

# XXXI General Assembly

## ICCROM GA31/2019

30-31 October 2019  
Rome, Italy



### **Document GA31/14.4: For Adoption**

#### **Title: Revision of ICCROM's Financial Regulations**

#### **Summary**

At its 85th session in November 2015, the ICCROM Council requested that the Secretariat change its financial accounting system towards IPSAS. ICCROM has been working with PricewaterhouseCoopers to bring ICCROM into IPSAS compliance by the end of 2019. One of the areas that needed revision to reach IPSAS compliance was a re-examination of ICCROM's Financial Regulations. This document represents a proposal for revision of the Financial Regulations as a step towards IPSAS compliance.

The main document contains a clean version of the proposed revised Financial Regulations for recommendation by the Council and adoption by the General Assembly. For ease of use, Annex 1 includes a color-coded table, showing the current Financial Regulations coded to show those regulations that do not need modification, those that are recommended to be modified, and those that are recommended to be deleted. Modified text is also shown in this table (so it can be compared to the existing text) as are necessary additions. This annex also provides some suggestions for future work on regulations and policies that are considered useful. Annex 2 is a clean version of the current Financial Regulations.

#### **Action required**

The General Assembly is requested to:

1. Adopt the proposed Financial Regulations in order for ICCROM to be compliant with IPSAS in the new biennium.
2. Request the Finance and Audit Committee of the Council to review these Financial Regulations and suggestions by PricewaterhouseCoopers and to recommend any eventual modifications or additions for consideration of the Council and the General Assembly at future sessions.

## Introduction

At its 85th session in November 2015, the ICCROM Council requested that the Secretariat “change its financial accounting system towards IPSAS, which is used by most other U.N. organizations including UNESCO.” As a response to this request, in 2018, a contract was made between ICCROM and PricewaterhouseCoopers to bring ICCROM into IPSAS compliance by the end of 2019.

One of the areas that needed revision to reach IPSAS compliance was a re-examination of ICCROM’s Financial Regulations which had been adopted by ICCROM’s Provisional Council in its 2nd Session in April 1959, and revised by the General Assembly in April 2000. PricewaterhouseCoopers undertook this work in August 2019, and this document represents proposals for the revision of the Financial Regulations as a step towards IPSAS compliance.

The main changes in the document include the adoption of a new structure of a two-year budget period and a one-year financial period, the use of more precise terminology, a more direct reference to the use of the Financial Reserves, references to the need for financial statements to be prepared in accordance with IPSAS, and the deletion of an annex containing the terms of reference governing audits. This last change is suggested since audits will now be prepared in accordance with IPSAS and will not need a separate, stand-alone terms of reference.

The main document contains a clean version of the proposed revised Financial Regulations for recommendation by the Council and adoption by the General Assembly as mandated in the ICCROM Statutes (see Article 5.2(j) for Council and Article 4.2(h) for the General Assembly). Upon adoption by the General Assembly, the revised Financial Regulations would be a necessary step in reaching IPSAS compliance by the end of 2019 .

For ease of use by the Council and General Assembly, Annex 1 includes a color-coded table, showing the current Financial Regulations coded to show those regulations that do not need modification, those that are recommended to be modified, and those that are recommended to be deleted. Modified text is also shown in this table (so it can be compared to the existing text) as are necessary additions. This annex also provides some suggestions for future work on regulations and policies that are considered useful.

Also for ease of use, Annex 2 is included which is a clean version of the current Financial Regulations.

Following approval of the General Assembly of these Financial Regulations to put ICCROM in compliance with IPSAS, the General Assembly may wish to request the Council’s Audit and Finance Committee to review the Financial Regulations in case there are additional issues to be considered. These may include, but not be limited to, the suggested regulation on the characteristics of investments, and a separate written policy that establishes the powers of the Director-General in case ICCROM would be subject to an extraordinary position. Any recommended modifications or additions could then be brought back first to Council for advice and to the General Assembly for adoption at its next meeting.

## **[PROPOSED] FINANCIAL REGULATIONS**

**Proposed for Recommendation of the ICCROM Council and Adoption by the General Assembly in October 2019 based on versions adopted by the Provisional Council in its 2<sup>nd</sup> Session – 16-18 April 1959 and the General Assembly in April 2000.**

### **Article I – Applicability**

- 1.1 These Regulations shall govern the financial administration of the International Centre for the Study of the Preservation and Restoration of Cultural Property, hereinafter called ICCROM, and shall be interpreted in accordance with the Statutes of ICCROM.

### **Article II – Budget Period and Financial Period**

- 2.1 The budget period shall be two consecutive calendar years, from 1 January of the first year until 31 December of the following year.
- 2.2 The financial period shall be one calendar year, from 1 January until 31 December.
- 2.3 The budget period shall include two financial periods.

### **Article III – Budget**

- 3.1 The Director-General of ICCROM shall establish the draft budget for the budget period. The draft budget shall include the prospective financial information related to each of the two financial periods covered by the budget.
- 3.2 The budgetary estimates shall include income and expenditure for the relative financial period and shall be presented in the currency approved by the General Assembly.
- 3.3 The Council shall examine and approve the draft budget to be submitted to the General Assembly.
- 3.4 The draft budget shall be communicated to all Member States of ICCROM at least sixty days prior to the opening of the session of the General Assembly in which it is to be considered.
- 3.5 The General Assembly shall examine and approve the budget.

### **Article IV – Appropriations**

- 4.1 The appropriations voted by the General Assembly shall constitute an authorization to the Director-General to incur obligations and make payments for the purposes for which the appropriations were voted, and up to the amounts so voted.
- 4.2 Appropriations shall remain available for a period of twelve months following the end of the budget period to which they relate, to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period, and to liquidate any other regularly outstanding obligations not yet discharged during the financial period.
- 4.3 The usage of unobligated funds from previous financial periods shall be determined in the budget resolution.

- 4.4 Transfers within the total amount appropriated may be made to the extent permitted by the terms of the budget resolution adopted by the General Assembly.

#### **Article V - Provision of Funds: Regular Budget**

- 5.1 The appropriation shall be financed by the contributions from Member States according to the scale of assessments determined by the General Assembly.
- 5.2 After the General Assembly has adopted the Budget, the Director-General shall:
- a) transmit all relevant documents to the Member States of ICCROM;
  - b) inform Member States of the amount of their commitments in respect of contributions to the Budget;
  - c) invite them to remit the amount of the first instalment of their contribution relative to the first calendar year of the budget period.
- 5.3 At the end of the first calendar year of the budget period, the Director-General shall invite the Member States to remit the amount of the second instalment of their contribution relative to the second calendar year of the budget period.
- 5.4 The contributions shall be due and payable within thirty days of the receipt of the communications of the Director-General referred to in paragraphs 5.2 and 5.3 above or as of the first day of the year to which they relate, if this year begins after the expiration of the thirty days. As of 1 January of the following year, the unpaid balance of such contributions shall be considered to be one year in arrears.
- 5.5 Contributions to the budget shall be assessed and paid in a currency or currencies to be determined by the General Assembly.
- 5.6 Payments made by a Member State shall be credited to the contributions due according to the assessment rates, in the order in which the Member was assessed or according to a payment plan approved by the General Assembly.
- 5.7 The Director-General shall submit to the ordinary session of the General Assembly a report on the collection of contributions.
- 5.8 For the biennium in which they are admitted, new Member States shall be required to pay a contribution calculated on a pro-rata basis.

#### **Article VI – Use of Reserves**

- 6.1 The Director-General may establish when and how to use ICCROM's reserves in case of extraordinary events that cannot be covered using funds from Regular Budgets.
- 6.2 The Director-General shall inform the Council about the use of ICCROM's reserves.

#### **Article VII - Other Income**

- 7.1 Other income includes:
- a) Voluntary Contributions, restricted or unrestricted;
  - b) direct reimbursements of expenditures made during the financial period;
  - c) advances or deposits to funds;
  - d) miscellaneous income.
- 7.2 The Director-General may accept voluntary contributions, whether or not in cash, provided that the purposes for which the contribution is made are consistent with the principles, aims and activities of ICCROM ("restricted Voluntary Contributions"). Should the acceptance of

- such contributions directly or indirectly impose an additional financial liability for ICCROM, the Director-General will so inform the Chairperson of Council and seek his/her advice.
- 7.3 The Director-General shall establish the proper appropriation of Voluntary Contributions that are not restricted for their use (“unrestricted Voluntary Contributions”).

#### **Article VIII – Custody of Financial Resources**

- 8.1 The Director-General shall designate the bank or banks in which the funds of ICCROM will be kept.

#### **Article IX – Investment of Financial Resources**

- 9.1 The Director-General is authorized to make non-risk, short-term investments of moneys not needed for immediate requirements; he shall inform the Council periodically of such investments which he has made.
- 9.2 Income derived from investments shall be credited to the miscellaneous income.

#### **Article X - Internal Control**

- 10.1 The Director-General shall:
- a) establish detailed financial rules and procedures, including the design of controls, in order to ensure effective financial administration and the exercise of economy and the compliance with the accounting framework adopted by the Organization as indicated in paragraph 11.2;
  - b) establish the proper delegation of authority regarding payments to be made, obligations to incur and amounts to be received on behalf of ICCROM.
- 10.2 The Director-General may, after full investigation, authorize the writing off of losses of cash, reserves and other assets.

#### **Article XI - The Accounts and the Accounting Framework**

- 11.1 The Director-General shall maintain such accounting records as are necessary and shall submit accounts showing for the financial period to which they relate.
- 11.2 The Director-General shall prepare the annual draft financial statements in accordance with International Public Sector Accounting Standard (IPSAS).
- 11.3 The accounts of ICCROM shall be kept (presented) in the currency approved by the General Assembly. Accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary.
- 11.4 The Director-General shall submit the accounts to the External Auditor together with the draft annual financial statements.
- 11.5 The accounting records shall be kept at ICCROM’s premises for a period of 10 years after the end of the related financial period.

#### **Article XII - External Audit**

- 12.1 One auditor shall be appointed by the Council. The auditor cannot be removed except by the Council or in extraordinary circumstances by the General Assembly.
- 12.2 The audit shall be conducted in accordance with the International Standard of Audit (ISAs).

- 12.3 For the purpose of making a local or special examination, the auditor(s) may engage the services of public auditors of known repute, subject to the budgetary dispositions concerning such audit.
- 12.4 The audit opinion released by the external auditor together with the accompanying draft annual financial statements prepared by the Director-General shall be at the disposal of the Council before 1 May following the end of the financial period to which the accounts relate.
- 12.5 The annual audited financial statements shall be approved by the Council by the end of November following the end of the financial period to which the accounts relate.
- 12.6 The Council shall present to the General Assembly the approved financial statements. The auditor may be present when the General Assembly examines the approved financial statements.

### **Article XIII - General provisions**

- 13.1 These Regulations shall be effective as of the date of their approval by the General Assembly; they may be amended only by the General Assembly.
- 13.2 In case of doubt as to the interpretation and application of any of the foregoing Regulations, the Director-General is authorized to decide.

### **Article XIV - Special provision**

- 14.1 The conditions of application of these Regulations, established by the Director-General, shall be communicated to the Council for approval.

## **ANNEX 1: PwC Analysis of ICCROM's Financial Regulations**

The following document shows PricewaterhouseCoopers analysis of ICCROM's financial regulations including recommendations for changes to make them compliant with IPSAS.

### **Color Code:**

**Green** – No changes recommended

**Yellow** – Recommended for modification

**Red** – Recommended for deletion

**Blue** – Additional suggestions for future consideration

Text with no color represents modified or new text

## Financial Regulations

**As revised and approved by the General Assembly in April 2000 based on version adopted by the Provisional Council in its 2<sup>nd</sup> Session – 16-18 April 1959**

Current Version	Proposed Version (2019)
<b>Article I – Applicability</b>	<b>Article I – Applicability</b>
1.1 These Regulations shall govern the financial administration of the International Centre for the Study of the Preservation and Restoration of Cultural Property, hereinafter called ICCROM, and shall be interpreted in accordance with the Statutes of ICCROM.	1.1 These Regulations shall govern the financial administration of the International Centre for the Study of the Preservation and Restoration of Cultural Property, hereinafter called ICCROM, and shall be interpreted in accordance with the Statutes of ICCROM.
<b>Article II - Financial Period</b>	<b>Article II – Budget Period and Financial Period</b>
2.1 The financial period shall be two consecutive calendar years, from 1 January of the first year until 31 December of the following year. The first financial period will be from 10 May 1958 to 31 December 1959.	2.1 The budget period shall be two consecutive calendar years, from 1 January of the first year until 31 December of the following year.
	2.2 The financial period shall be one calendar year, from 1 January until 31 December.
	2.3 The budget period shall include to two financial periods.
<b>Article III – Budget</b>	<b>Article III - Budget</b>
3.1 The Director-General of ICCROM shall establish the draft budget for the financial period.	3.1 The Director-General of ICCROM shall establish the draft budget for the budget period. The draft budget shall include the prospective financial information related to each of the two financial periods covered by the budget.
3.2 The budgetary estimates shall include income and expenditure for the relative financial period and shall be presented in the currency approved by the General Assembly.	3.2 The budgetary estimates shall include income and expenditure for the relative financial period and shall be presented in the currency approved by the General Assembly.
3.3 The Council shall examine and approve the draft budget to be submitted to the General Assembly.	3.3 The Council shall examine and approve the draft budget to be submitted to the General Assembly.
3.4 The draft budget shall be communicated to all Member States of ICCROM at least sixty days prior to the opening of the session of the General Assembly in which it is to be considered.	3.4 The draft budget shall be communicated to all Member States of ICCROM at least sixty days prior to the opening of the session of the General Assembly in which it is to be considered.
3.5 The General Assembly shall examine and approve the budget.	3.5 The General Assembly shall examine and approve the budget.
<b>Article IV - Appropriations</b>	<b>Article IV - Appropriations</b>
4.1 The appropriations voted by the General Assembly shall constitute an authorization to the Director-General to incur obligations and make payments for the purposes for which the appropriations were voted, and up to the amounts so voted.	4.1 The appropriations voted by the General Assembly shall constitute an authorization to the Director-General to incur obligations and make payments for the purposes for which the appropriations were voted, and up to the amounts so voted.



4.2 Appropriations shall remain available for a period of twelve months following the end of the financial period to which they relate, to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period, and to liquidate any other regularly outstanding obligations not yet discharged during the financial period.	4.2 Appropriations shall remain available for a period of twelve months following the end of the budget period to which they relate, to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period, and to liquidate any other regularly outstanding obligations not yet discharged during the financial period.
4.3 The usage of unobligated funds from previous financial periods shall be determined in the budget resolution.	4.3 The usage of unobligated funds from previous financial periods shall be determined in the budget resolution.
4.4 Transfers within the total amount appropriated may be made to the extent permitted by the terms of the budget resolution adopted by the General Assembly.	4.4 Transfers within the total amount appropriated may be made to the extent permitted by the terms of the budget resolution adopted by the General Assembly.
<b>Article V - Provision of Funds</b>	<b>Article V - Provision of Funds: Regular Budget</b>
5.1 The appropriation shall be financed by the contributions from Member States according to the scale of assessments determined by the General Assembly.	5.1 The appropriation shall be financed by the contributions from Member States according to the scale of assessments determined by the General Assembly.
5.2 After the General Assembly has adopted the Budget, the Director-General shall:	5.2 After the General Assembly has adopted the Budget, the Director-General shall:
(a) transmit all relevant documents to the Member States of ICCROM;	(a) transmit all relevant documents to the Member States of ICCROM;
(b) inform Member States of the amount of their commitments in respect of contributions to the Budget;	(b) inform Member States of the amount of their commitments in respect of contributions to the Budget;
(c) invite them to remit the amount of the first instalment of their contribution relative to the first calendar year of the financial period.	(c) invite them to remit the amount of the first instalment of their contribution relative to the first calendar year of the budget period.
5.3 At the end of the first calendar year of the financial period, the Director-General shall invite the Member States to remit the amount of the second instalment of their contribution relative to the second calendar year of the financial period.	5.3 At the end of the first calendar year of the budget period, the Director-General shall invite the Member States to remit the amount of the second instalment of their contribution relative to the second calendar year of the budget period.
5.4 The contributions shall be due and payable within thirty days of the receipt of the communications of the Director-General referred to in paragraphs 5.2 and 5.3 above or as of the first day of the year to which they relate, if this year begins after the expiration of the thirty days. As of 1 January of the following year, the unpaid balance of such contributions shall be considered to be one year in arrears.	5.4 The contributions shall be due and payable within thirty days of the receipt of the communications of the Director-General referred to in paragraphs 5.2 and 5.3 above or as of the first day of the year to which they relate, if this year begins after the expiration of the thirty days. As of 1 January of the following year, the unpaid balance of such contributions shall be considered to be one year in arrears.
5.5 Contributions to the budget shall be assessed and paid in a currency or currencies to be determined by the General Assembly.	5.5 Contributions to the budget shall be assessed and paid in a currency or currencies to be determined by the General Assembly.
5.6 Payments made by a Member State shall be credited to the contributions due according to the assessment rates, in the order in which the Member was assessed or according to a payment plan approved by the General Assembly.	5.6 Payments made by a Member State shall be credited to the contributions due according to the assessment rates, in the order in which the Member was assessed or according to a payment plan approved by the General Assembly.
5.7 The Director-General shall submit to the ordinary session of the General Assembly a report on the collection of contributions.	5.7 The Director-General shall submit to the ordinary session of the General Assembly a report on the collection of contributions.
5.8 For the biennium in which they are admitted, new Member States shall be required to pay a contribution calculated on a pro-rata basis.	5.8 For the biennium in which they are admitted, new Member States shall be required to pay a contribution calculated on a pro-rata basis.

<b>Article VI – Funds</b>	<b>Article VI – Use of Reserves</b>
6.1 There shall be established a general fund for the purpose of accounting for the expenditures of ICCROM. The contributions paid by the Member States, according to the provisions of paragraph 5.1 and the miscellaneous income shall be credited to the general fund.	6.1 The Director-General may establish when and how to use ICCROM's reserves in case of extraordinary events that cannot be covered using funds from Regular Budgets.
6.2 Income derived from investments of capital shall be credited to miscellaneous income.	6.2 The Director-General shall inform the Council about the use of ICCROM's reserves.
6.3 The Director-General may establish trust funds, reserve accounts and special accounts; these shall be reported to the Council.	
6.4 The Director-General shall determine the purpose and specific use for each trust fund, reserve fund and special fund. Unless otherwise provided, such funds shall be administered in accordance with the present Financial Regulations.	
<b>Article VII - Other Income</b>	<b>Article VII - Other Income</b>
7.1 All other income except: (a) contributions to the Budget; (b) direct reimbursements of expenditures made during the financial period; (c) advances or deposits to funds; shall be classified as miscellaneous income, for credit to the general fund.	7.1 Other income include: (a) Voluntary Contributions, restricted or unrestricted; (b) direct reimbursements of expenditures made during the financial period; (c) advances or deposits to funds (d) miscellaneous income.
7.2 The Director-General may accept voluntary contributions, whether or not in cash, provided that the purposes for which the contribution is made are consistent with the principles, aims and activities of ICCROM. Should the acceptance of such contributions directly or indirectly impose an additional financial liability for ICCROM, the Director-General will so inform the Chairperson of Council and seek his/her advice.	7.2 The Director-General may accept voluntary contributions, whether or not in cash, provided that the purposes for which the contribution is made are consistent with the principles, aims and activities of ICCROM ("restricted Voluntary Contributions"). Should the acceptance of such contributions directly or indirectly impose an additional financial liability for ICCROM, the Director-General will so inform the Chairperson of Council and seek his/her advice.
7.3 Moneys accepted for purposes specified by the donor shall be treated as Trust Funds or Special Funds under paragraph 6.3.	7.3 The Director-General shall establish the proper appropriation of Voluntary Contributions that are not restricted for their use ("unrestricted Voluntary Contributions").
7.4 Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the annual accounts.	
<b>Article VIII - Custody of Funds</b>	<b>Article VIII – Custody of Financial Resources</b>
8.1 The Director-General shall designate the bank or banks in which the funds of ICCROM will be kept.	8.2 The Director-General shall designate the bank or banks in which the funds of ICCROM will be kept.
<b>Article IX - Investment of Funds</b>	<b>Article IX – Investment of Financial Resources</b>
9.1 The Director-General is authorized to make non-risk, short-term investments of moneys not needed for immediate requirements; he shall inform the Council periodically of such investments which he has made.	9.1 The Director-General is authorized to make non-risk, short-term investments of moneys not needed for immediate requirements; he shall inform the Council periodically of such investments which he has made.
	<i>Suggestion: prepare a written rule that specifies other</i>

	<i>characteristics of investments, such as bank rating, kind of investments that are allowed and not allowed etc.</i>
9.2 Income derived from investments shall be credited to the miscellaneous income.	9.2 Income derived from investments shall be credited to the miscellaneous income.
<b>Article X - Internal Control</b>	<b>Article X - Internal Control</b>
10.1 The Director-General shall:	10.1 The Director-General shall:
(a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;	(a) establish detailed financial rules and procedures, including the design of controls, in order to ensure effective financial administration and the exercise of economy and the compliance with the accounting framework adopted by the Organization as indicated in paragraph 11.2;
(b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payment has not previously been made;	
(c) designate the officers who may receive moneys, incur obligations and make payments on behalf of ICCROM;	(b) establish the proper delegation of authority regarding payments to be made, obligations to incur and amounts to be received on behalf of ICCROM.
10.2 The Director-General may make such 'ex gratia' payments as he deems to be necessary in the interest of ICCROM, provided that a statement of such payments shall be submitted to the General Assembly with the accounts.	<i>Suggestion: include in a separate document about the powers of the DG (see below)</i>
10.3 The Director-General may, after full investigation, authorize the writing off of losses of cash, reserves and other assets, provided that a statement of all such amounts shall be submitted to the External Auditor with the accounts.	10.2 The Director-General may, after full investigation, authorize the writing off of losses of cash, reserves and other assets.  <i>Suggestion: prepare a separate written document or policy that establishes the powers of the Director-General in case ICCROM would be subject to an extraordinary position (i.e. cash losses higher than 50% of the net assets) and in particular when it is necessary to have the involvement of the Council (i.e. in regard to risk of going concern.)</i>
<b>Article XI - The Accounts</b>	<b>Article XI - The Accounts and the Accounting Framework</b>
11.1 The Director-General shall maintain such accounting records as are necessary and shall submit accounts showing for the financial period to which they relate;	11.1 The Director-General shall maintain such accounting records as are necessary and shall submit accounts showing for the financial period to which they relate.
a) the income and expenditure of all funds;	11.2 The Director-General shall prepare the annual draft financial statements in accordance with International Public Sector Accounting Standard (IPSAS).
b) the status of appropriations, including:	
1. the original budget appropriations;	
2. the appropriations as modified by any transfers;	
3. credits, if any, other than the appropriations voted by the General Assembly;	
4. the amounts charged against those appropriations and/or other credits;	
c) the assets and liabilities of ICCROM;	

11.2 The accounts of ICCROM shall be kept (presented) in the currency approved by the General Assembly. Accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary.	11.3 The accounts of ICCROM shall be kept (presented) in the currency approved by the General Assembly. Accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary.
11.3 Appropriate separate accounts shall be maintained for all trust funds and special funds.	
11.4 The Director-General shall submit the accounts to the External Auditor not later than 31 March following the end of the year to which they relate.	11.4 The Director-General shall submit the accounts to the External Auditor together with the draft annual financial statements.
11.5 The accounting records shall be kept at ICCROM's premises for a period of 10 years after the end of the related financial period.	11.5 The accounting records shall be kept at ICCROM's premises for a period of 10 years after the end of the related financial period.
<b>Article XII - External Audit</b>	<b>Article XII - External Audit</b>
12.1 One or more auditors shall be appointed by the Council. The auditor(s) cannot be removed except by the General Assembly or by the Council.	12.1 One auditor shall be appointed by the Council. The auditor cannot be removed except by the Council or in extraordinary circumstances by the General Assembly.
12.2 The audit shall be conducted in accordance with the principles set out in the annex to the present Regulations, subject to any special directions of the General Assembly.	12.2 The audit shall be conducted in accordance with the International Standard of Audit (ISAs).
12.3 For the purpose of making a local or special examination, the auditor(s) may engage the services of public auditors of known repute, subject to the budgetary dispositions concerning such audit.	12.3 For the purpose of making a local or special examination, the auditor(s) may engage the services of public auditors of known repute, subject to the budgetary dispositions concerning such audit.
12.4 The auditor(s) shall present the report made to the General Assembly, in such a way that it be at the disposal of the Council before 1 May following the end of the financial period to which the accounts relate. If appropriate, the Council shall present to the General Assembly its observations on the audit report. The auditor(s) may be present when the General Assembly examines the audit report.	12.4 The audit opinion released by the external auditor together with the accompanying draft annual financial statements prepared by the Director-General shall be at the disposal of the Council before 1 May following the end of the financial period to which the accounts relate.
	12.5 The annual audited financial statements shall be approved by the Council by the end of November following the end of the financial period to which the accounts relate.
	12.6 The Council shall present to the General Assembly the approved financial statements. The auditor may be present when the General Assembly examines the approved financial statements.
<b>Article XIII - General Provisions</b>	<b>Article XIII - General Provisions</b>
13.1 These Regulations shall be effective as of the date of their approval by the General Assembly; they may be amended only by the General Assembly.	13.1 These Regulations shall be effective as of the date of their approval by the General Assembly; they may be amended only by the General Assembly.
13.2 In case of doubt as to the interpretation and application of any of the foregoing Regulations, the Director-General is authorized to decide.	13.2 In case of doubt as to the interpretation and application of any of the foregoing Regulations, the Director-General is authorized to decide.
<b>Article XIV - Special Provision</b>	<b>Article XIV - Special Provision</b>
14. The conditions of application of these Regulations, established by the Director-General, shall be communicated to the Council for approval.	14. The conditions of application of these Regulations, established by the Director-General, shall be communicated to the Council for approval.

<b>Terms of reference governing the audit</b>	
<b>(Article XII of the Financial Regulations)</b>	
1. In accordance with International Standards on Auditing, the auditor or auditors shall perform such audit of the accounts of ICCROM, including all special accounts, as he/they deem(s) useful for the purpose of certifying:	
(a) That the financial statements are in accord with the books and records of ICCROM, in accordance with International Accounting Standards;	
(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 certificates received directly from ICCROM's depositories or by actual count.	
2. Subject to the provisions of the General Assembly, the auditor(s) shall be the sole judge(s) as to the acceptance in whole or in part of the justifications provided by the Secretariat and may proceed to such detailed examination and verification as he chooses of all financial records including those relating to supplies and equipment.	
3. The auditor(s) shall have free access at all convenient times to all books, statements of accounts which are, in his/their opinion, necessary for the performance of the audit. Information classified as confidential in the archives of the Secretariat and which is required for the purposes of the audit shall be made available by the Director-General upon request.	
4. Besides audit, the auditors may formulate observations which they judge useful for the efficiency of the accountancy system, the book-keeping, the internal financial controls, and in general for the budgetary implications of administrative practice.	
5. In no case shall the auditors include criticism in their audit report without first affording the Secretariat an adequate opportunity of explanation on the matter under observation. Any disagreement arising during the audit of the accounts shall be immediately communicated to the Director-General.	
6. The auditors shall prepare a report on the certified accounts, which should mention:	
(a) the extent and nature of the performed audit, and of any important modification in the accounts	
(b) matters affecting the completeness or accuracy of the accounts, including:	
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. Expenditures not properly substantiated;	
(c) other matters which must be brought to the notice of the General Assembly such as:	
i. Cases of fraud or presumptive fraud;	
ii. Wasteful or improper expenditure of ICCROM's money or other assets (notwithstanding that the accounting for the transaction may be correct);	
iii. Expenditure likely to commit ICCROM 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. Expenditures in excess of appropriation 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 the inventory and the examination of the records.	
In addition, the reports may contain reference to:	
(e) Transactions accounted for in a previous financial period concerning which further information has been obtained or transactions in a later financial period concerning which it seems desirable that the General Assembly should have early knowledge.	
7. The auditor or auditors shall certify the financial records as being exact in the following terms:	
"The financial statements of ICCROM for the financial period terminating 31 December ... have been verified in accordance with the received instructions. We have collected all information and explanations required and we certify, following this audit, that in our opinion the financial statements are exact."	
with the addition, when required:	
"subject to the observations presented in our report."	
8. The auditor(s) have no power to disallow items in the accounts, but shall draw to the attention of the Director-	

General for appropriate action by the Secretariat any transaction concerning which they entertain doubt as to legality or propriety.	
9. A representative of the auditor or auditors may be requested to be present when the General Assembly examines the financial report.	

# ICCROM FINANCIAL REGULATIONS

*(as approved by the General Assembly, 5-7 April 2000)*



## **Financial Regulations**

**As revised and approved by the General Assembly in April 2000 based on version adopted by the Provisional Council in its 2<sup>nd</sup> Session – 16-18 April 1959**

### **Article I - Applicability**

- 1.1 These Regulations shall govern the financial administration of the International Centre for the Study of the Preservation and Restoration of Cultural Property, hereinafter called ICCROM, and shall be interpreted in accordance with the Statutes of ICCROM.

### **Article II - Financial Period**

- 2.1 The financial period shall be two consecutive calendar years, from 1 January of the first year until 31 December of the following year. The first financial period will be from 10 May 1958 to 31 December 1959.

### **Article III - Budget**

- 3.1 The Director-General of ICCROM shall establish the draft budget for the financial period.
- 3.2 The budgetary estimates shall include income and expenditure for the relative financial period and shall be presented in the currency approved by the General Assembly.
- 3.3 The Council shall examine and approve the draft budget to be submitted to the General Assembly.
- 3.4 The draft budget shall be communicated to all Member States of ICCROM at least sixty days prior to the opening of the session of the General Assembly in which it is to be considered.
- 3.5 The General Assembly shall examine and approve the budget.

### **Article IV - Appropriations**

- 4.1 The appropriations voted by the General Assembly shall constitute an authorization to the Director-General to incur obligations and make payments for the purposes for which the appropriations were voted, and up to the amounts so voted.

- 4.2 Appropriations shall remain available for a period of twelve months following the end of the financial period to which they relate, to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period, and to liquidate any other regularly outstanding obligations not yet discharged during the financial period.
- 4.3 The usage of unobligated funds from previous financial periods shall be determined in the budget resolution.
- 4.4 Transfers within the total amount appropriated may be made to the extent permitted by the terms of the budget resolution adopted by the General Assembly.

#### **Article V - Provision of funds**

- 5.1 The appropriation shall be financed by the contributions from Member States according to the scale of assessments determined by the General Assembly.
- 5.2 After the General Assembly has adopted the Budget, the Director-General shall:
  - (a) transmit all relevant documents to the Member States of ICCROM;
  - (b) inform Member States of the amount of their commitments in respect of contributions to the Budget;
  - (c) invite them to remit the amount of the first instalment of their contribution relative to the first calendar year of the financial period.
- 5.3 At the end of the first calendar year of the financial period, the Director-General shall invite the Member States to remit the amount of the second instalment of their contribution relative to the second calendar year of the financial period.
- 5.4 The contributions shall be due and payable within thirty days of the receipt of the communications of the Director-General referred to in paragraphs 5.2 and 5.3 above or as of the first day of the year to which they relate, if this year begins after the expiration of the thirty days. As of 1 January of the following year, the unpaid balance of such contributions shall be considered to be one year in arrears.
- 5.5 Contributions to the budget shall be assessed and paid in a currency or currencies to be determined by the General Assembly.
- 5.6 Payments made by a Member State shall be credited to the contributions due according to the assessment rates, in the order in which the Member was assessed or according to a payment plan approved by the General Assembly.
- 5.7 The Director-General shall submit to the ordinary session of the General Assembly a report on the collection of contributions.

- 5.8 For the biennium in which they are admitted, new Member States shall be required to pay a contribution calculated on a pro-rata basis.

## **Article VI - Funds**

- 6.1 There shall be established a general fund for the purpose of accounting for the expenditures of ICCROM. The contributions paid by the Member States, according to the provisions of paragraph 5.1 and the miscellaneous income shall be credited to the general fund.
- 6.2 Income derived from investments of capital shall be credited to miscellaneous income.
- 6.3 The Director-General may establish trust funds, reserve accounts and special accounts; these shall be reported to the Council.
- 6.4 The Director-General shall determine the purpose and specific use for each trust fund, reserve fund and special fund. Unless otherwise provided, such funds shall be administered in accordance with the present Financial Regulations.

## **Article VII - Other income**

- 7.1 All other income except: (a) contributions to the Budget; (b) direct reimbursements of expenditures made during the financial period; (c) advances or deposits to funds; shall be classified as miscellaneous income, for credit to the general fund.
- 7.2 The Director-General may accept voluntary contributions, whether or not in cash, provided that the purposes for which the contribution is made are consistent with the principles, aims and activities of ICCROM. Should the acceptance of such contributions directly or indirectly impose an additional financial liability for ICCROM, the Director-General will so inform the Chairperson of Council and seek his/her advice.
- 7.3 Moneys accepted for purposes specified by the donor shall be treated as Trust Funds or Special Funds under paragraph 6.3.
- 7.4 Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the annual accounts.

## **Article VIII - Custody of funds**

- 8.1 The Director-General shall designate the bank or banks in which the funds of ICCROM will be kept.

## **Article IX - Investment of funds**

- 9.1 The Director-General is authorized to make non-risk short-term investments of moneys not needed for immediate requirements; he shall inform the Council periodically of such investments which he has made.
- 9.2 Income derived from investments shall be credited to the miscellaneous income.

## **Article X - Internal control**

- 10.1 The Director-General shall:
- (a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;
  - (b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payment has not previously been made;
  - (c) designate the officers who may receive moneys, incur obligations and make payments on behalf of ICCROM;
- 10.2 The Director-General may make such 'ex gratia' payments as he deems to be necessary in the interest of ICCROM, provided that a statement of such payments shall be submitted to the General Assembly with the accounts.
- 10.3 The Director-General may, after full investigation, authorize the writing off of losses of cash, reserves and other assets, provided that a statement of all such amounts shall be submitted to the External Auditor with the accounts.

## **Article XI - The accounts**

- 11.1 The Director-General shall maintain such accounting records as are necessary and shall submit accounts showing for the financial period to which they relate:
- a) the income and expenditure of all funds;
  - b) the status of appropriations, including:
    - 1. the original budget appropriations;
    - 2. the appropriations as modified by any transfers;
    - 3. credits, if any, other than the appropriations voted by the General Assembly;
    - 4. the amounts charged against those appropriations and/or other credits;

c) the assets and liabilities of ICCROM.

- 11.2 The accounts of ICCROM shall be kept (presented) in the currency approved by the General Assembly. Accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary.
- 11.3 Appropriate separate accounts shall be maintained for all trust funds and special funds.
- 11.4 The Director-General shall submit the accounts to the External Auditor not later than 31 March following the end of the year to which they relate.
- 11.5 The accounting records shall be kept at ICCROM=s premises for a period of 10 years after the end of the related financial period.

## **Article XII - External audit**

- 12.1 One or more auditors shall be appointed by the Council. The auditor(s) cannot be removed except by the General Assembly or by the Council.
- 12.2 The audit shall be conducted in accordance with the principles set out in the annex to the present Regulations, subject to any special directions of the General Assembly.
- 12.3 For the purpose of making a local or special examination, the auditor(s) may engage the services of public auditors of known repute, subject to the budgetary dispositions concerning such audit.
- 12.4 The auditor(s) shall present the report made to the General Assembly, in such a way that it be at the disposal of the Council before 1 May following the end of the financial period to which the accounts relate. If appropriate, the Council shall present to the General Assembly its observations on the audit report. The auditor(s) may be present when the General Assembly examines the audit report.

## **Article XIII - General provisions**

- 13.1 These Regulations shall be effective as of the date of their approval by the General Assembly; they may be amended only by the General Assembly.
- 13.2 In case of doubt as to the interpretation and application of any of the foregoing Regulations, the Director-General is authorized to decide.

## **Article XIV - Special provision**

14. The conditions of application of these Regulations, established by the Director-General, shall be communicated to the Council for approval.

### **Terms of reference governing the audit** (Article XII of the Financial Regulations)

1. In accordance with International Standards on Auditing, the auditor or auditors shall perform such audit of the accounts of ICCROM, including all special accounts, as he/they deem(s) useful for the purpose of certifying:
  - (a) That the financial statements are in accord with the books and records of ICCROM, in accordance with International Accounting Standards;
  - (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 certificates received directly from ICCROM's depositories or by actual count.
2. Subject to the provisions of the General Assembly, the auditor(s) shall be the sole judge(s) as to the acceptance in whole or in part of the justifications provided by the Secretariat and may proceed to such detailed examination and verification as he chooses of all financial records including those relating to supplies and equipment.
3. The auditor(s) shall have free access at all convenient times to all books, statements of accounts which are, in his/their opinion, necessary for the performance of the audit. Information classified as confidential in the archives of the Secretariat and which is required for the purposes of the audit shall be made available by the Director-General upon request.
4. Besides audit, the auditors may formulate observations which they judge useful for the efficiency of the accountancy system, the book-keeping, the internal financial controls, and in general for the budgetary implications of administrative practice.
5. In no case shall the auditors include criticism in their audit report without first affording the Secretariat an adequate opportunity of explanation on the matter under observation. Any disagreement arising during the audit of the accounts shall be immediately communicated to the Director-General.
6. The auditors shall prepare a report on the certified accounts, which should mention:
  - (a) the extent and nature of the performed audit, and of any important modification in the accounts;
  - (b) matters affecting the completeness or accuracy of the accounts, including:
    - 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. Expenditures not properly substantiated;
- (c) other matters which must be brought to the notice of the General Assembly such as:
  - i. Cases of fraud or presumptive fraud;
  - ii. Wasteful or improper expenditure of ICCROM's money or other assets (notwithstanding that the accounting for the transaction may be correct);
  - iii. Expenditure likely to commit ICCROM 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. Expenditures in excess of appropriation 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 the inventory and the examination of the records.

In addition, the reports may contain reference to:

- (e) Transactions accounted for in a previous financial period concerning which further information has been obtained or transactions in a later financial period concerning which it seems desirable that the General Assembly should have early knowledge.
7. The auditor or auditors shall certify the financial records as being exact in the following terms:

"The financial statements of ICCROM for the financial period terminating 31 December ... have been verified in accordance with the received instructions. We have collected all information and explanations required and we certify, following this audit, that in our opinion the financial statements are exact."

with the addition, when required:

"subject to the observations presented in our report."

8. The auditor(s) have no power to disallow items in the accounts, but shall draw to the attention of the Director-General for appropriate action by the Secretariat any transaction concerning which they entertain doubt as to legality or propriety.
9. A representative of the auditor or auditors may be requested to be present when the General Assembly examines the financial report.