to proposed expenditure levels.

(c) The proposed biennial budget shall contain provision for the refund to UNDP staff members of income taxes levied on them in respect of earnings derived from employment with UNDP.

Supplementary biennial budget proposals

Regulation 6.7: Supplementary proposals to amend the biennial budget may be submitted whenever necessary.

Regulation 6.8: The Executive Director shall prepare supplementary proposals to amend the biennial budget in a form consistent with the approved biennial budget. Such supplementary proposals shall be submitted to the Executive Board through the Management Coordination Committee. They shall also be submitted to the Advisory Committee which is requested to review them and report thereon to the Executive Board.

Rule 109.4 Supplementary biennial budget proposals

(a) Supplementary budget proposals in respect of the current financial period prepared in a form consistent with the biennial budget shall be submitted if inflation forecasts, currency fluctuations, or other cost factors are expected to have a significant impact on approved appropriations.

(b) Should heads of organizational units, as an exceptional measure, seek additional funds for reasons other than those described in (a) above, they shall furnish the Assistant Administrator, Bureau for Finance and Administration, with such detailed justification as he may require.

(c) All supplementary biennial budget proposals shall be reviewed by the Assistant Administrator, who shall make his recommendations to the Administrator. In each case the Administrator shall decide whether or not to submit a supplementary biennial budget proposal.

(d) The supplementary biennial budget proposals shall be submitted to the Advisory Committee for comment prior to their presentation to the Executive Board.

(e) Approved supplementary budget estimates and the related comments of the Advisory Committee shall be submitted to the General Assembly for information at the time the relevant annual report of the Executive Board is considered.

Rule 109.5 Contingency provision

Subsequent to a Executive Board session in the second year of a biennium, the Administrator may utilize the budgetary contingency provision of 3 per cent of the approved gross appropriations for unforeseen requirements resulting from currency movements, inflations or decisions of the General Assembly. Such usage is subject to the prior concurrence of the Advisory Committee and shall be reported to the next regular session of the Executive Board.

Article VII. APPROPRIATIONS FOR THE BIENNIAL BUDGET

Regulation 7.1: Appropriations for the biennial budget approved by the Executive Board shall, subject to the availability of income, 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.

Rule 111.1 Redeployment of resources

The Director, Division of Finance, may redeploy resources as among organizational units and objects of expenditure, provided such redeployments are within the total appropriations approved by the Executive Board for an appropriation line.

Rule 111.2 Staffing table authorizations

(a) An authorized staffing table shall be issued annually by the Division of Finance to each organizational unit, indicating the number and level of approved posts.

(b) The Director, Division of Finance, shall be responsible for exercising overall staffing table control to ensure that total posts by level as authorized by the Executive Board are not exceeded.

Rule 111.3 Allotments

(a) An allotment advice shall be issued annually by the Division of Finance to each organizational unit for the objects of expenditure under its control.

(b) The certifying officer for each organizational unit is responsible for ensuring that expenditures do not exceed the level of funds provided under each allotment line.

(c) Requests to the Division of Finance by organizational units for revision of the level of funds provided under an allotment line shall be accompanied by a detailed justification for the required change.

Rule 111.4 Obligations

The establishment of an obligation is to be based on a contract, agreement or other form of undertaking by UNDP or based on a liability recognized by UNDP.

Rule 111.5 Commitments

Commitments, in the interest of UNDP, against resources anticipated for future financial periods may be authorized only by the Director, Division of Finance. Such commitments shall normally be restricted to administrative requirements of a continuing nature and to other contractual arrangements where longer lead-times are required to ensure timely delivery and shall be treated as a first charge to the relevant appropriations as these are approved by the Executive Board.

Regulation 7.2: Appropriations for the biennial budget shall be available for obligation during the biennium to which they relate.

Regulation 7.3: 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.

Regulation 7.4: At the end of the 12-month period provided in Regulation 7.3 above, the then remaining balance of any appropriations retained will revert to the UNOPS Account. Any unliquidated obligations of the biennium in question shall at that time be canceled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.

Regulation 7.5: Within the limits established by the Executive Board, the Executive Director shall have the authority to incur unforeseen personnel and related administrative expenditures against unspent and/or projected income, subject to post-facto approval of such actions by the Executive Board.

Rule 110.1 Allocations: project budgets

In any given year, an agency's expenditures may exceed an approved project budget for that year by \$20,000 or 4 per cent thereof, whichever is higher, provided that agency does not incur overall expenditures for that year in excess of 2 per cent of the total allocations made to it.

Rule 110.2 Expenditure ceilings

Subject to the flexibility provisions of Rule 110.1 above, project budgets and their individual budget lines shall constitute ceilings for expenditures on the project for current and future years.

Rule 110.3 Revision of project budgets

(a) Whenever a project budget ceases to reflect actual circumstances or current expectations in any significant respect, it shall be revised accordingly.

(b) Revisions primarily made to reflect expenditures of the previous year and other appropriate changes shall be prepared annually for each project budget. Such mandatory revisions shall be submitted by the executing agency, immediately following its issuance of year-end delivery reports, to:

(i) The resident representative in the case of a country project; and

(ii) The appropriate UNDP regional bureau or the Division for Global and Interregional Projects, in the case of an intercountry project.

(c) While budget revisions may be proposed by all parties to a project document, it shall be the responsibility of the executing agency to ensure that project budgets are realistic at all times and to prepare budget revisions whenever necessary.

Rule 110.4 Approval of revisions

The approval of the Government, the executing agency, and UNDP shall be required for project budget revisions, except that those which do not increase total budgeted amounts at the line or total levels, or result from changes described under Rule 108.11(d)(ii) shall not require the approval of the Government.

Rule 110.5 Operational and financial completion

- (a) As soon as all project activities have ceased, the executing agency shall declare a project operationally completed. It shall inform UNDP of such operational completion and submit to UNDP a budget revision, in conformity with the provisions of Rule 110.3, reflecting actual and estimated expenditures to date.
- (b) A project which has been operationally completed, or terminated, and for which all financial transactions have been recorded, the project accounts closed, and a final project budget revision approved, shall be considered financially completed.
- (c) The financial completion of a project shall be accomplished within 12 months after the month in which it is operationally completed or terminated.

Rule 110.6 Accounting for financially completed projects

- (a) Savings/deficits on the liquidation of obligations charged to financially completed projects shall be credited/charged to the UNDP Account under Miscellaneous Income.
- (b) Unforeseen disbursements or refunds in respect of financially completed projects shall be charged/credited to the UNDP Account under Miscellaneous Income.
- (c) Such net adjustments on account of a financially completed project shall not exceed \$25,000 without the approval of the Director, Division of Finance.

E. ADMINISTRATION OF RESOURCES

Article VIII. THE UNOPS ACCOUNT AND OTHER ACCOUNTS

Regulation 8.1: There shall be established a UNOPS Account, as required by UNOPS Activities, to which all of the income to UNOPS derived from its services shall be credited and against which all operational costs of UNOPS shall be charged.

Regulation 8.2: There shall be established separate special accounts, as required by UNOPS Activities, for identification, administration and management of resources entrusted to the charge of UNOPS by a Funding Source. The administration of such funds shall be carried out in accordance with these Regulations, and the terms of the written arrangements concluded for this purpose.

Regulation 8.3:

- (a) Within the UNOPS Account, an operational reserve shall be established at a level set by the Executive Board. The elements to be compensated for and covered by it shall be limited to:
 - (i) Shortfalls in income;

(ii) Uneven cash flows;

(iii) Professional or contractual liabilities associated with UNOPS Services; and

(iv) Liabilities associated with UNOPS personnel contracts financed from the UNOPS Account.

The decision to make a drawdown from the operational reserve shall rest solely with the Executive Director, who will report through the Management Coordination Committee all drawdowns to the Executive Board at its next regular session and between sessions, to Members of the Executive Board as may be prescribed by the Board or whenever the situation in the Executive Director's opinion so merits.

(b) Other reserves shall be established as approved by the Executive Board.

Regulation 8.4: Separate accounts shall be maintained for all reserves within the UNOPS Account.

Regulation 8.5: Working capital shall be provided from the cash resources in the UNOPS Account that are not part of a UNOPS reserve. Such working capital shall be utilized by UNOPS in accordance with the provisions of Articles VI and VII of these Regulations.

Article IX. MANAGEMENT OF FUNDS

Regulation 9.1: The Secretary-General shall act as custodian of UNOPS income and resources entrusted to the charge of UNOPS and shall designate the bank or banks in which such income and resources shall be kept.

Regulation 9.2: The Secretary-General may delegate to the Administrator of UNDP such authority with respect to custody of funds as would facilitate the efficient and effective management of UNOPS income as well as resources entrusted to the charge of UNOPS, and such delegated authority may be accepted by the Administrator of UNDP in writing.

Rule 113.1 Designation of depository banks

Under an authority delegated by the United Nations Under-Secretary-General for Administration and Management, the Administrator of UNDP or any official named by him, is authorized to designate the banks in which the funds of UNDP shall be kept. A designation of a bank shall cover all branches of that bank.

Rule 113.2 Opening of bank accounts

Under an authority delegated by the United Nations Under-Secretary General for Administration and Management, the Administrator of UNDP or any official named by him, is authorized to establish official bank accounts necessary for the transaction of UNDP business. The

Administrator shall also designate the initial signatories to operate those accounts and those officials authorized to amend the signatory panels.

Rule 113.3 Opening of bank accounts in emergencies

(a) If, at an office away from UNDP headquarters, it is necessary to open a bank account at such short notice that there is not time for the Administrator to make the usual arrangements, the head of the office may open the account on the following conditions:

(i) Wherever possible, the bank shall be a branch of one of the banks designated under Rule 113.1;

(ii) The bank shall be informed that the account is an official account of UNDP and that the bank is authorized to give the Administrator any information he may request concerning the account;

(iii) The bank shall also be informed that monthly bank statements (accompanied by all paid cheques, withdrawal instructions and debit and credit advices) are required and to whom they are to be sent;

(iv) An immediate report by cable shall be made to the Administrator who shall, if acceptable, formalize the action taken by the head of the office; and

(v) Unless otherwise authorized in writing by the Director, Division of Finance, two signatures shall be required on all cheques and on all withdrawal instructions. (See also Rule 114.6(c)).

(b) The head of the office shall simultaneously advise the Director, Division of Finance, of all actions taken.

Rule 113.4 Reconciliation of bank accounts

All bank accounts shall be reconciled on a regular basis, preferably monthly, with the statements submitted by the banks.

Rule 113.5 Acquisition of currencies

When a currency is required by UNDP or by the executing agencies in an amount which is not available in the UNDP account, such currency may be obtained from other United Nations programmes or organizations or other sources.

Rule 113.6 Currencies requiring special management

(a) On the basis of the amounts expected to be available in each currency, and after taking into account the anticipated utilization of that currency, the Administrator may designate those currencies which require special management to avoid accumulation of inordinate balances.

(b) With a view to promoting the fullest possible use of available resources, the Administrator shall periodically inform the executing agencies of the balances of such designated currencies and shall consult with them on ways and means to maximize their utilization.

Article X. INTERNAL CONTROL

Regulation 10.1: Subject to confirmation by the UNDP Administrator that there are no conflicts with applicable UNDP Financial Regulations, to which these Regulations are an annex, the Executive Director may, in consultation with the Management Coordination Committee, establish detailed financial rules for UNOPS to ensure effective financial administration and the exercise of economy, and circulate the Financial Rules to Members of the Executive Board for information at least 30 days before they become effective. The Executive Director may establish procedures consistent with these Regulations for implementation of such financial rules.

Regulation 10.2: The Executive Director shall:

(a) 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;

(b) Designate the officers who may receive moneys, incur obligations and make payments on behalf of UNOPS;

(c) Maintain an internal financial control which shall provide for an effective current examination and review of financial, management and operational activities, in order to ensure:

(i) The regularity of the receipt, custody and disposal of UNOPS income, as well as resources entrusted to the charge of UNOPS;

(ii) The conformity of obligations and disbursements with the appropriations, allocations or other financial provisions decided upon by the Executive Board or with agreements with other United Nations organizations and other entities;

(iii) The effective and efficient management of UNOPS and the effective, efficient and economic use of UNOPS income, as well as of the resources entrusted to the charge of UNOPS.

Rule 114.1 Certifying officers

(a) One or more officials shall be designated by the Director, Division of Finance, as certifying officer(s) for each organizational unit, on the recommendation of the head of the unit. Alternates may also be designated by the Director, Division of Finance, to act in the absence of the certifying officer(s). The Director, Division of Finance, may delegate to resident representatives the authority to designate certifying officers at country offices and to the Director, Office for Project Services, the authority to designate certifying officers on projects executed by the Office.

(b) The responsibilities of certifying officers, including those for specific accounts assigned to them, shall be established by the Director, Division of Finance. Any authority granted and responsibility assigned to such officers is a personal one and cannot be delegated.

(c) Certification of a document shall indicate that the certifying officer attests to the propriety of the charge or claim being made and that funds necessary to satisfy the present or anticipated claim are currently available in the relevant account for which he is responsible.

Rule 114.2 Approving officers

(a) Within the Division of Finance, the Director shall designate certain officials as approving officers.

(b) The Director, Division of Finance shall also, where appropriate, delegate approving authority to officials in other organizational units as well as to officials in the field.

(c) Authority may be delegated to the Director, Office for Project Services, to designate approving officers on project activities executed by the Office.

(d) Those officials so designated shall have the responsibility for approving payments and other financial transactions on behalf of UNDP. (Rule 114.4 and Rule 114.5). The responsibility assigned to an approving officer cannot be delegated.

Rule 114.3 Reservation of funds to meet expenditures

(a) Apart from the employment of staff under an authorized staffing table, and consequential commitments under the Staff Regulations and Rules, no contract, agreement or undertaking of any nature for an amount to be specified from time to time shall be entered into until funds have been reserved in the accounts, by means of an obligating document. When a change exceeding the amount so reserved by a specified amount is foreseen, the certifying officer shall issue an amended obligation document. Should an invoice be presented for payment in an amount which exceeds the existing relevant obligation by the specified amount or more prior certification of the payment is required. The Director, Division of Finance, shall specify the amounts for which certification of amendment, and certification of payment are required.

(b) When a 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. In such cases, an amendment to the original obligation document is not required. Valid obligations at 31 December should be revalued to reflect the United Nations operational rate of exchange in effect on that date, and an amended obligation document issued, should the revalued obligation exceed the original by an amount specified by the Director of Finance.

Rule 114.4 Certification and approval of obligations and expenditures

(a) Each proposed obligation document, accompanied by appropriate supporting documentation, shall be certified by an official designated for the purpose by the Director, Division of Finance.

(b) Certifying officers shall submit such further explanations or justifications as the Director, Division of Finance, may require.

(c) The Director, Division of Finance, may reject any proposal for obligation or expenditure.

(d) When a proposal is accepted by an approving officer who is authorized to do so, it shall be recorded in the accounts.

(e) Proposed payments against liabilities which had inadvertently not been previously obligated shall require both certification and approval by the appropriate officials before payment can be effected but shall not require an obligation document to be established.

(f) The Director, Division of Finance, shall have authority to certify obligations and approve payments under all accounts.

Rule 114.5 Approval of payments and other financial transactions

(a) An approving officer shall approve a voucher for payment when:

(i) It has been determined that payment had not previously been made;

(ii) It is supported by documents which indicate that the goods or services for which payment is claimed, have been received or rendered in accordance with the terms of the contract and the related obligation; and

(iii) No other information is available which would bar the payment.

(b) Payments directly related to and made against a previously certified and recorded obligation document shall not require a separate certification except as provided under Rule 114.3(a).

(c) For payments for which funds did not need to be reserved by the recording of an obligation (see Rule 114.3), the documentation supporting the payment voucher must be certified before the payment may be approved.

(d) All authorizations by UNDP headquarters to the field to effect payments on its behalf, whether by cable or by letter, are to be issued by the Director, Division of Finance, or the Director, Office for Project Services or in their name, and are to be signed by them on their behalf by officials who have been designated by them. The authority with respect to the Director, Office for Project Services applies solely to OPS activities or transactions.

(e) Transfers of funds shall be authorized by the Director, Division of Finance, or his designate.

Rule 114.6 Disbursements to be made by cheque or bank transfer

(a) All disbursements shall be made by cheque or bank transfer, except to the extent that cash disbursements are authorized by the Director, Division of Finance, or by a duly authorized official in a country office.

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

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

(d) Adequate evidence of receipt shall be obtained for all disbursements.

Rule 114.7 Receipt and deposit of moneys

(a) An official receipt shall be issued as of the date moneys are received.

(b) Only officials duly designated by the Director, Division of Finance, shall be authorized to issue such receipts. In cases where officials other than those authorized to issue official receipts receive moneys intended for UNDP, they shall immediately transmit such moneys 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 received.

(d) All moneys received shall be deposited intact in an official bank account not later than the business day following the date of receipt.

Rule 114.8 Petty cash advances

Petty cash advances may be made to officials designated by the Director, Division of Finance or, in the case of OPS activities, by the Director, Office for Project Services. These cash advances shall be maintained on an imprest basis. The amount and purposes of each advance shall be defined by the Director, Division of Finance, or Director, Office for Project Services the amount being held to the minimum compatible with working requirements.

Rule 114.9 Responsibility of holders of petty cash advances

(a) 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 Director, Division of Finance. They shall be in a position at all times to account for the advances. Cash or negotiable instruments shall be kept in safe custody.

(b) Any loss of cash or negotiable instruments must be reported at once to the Director, Division of Finance.

Rule 114.10 Other cash advances

In addition to advances specified in Rule 114.8, the Director, Division of Finance, may make such other cash advances as may be permitted by the Staff Rules and administrative instructions or as may be approved by the Director, Division of Finance.

Rule 114.11 Remittances of funds to executing agencies and country offices

(a) Executing agencies may obtain funds through remittances from UNDP. Such remittances shall not exceed the amount needed to cover a reasonable period of foreseen cash requirements related to UNDP-financed activities. Prior to the remittance of funds, the Administrator may request information from the agency to substantiate the need for such remittances.

(b) Country offices may obtain funds through remittances from headquarters. Such remittances shall be limited, unless otherwise justified, to the cash advance level established for each country office by the Director, Division of Finance. Those country offices maintaining a United States dollar account in New York may not draw funds in excess of the cash advance level established for the country office without prior approval of the Director, Division of Finance, or his designate.

Rule 114.12 Administration of biennial budget appropriations

(a) The Director, Division of Finance, is responsible for ensuring that the expenditures remain within the approved appropriations and are incurred for the purposes for which they were approved.

(b) Authorization by the Director, Division of Finance, to expend biennial budget appropriations may take the form of:

(i) An allotment of funds or other authorization to commit funds for a specific period and/or a specific purpose; and/or

(ii) An authorization for the employment of staff or of consultants.

Rule 114.13 Review of outstanding obligations

(a) Outstanding obligations retained against appropriations of the previous financial period in accordance with UNDP Regulation 11.3 (See UNOPS Regulation 7.3), shall be jointly reviewed periodically by the certifying or alternate certifying officers and the Division of Finance. Obligations which after review are no longer considered valid shall be cancelled and the resulting credit surrendered. If after 12 months of the ensuing biennium an outstanding obligation continues to be valid, it shall be reobligated against appropriations of the then current financial period.

(b) Reasonably frequent reviews of all unliquidated obligations shall be conducted in the interest of returning any resulting savings to the UNDP account.

Regulation 10.3: The Executive Director may make such ex gratia payments not exceeding \$40,000 as he deems to be necessary in the interest of UNOPS, provided that a statement of such payments shall be submitted to the Executive Board with the accounts.

Rule 114.14 Ex gratia payments

(a) 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 UNDP, the moral obligation is such as to make payment desirable in the interest of UNDP.

(b) The approval of the Assistant Administrator, Bureau for Finance and Administration, is required for all ex gratia payments.

Regulation 10.4: 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. The Executive Director may establish, from time to time, an amount below which full investigation and formal write-off are not required. Such amounts shall, for administrative efficiency, be charged directly to the relevant allotment/budget line.

Rule 114.15 Writing-off of losses of cash and receivables

(a) The Director, Division of Finance, may, after full investigation, authorize the writing-off of losses of cash, accounts receivable and notes receivable deemed to be irrecoverable, except that proposals to write-off amounts in excess of \$10,000 shall be submitted by the Assistant Administrator, Bureau for Finance and Administration, to the Administrator for approval.

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

(c) The amount authorized for waiver of investigation and write-off in accordance with Financial Regulation 14.4 is \$30.00.

Rule 114.16 Writing-off of losses of property

(a) The Assistant Administrator, Bureau for Finance and Administration, may, after full investigation in each case, authorize the writing-off of losses of UNDP property or such other adjustment of the records as will bring the balance shown by the records into conformity with the actual quantities.

(b) Final determination as to all recoveries to be made from staff members or others as the result of losses will be made by the Assistant Administrator.

Regulation 10.5: In conformity with decisions taken by the General Assembly, in particular in resolution 2688 (XXV), annex, paragraphs 41, 42 and 44, and resolution 3405 (XXX), annex, and guidelines issued by the Executive Board, the Executive Director shall be responsible for the

purchasing of equipment and supplies and the contracting of services where budgetary provision has been made in the biennial budget and in the budgets of projects for which UNOPS provides services.

Rule 114.17 Procurement functions of UNDP

(a) The Assistant Administrator, Bureau for Finance and Administration, shall be responsible for all procurement functions of UNDP in respect of headquarters and country office activities, projects which UNDP itself executes, and any other activity or service undertaken by UNDP as may be authorized by the Executive Board.

(b) The procurement functions of UNDP shall cover, inter alia, activities necessary for the purchase, rental, or sale of goods, services, and other requirements such as works and property, including realty.

(c) All contracts or other agreements in respect of such procurement functions shall be entered into only by officers duly authorized by the Assistant Administrator. These officers shall be responsible for ensuring that the procurement functions delegated to them are carried out pursuant to these Rules.

(d) In carrying out procurement functions, the Assistant Administrator or his authorized delegate may request an executing or implementing agency to take procurement action on behalf of UNDP. In such cases, the agency's action shall be governed by the Financial Regulations and Rules of the agency concerned, unless otherwise agreed by the agency and UNDP.

(e) The Assistant Administrator may, in appropriate cases, authorize co-operation with a United Nations agency or public international organization, such as a development bank, in respect of procurement activities, including those for a Government which is also a recipient of UNDP assistance. In these cases, UNDP may, in its actions, be guided by the procurement procedures of the organization or Government concerned.

Rule 114.18 General principles

The following general principles shall be given due consideration in carrying out the procurement functions of UNDP under these Rules:

(a) Economy and efficiency;

(b) The interests of the UNDP programme;

(c) International soliciting of proposals and competitive bidding to allow prospective proposers and bidders fair and equal opportunities to provide those goods, services and other requirements being sought by UNDP;

(d) The utilization of currencies available to UNDP and which require special management;

(e) Preferential treatment to be accorded to sources of those supplies indigenous either to the country being assisted or to other developing countries; and

(f) Equitable geographical distribution consistent with maximum effectiveness.

Rule 114.19 Requirement for invitations to bid or requests for proposals

Except as provided in Rule 114.23, all procurement actions under these rules shall be carried out by means of either invitations to bid or requests for proposals, depending on the nature of the procurement action to be undertaken. The form of such invitations to bid or requests for proposals shall be in accordance with procedures established by the Assistant Administrator, Bureau for Finance and Administration.

Rule 114.20 Issuance of invitations to bid and requests for proposals and receipt of bids and proposals

(a) Invitations to bid shall be advertised or otherwise issued in accordance with procedures established by the Assistant Administrator, Bureau for Finance and Administration. All bids in respect of a proposed contract of \$100,000 or more shall be publicly opened at the time and place specified in the invitation to bid and an immediate record made thereof.

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

Rule 114.21 Contracts Committee

(a) There shall be established a Contracts Committee at UNDP headquarters to render written advice to the Assistant Administrator, Bureau for Finance and Administration, on headquarters procurement actions, regarding:

(i) Proposed contracts which involve commitments to a single contractor in respect of a single requisition for a specific project or purpose, or a series of requisitions relating to the same specific project or purpose, totalling \$100,000 or more;

(ii) Proposed contracts or series of related contracts which involve income to UNDP of \$10,000 or more; and any contracts relating to activities where the estimated annual income therefrom when aggregated with the estimated annual income from any other contract or contracts already made with the same purchaser in the same year, amounts to \$10,000 or more, provided that contractual arrangements resulting from the recommendations of the UNDP Property Survey Board shall not be referred to the Contracts Committee;

(iii) Any contract amendment, or series of amendments, which in aggregate either has a value of \$100,000 or more or which would increase the amount of the contract as previously recommended by the Committee by more than 20 per cent, whichever is the less;

(iv) Proposed contracts of any value which could reasonably lead to a series of related contracts, the total of which may be \$100,000 or more; and

(v) Such other matters relating to procurement as may be referred to the Committee by the Assistant Administrator.

(b) The composition of the UNDP Contracts Committee and its terms of reference shall be determined by the Assistant Administrator, Bureau for Finance and Administration.

(c) As required, the Assistant Administrator, Bureau for Finance and Administration may establish a local Contracts Committee at any UNDP country office with the same terms of reference as the Committee at UNDP headquarters. When established, the composition of each local Committee shall be determined by the UNDP resident representative concerned, in consultation with the Assistant Administrator, Bureau for Finance and Administration.

(d) Where, under the preceding provisions of this Rule, the advice of the headquarters Contracts Committee (or of the appropriate local Committee) is required to be sought, no commitment may be entered into before such advice is acted upon by the Assistant Administrator or the resident representative or their authorized delegates. In cases where the Assistant Administrator or UNDP resident representative decides not to accept the advice of such Committee, he shall record the reasons for such decision.

(e) Notwithstanding subsections (a) (i), (iii) and (iv) of this rule, the Contracts Committee shall review on an ex post facto basis those contracts which would otherwise have been submitted ex ante according to the above cited provisions, where the entity being awarded the contract was selected on the basis of evaluation of at least three (3) technically qualified bids or proposals, and:

(i) in the case of bids, the entity's bid was lowest; or

(ii) in the case of proposals, the entity's technical proposal scored the highest, and its financial proposal was the lowest.

Rule 114.22 Awarding of contracts

(a) When invitations to bid have been issued in accordance with Rule 114.20 (a), contracts shall be awarded to the qualified and responsive contractor submitting the lowest bid, due consideration being given to the general principles described in Rule 114.18, provided that when the interests of UNDP 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 or to enter into a negotiated contract.

(b) When requests for proposals have been issued in accordance with Rule 114.20(b), contracts shall be awarded to the qualified contractor whose proposal is considered to be the most responsive to the needs of UNDP and the activity concerned, due consideration being given to the general principles described in Rule 114.18.

(c) The awarding of contracts under this Rule shall be in accordance with procedures established by the Assistant Administrator, Bureau for Finance and Administration.

Rule 114.23 Negotiated contracts: exceptions to requirement for invitations to bid or requests for proposals

(a) Contracting officers (Rule 114.17(c)) need not call for invitations to bid or requests for proposals when the intended contract involves commitments of less than \$30,000, provided there has been an assessment of competitive quotations, based on conformity with specifications, delivery schedules and prices or comparative prices, where available.

(b) In cases involving commitments of \$30,000 or more, the procedures established under Rule 114.20 for the issuance of invitations to bid and requests for proposals may be waived by the Assistant Administrator, Bureau for Finance and Administration, and proposed contracts may be negotiated in situations where:

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

(ii) A standardization of supplies, equipment or spare parts renders competition impracticable;

(iii) The exigencies of the service do not permit the delay attendant upon the issuance of invitations to bid or requests for proposals, or the re-issue thereof in cases where such solicitation has failed to achieve satisfactory results;

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

(v) The proposed contract relates to the obtaining of the services of specific individuals, other than for staff services; and

(vi) The Assistant Administrator determines that invitations for bids or requests for proposals will not give satisfactory results or are not, in the particular case, deemed in the interest of UNDP. In such cases, appropriate reasons shall be recorded in writing.

In each case where the proposed contract is expected to have a value of \$100,000 or more the advice of the Contracts Committee shall be sought prior to the award of the contract.

Rule 114.24 Written contracts or purchase orders

(a) Written contracts or written purchase orders shall be used for every award made to a single contractor or vendor in the following amounts:

(i) In the case of UNDP headquarters, an aggregate amount of \$1,000 or more; and

(ii) In the case of UNDP country offices, such amounts as may be prescribed by the Assistant Administrator, Bureau for Finance and Administration.

(b) Written contracts or purchase orders shall, as appropriate, inter alia, specify in detail:

(i) Nature of material or services being provided;

(ii) Quantity being provided;

(iii) Unit prices;

(iv) Period covered;

(v) Conditions to be fulfilled; and

(vi) Terms of delivery and payment.

Rule 114.25 Advance and progress payments

(a) Except where normal commercial practice or the interests of UNDP so requires, no contract or purchase order shall be made on behalf of UNDP which requires a payment or payments on account in advance of the delivery of goods or performance of contractual services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded. Any interest earned by a payee on an advance payment by UNDP shall be considered recoverable and, when paid to UNDP, credited to miscellaneous income in the UNDP accounts.

(b) In addition to any advance payments and notwithstanding Rule 114.5(a)(ii) above, the Director, Division of Finance may, when he deems it in the interest of UNDP, authorize progress payments.

Rule 114.26 Written findings

Each determination or decision required of an authorized purchasing officer by the provisions of these Rules shall be supported by the written findings of such officer. These written findings shall be placed in the appropriate case file maintained by the responsible office.

Rule 114.27 Provision of and accounting for goods, services, and other requirements to others

(a) Goods, services and other requirements may be provided to Governments, specialized agencies, other international or intergovernmental or non-governmental organizations or activities financed from trust or similar funds or special accounts on a reimburseable, reciprocal or other basis as may be approved by the Assistant Administrator, Bureau for Finance and Administration.

(i) Where the supply of such goods, services and other requirements is of a regular and continuing nature, except where reciprocal arrangements have been made with the approval of the Assistant Administrator, the relevant budget shall include provision both for the cost of such goods, services and other requirements, and for any repayment thereof as income; and

(ii) In the absence of budgetary provision, the Assistant Administrator may institute a reimbursement arrangement by authorizing expenditures to be incurred and charged to accounts receivable pending recovery from the party concerned.

(b) At the request of recipient Governments, UNDP may also provide management and other support services. In this connection, management and other support services shall mean a range of services, which may include procurement and full financial services, associated with the financing of activities by Governments, or intergovernmental or governmental organizations. Such activities shall be consistent with the policies, aims and activities of UNDP.

(i) Each such arrangement shall be covered by a written management services agreement between UNDP and the recipient Government concerned, which agreement shall, inter alia, specify the services which UNDP is to furnish and provide for full reimbursement to UNDP of any costs incurred thereby by UNDP headquarters and/or country offices; and

(ii) Separate accounts shall be maintained to record all financial transactions relating to management services agreements. The balances of such accounts shall be reported in the UNDP financial statements under accounts payable. Any interest earned on funds held shall be credited to the respective management services accounts. The amount included in the agreement for reimbursement of UNDP costs shall be charged to the related management services account and credited to the UNDP Account as extrabudgetary income.

Rule 114.28 Receipt, management and disposal of supplies, equipment and other property: Property records and physical inventories

(a) The Assistant Administrator, Bureau for Finance and Administration, shall determine the types of supplies, equipment and other property for which records shall be maintained and shall establish the nature and extent of the records in keeping with the purpose of these Rules.

(b) The Assistant Administrator shall be responsible for the maintenance of the property records established under (a) above. Such records shall be maintained both for headquarters and for UNDP country offices and shall show separately supplies, equipment and other property belonging to UNDP and/or entrusted to the charge of UNDP.

(c) Physical inventories shall be taken of supplies, equipment or other property owned by UNDP, or entrusted to the charge of UNDP, annually or at such intervals as deemed necessary to ensure adequate control over such property. The selection of items to be inventoried shall be the responsibility of the Assistant Administrator who shall also arrange for the conduct of physical inventories at headquarters.

(d) The maintenance of property records as well as the conduct of physical inventories at UNDP country offices shall be the responsibility of the resident representative.

(e) With respect to actions at UNDP headquarters, the Assistant Administrator may delegate the responsibilities assigned to him under (a), (b) and (c) above.

Rule 114.29 Receipt of supplies and equipment

All supplies, equipment or other property received by UNDP shall immediately be inspected to ensure that the items comply with the specifications of the purchase contract and that their condition is satisfactory. As an item is received, an appropriate receiving report shall be issued and the item shall be entered, if required under Rule 114.28(a), into the property records.

Rule 114.30 Issue of supplies and equipment

Supplies, equipment and other property shall be issued only to officials authorized by a certifying officer to requisition them.

Rule 114.31 Property issues to individuals

The issue to individuals of equipment or other property for their own 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 every 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.

Rule 114.32 Shortages, overages, damages and surplus property

Headquarters Property Survey Board

(a) There shall be established a Headquarters Property Survey Board at UNDP headquarters. The composition of the Board and its terms of reference shall be determined by the Administrator.

(b) Shortages and overages of, and damages to, supplies, equipment or other property which come to light at UNDP headquarters as the result of

stock-taking or other means shall be reported by the responsible official to the Assistant Administrator, Bureau for Finance and Administration, through the Secretary of the Headquarters Property Survey Board.

(c) Inventoried property which becomes surplus to operating requirements or unserviceable through obsolescence or normal wear and tear shall be reported by the responsible official to the Secretary of the Property Survey Board.

(d) The Headquarters Property Survey Board shall investigate and report to the Assistant Administrator, Bureau for Finance and Administration, on:

(i) The cause of any shortages and overages of and damage to supplies, equipment or other property and action to be taken thereon;

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

(iii) Such other matters as may be referred to the Board by the Assistant Administrator.

(e) The report including recommendations of the Headquarters Property Survey Board shall, in each instance, indicate the degree of responsibility, if any, attaching to any official of UNDP for shortages, overages or damages.

(f) The recommendations of the Headquarters Property Survey Board shall be submitted to the Assistant Administrator, Bureau for Finance and Administration, for his approval. Where he does not agree with a recommendation of the Board, he shall record his decision in writing together with his reasons therefor or may request the Board to reconsider its recommendation.

Rule 114.33 Local property survey boards

(a) At UNDP country offices, the Administrator may authorize the establishment of local Property Survey Boards and shall determine their terms of reference and composition.

(b) Where a local Property Survey Board is established, the Assistant Administrator, Bureau for Finance and Administration, shall authorize the resident representative concerned to act on his behalf in respect of its recommendations. A record shall be kept at the country office of such actions.

(c) At locations where no Property Survey Board has been established, the resident representative shall report shortages and overages of and damages to supplies, equipment or other property to the Secretary of the Property Survey Board at UNDP headquarters.

Rule 114.34 Ownership of property

Technical and other equipment, non-expendable materials, supplies and other property financed or provided by UNDP shall belong to UNDP unless and until such time as ownership thereof is transferred, on terms and conditions mutually agreed upon between the Government and UNDP, to the Government or to an entity nominated by it. Ownership of equipment may be transferred at any time after its arrival in the country being assisted and shall be effected by the resident representative after consultation with the executing agency concerned.

Rule 114.35 Sale of Property

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 inventoried value per item is 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 UNDP;

(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; and

(d) The interests of UNDP will be served by disposal by gift or sale at nominal prices to a Government or Government agency or some other non-profit-making organization.

Rule 114.36 Sales on a cash basis

(a) Sales of UNDP property shall be on the basis of cash payments on or before delivery; and

(b) Exceptions to this Rule may be authorized in writing by the Director, Division of Finance, when, in his view, this is in the interest of UNDP.

Rule 114.37 Accounting for proceeds from sales

The proceeds from the sale of property shall be credited as miscellaneous income to the source of funds originally charged with the purchase thereof, except:

(a) Where a Property Survey Board has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies, any excess shall be taken into account as miscellaneous income;

(b) That the trade-in of property is not considered to be a sale and the trade-in allowance shall be applied against the cost of the replacement property;

(c) Where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage, the Director, Division of Finance, may authorize the crediting of these proceeds to the account from which procured, provided that the account has not been closed;

(d) That the proceeds from the sale of surplus project equipment shall be credited to the accounts of that project provided that they have not been closed; or

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

Rule 114.38 Internal audit

The Division for Audit and Management Review shall be responsible for the internal audit of UNDP and shall have free access to all books, records and other documents which are, in its opinion, necessary for the performance of the audit. Its reviews shall be conducted in

accordance with generally accepted auditing standards, shall provide comments and recommendations to the Administrator on financial, management and operational activities, in respect of:

- (a) The regularity of the receipt, custody, expenditure, accounting and reporting of all financial resources of UNDP, funds administered by UNDP and non-UNDP funds administered by UNDP, and the effectiveness of (existing) internal controls and accounting systems;
- (b) The conformity of expenditures with the purposes for which funds were appropriated or otherwise provided by the Executive Board and the financial authorizations issued thereunder, or with the purposes and rules relating to other funds administered by UNDP or with agreements with other United Nations organizations and other entities;
- (c) The compliance of all financial activities and transactions with established regulations, rules, policies, procedures and administrative instructions; and
- (d) The effective and efficient management of UNDP and the effective, efficient and economic use of UNDP resources, funds administered by UNDP and non-UNDP funds administered by UNDP.

Article XI. THE ACCOUNTS

Regulation 11.1: The Executive Director shall submit accounts biennially in respect of the UNOPS Account and in respect of resources entrusted to the charge of UNOPS, in accordance with United Nations system accounting standards. The Executive Director shall also give such other information as may be appropriate to indicate the current financial position and shall maintain such accounts and records as are necessary to report to the Executive Board and the General Assembly on the financial status of UNOPS.

Rule 116.1 Responsibility for maintaining the accounts

The Director, Division of Finance, shall prescribe and maintain financial accounts and subsidiary records and shall institute systems and procedures, including those in respect of UNDP country offices, which would permit accurate and timely financial reporting on all activities to the Administrator and to appropriate governing bodies.

Rule 116.2 Principal accounts

The principal accounts shall consist of:

- (a) Project accounts by source of funds, showing:
 - (i) Project number;
 - (ii) Project allocations;

(iii) Disbursements;

(iv) Unliquidated obligations; and

(v) Unencumbered balances of allocations;

(b) Biennial budget accounts showing:

(i) Original appropriations;

(ii) Appropriations after modification by any transfers between programmes;

(iii) Credits, if any, other than appropriations made available by the Executive Board;

(iv) Allotments made;

(v) Disbursements;

(vi) Unliquidated obligations;

(vii) Unencumbered balances of allotments; and

viii) Unencumbered balances of appropriations;

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

(d) Other accounts similarly structured as those described under (a)-(c) above as may be appropriate for any trust or similar funds administered by UNDP.

Rule 116.3 Retention and destruction of records

The accounting and other financial records and all supporting documents shall be retained for such periods as may be agreed with the Board of Auditors, after which, on the authority of the Director, Division of Finance, such records and documents may be destroyed.

Rule 116.4 Basis of accounting

All financial transactions shall be accounted for in accordance with the United Nations System Accounting Standards.

Regulation 11.2: The accounts shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as may be deemed necessary.

Regulation 11.3: The accounts shall be submitted by the Executive Director, not later than 15 April of the year following the end of each biennium, to the United Nations Board of Auditors for examination and opinion.

Rule 116.5 Unit of account

(a) The Director, Division of Finance, shall communicate the United Nations operational rates of exchange to the executing agencies and UNDP country offices for their use in the recording of all UNDP-financed activities.

(b) For purposes of accounting for and reporting on UNDP assets, liabilities and transactions, and the maintenance of other financial records, other currencies will be translated into United States dollars at the United Nations operational rate of exchange in effect on the date of the report or the date of the transaction as may be appropriate.

(c) When the United Nations operational rate of exchange for a currency has been revised, any asset or liability held in that currency shall be revalued, for financial statement purposes, in terms of United States dollars and any gain or loss shall be debited or credited to miscellaneous income.

Rule 116.6 Financial statements

In addition to the accounts, there shall be provided to the United Nations Board of Auditors information on:

(a) Ex gratia payments;

(b) Supplies, equipment and other property for which property records are kept;

(c) Losses of cash, stores and other assets written-off; and

(d) Such other information as the Board may require.

Rule 116.7 Certification of financial statements

The Director, Division of Finance, shall certify that to the best of his knowledge, information, and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules.

F. EXTERNAL AUDIT

Article XII. EXTERNAL AUDIT

Regulation 12.1: The External Audit provisions of Article XVII of the Financial Regulations of the United Nations Development Programme shall, mutatis mutandis, apply to UNOPS.

Rule 117.1 Biennial audit

The Administrator shall establish, from time to time, criteria determining nationally executed projects which are to be audited biennially. Such criteria shall be made available to the Board of Auditors.

INFORMATION ANNEX

United Nations Financial Regulations Annex:

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 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.

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.

United Nations Financial Regulations Annex:

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; and

(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 connexion 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; and

(e) If appropriate, transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable that the 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