



International Coffee Organization
Organización Internacional del Café
Organização Internacional do Café
Organisation Internationale du Café

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**Proposals for revisions to the Financial
Regulations and Financial Rules of the
International Coffee Organization**

Background

1. This document contains a number of suggested amendments to the Financial Regulations and Financial Rules of the International Coffee Organization which are normally reviewed in the context of a new International Coffee Agreement.
2. A comments section provides further information on the proposed changes and the suggested amendments are indicated as follows:

Bold indicates new wording proposed for inclusion in the Rules.

~~Strikethrough~~ indicates text which it is suggested could be deleted.

Text in grey indicates wording or numbering which may be affected if other changes proposed are agreed.

3. References to the Executive Board have been deleted throughout the Rules in the light of the new structure, and replaced by the Finance and Administration Committee and/or the Council. As suggested by the Finance Committee in May 2008, it is proposed that the Chapter on Finance should be deleted from the Rules of the International Coffee Organization and included in the Financial Regulations and Financial Rules.
4. Members are invited to submit their comments in writing on the revised draft Financial Regulations and Financial Rules to the Executive Director by **29 August 2008**, to enable contributions to be circulated well in advance of the 101st Council Session at which this document will be considered.

Action

The Council is invited to consider these suggestions.

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FINANCIAL REGULATIONS-RULES OF THE INTERNATIONAL COFFEE ORGANIZATION

ARTICLE RULE 1

Applicability

Regulation 1.1: These ~~Regulations~~ Rules (“the Financial Rules”) shall govern the financial administration of the Organization.

ARTICLE RULE 2

Financial year

Regulation 2.1: The financial year shall be from 1 October to 30 September.

ARTICLE RULE 3

The Budget

Structure of the Administrative Budget

1. All ~~receipts~~ **income** and expenditure of the Organization shall be brought to account, shall be shown separately and in full in an administrative budget and shall be shown in the same manner in the annual accounts.
2. The Administrative Budget shall include:
 - (a) all estimated ~~receipts~~ **income** for the following financial year and for the current financial year, together with appropriate notes and an explanatory memorandum, including the calculation for the contributions payable by Members;
 - (b) all other financial resources of the Organization;
 - (c) estimated expenditure for the following financial year and authorized expenditure for the current financial year, subdivided into the various budgetary headings and items, explained in notes or an explanatory memorandum; and

- (d) an establishment table showing the authorized posts and the posts actually filled in the current financial year, and posts requested for the following year, subdivided into classifications and departments.

Comments: The insertion of Rules 3.1 and 3.2 follows the principle of transferring those rules relating to finance from the Rules of the ICO (see definition in Rule 4.1 below) to the Financial Rules. In this case, Rule 56 of the Rules of the ICO has been transferred. The redesignation of Financial Regulations into Financial Rules, as well as the revised numbering system, is designed to mirror the revised Rules of the ICO contained in document WP-Council 165/08 Rev. 1.

RULE 4

Preparation and adoption of the Administrative Budget

1. Not later than ~~30 June~~ **31 May** of each year the Executive Director shall, in accordance with paragraph (1) of Article ~~24~~ **20** of the Agreement, submit to the ~~Executive Board~~ **Finance and Administration Committee** a draft Administrative Budget for the following financial year in the manner prescribed ~~in Rule 56~~ **in the Financial Rules**. The draft Administrative Budget, as approved by the ~~Committee Executive Board~~ **Committee**, shall then be sent to the persons designated in accordance with Rule **8 of the Rules of the International Coffee Organization (“Rules of the ICO”)** to arrive at least 30 days before the session of the Council at which the Administrative Budget is to be approved.

2. Should circumstances so require, the Executive Director may submit to the **Finance and Administration Committee** ~~Executive Board~~ proposals for supplementary expenditure during any financial year together with proposals for meeting such supplementary expenditure.

~~**Regulation 3.1:** The Budget for the financial year shall be prepared by the Executive Director and supervised by the Finance and Administration Committee.~~

~~**Regulation 3.2:**~~ **3.** The Budget shall cover income and expenditure for the financial year and shall be presented in pounds sterling.

~~**Regulation 3.3:**~~ **4.** The Budget shall be divided into items and sub-items, and shall be accompanied by such information, annexes and explanatory statements as may be requested by, or on behalf of, the Council and such further annexes or statements as the Executive Director may deem necessary and useful.

~~**Regulation 3.4:** The Executive Board Finance and Administration Committee shall examine the Budget prepared by the Executive Director and submit it to the ordinary session~~

of the Council with such recommendations as it considers desirable. The Budget shall be sent to all Members so as to reach them at least 30 days before the session of the Council at which the Budget is to be approved.

Regulation 3.5: The Executive Director shall submit the Budget to the Executive Board ~~Finance and Administration Committee~~ for examination not later than 30 June ~~31 May~~ of the ~~financial~~ year preceding the ~~financial~~ year in which the Budget is to take effect.

Regulation 3.6: 5. The Budget shall be adopted by the Council.

Regulation 3.7: Supplementary estimates may be submitted by the Executive Director whenever necessary.

Regulation 3.8: The Executive Director shall prepare any supplementary estimates in a form consistent with the Budget for the financial year and shall submit them to the Executive Board ~~Finance and Administration Committee~~. The Executive Board ~~Finance and Administration Committee~~ shall examine the supplementary estimates and submit them to the Council for approval.

Comments: Rule 4.1 has been updated to reflect the new structure of the ICA 2007 and possible changes to the timing of Council sessions. Rules 4.1 and 4.2 constitute substantially the same text as the former Rule 57 of the Rules of the ICO.

~~ARTICLE 4 RULE 5~~

~~Appropriations Budgeted expenditure~~ **Administration of the Budget**

1. The adoption of the Administrative Budget by the Council shall constitute the authority of the Executive Director to receive payments, to incur obligations and to make expenditure within the limits of the Administrative Budget.

2. Subject to the prior approval of the **Finance and Administration Committee** ~~Executive Board~~, the Executive Director is authorized to transfer any sum under an item in the Administrative Budget to another item or items provided that the total expenditure in the Administrative Budget shall not be exceeded, as well as to transfer sums from reserves to any item or items in the Administrative Budget. The expenditure of sums so transferred shall be shown separately in the annual accounts.

Regulation 4.1: ~~The appropriation **budgeted expenditure** voted **approved** by the Council shall constitute an authorization to the Executive Director to incur obligations and make payments for the purposes for which the appropriations **budgeted expenditure** were voted **was approved** and up to the amounts so voted **approved**.~~

Regulation 4.2: 3. ~~Appropriations~~ **Budgeted expenditure** shall be available for obligation during the financial year to which ~~they~~ **it** relates.

Regulation 4.3: 4. ~~Appropriations~~ **Items authorized for expenditure** shall remain available for 12 months following the end of the financial year 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 year and to liquidate any other outstanding legal obligations of the financial year. The balance of the ~~appropriations~~ **budgeted expenditure** remaining unobligated at the close of a financial year shall be transferred to the Reserve Fund unless otherwise decided by the Council.

Regulation 4.4: ~~If any appropriation **budgeted expenditure** is insufficient the Executive Board **Finance and Administration Committee** may authorize the increase of such appropriation **budgeted expenditure** by transfer from another appropriation **item of budgeted expenditure** within the approved Budget.~~

Comments: Rules 5.1 and 5.2 constitute substantially the same text as the former Rule 58 of the Rules of the ICO. The substitution of 'budgeted expenditure' for 'appropriations' seeks to modernize the accounting terminology in the text.

~~ARTICLE 5~~ **RULE 6** **Provision of funds**

Regulation 5.1: 1. ~~The appropriations **budgeted expenditure** subject to the adjustments effected in accordance with the provisions of Regulation 5.2,~~ shall be financed by contributions from Members according to the scale of assessments determined by the Council under the provisions of Article ~~22~~ **20** of the Agreement, and other items of revenue. Pending the receipt of such contributions the ~~appropriations~~ **budgeted expenditure** may be financed from the Reserve Fund.

Regulation 5.2: 2. After the Council has adopted the Budget the Executive Director shall:

- (a) transmit the relevant documents to Members;

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- (b) inform Members of their commitments in respect of contributions to the Budget; and
 - (c) request them to pay their contributions for the financial year.

~~Regulation 5.3:~~ **3.** Contributions shall become due on 1 October and payable in full by 31 March of the financial year.

~~Regulation 5.4:~~ **4.** Contributions to the Budget shall be assessed in pounds sterling and paid either in pounds sterling or other freely convertible currency.

~~Regulation 5.5:~~ **5.** The Executive Director shall submit to each session of the Council a report on the collection of contributions.

~~Regulation 5.6:~~ **6.** New Members shall be required to make a contribution for the financial year in which they become Members in accordance with paragraph (3) of Article ~~22~~ **20** of the Agreement.

ARTICLE ~~6~~ **RULE 7**

~~Funds Reserve Fund and other Funds~~

~~Regulation 6.1:~~ **1.** A Reserve Fund shall be established for the purposes of meeting potential obligations or requirements in the event of the need to terminate the Agreement and of accounting for the expenditure of the Organization. The Executive Director shall provide each Council session with a detailed, up-to-date ~~statement~~ **estimate** of the expenditure which ~~would entail~~ **the liquidation of the Organization would entail**.

~~Regulation 6.2:~~ **2.** Sums transferred from the Reserve Fund to finance ~~budget budgeted appropriations~~ **expenditure** for the duration of a financial year shall be repaid to the Reserve Fund at the latest during the following financial year, except when the Reserve Fund already has sufficient resources to finance the liquidation of the Organization.

~~Regulation 6.3:~~ **3.** Except ~~where~~ **when** sums thus transferred may be recovered from other sources, advances from the Reserve Fund for extraordinary, unforeseen expenditure shall be repaid under the conditions laid down in ~~Regulation 6.2~~ **Rule 7.2**.

~~Regulation 6.4:~~ **4.** The allocation of income from ~~the~~ investment of Reserve Fund resources shall be decided in the context of the establishment of the Budget, taking into account the resources necessary to finance the liquidation of the Organization.

Regulation 6.5: 5. Trust funds and special accounts may, with the approval of the ~~Executive Board~~ **Finance and Administration Committee**, be established by the Executive Director.

Regulation 6.6: 6. The purpose and limit of each trust fund and special account shall be clearly defined by the appropriate authority. The Executive Director may, when necessary in connection with the purposes of the Reserve Fund, trust fund or special account, prepare special financial regulations to govern the operations of such funds and accounts for the approval of the ~~Executive Board~~ **Finance and Administration Committee**. Unless otherwise provided, such funds and accounts shall be administered in accordance with ~~these~~ **the Regulations Financial Rules**.

~~ARTICLE 7~~ **RULE 8**

Other income

Regulation 7.1: 1. All ~~other~~ income ~~except~~ **other than:**

- (a) contributions of Members;
- (b) revenue items brought to account in assessing the amount of contribution required to meet the budgeted expenditure;
- (c) direct refund of expenditure made during the financial year; and
- (d) advances or deposits to funds;

shall be classified as miscellaneous income, for credit to the Reserve Fund.

Regulation 7.2: 2. Voluntary contributions, whether or not in cash, may be accepted by the Executive Director provided that the purposes for which the contributions is are made are consistent with the policies, aims and activities of the Organization and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organization shall require the consent of the ~~Executive Board~~ **Finance and Administration Committee**.

Regulation 7.3: 3. Monies accepted for purposes specified by the donor shall be treated as trust funds or special accounts under ~~Regulations 6.5 and 6.6~~ **Rules 7.5 and 7.6**.

~~ARTICLE 8~~ **RULE 9**
Custody of funds

~~**Regulation 8.1:**~~ The ~~Executive Board~~ **Finance and Administration Committee** shall approve the bank or banks in which the funds of the Organization shall be kept.

~~ARTICLE 9~~ **RULE 10**
Investment of funds

~~**Regulation 9.1:**~~ 1. The Executive Director may invest on a short-term basis sums which are not required to cover immediate needs and shall inform the ~~Executive Board~~ **Finance and Administration Committee** periodically of the nature and duration of these investments.

~~**Regulation 9.2:**~~ 2. The Executive Director may make long-term investments of monies standing to the credit of the Reserve Fund, trust funds and special accounts as may be provided for by the appropriate authority in respect of each such fund or account. However, these investments must not mature after the end of the International Coffee Agreement and must not increase the cost of liquidation of the Organization if advance termination of the Agreement is decided on.

~~**Regulation 9.3:**~~ 3. Income derived from investments shall be credited as provided for in the rules relating to each fund or account.

~~ARTICLE 10~~ **RULE 11**
~~**Internal control**~~
Financial control

1. The Executive Director shall:
 - (a) set up a system of internal control which shall provide for effective supervision of financial transactions in order to ensure regularity in the receipt, disposal and custody of all funds and other resources of the Organization, value for money and to ensure compliance with the Administrative Budget or other financial provisions approved by the Council;

- (b) deposit all revenues received in an account or accounts opened in the name of the International Coffee Organization at a bank or banks approved by the **Finance and Administration Committee** ~~Executive Board~~ and shall arrange for withdrawals by cheque signed by two persons designated by the Executive Director, not more than one of whom shall be in charge of internal control; and
- (c) keep an inventory of all acquisitions deemed to be of a capital nature.

Regulation 10.1: ~~The Executive Director shall:~~

- (~~a~~ **d**) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;
- (~~b~~ **e**) cause all payments to be made on the basis of supporting ~~vouchers~~ **invoices** and other documents which ensure that the services or goods have been received, and that payment has not previously been made; and
- (~~e~~ **f**) designate the officers who may receive monies, incur obligations and make payments on behalf of the Organization and shall define their responsibilities for them in writing.
- (~~d~~) ~~maintain an internal financial control system which shall provide for an effective current examination and/or review of financial transactions in order to ensure:~~
 - (~~i~~) ~~the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;~~
 - (~~ii~~) ~~the conformity of obligations and expenditure with the appropriations **budgeted expenditure** or other financial provisions voted **approved** by the Council or with the purposes and rules relating to trust funds and special accounts; and~~
 - (~~iii~~) ~~the economic use of the resources of the Organization.~~

Regulation 10.2: 2. No obligations shall be incurred until ~~allotments or other~~ appropriate authorization ~~have~~ **has** been made in writing under the authority of the Executive Director.

Regulation 10.3: 3. The Executive Director may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off ~~be~~ **is** submitted to the auditors with the Annual Accounts.

Comments: Rule 11.1 (a) to (c) constitutes substantially the same text as former Rule 60 of the Rules of the ICO.

ARTICLE 11 RULE 12**The accounts**

Regulation 11.1: 1. The Executive 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 income and expenditure of all funds;
- (b) the status of ~~appropriations~~ **budgeted expenditure**, including:
 - (i) the original ~~budget appropriations~~ **budgeted expenditure**;
 - (ii) the ~~appropriations~~ **budgeted expenditure** as modified by any transfers;
 - (iii) credits, if any, other than the ~~appropriations~~ **budgeted expenditure** ~~voted~~ **approved** by the Council; and
 - (iv) the amounts charged against ~~those appropriations~~ **the budgeted expenditure** and/or other credits;
- (c) the assets and liabilities of the Organization; and
- (d) investments made and financial performance obtained.

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

Regulation 11.2: 2. The Annual Accounts of the Organization shall be presented in pounds sterling. Accounting records may, however, be kept in such currency or currencies as the Executive Director may deem necessary.

Regulation 11.3: 3. Appropriate separate accounts shall be maintained for the Reserve Fund, trust funds and special accounts.

Regulation 11.4: 4. The Annual Accounts shall be submitted by the Executive Director to the auditors so that they may be audited and presented to the Council as soon as possible and not later than six months after the close of the financial year to which they relate.

ARTICLE 12 RULE 13**External audit****Auditing and submission of accounts**

1. The Executive Director shall appoint annually registered auditors in consultation with the **Finance and Administration Committee and the Council** ~~Executive Board~~. **As soon as possible and not later than six months after the close of each financial year**, the Executive Director shall submit to the Council, through the **Finance and Administration Committee**, ~~Executive Board~~ the accounts of the Organization and the report of the auditor thereon in accordance with the provisions of Article 27 of the Agreement. **an independently audited statement of the Organization's assets, liabilities, income and expenditure during the financial year. This statement shall be presented to the Council for approval at its earliest forthcoming session.**

~~**Regulation 12.1:**~~ 2. ~~External auditors shall be appointed by the Executive Director in consultation with the Executive Board~~ **Finance and Administration Committee**. The auditors appointed may not be removed during their tenure of office except by the Council.

~~**Regulation 12.2:**~~ 3. The audit shall be conducted in conformity with generally accepted common auditing standards and subject to any special direction of the ~~Council~~ **Finance and Administration Committee**.

~~**Regulation 12.3:**~~ 4. The external auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and in general the administration and management of the Organization.

~~**Regulation 12.4:**~~ 5. The external auditors shall be completely independent and solely responsible for the conduct of the audit.

~~**Regulation 12.5:**~~ 6. The Council may request the external auditors to perform certain specific examinations and to issue separate reports on the results.

~~**Regulation 12.6:**~~ 7. The Executive Director shall provide the external auditors with the facilities ~~he~~ **they** may require in the performance of the audit.

~~**Regulation 12.7:**~~ 8. Whenever it is necessary to make a local or special examination, the Executive Director may, subject to the budgetary provision for the audit concerned, arrange for the services of any national Auditor-General (or equivalent title) who is eligible to be appointed or of public auditors of known repute or any other person or firm who, in the opinion of the external auditors, is technically qualified.

Regulation 12.8: 9. The external auditors shall issue a report on the audit of the financial statements and relevant schedules, which shall include such information as they deem necessary in regard to matters referred to in ~~Regulation 12.3~~ **Rule 13.3**.

Regulation 12.9: 10. The external auditors' reports, together with the audited financial statements, shall be transmitted through the ~~Executive Board~~ **Finance and Administration Committee** to the Council in accordance with the provisions of Article 25 ~~23~~ of the Agreement. The ~~Executive Board~~ **Finance and Administration Committee** shall examine the financial statements and the audit reports and shall present them to the Council for approval and publication with such comments as it deems appropriate.

Comments: Rule 13.1 constitutes substantially the same text as the former Rule 62 of the Rules of the ICO.

~~ARTICLE 13~~ **RULE 14**

Resolutions involving expenditure

Regulation 13.1: 1. No ~~committee, commission or other competent body~~ **ICO body, as defined in Rule 17 of the Rules of the ICO**, shall take a decision involving expenditure unless it has before it a report from the Executive Director on the administrative and financial implications of the proposal.

Regulation 13.2: 2. Where, in the opinion of the Executive Director, the proposed expenditure cannot be made from the existing ~~appropriations~~ **budgeted expenditure**, it shall not be incurred until the ~~Executive Board~~ **Finance and Administration Committee** has ~~made~~ **decided upon** the necessary ~~appropriations~~ **budgeted expenditure**.

~~ARTICLE 14~~ **RULE 15**

General provisions

Regulation 14.1: 1. ~~These~~ **The Financial Regulations** Rules shall be effective as ~~of~~ **from** the date of their approval by the Council and may be amended only by the Council.

Regulation 14.2: 2. No ~~Article or Articles of these Regulations~~ **Financial Rule or Rules** may be suspended except by decision of the Council, taken ~~by a two-thirds majority of the Members present and voting~~ **in accordance with the provisions of Article 14 of the Agreement**. The duration of such suspension shall be specified by the Council.

Comments: The reference to Article 14 of the Agreement brings the Financial Rules and Regulations into line with the new decision making procedures contained in the Agreement.

~~ARTICLE 15~~ **RULE 16**
Special provisions

~~Regulation 15.1:~~ **1.** ~~Rules~~ **Regulations** established by the Executive Director to carry out the provisions of these ~~Regulations~~ **Rules** shall be communicated to the ~~Executive Board~~ **Finance and Administration Committee** for approval.

FINANCIAL RULES REGULATIONS OF THE INTERNATIONAL COFFEE ORGANIZATION

~~ARTICLE~~ REGULATION 1

Scope and application

~~Rule 1.1: Purpose~~ 1. These ~~Rules~~ **Regulations** implement the provisions of the Financial ~~Regulations~~ Rules and establish the financial procedures of the Organization.

~~Rule 1.2: Applicability~~ 2. These ~~Rules~~ **Regulations** are applicable to all offices and to all financial transactions of the Organization.

~~Rule 1.3: Effective date~~ 3. These ~~Rules~~ **Regulations** as well as further amendments made by the Executive Director become effective as from the date of issue.

Comments: All former Rules and Articles within the former Rules have been redesignated Regulations and renumbered to bring them into line with the new Financial Rules. These in turn reflect the structure and numerical system of the revised Rules of the Organization contained in WP-Council 165/08 Rev. 1.

ARTICLE REGULATION 2

Responsibility and authorities

~~Rule 2.1: Responsibility~~ 1. The Executive Director, by virtue of the authority vested in him as the chief administrative officer of the Organization, is responsible to the Council for the implementation of these ~~Rules~~ **Regulations**.

~~Rule 2.2: Delegation of authority~~ 2. The Executive Director may delegate, together with authorization for redelegation, such of his powers as he deems necessary to secure ~~the~~ effective administration of these ~~Rules~~ **Regulations**.

ARTICLE REGULATION 3

~~Appropriations~~ Budgeted expenditure

~~Rule 3.1:~~ The ~~appropriations budgeted expenditure~~ ~~voted approved~~ by the Council constitutes authorization to the Executive Director to ~~issue allotments~~ **incur expenditure** up to the amount of the approved ~~appropriation~~ **budgeted expenditure**.

ARTICLE REGULATION 4
Obligations

Rule 4.1: 1. Only those officials designated in writing by the Executive Director are authorized to incur obligations. Every person incurring an obligation is responsible to the Executive Director for the obligations incurred.

Rule 4.2: 2. Obligations may be incurred only if they comply with the Financial Regulations ~~Rules~~ and ~~Rules Regulations~~ and any other applicable ~~regulations rules~~ or ~~rules regulations~~ and if they are ~~certified~~ **authorized** as being in accordance with the approved work plans.

Rule 4.3: 3. Except as provided for in ~~Rules Regulations~~ 4.4, 4.5, 4.6 and 4.9 all proposed obligations shall be submitted for the prior approval of the Head of **Finance and Administration**.

Rule 4.4: 4. The Head of **Finance and Administration** may delegate to officers designated for this purpose the authority to examine and approve obligations within limits approved from time to time by the Executive Director.

Rule 4.5: 5. The Head of **Finance and Administration**, or the officers designated for this purpose, shall be responsible for examining the proposed obligations to ensure that:

- (a) they are ~~certified to be~~ in accordance with the approved work plans;
- (b) funds are available under the particular budget item;
- (c) the terms and currency of payment are acceptable;
- (d) they are in accordance with the Financial ~~Regulations Rules~~ and ~~Rules Regulations~~ and the Staff Regulations and **Staff Rules**;
- (e) they conform to existing policies and procedures;
- (f) the amount to be paid is reasonable;
- (g) the contract is drawn up in such a manner as to form a sound financial transaction and meet the requirements of Article ~~24~~ **22** of the Agreement; and
- (h) the interests of the Organization have been fully protected.

Rule 4.6: 6. The Head of **Finance and Administration**, or the officer designated for this purpose, after examining each proposed obligation shall signify his/her approval in writing on each obligating document. Revisions to an obligation shall require the same treatment as the original obligation.

Rule 4.7: 7. The appropriate internal procedures applicable to each category of obligation shall be followed in every case.

Rule 4.8: 8. Any official authorizing or incurring obligations shall be personally responsible for actions or decisions taken in disregard of these ~~Rules~~ **Regulations** and for failure to follow the appropriate procedure.

Rule 4.9: 9. The prior approval of the Head of **Finance and** Administration shall not be required for obligations incurred by engaging members of the staff. The control over this is primarily exercised by the Executive Director and the Head of **Finance and** Administration through the Establishment Table ~~and by the Financial Controller~~ in accordance with ~~allocations~~ **budgeted expenditure**.

~~ARTICLE~~ **REGULATION 5** **Control of expenditure**

Rule 5.1: 1. Except where otherwise provided for in these ~~Rules~~ **Regulations** payment shall be made only for services rendered or goods delivered.

Rule 5.2: 2. Payments shall not be effected unless the request and supporting documents are ~~certified~~ **authorized** by the appropriate officers to indicate:

- (a) that the goods have been delivered or the services rendered in accordance with the terms of the contract;
- (b) that the amount to be paid is correct and in accordance with the terms of payment; and
- (c) that payment has not previously been made.

Rule 5.3: 3. The Head of **Finance and** Administration, or the officer designated for this purpose, shall be responsible for ensuring that all proposed payments are properly chargeable against the accounts indicated and, when applicable, against the obligation document approved by him/her.

Rule 5.4: 4. Should the Head of **Finance and** Administration ~~feel~~ **consider** for any reason that payment of any claim should be withheld, such claim shall be referred to the Executive Director, who shall, in writing, direct the action to be taken.

Rule 5.5: 5. ~~Payment vouchers~~ **Invoices** and all supporting documents shall be retained in appropriate files as an integral part of the official accounts of the Organization **for at least one year following the end of the financial year to which the invoice or document relates. Thereafter, invoices and documents may be retained in electronic format.**

Rule 5.6: 6. The ~~Financial Controller~~ **Head of Finance and Administration** shall be notified by the Head of Personnel and Office Management of all personnel actions and all changes in salary scales in order that he/she may give effect to such changes in establishing the payroll.

~~ARTICLE~~ **REGULATION 6**

Imprest cash

Rule 6.1: 1. Imprest cash advances of an amount to be fixed in each case shall be made where necessary to officials designated by the Head of **Finance and Administration**.

Rule 6.2: 2. Officials to whom an imprest cash advance is issued shall be responsible for the advance and must at any time be in a position to account for it.

Rule 6.3: 3. Imprest cash advances may be replenished at the request of the imprest holder on presentation to the ~~Financial Controller~~ **Head of Finance and Administration** of expenditure statements and supporting ~~vouchers~~ **invoices**. These statements and ~~vouchers~~ **invoices** shall be drawn up in the form prescribed by the Head of **Finance and Administration**.

~~ARTICLE~~ **REGULATION 7**

Advances

Rule 7.1: 1. Travel expense advances may be made to officials to whom travel authorizations have been issued. Such advances are to be used in accordance with the provisions of the relevant ~~Regulations~~ **Rules** and ~~Rules~~ **Regulations** and must be accounted for when the travel is completed.

Rule 7.2: 2. Salary advances may be made to members of the staff under circumstances established by the Executive Director.

~~ARTICLE~~ **REGULATION 8**

Management of funds

Rule 8.1: 1. The ~~Financial Controller~~ **Head of Finance and Administration** is responsible for the management, receipt and disbursement of all funds of the Organization.

Rule 8.2: 2. Funds of the Organization shall be deposited only in banks or institutions approved by the ~~Executive Board~~ **Finance and Administration Committee**.

Rule 8.3: 3. The ~~Financial Controller~~ **Head of Finance and Administration** shall administer all ~~banking~~ **bank** accounts operated by the Organization including those opened for trust and other special purposes, maintaining separate accounts for each bank or cash account in which all receipts and payments shall be entered in chronological order. Receipts and payments shall be supported by either ~~receipt or payment vouchers~~ **sales or purchase invoices drawn up a priori** by the appropriate official in the Accounting and Finance Section.

Rule 8.4: 4. Cheques drawn and transfer orders made on all such accounts except imprest accounts shall be signed by two persons from the signatories which shall be designated by the Executive Director.

Rule 8.5: 5. [No interest shall be payable **to third parties** on sums deposited with paid to the Organization.] **[Interest on sums paid to the Organization by third parties will only be payable if so determined by the Finance and Administration Committee.]** ~~Should any interest accrue on investments made on behalf of a second party, the amount of such interest shall be repaid to the same second party, subject to the deduction, if necessary, of a commission, the amount of which shall be determined by the Executive Director.~~

Comments: The original second sentence of Rule 8.5 has been deleted to clarify the treatment of funds paid to the Organization by third parties. It seeks to retain the principle that interest will not be paid on such funds. The alternative wording included in the second set of square brackets seeks to cater for the exceptional circumstances in which interest might be payable at the discretion of the Committee.

ARTICLE REGULATION 9

The accounts

Rule 9.1: 1. The ~~Financial Controller~~ **Head of Finance and Administration** is responsible for establishing and maintaining all official accounting records of the Organization.

Rule 9.2:

2. (a) Apart from the employment of staff under an authorized Establishment Table and consequent commitments under the Staff Regulations and Rules, no obligation shall be incurred exceeding an amount determined by the Executive Director from time to time unless ~~credits~~ **provisions** have been ~~reserved~~ **made** in the accounts to cover such obligations.
- (b) At the end of a financial year the accounts shall be adjusted to take into account all unliquidated commitments during that financial year for which ~~credits~~ **provisions** have not previously been ~~reserved~~ **made**.

Rule 9.3: 3. Obligations shall be recorded in the accounts of the financial year in which they are incurred. Receipts shall be credited to the accounts of the financial year to which they relate.

Rule 9.4: 4. Expenditure shall be charged to the accounts of the financial year to which they relate, subject to the provisions of Financial Regulation 4.3 **Rule 5.4.**

Rule 9.5: 5. The **Head of Finance and Administration shall maintain** accounting records **which** shall comprise:

- (a) Members' contributions assessed, received and unpaid;
- ~~(b) general accounts including all subsidiary records;~~
- (c) budget management accounts showing allotments, obligations budgeted expenditure, including any adjustments made subsequently, and actual expenditure in accordance with Rule 9.8;**
- (d) treasury accounts showing all receipts and disbursements and records of investments;**
- (e) such other accounts as are necessary to prepare periodic statements showing the financial situation of the Organization; and**
- (f) the accounts relating to the Reserve Fund, trust funds and special accounts.**

Rule 9.6: 6. All accounting records shall be supported by documentation to be retained in appropriate files as integral parts of the official accounts of the Organization, **subject to the provisions of Regulation 5.5.**

~~**Rule 9.7:** The Accounting and Finance Section shall maintain records showing:~~

- ~~(a) the appropriations voted by the Council and the adjustments made subsequently in these appropriations;~~
- ~~(b) the total allotments made against such appropriations; and~~
- ~~(c) the unallotted balance of the appropriation.~~

~~**Rule 9.8:** The Financial Controller shall maintain allotment accounts showing:~~

- ~~(a) the original allotments and any adjustments;~~
- ~~(b) the amount of obligations incurred and obligations liquidated;~~
- ~~(c) the amount of expenditures; and~~
- ~~(d) the unobligated balance of allotments.~~

Rule 9.9: 7. The ~~Financial Controller~~ **Head of Finance and Administration** shall furnish:

- (a) monthly statements showing the budgetary situation on all accounts;
- (b) such other periodic financial statements required by the ~~Financial Regulations~~ **Rules**;
- (c) financial statements required by the Executive Director, the ~~Executive Board~~ **Finance and Administration Committee** or the Council; and
- (d) the annual statements of accounts of all funds.

Rule 9.10: 8. The Annual Accounts shall be approved by the Executive Director and submitted to the auditors so that they may be audited and presented to the Council as soon as possible and not later than six months after the close of the financial year to which they relate.

Comments: Rules 9.7 and 9.8 have been deleted in order to bring the accounting and internal control systems into line with modern, computerized accounting systems. The intention is not to alter the availability, quality or quantity of financial information, nor to affect the efficiency of the Organization's internal controls.

~~ARTICLE~~ REGULATION 10

Property

Rule 10.1: 1. The cost of all property acquired, other than real property, shall be charged as an expenditure ~~out of from~~ **from** the Budget for the year in which the obligation for its ~~acquisition~~ **acquisition** is incurred.

Rule 10.2: 2. Surplus property shall be sold for the best possible return to the Organization except when the exchange of surplus property in partial payment for ~~the new articles~~ **property** will afford an advantage to the Organization over the sale of surplus property and separate purchase of new ~~articles~~ **property**.

Rule 10.3: 3. The proceeds from the sale of property shall be taken into account as miscellaneous income except that, when items are sold for replacement, the proceeds may be credited against the purchase price of the new ~~article~~ **property** as a reduction of the expenditure if the purchase and sale are effected in the same financial year.

Rule 10.4: 4. Property records shall be maintained of all real property, furniture and equipment, however acquired and from whatever source, containing full details.

Rule 10.5: 5. A statement as at the end of each financial year shall be handed to the auditors showing all real property, furniture and equipment belonging to the Organization.

ARTICLE REGULATION 11**External audit**

Rule 11.1: The ~~Financial Controller~~ **Head of Finance and Administration** shall arrange for the auditors to have access at all convenient times during the year to all accounting records and information relevant thereto which they may require. Requests for information classified as confidential shall be made to the Executive Director and, in making their report, direct quotations from such documents shall be avoided by the auditors.



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