

Financial Rules of the ICPDR

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FINANCIAL RULES

1. DEFINITIONS

- 1.1 The 'Convention' means the Convention on Cooperation for the Protection and Sustainable Use of the Danube River (Danube River Protection Convention)
- 1.2 The 'International Commission' means the International Commission for the Protection of the Danube River (ICPDR) established by Article 18 of the Convention.
- 1.3 The 'Secretariat' means the Permanent Secretariat established by Annex IV, Article 7 of the Convention.

2. SCOPE OF THE RULES

- 2.1 These financial rules regulate the budget for the ICPDR and provide for public auditing of the accounts.

3. THE FINANCIAL YEAR

- 3.1 The International Commission's financial year shall be from 1 January to 31 December.

4. THE BUDGET

4.1 Preparation and adoption of the budget

- (a) A draft budget shall be prepared by the Executive Secretary. The draft budget shall be divided by function into headings and explanatory notes provided. It shall be accompanied by accounts showing the amount of income and expenditure incurred for the preceding financial year and the amount of contributions for the current financial year;
- (b) The draft budget for the ensuing year shall be circulated by the Executive Secretary to the Heads of Delegation to the International Commission not less than 60 days before the opening of the meeting at which the budget is to be adopted. It shall include a draft statement of the contributions of Contracting Parties;
- (c) The International Commission shall adopt the budget, which shall contain all planned expenditure, and all estimated income, the receipt of which can be estimated with confidence, for the financial year to which it relates;
- (d) A non-binding outline budget of estimated expenditure for the 3 subsequent years shall be circulated at the same time;

- 4.2 The contributions agreed by the International Commission for the ensuing financial year shall constitute an authorisation to the Executive Secretary to incur obligations and make payments for the execution of the budget and up to the amounts contained in the latter, unless the International Commission decides otherwise.

- 4.3 Contributions shall be available for obligations during the financial period to which they relate. Any excess of income over expenditure in a financial year, as revealed by the audited accounts at the end of the said financial year, shall be transferred to the General Fund (see Art. 6).
- 4.4 Transfers within the same chapter of the budget may be effected by the Executive Secretary and shall be reported to the International Commission.
- 4.5 Where necessary, transfers from one chapter of the budget to another within the ceiling of the approved budget may be effected by the Executive Secretary after having obtained the approval of the President of the International Commission and shall be reported to the International Commission.
- 4.6 When expenditure exceeding the ceiling of the budget as a whole or for a purpose not covered in the budget is necessary, the Executive Secretary shall consult the President of the International Commission and prepare a supplementary budget. The Executive Secretary shall send a copy of this supplementary budget to the Delegations.
- 4.7 If the provision for additional expenditure in such a supplementary budget does not exceed the amount standing to the credit of the Working Capital Fund (see Article 6) on the date when the supplementary budget is sent to the Delegations, the supplementary budget shall be deemed to be approved by the International Commission three weeks after that date, unless before the end of that day one or more Contracting Parties have notified the Executive Secretary that they cannot approve it. If every such notification is subsequently withdrawn, the budget shall be deemed to be approved on the day of the last withdrawal of such a notification. In other cases a supplementary budget shall be adopted in the same manner as an ordinary budget.
- 4.8 If by 1 December in any year the budget for the ensuing year has not been adopted, the Executive Secretary, until such time as the budget is adopted, shall be authorised to collect contributions and incur expenditure up to 25% of the contributions and chapters of the budget provided for in the current year.

5. PROVISION OF CONTRIBUTIONS

- 5.1 Each Contracting Party shall meet the expenses of its delegates and experts to meetings, unless the International Commission decides otherwise.
- 5.2 According to Annex IV Article 11 of the Convention, the total amount of the budget including any supplementary budget shall be contributed by the Contracting Parties, other than the European Community, in equal parts unless unanimously decided otherwise by the International Commission. The European Community shall contribute no more than 2.5% of the administrative costs to the budget.
- 5.3 As soon as the International Commission has approved the budget for a financial year, the Executive Secretary shall send a copy thereof to all Contracting Parties, notifying them of their contributions due for that financial year. Contributions to the budget shall be due in the currency of Austria, where the Secretariat is located, within thirty days of receipt of

the information from the Executive Secretary or on the first banking day of that financial year at the seat of the Secretariat, whichever is later. Contributions shall be received by the Secretariat by 15 February of that financial year at the latest. Contracting Parties may pay their contribution in two tranches. The first tranche of at least 60% of the total contribution shall be received by the Secretariat by 15 February at the latest. The second tranche shall be received by the Secretariat by 30 June at the latest. If a Contracting Party wishes to pay its contribution in two tranches it shall inform the ICPDR accordingly at the time when the budget is adopted.

- 5.4 Contracting Parties shall bear any bank charges arising from the transfer of funds.
- 5.5 New Contracting Parties whose membership in the International Commission becomes effective during the first six months of any year shall pay the full amount of the annual contribution. New Contracting Parties whose membership in the International Commission becomes effective during the last six months of any year shall pay half the amount of the annual contribution. The contribution shall be paid within ninety days of depositing the instrument of ratification, acceptance, approval or accession with the Depository Government.
- 5.6 The International Commission shall consider, before approving the budget for any year, what action to take in respect of any contribution or debt still owing from any Contracting Party.

6. FUNDS

- 6.1 A General Fund is established for the purpose of accumulating any surplus of income over expenditure until such time as it is disbursed following a decision of the International Commission.
- 6.2 Any cash surplus in the General Fund as revealed by audited accounts shall be used to offset the contributions of Contracting Parties in an ensuing financial year unless the International Commission decides otherwise.
- 6.3 A Working Capital Fund is established to provide reserve funds for emergency situations. The Working Capital Fund shall be restricted to a maximum level of 10% of estimated gross expenditure. It shall be maintained at the appropriate level by budget contributions.
- 6.4 Special Funds are established as:
- (a) voluntary contributions by one or several Contracting Parties in the context of projects agreed upon and carried out by the ICPDR;
 - (b) funds that the Contracting Party, holding the presidency, deposited at the Secretariat of the ICPDR for covering expenses in relation to the activities of the presidency and
 - (c) funds made available by donor organisations for project, agreed upon and carried out by the ICPDR.

7. STATEMENTS OF ACCOUNTS

7.1 The Executive Secretary shall:

- (a) maintain proper accounts and ensure effective financial control;
- (b) ensure that all payments are supported by vouchers and other documents, which ensure that the services or goods have been received and that payment has not previously been made.

7.2 The Executive Secretary shall prepare a Statement of Account at the end of each financial year. The Statement shall show the income of the International Commission and, under separate headings, expenditure. It shall also give such information as may be appropriate to indicate the current financial position of the International Commission. The Executive Secretary shall attach to the Statement of Account for each financial year an explanatory memorandum.

8. SUPPLEMENTARY FINANCIAL RESPONSIBILITIES OF THE EXECUTIVE SECRETARY

8.1 The Executive Secretary, exercising his/her financial responsibilities, shall:

- (a) establish, as required, detailed financial rules in order to ensure effective financial administration and the exercise of economy;
- (b) designate the officers who may receive moneys, incur obligations, and make payments on behalf of the International Commission; the Executive Secretary may delegate to other officials of the Secretariat such of his powers as he considers necessary for the effective implementation of these Financial Regulations;
- (c) maintain an internal audit, which shall provide for an effective current examination and/or review of financial transactions.

8.2 No member of the Secretariat shall incur any liability for expenditure without written authorisation from the Executive Secretary.

8.3 The Executive Secretary shall make suitable arrangements under which the International Commission will be protected against loss on account of the conduct of officials who may be entrusted by him with the custody and disbursement of funds of the International Commission.

9 EXTERNAL AUDIT

9.1 The International Commission shall appoint three independent auditors on the proposal of any Contracting Party. The nationality of the Auditors shall be other than the President's and the Executive Secretary's nationality. The Auditors shall be appointed for a three years period, unless the International Commission decides otherwise.

- 9.2 In exercising their responsibilities the Auditors shall take due account of the guidelines in the Annex to these Financial Rules.
- 9.3 The Auditors shall prepare a report on the accounts certified, and on any matters on which the International Commission may from time to time give specific instructions.
- 9.4 The Executive Secretary shall submit final accounts to the Auditors not later than 31 March following the end of the financial year to which the accounts relate and the Auditors shall submit their report to the International Commission not later than 30 April. The International Commission shall decide whether it accepts the accounts and on the discharge to be given to the Executive Secretary and, where applicable, to the President of the ICPDR in respect of the implementation of the budget.

10. SALARIES

- 10.1 Salary levels for the Executive Secretary and technical, administrative and support staff are decided by the International Commission. The currently applicable salary levels are given in the Staff Regulations. The International Commission shall, from time to time, review the salary levels.

11. DECISIONS INVOLVING EXPENDITURE

- 11.1 The International Commission shall not take any decision involving expenditure unless it has a report from the Executive Secretary on the administrative and financial implications of the proposal.
- 11.2 Where in the opinion of the Executive Secretary the proposed expenditure cannot be met from the existing budgetary provisions it shall not be incurred until the International Commission has made the necessary budgetary provisions in accordance with Section 4 of these Financial Rules.

12 ASSETS REGISTER

- 12.1 The Executive Secretary shall keep a register of fixed assets with a purchase price per item of more than 400 EUR.
- 12.2 The Executive Secretary may part-exchange or sell worn-out items of furniture and office equipment on the open market for the best price reasonably attainable.

ANNEX**GUIDELINES ON RESPONSIBILITIES OF THE AUDITORS**

1. The Auditors shall perform such audit as he deems necessary to certify that:
 - (a) the financial statements are in accord with the books and records of the International Commission;
 - (b) the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives;
 - (c) the moneys on deposit and on hand have been verified by certificate received direct from the International Commission's depositories or by actual count;
 - (d) the assets and liabilities of the International Commission are in accord with the books and records of the International Commission.
2. Subject to the direction of the International Commission, the Auditors shall be the sole judge as to the acceptance in whole or in part of the certifications by the Executive Secretary and may proceed to such detailed examination and verification of all financial records as they choose including those relating to supplies and equipment.
3. The Auditors and their staff shall have free access at all convenient times to all books of account and records which are, in the opinion of the Auditors, necessary for the performance of the audit. On application to the Executive Secretary, information classified in the records of the Executive Secretary as confidential, and which is required for the purposes of the audit shall be made available to the Auditors.
4. The Auditors, in addition to certifying the accounts, may make such observations as they deem necessary with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices. In no case, however, shall the Auditors include criticism in their audit report without first affording the Executive Secretary or, where applicable, the President of the ICPDR an opportunity of explanation to the Auditors of the matter under observation. Audit objections to any item in the accounts shall be immediately communicated to the President and the Executive Secretary.