

EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

FINANCIAL RULES

Version as revised at the first Session of
the Council, October 7-8, 1954

Amendments proposed by the
Working Party of the Finance
Committee

Rule 1 - Financial Year

The financial year shall be from the
1st of January to the 31st of December.

Rule 2 - Finance Committee

(a) A Finance Committee composed of
representatives of five Member States shall
be set up by the Council. Representatives
shall be appointed to serve on the Commit-
tee in rotation for periods of three years
but in order to avoid abrupt changes in the
composition of the entire Committee the
following retirement procedure shall oper-
ate for the initial period :

(i) at the end of the third year
the representative of one Member State
shall retire,

(ii) at the end of the fourth year
two of the original five representatives
shall retire,

(iii) at the end of the fifth year
the remaining two of the original five re-
presentatives shall retire.

(b) Member States, during the period
they are not represented on the Committee,
shall be entitled to send observers to its
meetings.

(c) The Finance Committee shall be
responsible for the matters referred to in
Annex I.

Rule 3 - Budget

(a) Budget estimates shall be prepar-
ed annually by the Director.

(a) A Finance Committee
composed of representatives of
all Member States shall be set
up by the Council.

... by the Director-General.

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(b) The estimates shall cover receipts and payments for the financial year to which they relate and shall be presented in Swiss francs.

(c) The estimates shall be presented under general headings, sub-divided into items, in the form prescribed by the Finance Committee;

The estimates shall be accompanied by:

(i) a detailed statement of the approved budget for the current year;

(ii) and up-to-date estimate of the receipts and payments for the current year;

(iii) a statement of the receipts and payments for the previous year;

(iv) an explanation of increases or decreases in the estimates compared with the corresponding amounts approved in the current year's budget.

(d) The Director shall submit the estimates for the following financial year to the Finance Committee not later than the 1st of September in each year.

(e) The Finance Committee shall examine the estimates and report to the Council on them.

(f) The Council shall adopt its Budget before the beginning of the financial year.

(g) The Director may submit or may be required by the Council to submit supplementary or revised estimates in a form consistent with the annual estimates. The Finance Committee shall review such estimates and report thereon to the Council for decision.

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(v) an explanation of any other points which the Director-General considers should be brought to the attention of the Committee.

(d) The Director-General shall ...

(g) The Director-General may submit to the Finance Committee, or may be required by the Council to submit supplementary or revised estimates in a form consistent with the annual estimates.

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Rule 4 - Appropriations

(a) The appropriations voted by the Council shall constitute an authorization to the Director to make payments for the purpose for which the appropriations were voted and up to the amounts so voted. When commitments do not mature for payment during the financial year in which provision has been made for their payment, the amounts involved may be transferred at the end of the year to a special Account to meet those commitments as they mature. Appropriations or parts of appropriations for which such transfers have not been made shall lapse at the end of the financial year.

... to the Director-General...

(b) Transfers between headings or between items within headings may be approved by the Finance Committee within any limits and conditions laid down by the Council in its annual Budget resolution.

... year. In no case shall a payment which should properly be made in the new financial year be charged to the account for the previous year, and vice-versa.

(b) Transfers between Divisions or between main headings of the plan of accounts (staff expenses, general expenses, capital expenditure) may be approved....

Rule 5 - Provision of Funds

(a) The appropriations shall be financed by contributions from Member States according to the scale of assessment laid down in the Financial Protocol to the Convention or as determined by the Council in accordance with Article VII of the Convention. In calculating the total of such contributions account shall be taken of receipts from other sources, any deficit or surplus from previous years (after allowing for contributions due but unpaid) and the provision of a working balance of not more than one-quarter of the net expenditure.

...(after taking credit for...

(b) The working balance shall be available only to meet any temporary shortage of funds caused by current expenditure temporarily exceeding the resources in hand from contributions of Member States and receipts

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from other sources. It shall not be available to meet payment in excess of the appropriation for the year.

(c) After the Council has adopted the Budget, the Finance Committee shall, in consultation with the Director, determine the terms on which payments shall be made in respect of contributions such as shall be consistent with the proper financing of the Organization. The Director shall thereupon notify Member States of the amounts of their contributions and of the dates on which payments shall be made.

(d) Annual contributions shall be assessed and paid in Swiss francs in accordance with the payments arrangements currently in force unless the Council should decide that some part should be paid in some other currency.

(e) If the equilibrium of the Budget is disturbed by currency fluctuations, the Director shall inform the Finance Committee who shall report to the Council what steps should be taken to remedy the situation.

(f) The Director shall conduct all exchange operations necessary for the requirements of the Organization.

(g) The Director shall submit to the Finance Committee before each session of the Council a financial progress report.

(h) States becoming parties to the Convention after 31st December, 1954, shall be required to make a contribution for the financial year in which they become Members and shall further be required to make a

... the Director-General...

... The Director-General shall..

(e) If in his opinion the financial situation so requires, the Director-General will limit or suspend expenditure in services covered by the Budget, pending a decision of the Finance Committee.

(f) If the equilibrium...

... the Director-General shall..

(g) The Director-General shall

...

(h) The Director-General shall keep the Finance Committee informed during the course of the year about the current financial position.

(i)

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special contribution towards the capital expenditure of the Organization already incurred, the amount to be fixed by the Council on the advice of the Finance Committee. The Director shall thereupon recalculate the contributions due from existing Member States for that year and adjust the payments due from them accordingly.

Rule 6 - Funds

(a) There shall be established a General Fund for the purpose of accounting for the expenditure of the Organization. The contributions paid by Member States under paragraph (a) of Rule 5, and miscellaneous income, shall be credited to the General Fund. There shall be a Reserve Account to which the working balance referred to in Rule 5 (b) shall be transferred.

(b) Trust Funds, and Reserve and Special Accounts, may be established by the Director under the control of, and for purposes defined by, the Finance Committee. Unless otherwise provided, such Funds and Accounts shall be administered in accordance with these Rules.

Rule 7 - Custody of Funds

(a) The Council shall designate the bank or banks in which the funds of the Organization shall be kept.

(b) All monies received according to provisions of Rule 5 shall be paid into the Organization's account. Any withdrawal of funds or payment on behalf of the Organization shall be on the joint signatures of any two of the Director-General and two other senior officers nominated by the Council for that purpose. The Director-General and such officers may as required each authorize other officers as signatories for this purpose without affecting their individual responsibility. The Director-General will prepare a list of signatories.

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... The Director-General shall..

(b) Trust Funds, and Reserve and Special Accounts, may be established by the Director-General under conditions and for purposes defined by rules to be approved by the Finance Committee. Unless otherwise provided, ...

(a) The Director-General shall designate the bank or banks in which the funds of the Organization shall be kept and may open subsidiary postal cheque accounts in Switzerland and abroad. He will submit an account of his arrangements to the Finance Committee which will report to the Council.

(b) All monies received according to provisions of Rule 5 shall be paid into the Organization's accounts. Any withdrawal

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(c) Withdrawals from the working balance shall be made on the joint signatures of the Director-General and two senior officers of the Organization.

(d) A sum not exceeding 2000 Swiss francs, drawn from the Organization's account, may be kept available, and replenished as necessary on the authority of the Director, to meet small items of current expenditure which it would be inconvenient to pay by cheque out of the Organization's account.

.. of the Director-General, to...

Rule 8 - Investment of Funds

(a) The Director may make such investments of monies not needed for immediate requirements as may be prescribed by the Finance Committee.

(a) The Director General may..

.. as may be approved by the Finance Committee.

(b) Income derived from investments shall be treated in the manner prescribed in the Rules relating to each Fund or Account.

Rule 9 - Accounts

(a) The Director shall maintain such accounting records as are necessary and shall submit annual accounts showing, for the financial year to which they relate :-

(a) The Director-General shall....

(i) the receipts and payments of all Funds and Accounts;

(ii) the state of appropriations, including:

1. the original Budget appropriations,
2. the appropriations as modified by any transfers;
3. any other credits;
4. the amounts charged against those appropriations and/or other credits;

(iii) the assets and liabilities of the Organization.

He shall also give such other information as may be appropriate to indicate the financial position of the Organization.

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(b) The accounting transactions of the Organization shall be recorded in Swiss francs.

(c) Appropriate separate accounts shall be maintained for all Trust Funds and Reserve and Special Accounts.

(d) The annual accounts shall be submitted by the Director to the auditors not later than the 31st of March immediately following the end of the financial year.

Rule 10 - Internal Control

(a) The Director shall, in particular,

(i) draw up and submit for the **approval** of the Finance Committee detailed financial regulations designed to secure effective financial administration and the exercise of economy.

(ii) cause an inventory of non-consumable items to be kept. The financial limit above which this provision shall apply shall be agreed between the Finance Committee and the Director;

(iii) keep a record of all consumable supplies purchased and issued;

(iv) render to the auditors with the accounts such statements of stocks-in-hand and of the assets and liabilities of the Organization as may be necessary;

(v) cause all payments to be made on the basis of supporting vouchers and such other documents as are necessary to ensure that the services or goods have been received, that contract conditions have been observed, and that payment has not previously been made;

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... by the Director-General to...

(a) The Director-General....

... and the Director-General;

(iv) regulate in accordance with specific financial regulations the use of property belonging to the Organization by private interests or of services provided by the Organization for private interests. Such arrangements may include charges by the Organization in exchange for services rendered.

(v) render to the ...

(vi) cause all payments...

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(vi) designate the officers who may receive monies and incur obligations on behalf of the Organization;

(vii) maintain an internal financial control in order to ensure:

1. the regularity of procedure for the receipt, custody and disposal of all funds and other financial resources of the Organization;

2. the conformity of obligations and expenditure with the appropriations voted by the Council, or with the purposes and rules relating to Trust Funds and Reserve and Special Accounts;

3. the most effective use of the resources of the Organization.

(b) (i) Not less than three competitive tenders shall normally be obtained for the purchase of plant, equipment, supplies and other services, and invitations to tender shall normally be limited to firms located within the territories of Member States. Contracts placed as the result of competitive tenders shall be allocated to the firm whose tender is the lowest which satisfactorily complies with technical and delivery requirements, except where otherwise approved by the Finance Committee under the provisions of (ii) below.

(ii) For contracts estimated to exceed 100,000 Swiss francs in value any proposal to dispense with competition or to accept other than the lowest technically suitable offer shall be referred to the Finance Committee for prior approval.

(iii) Any proposal to place a contract of a value greater than 500,000 Swiss francs shall be referred to the Finance Committee for prior approval.

(iv) In exercising its powers of approval under (iii) above, the Finance Committee will normally secure that, where competitive tenders have been obtained, the contract is placed for the lowest tender which satisfactorily meets technical and delivery requirements.

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(vii) designate the ...

(viii) maintain an

(b) (i) Not less than three competitive tenders shall where practicable be obtained ...

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(c) the Director may, after full investigation and subject to review by the Council, authorize the writing off of losses of cash, stores and other assets up to the value of 500 Swiss francs in any one case. Proposals to write off losses in excess of this amount must be submitted to the Finance Committee for prior approval. A statement of all such amounts written off shall be submitted to the auditors and to the Council with the annual accounts.

Rule 11 - Audit

(a) The accounts shall be audited at the seat of the Organization by auditors appointed by the Council. The audit shall be conducted in accordance with the principles set out in Annex II to these Rules.

(b) The Council may at any time direct the appointed auditors to hold an extraordinary audit of any accounts of the Organization, including Trust Funds and Reserve and Special Accounts.

(c) The auditors shall submit their report through the Finance Committee not later than the 31st day of May immediately following the end of the financial year to which the accounts relate. The Finance Committee shall forward to the Council its comments, if any, on the audit report. The auditors shall be present when the audit report is considered by the Council.

Rule 12 - Travelling and Subsistence

Travelling and subsistence expenses of representatives of Member States shall normally be borne by the Member States concerned. The Council may in special cases authorize the reimbursement of expenditure incurred by representatives of Member States in connection with special tasks laid upon them by the Organization.

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(c) The Director-General may, after full investigation and subject to review by the Council, authorize the writing off up to a limit of 250 Swiss francs in any one case of losses of cash, stores and other assets occasioned by fraud, theft, arson or negligence. Where fraud, theft, arson or negligence is not proved or suspected, the limit of his powers may be raised to 2000 Swiss francs. Proposals to write off losses in excess of these amounts....

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Rule 13 - Gifts

Proposals to accept gifts entailing financial obligations for the Organization shall be referred to the Finance Committee for recommendation to the Council. Gifts not entailing financial obligations can be accepted by the Director-General, as foreseen in Article VII/5 of the Convention.

Monetary gifts will be entered as receipts upon arrival but will figure as pending in a special account until they are formally accepted by the Council on the advice of the Finance Committee.

Rule 13 - General Provision

(a) These Rules shall come into effect on the date of their approval by the Council.

(b) The Rules may be amended by the Council.

(c) In the event of conflict between the provisions contained in these Rules and those of the Convention and Financial Protocol, the latter provisions shall prevail.

Rule 14 - General Provision

(a) These Rules shall...

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ANNEX I

FINANCE COMMITTEE

The Finance Committee is established as a Committee of the Council under paragraph 10 of Article V of the Convention. It is charged with the general responsibility of advising the Council on all matters of financial administration and exercises on behalf of the Council certain delegated powers. The specific duties to be undertaken by the Finance Committee shall include :-

1. Examination of the Budget estimates and any supplementary or revised estimates and reporting thereon to the Council.

2. Determination of the terms on which, consistent with the proper financing of the Organization, contributions of Member States shall become payable.

3. Approval of the form of estimates and accounts.

4. Examination of the annual accounts in conjunction with the auditors report and reporting thereon to the Council.

5. Approval of proposals to transfer appropriations between general headings and items of general headings of the Budget.

5. Approval of proposals to transfer appropriations between Divisions and within main headings of Division appropriations (staff expenses, general expenses, capital expenditure) of the Budget.

6. Approval of the establishment of, and defining the purposes of, Trust Funds and Reserve and Special Accounts.

7. Approval of investments of funds not needed for immediate use.

8. Advice to the Council upon the consequences of currency fluctuations and recommendations for remedial measures where such fluctuations have been such as to disturb the equilibrium of the Budget.

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9. Reporting to the Council on the financial implications of the admission of new members.

10. Examination and approval of the detailed financial regulations drawn up by the Director in accordance with Rule 10 (a)(i).

11. Consideration of matters which, in accordance with the provisions of the Staff Regulations, require the approval of the Committee, or its advising the Council. Examination and approval of the internal rules governing the terms and conditions of employment of staff.

12. Approval of contracts over 100,000 Swiss francs in value which it is proposed to place without competitive tendering or with a contractor whose offer is other than the lowest technically suitable one.

13. Approval of contracts over 500,000 Swiss francs.

14. Approval of payments in excess of contract price.

15. Approval to write off losses of cash, stores or other assets of a value greater than 500 Swiss francs per loss.

16. Consideration of any financial or accounting points to which attention has been drawn by the auditors.

17. Review from time to time of the duties of the auditors.

18. Such other further duties and responsibilities as may from time to time be delegated by the Council.

11. Consideration of matters which, in accordance with the provisions of the Staff Regulations, require the approval of the Committee, or its advising the Council.

19. Advise the Council on the acceptance of gifts which may entail financial obligations.

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ANNEX II

INSTRUCTIONS TO AUDITORS

1. The auditors shall audit the accounts of the Organization including all Trust Funds and Reserve and Special Accounts in order to certify :-

(a) that the annual accounts are in accord with the books and records of the Organization;

(b) that the financial transactions reflected in the accounts were in accordance with the budgetary provisions, the regulations and other applicable directives;

(c) that the securities and monies on deposit and on hand have been verified by certificate received direct from the depositories, or by actual account.

2. Subject to the directions of the Council, the auditors shall be the sole judge as to the acceptance in whole or in part of the certifications by the Director or other staff of the Organization and may proceed to such detailed examination and verification as they choose of all financial records, including those relating to supplies and equipment.

... by the Director-General...

3. The auditors shall affirm by test the reliability of the internal audit and may make such reports with respect thereto as they may deem necessary, to the Council, to the Finance Committee or to the Director.

... to the Director-General.

4. The auditors 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. Confidential documents required for the purposes of the audit shall be made available on application to the Director or other authorized officer.

... to the Director-General
or ...

5. The auditors, in addition to certifying the accounts, shall make such observations as they deem necessary with respect to the efficiency of the financial regulations, the

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accounting system, the internal financial controls, and, in general, the financial consequences of administrative practices.

6. In no case, however, shall the auditors include criticism in their audit report without first affording the Director an opportunity of explanation to the auditors of the matter under observation. Audit objections to any item in the accounts shall be immediately communicated by the auditors to the Director.

7. The auditors shall prepare a report on the accounts certified in which they should mention inter alia:

(a) the extent and character of their examination,

(b) any deficiencies and defects in the accounts or in the accounting system revealed by the audit.

8. The auditors shall certify the financial statements in the following terms:

"The financial statements of the Organization for the financial year ended ... have been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as a result of the audit, that in our opinion the financial statements give a true and fair view of the state of the affairs of the Organization."

adding, should it be necessary,

"subject to the observations in our report."

9. The auditors shall have no power to disallow items in the accounts, but shall bring to the notice of the Director, for the appropriate action, any transaction which in their opinion may be of doubtful financial wisdom, legality or propriety.

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affording the Director-General
an...

... to the Director-General.

... of the Director-General,...

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