



**INTERNATIONAL  
OIL POLLUTION  
COMPENSATION  
FUND 1992**

ASSEMBLY  
9th extraordinary session  
Agenda item 17  
ENGLISH

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## AMENDMENTS TO FINANCIAL REGULATIONS

### Note by the Director

**Summary:**

This document sets out proposals by the Director for amendments to the 1992 Fund's Financial Regulations. Some of these amendments are required as a result of the establishment of the Supplementary Fund. Others are proposed, after discussions with the External Auditor, in order to strengthen the internal control or in the light of developments and experience.

**Action to be taken:**

Consider proposals for amendments to the Financial Regulations of the 1992 Fund.

### 1 The issue

- 1.1 The 1992 Fund Assembly adopted Financial Regulations at its 1st session which deal with various aspects of the 1992 Fund's finances, in particular with accounts, investments, internal control and audit. These Regulations have been amended from time to time.
- 1.2 As a result of the establishment of the Supplementary Fund, Financial Regulations of that Fund will have to be adopted. The establishment of that Fund also requires certain amendments to the 1992 Fund's Financial Regulations. In this connection the Director has examined the 1992 Fund's Financial Regulations in order to establish whether they should be modified in the light of developments and experience. He proposes a number of amendments, some of which are of a purely editorial nature, others result from the establishment of the Audit Body.
- 1.3 The External Auditor, who has been consulted, has made a number of proposals for amendments in order to strengthen the financial control and to adapt the Regulations to today's auditing standards, for example Regulations 9.2, 11.7, 12.3 and 14.2. The substance of these proposals are reflected in the Director's proposals. Consultations have also taken place with the Audit Body and the Investment Advisory Body.
- 1.4 The present text of the 1992 Fund's Financial Regulations are set out in the left-hand column of the Annex to this document, and the proposed amended text in the right-hand column. The proposed amendments are highlighted or otherwise indicated. Attention is drawn to the following provisions.
- 1.5 The majority of the amendments to Regulation 7 have been proposed in order to follow more closely the terminology in Article 12.2(a) and (b) which refer to "satisfaction of payments". The amendments are also in line with the 1971 and 1992 Funds' longstanding practice of aggregating payments of claims and claims-related expenditure under the maximum amount payable from the General Fund under the 1992 Fund Convention of 4 million SDR (under the 1971 Fund Convention 1 million SDR).
- 1.6 Regulation 10.4(c) deals with the maximum amount to be invested by the Funds in any given financial institution. In their report to the governing bodies of the 1992 and 1971 Funds at their October 2004

sessions, the Investment Advisory Bodies (IABs) of the 1992 and 1971 Funds questioned whether the Funds' normal limit of £15 million for investment with any given institution would be practical, should there be a major spill resulting in claims significantly exceeding the maximum amount payable under the 1992 Conventions, ie 203 million SDR (approximately £170 million). There were 62 financial institutions on the list of approved institutions whereas the Funds placed deposits on a regular basis with 27 financial institutions. In theory, if £15 million were placed with 27 financial institutions, the Funds would be able to manage assets of £405 million, but this, according to the IABs, was not a practical scenario. The IABs expressed the view that the investment criteria should not be weakened in order to include a number of less creditworthy financial institutions. The IABs recommended to the Director that Financial Regulation 10.4 should be amended so as to permit investments up to a maximum amount of £25 million with any one institution when the three Funds' combined assets exceeded £300 million. The Director's proposal follows this recommendation.

- 1.7 The IABs also referred to the fact that the assets of the 1971 Fund were expected to decrease. Financial Regulation 10.4(c) of the 1971 Fund provides that the maximum investment in any one financial institution shall not normally exceed 25% of the 1971 Fund's total assets. The IABs recognised that a problem would arise when the 1971 Fund's assets fell to such a low level that it would not be practical to limit each 1971 Fund investment to 25% of that Fund's assets. The IABs recommended to the Director that Financial Regulation 10.4(c) of the 1971 Fund should be amended to the effect that this restriction should only apply when the 1971 Fund's total assets exceeded £10 million. In the Director's view this situation could arise also in respect of the 1992 Fund. He proposes therefore a corresponding amendment to the 1992 Fund's Financial Regulations.
- 1.8 It is proposed that the mandates of the Audit Body and the Investment Advisory Body should be annexed to the Financial Regulations (cf Regulations 10.3 and 13). Proposals for revised mandates for these Bodies will be considered by the Assembly under agenda items 18 and 19 respectively.

## **2 Action to be taken by the Assembly**

The Assembly is invited

- (a) to take note of the information contained in this document; and
- (b) to consider the proposed amendments to the 1992 Fund's Financial Regulations.

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## ANNEX

### Financial Regulations of the International Oil Pollution Compensation Fund 1992 established under the 1992 Fund Convention

Present text	Proposed text
<u>Regulation 1</u>  <i>Definitions</i>	<u>Regulation 1</u>  <i>Definitions</i>
1.1 The "1992 Fund Convention" means the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992.	1.1 The "1992 Fund Convention" means the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992.
1.2 The "1992 Fund" means the International Oil Pollution Compensation Fund, established pursuant to Article 2.1 of the 1992 Fund Convention	1.2 The "1992 Fund" means the International Oil Pollution Compensation Fund 1992, established pursuant to Article 2.1 of the 1992 Fund Convention.
1.3 The "1971 Fund" means the International Oil Pollution Compensation Fund, established pursuant to Article 2.1 of the 1971 Fund Convention.	1.3 The "1971 Fund" means the International Oil Pollution Compensation Fund, established pursuant to Article 2.1 of the 1971 Fund Convention.
	1.4 "The Supplementary Fund Protocol" means the Protocol of 2003 to the 1992 Fund Convention.
	1.5 "The Supplementary Fund" means the International Oil Pollution Compensation Supplementary Fund 2003 established pursuant to Article 2.1 of the Supplementary Fund Protocol.
1.4 "Member State" means a State for which the 1992 Fund Convention is in force.	1.6 "Member State" means a State for which the 1992 Fund Convention is in force.
1.5 "Person", "Owner", "Pollution Damage", "Incident" and "Guarantor" have the same meaning as in Article 1 of the 1992 Fund Convention.	1.7 "Person", "Owner", "Pollution Damage", "Incident" and "Guarantor" have the same meaning as in Article 1 of the 1992 Fund Convention.
1.6 "Associated person" has the same meaning as in Article 10.2(b) of the 1992 Fund Convention.	1.8 "Associated person" has the same meaning as in Article 10.2(b) of the 1992 Fund Convention.
1.7 "Assembly" means the Assembly referred to in Article 17 of the 1992 Fund Convention or, where appropriate, a subsidiary body established by the Assembly in accordance with Article 18.9 of the 1992 Fund Convention.	1.9 "Assembly" means the Assembly referred to in Article 17 of the 1992 Fund Convention or, where appropriate, a subsidiary body established by the Assembly in accordance with Article 18.9 of the 1992 Fund Convention.
1.8 "Director" means the Director referred to in Article 16 of the 1992 Fund Convention.	1.10 "Director" means the Director referred to in Article 16 of the 1992 Fund Convention.
1.9 "Claim" means any application for compensation for pollution damage made to or against an owner, his guarantor or the 1992 Fund.	1.11 "Claim" means any application for compensation for pollution damage made to or against an owner, his guarantor or the 1992 Fund.
1.10 "Claimant" means any person making a claim.	1.12 "Claimant" means any person making a claim.

Present text	Proposed text
1.11 "SDR" means the Special Drawing Right as defined by the International Monetary Fund.	1.13 "SDR" means the Special Drawing Right as defined by the International Monetary Fund.
1.12 "Internal Regulations" means the Internal Regulations of the 1992 Fund.	1.14 "Internal Regulations" means the Internal Regulations of the 1992 Fund.
<p style="text-align: center;"><u>Regulation 2</u></p> <p style="text-align: center;"><i>Conversion of SDRs</i></p> <p>Where an amount is expressed in SDRs in these Financial Regulations, such an amount shall be converted into Pounds Sterling in accordance with the method of valuation applied by the International Monetary Fund in effect for its operations and transactions at the date applicable under these Financial Regulations.</p>	<p style="text-align: center;"><u>Regulation 2</u></p> <p style="text-align: center;"><i>Conversion of SDRs</i></p> <p>Where an amount is expressed in SDRs in these Financial Regulations, such an amount shall be converted into Pounds Sterling in accordance with the method of valuation applied by the International Monetary Fund in effect for its operations and transactions at the date applicable under these Financial Regulations.</p>
<p style="text-align: center;"><u>Regulation 3</u></p> <p style="text-align: center;"><i>The Financial Period</i></p> <p>The financial period of the 1992 Fund shall be the calendar year.</p>	<p style="text-align: center;"><u>Regulation 3</u></p> <p style="text-align: center;"><i>The Financial Period</i></p> <p>The financial period of the 1992 Fund shall be the calendar year.</p>
<p style="text-align: center;"><u>Regulation 4</u></p> <p style="text-align: center;"><i>Accounts and Budget</i></p> <p>4.1 The accounts of the 1992 Fund and its annual budget shall be established in Pounds Sterling.</p>	<p style="text-align: center;"><u>Regulation 4</u></p> <p style="text-align: center;"><i>Accounts and Budget</i></p> <p>4.1 The accounts of the 1992 Fund and its annual budget shall be established in Pounds Sterling.</p>
<p>4.2 Subject to Financial Regulation 4.3, the accounts of the 1992 Fund shall be completed and closed at the end of each calendar year. Any surplus funds including interest from operations in a given year shall be carried forward to the next calendar year.</p>	<p>4.2 Subject to Financial Regulation 4.3, the accounts of the 1992 Fund shall be completed and closed at the end of each calendar year. Any surplus funds including interest from operations in a given year shall be carried forward to the next calendar year.</p>
<p>4.3 Annual contributions paid to the 1992 Fund under Article 12.2(b) of the 1992 Fund Convention, including any interest thereon, shall be used exclusively for the satisfaction of the claims for which they were levied. If such contributions are not used during the year when they were due, they shall be reserved in the accounts of the 1992 Fund from year to year for this purpose.</p>	<p>4.3 Annual contributions paid to the 1992 Fund under Article 12.2(b) of the 1992 Fund Convention, including any interest thereon, shall be used exclusively for the satisfaction of the <u>payments</u> for which they were levied. If such contributions are not used during the year when they were due, they shall be reserved in the accounts of the 1992 Fund from year to year for this purpose.</p>

Present text	Proposed text
<p>4.4 After the periods set out in Article 6 of the 1992 Fund Convention for bringing actions in respect of a particular incident have lapsed and all claims and expenses arising out of that incident have been settled, the Assembly or, where appropriate, a subsidiary body established by the Assembly in accordance with Article 18.9 of the 1992 Fund Convention, shall assess the situation. If there remains a substantial amount which has been reserved in accordance with Financial Regulation 4.3, the Assembly or, where appropriate, subsidiary body, shall decide whether such amount shall be reimbursed pro rata to the persons who made contributions with respect to that incident in accordance with Article 12.2(b) of the 1992 Fund Convention, or whether such amount shall be credited pro rata to the accounts of these persons. The same shall apply if, after the settlement of all claims known to the 1992 Fund, the Assembly or, where appropriate, subsidiary body is satisfied that no more claims in respect of that incident will be made against the 1992 Fund and no more expenses will have to be met.</p>	<p>4.4 After the periods set out in Article 6 of the 1992 Fund Convention for bringing actions in respect of a particular incident have lapsed and all claims and expenses arising out of that incident have been settled, the Assembly<sup>&lt;1&gt;</sup> shall assess the situation. If there remains a substantial amount which has been reserved in accordance with Financial Regulation 4.3, the Assembly<sup>&lt;2&gt;</sup> shall decide whether such amount shall be reimbursed pro rata to the persons who made contributions with respect to that incident in accordance with Article 12.2(b) of the 1992 Fund Convention, or whether such amount shall be credited pro rata to the accounts of these persons. The same shall apply if, after the settlement of all claims known to the 1992 Fund, the Assembly<sup>&lt;3&gt;</sup> is satisfied that no more claims in respect of that incident will be made against the 1992 Fund and no more expenses will have to be met.</p>
<p>4.5 If, in the assessment referred to in Financial Regulation 4.4, the Assembly considers the amount remaining not to be substantial, this amount shall be transferred to the general fund.</p>	<p>4.5 If, in the assessment referred to in Financial Regulation 4.4, the Assembly considers the amount remaining not to be substantial, this amount shall be transferred to the <u>General Fund referred to in Financial Regulation 7.1.</u></p>
<p>4.6 In respect of each incident giving rise to claims against the 1992 Fund, the Director shall maintain a running record of all expenses incurred by the 1992 Fund.</p>	<p>4.6 In respect of each incident giving rise to claims against the 1992 Fund, the Director shall maintain a running record of all expenses incurred by the 1992 Fund.</p>
<p><u>Regulation 5</u></p> <p><i>The Budget</i></p>	<p><u>Regulation 5</u></p> <p><i>The Budget</i></p>
<p>5.1 The budget shall be established in Pounds Sterling.</p>	<p>5.1 The budget shall be established in Pounds Sterling.</p>
<p>5.2 The budget estimates to be prepared by the Director shall consist of a statement of income and expenditure for the financial period to which they relate. They shall contain appropriations for administrative expenses and estimates of expenditure for claims in accordance with Article 12.1(i)(b) and (c) of the 1992 Fund Convention. They shall be prepared on a gross basis.</p>	<p>5.2 The budget estimates to be prepared by the Director shall consist of a statement of income and expenditure for the financial period to which they relate. They shall contain appropriations for administrative expenses and estimates of expenditure for claims in accordance with Article 12.1(i)(b) and (c) of the 1992 Fund Convention<sup>&lt;3&gt;</sup></p>
<p>5.3 The budget estimates shall include the information referred to in Article 12.1 of the 1992 Fund Convention and shall be accompanied by such information as may be required by the Assembly and such further information as the Director may deem necessary.</p>	<p>5.3 The budget estimates shall include the information referred to in Article 12.1 of the 1992 Fund Convention and shall be accompanied by such information as may be required by the Assembly and such further information as the Director may deem necessary.</p>
<p>5.4 The Director shall submit budget estimates at least 45 days prior to the session of the Assembly at which they are to be considered for adoption.</p>	<p>5.4 The Director shall submit budget estimates at least 45 days prior to the session of the Assembly at which they are to be considered for adoption.</p>
<p>5.5 If for unforeseen reasons additional annual contributions are required, the Director may submit supplementary estimates to the Assembly and request an amendment of the budget.</p>	<p>5.5 If for unforeseen reasons additional annual contributions are required, the Director may submit supplementary estimates to the Assembly and request an amendment of the budget.</p>

<sup><1></sup> The words "or, where appropriate, a subsidiary body established by the Assembly in accordance with Article 18.9 of the 1992 Fund Convention" have been deleted; cf new Regulation 1.9

<sup><2></sup> The words "or, where appropriate, subsidiary body" have been deleted.

<sup><3></sup> The sentence "They shall be prepared on a gross basis" has been deleted to reflect the Funds' established accounting practice.

Present text	Proposed text
<p style="text-align: center;"><u>Regulation 6</u></p> <p style="text-align: center;"><i>Appropriations</i></p> <p>6.1 The appropriations adopted by the Assembly shall constitute an authorization to the Director to incur obligations and make payments for the purposes for which the appropriations were adopted and up to the amounts so voted.</p>	<p style="text-align: center;"><u>Regulation 6</u></p> <p style="text-align: center;"><i>Appropriations</i></p> <p>6.1 The appropriations adopted by the Assembly shall constitute an authorization to the Director to incur obligations and make payments for the purposes for which the appropriations were adopted and up to the amounts so voted.</p>
<p>6.2 The Director may exceed an appropriation in respect of any single class of expenditure by 5%.</p>	<p>6.2 The Director may exceed an appropriation in respect of any single class of expenditure by 5%.</p>
<p>6.3 Transfers between appropriations within chapters of the budget (Roman figures) may be made without limitation. Transfers between appropriations in the budget between chapters may be made up to 10%, calculated on the appropriation to which the transfer is made.</p>	<p>6.3 Transfers between appropriations within chapters of the budget (Roman figures) may be made without limitation. Transfers between appropriations in the budget between chapters may be made up to 10%, calculated on the appropriation to which the transfer is made.</p>
<p>6.4 Appropriations for expenditure shall remain available for 24 months following the end of the financial period to which they relate, to the extent that they are required to discharge the outstanding legal obligations of that period.</p>	<p>6.4 Appropriations for expenditure shall remain available for 24 months following the end of the financial period to which they relate, to the extent that they are required to discharge the outstanding legal obligations of that period.</p>
<p>6.5 Payments for claims under Article 12.1(i)(b) and (c) of the 1992 Fund Convention, including provisional payments, may be made, in respect of any claim from the General Fund or a Major Claims Fund, as the case may be, to the extent authorised under the Internal Regulations.</p>	<p>6.5 Payments for claims under Article 12.1(i)(b) and (c) of the 1992 Fund Convention, including provisional payments, may be made, in respect of any claim from the General Fund referred to in Financial Regulation 7.1 or a Major Claims Fund referred to in Financial Regulation 7.2, as the case may be, to the extent authorised under the Internal Regulations.</p>
<p style="text-align: center;"><u>Regulation 7</u></p> <p style="text-align: center;"><i>Funds</i></p> <p>7.1 <u>General Fund</u></p> <p>(a) There shall be established a General Fund from the following sources:</p> <p>(i) annual contributions levied pursuant to Article 12.2(a) of the 1992 Fund Convention (including interest on unpaid contributions) in respect of claims of the kind referred to in Article 12.1(i)(b) of the 1992 Fund Convention and any monies borrowed in connection with such claims. Such contributions shall include those levied to meet the first four million SDRs of claims in respect of any one incident where the aggregate amount of all claims exceeds four million SDRs;</p> <p>(ii) reimbursement with interest of any advances made under Financial Regulation 7.1(c)(ii) to a Major Claims Fund for provisional payments made by the 1992 Fund;</p> <p>(iii) income received from the investment of monies in the General Fund, transfers from Major Claims Funds according to Financial Regulation 4.5 and other miscellaneous income;</p>	<p style="text-align: center;"><u>Regulation 7</u></p> <p style="text-align: center;"><i>Funds</i></p> <p>7.1 <u>General Fund</u></p> <p>(a) There shall be established a General Fund from the following sources:</p> <p>(i) annual contributions levied pursuant to Article 12.2(a) of the 1992 Fund Convention (including interest on unpaid contributions) for the satisfaction of payments referred to in Article 12.1(i)(a) and (b) of the 1992 Fund Convention and any monies borrowed in connection with such payments. Such contributions shall include those levied to meet the first four million SDRs of payments in respect of any one incident where the aggregate amount of the payments of all claims and claims related expenditure exceeds four million SDRs;</p> <p>(ii) reimbursement with interest of any advances made under Financial Regulation 7.1(c)(ii) to a Major Claims Fund for provisional payments made by the 1992 Fund;</p> <p>(iii) income received from the investment of monies in the General Fund, transfers from Major Claims Funds according to Financial Regulation 4.5 and other miscellaneous income;</p>

Present text	Proposed text
<p>(iv) reimbursement with interest of any loans made under Financial Regulation 7.1(c)(iv) to a Major Claims Fund for payments of claims</p> <p>(v) amounts transferred to the General Fund pursuant to Financial Regulation 4.5.</p> <p>(b) A working capital shall be maintained at such a level as the Assembly may decide from time to time.</p> <p>(c) The monies in the General Fund shall be used:</p> <p>(i) for the satisfaction of claims of the kind referred to in Article 12.1(i)(b) of the 1992 Fund Convention including the first four million SDRs of claims in respect of any one incident where the aggregate amount of all claims exceeds four million SDRs;</p> <p>(ii) to make provisional payments pursuant to Internal Regulation 7.9;</p> <p>(iii) to meet the costs and expenses of the administration of the 1992 Fund and any other expenditure which may be authorised by the Assembly or, where appropriate, by a subsidiary body established by the Assembly in accordance with Article 18.9 of the 1992 Fund Convention;</p> <p>(iv) to make loans to a Major Claims Fund for the satisfaction of claims of the kind referred to in Article 12.1(i)(c) of the 1992 Fund Convention above the first four million SDRs in respect of any one incident, to the extent that sufficient money is not available in that Major Claims Fund.</p>	<p>(iv) reimbursement with interest of any loans made under Financial Regulation 7.1(c)(iv) to a Major Claims Fund for payments of claims;</p> <p>(v) any amount recovered by the 1992 Fund by way of recourse to be credited to the General Fund<sup>&lt;5&gt;</sup></p> <p>(b) A working capital shall be maintained at such a level as the Assembly may decide from time to time.</p> <p>(c) The monies in the General Fund shall be used:</p> <p>(i) for the satisfaction of payments referred to in Article 12.1(i)(b) of the 1992 Fund Convention including the first four million SDRs of payments in respect of any one incident where the aggregate amount of the payments of all claims and claims related expenditure exceeds four million SDRs;</p> <p>(ii) to make provisional payments pursuant to Internal Regulation 7.9;</p> <p>(iii) to meet the costs and expenses of the administration of the 1992 Fund and any other expenditure which may be authorised by the Assembly;<sup>&lt;5&gt;</sup></p> <p>(iv) to make loans to a Major Claims Fund for the satisfaction of payments referred to in Article 12.1(i)(c) of the 1992 Fund Convention above the first four million SDRs in respect of any one incident, to the extent that sufficient money is not available in that Major Claims Fund.</p>
<p>7.2 <u>Major Claims Funds</u></p> <p>(a) There shall be established separate Major Claims Funds for each incident giving rise to claims of the kind referred to in Article 12.1(i)(c) of the 1992 Fund Convention. Where the contributors liable to pay contributions to Major Claims Funds under Article 12.2(b) of the 1992 Fund Convention with respect to two or more incidents are identical, the Director may amalgamate these Major Claims Funds into one single Major Claims Fund.</p> <p>(b) Each Major Claims Fund shall consist of funds received from the following sources:</p> <p>(i) annual contributions levied under Article 12.2(b) of the 1992 Fund Convention (including interest on unpaid contributions) for the satisfaction of payments of claims in respect of a particular incident giving rise to claims of the kind referred to in Financial Regulation 7.2(a), and any monies borrowed in connection with such claims;</p> <p>(ii) income received from the investment of monies in the Major Claims Fund;</p> <p>(iii) reimbursement with interest of loans made to the General Fund or another Major Claims Fund under Financial Regulation 7.2(d).</p>	<p>7.2 <u>Major Claims Funds</u></p> <p>(a) There shall be established separate Major Claims Funds for each incident giving rise to payments referred to in Article 12.1(i)(c) of the 1992 Fund Convention. Where the contributors liable to pay contributions to Major Claims Funds under Article 12.2(b) of the 1992 Fund Convention with respect to two or more incidents are identical, the Director may amalgamate these Major Claims Funds into one single Major Claims Fund.</p> <p>(b) Each Major Claims Fund shall consist of funds received from the following sources:</p> <p>(i) annual contributions levied under Article 12.2(b) of the 1992 Fund Convention (including interest on unpaid contributions) for the satisfaction of payments in respect of a particular incident referred to in Financial Regulation 7.2(a), and any monies borrowed in connection with such payments;</p> <p>(ii) income received from the investment of monies in the Major Claims Fund;</p> <p>(iii) reimbursement with interest of loans made to the General Fund or another Major Claims Fund under Financial Regulation 7.2(d);</p> <p>(iv) any amount recovered by the 1992 Fund by way of recourse to be credited to that Major Claims Fund.</p>

<4> Present Regulation 7.1(a)(v) has been deleted since it duplicates Regulation 7.1(a)(iii).

<5> The words "or, where appropriate, a subsidiary body established by the Assembly in accordance with Article 18.9 of the 1992 Fund Convention" have been deleted.

Present text	Proposed text
<p>(c) Contributions to any Major Claims Fund shall be separately credited to the individual contributors.</p> <p>(d) The monies in any Major Claims Fund shall be used for payment in respect of the particular claims referred to in Financial Regulation 7.2(a) or otherwise be applied in accordance with Financial Regulations 4.4 and 4.5. Such monies may also be used to make loans to the General Fund or to another Major Claims Fund, to the extent that sufficient money is not available in the relevant funds.</p> <p>(e) Any loans taken pursuant to Financial Regulation 8, any advances made from the General Fund for provisional payments under Financial Regulation 7.1(c)(ii), and any loans taken from the General Fund under Financial Regulation 7.1(c)(iv) or from a Major Claims Fund under Financial Regulation 7.2(d) shall be credited to the relevant Major Claims Fund.</p>	<p>(c) Contributions to any Major Claims Fund shall be separately credited to the individual contributors.</p> <p>(d) The monies in any Major Claims Fund shall be used for payments referred to in Financial Regulation 7.2(a) or otherwise be applied in accordance with Financial Regulations 4.4 and 4.5. Such monies may also be used to make loans to the General Fund or to another Major Claims Fund, to the extent that sufficient money is not available in the relevant funds.</p> <p>(e) Any loans taken pursuant to Financial Regulation 8, any advances made from the General Fund for provisional payments under Financial Regulation 7.1(c)(ii), and any loans taken from the General Fund under Financial Regulation 7.1(c)(iv) or from a Major Claims Fund under Financial Regulation 7.2(d) shall be credited to the relevant Major Claims Fund.</p>
	<p>(f) A Major Claims Fund shall be closed when, in the light of the assessment made under Financial Regulations 4.4 the balance on that Major Claims Fund has been repaid to contributors or transferred to the General Fund, as the case may be.</p>
<p>7.3 <u>Provident Fund</u></p> <p>(a) Contributions to the Provident Fund established in accordance with Staff Regulation 26 which are paid by each staff member and by the 1992 Fund in respect of that staff member as well as any withdrawals by a staff member shall be shown separately.</p> <p>(b) The assets of the Provident Fund shall be invested together with the assets of the 1992 Fund.</p>	<p>7.3 <u>Provident Fund</u></p> <p>(a) Contributions to the Provident Fund established in accordance with Staff Regulation 26 which are paid by each staff member and by the 1992 Fund in respect of that staff member as well as any withdrawals by a staff member shall be shown separately.</p> <p>(b) The assets of the Provident Fund shall be invested together with the assets of the 1992 Fund.</p>
<p style="text-align: center;"><u>Regulation 8</u></p> <p style="text-align: center;"><i>Loans</i></p> <p>Where annual contributions determined by the Assembly do not in fact produce sufficient and timely funds for the payments to be made by the 1992 Fund for the satisfaction of claims, provisional payments or other expenses incurred in the operation of the 1992 Fund, the Director may make arrangements for obtaining short-term credit facilities or loans meeting the cash-flow requirements of the 1992 Fund. If the Director is unable to arrange the required credit facilities or loans on terms which he feels are reasonable, he shall refer the matter to the Assembly.</p>	<p style="text-align: center;"><u>Regulation 8</u></p> <p style="text-align: center;"><i>Loans</i></p> <p>Where annual contributions determined by the Assembly do not in fact produce sufficient and timely funds for the payments to be made by the 1992 Fund for the satisfaction of claims, provisional payments or other expenses incurred in the operation of the 1992 Fund, the Director may make arrangements for obtaining short-term credit facilities or loans meeting the cash-flow requirements of the 1992 Fund. If the Director is unable to arrange the required credit facilities or loans on terms which he feels are reasonable, he shall refer the matter to the Assembly.</p>
<p style="text-align: center;"><u>Regulation 9</u></p> <p style="text-align: center;"><i>Management of Monies</i></p> <p>9.1 The Director shall be responsible for the management of all monies accruing to the 1992 Fund. One or more officers of the 1992 Fund (other than the Director) shall be appointed to administer all banking accounts operated by the 1992 Fund, maintaining a proper cash account in which all receipts and payments shall be recorded in chronological order. Such officers shall not have powers to incur liabilities, or to authorize the payment or collection of monies except to the extent authorised by the Director under Financial</p>	<p style="text-align: center;"><u>Regulation 9</u></p> <p style="text-align: center;"><i>Management of Monies</i></p> <p>9.1 The Director shall be responsible for the management of all monies accruing to the 1992 Fund. One or more officers of the 1992 Fund (other than the Director) shall be appointed to administer all banking accounts operated by the 1992 Fund, maintaining a proper cash account in which all receipts and payments shall be recorded in chronological order. Such officers shall not have powers to incur liabilities, or to authorize the payment or collection of monies except to the extent authorised by the Director under Financial Regulation 11.1(c).</p>



Present text	Proposed text
<p>Regulation 11.1.</p> <p>9.2 The Director may authorise one or more officers to act as signatories on behalf of the 1992 Fund in giving payment instructions. The 1992 Fund's bankers shall be empowered to accept payment instructions on behalf of the 1992 Fund when signed as follows:</p> <p>(a) for any sum up to £10 000 by any officer from category A, B or C;</p> <p>(b) for any sum in excess of £10 000 up to £25 000, by an officer from category A or by any two officers from category B or C;</p> <p>(c) for any sum in excess of £25 000 up to £100 000, by any two officers from category A, B or C;</p> <p>(d) for any sum in excess of £100 000, by one officer from category A or B plus one officer from category A, B or C.</p> <p>For the purposes of this Regulation, the categories are as follows:</p> <p>Category A Director  Category B Deputy Director, Legal Counsel and Head of the Claims Department  Category C Other officers</p> <p>Further conditions in respect of the delegation of authority under this Regulation shall be laid down by the Director in Administrative Instructions.</p>	<p>9.2 The Director may authorise officers<sup>&lt;6&gt;</sup> to act as signatories on behalf of the 1992 Fund in giving payment instructions. The 1992 Fund's bankers shall be empowered to accept payment instructions on behalf of the 1992 Fund when signed as follows:</p> <p>(a) for any sum up to £100 000, by any two officers from category A or B;</p> <p>(b) for any sum in excess of £100 000, by one officer from category A plus one officer from category A or B.<sup>&lt;7&gt;</sup></p> <p>For the purposes of this Regulation, the categories are as follows:</p> <p>Category A Director, Deputy Director, Legal Counsel and Head of the Claims Department  Category B Head of the Finance and Administration Department, Head of the External Relations and Conference Department and Finance Manager</p> <p>Further conditions in respect of the delegation of authority under this Regulation shall be laid down by the Director in Administrative Instructions.</p>
<p style="text-align: center;"><u>Regulation 10</u></p> <p style="text-align: center;"><i>Investment of Assets</i></p> <p>10.1 With a view to securing the assets of the 1992 Fund, the Director may invest any funds which are not required for the short-term operation of the 1992 Fund. In making any investments, all necessary steps shall be taken to ensure the maintenance of sufficient liquid funds for the operation of the 1992 Fund, to avoid undue currency risks and generally obtain a reasonable return on the investments of the 1992 Fund.</p> <p>10.2 The Director shall submit to each session of the Assembly particulars of the current investments of the 1992 Fund and of any changes which have taken place since his previous report.</p> <p>10.3 The 1992 Fund shall have an Investment Advisory Body, whose members are appointed by the Assembly. The Investment Advisory Body shall advise the Director in general terms on investment matters, in accordance with the mandate decided by the Assembly.</p>	<p style="text-align: center;"><u>Regulation 10</u></p> <p style="text-align: center;"><i>Investment of Assets</i></p> <p>10.1 With a view to securing the assets of the 1992 Fund, the Director may invest any funds which are not required for the short-term operation of the 1992 Fund. In making any investments, all necessary steps shall be taken to ensure the maintenance of sufficient liquid funds for the operation of the 1992 Fund, to avoid undue currency risks and generally obtain a reasonable return on the investments of the 1992 Fund.</p> <p>10.2 The Director shall submit to each regular session of the Assembly particulars of the current investments of the 1992 Fund and of any changes which have taken place since his previous report.</p> <p>10.3 The 1992 Fund shall have a joint Investment Advisory Body with the 1971 Fund and the Supplementary Fund, whose members are appointed by the Assembly. The Body shall advise the Director in general terms on investment matters, in accordance with the mandate decided by the Assembly set out in Annex I to these Regulations.</p>

<sup><6></sup> The words "one or more" have been deleted.

<sup><7></sup> Items 9.2(c) and (d) have been deleted.

Present text	Proposed text
<p>10.4 The assets of the 1992 Fund shall be invested by the Director in accordance with Financial Regulation 10.1 and the following principles:</p> <p>(a) the 1992 Fund's assets shall be held in Pounds Sterling or, if the Director considers it appropriate, in the currencies required to meet claims arising out of a specific incident which have been settled or are likely to be settled in the near future. Subject to prior approval by the Assembly, investments may also be made in currencies other than Pounds Sterling to meet payments in respect of a particular incident which has given rise to significant claims against the 1992 Fund;</p> <p>(b) the assets shall be placed on term deposit or by purchase of Certificates of Deposit with banks or building societies enjoying a high reputation and standing in the financial community; the term of these investments shall not exceed one year;</p> <p>(c) the maximum investment in any bank or building society shall not normally exceed 25% of the 1992 Fund's total assets; the investments in any such institution by the 1992 Fund and the 1971 Fund shall not together normally exceed £15 million;</p> <p>(d) any exceptions to the normal limit in Financial Regulation 10.4(c) shall be reported to the Assembly at its next meeting.</p> <p>These principles shall be reviewed from time to time.</p>	<p>10.4 The assets of the 1992 Fund shall be held and invested by the Director in accordance with Financial Regulation 10.1 and the following principles:</p> <p>(a) the 1992 Fund's assets shall be held in Pounds Sterling or, if the Director considers it appropriate, in the currencies required to meet claims arising out of a specific incident which have been settled or are likely to be settled in the near future;<sup>&lt;8&gt;</sup></p> <p>(b) the assets shall be placed on term deposit or by purchase of Certificates of Deposit with banks or building societies enjoying a high reputation and standing in the financial community; the term of these investments shall not exceed one year;</p> <p>(c) providing that the total of the 1992 Fund's assets exceeds £10 million, the maximum investment in any bank or building society shall not normally exceed 25% of these assets;</p> <p>(d) the maximum investment in any bank or building society by the 1992 Fund, the 1971 Fund and the Supplementary Fund shall not together normally exceed £15 million, or when the three Funds' combined assets exceed £300 million not normally exceed £25 million;</p> <p>(e) any exceptions to the normal limit in Financial Regulation 10.4(c) and (d), shall be reported to the Assembly at its next regular session.</p> <p>These principles shall be reviewed from time to time.</p>
<p>10.5 Instructions relating to the 1992 Fund's investments, as well as instructions relating to the transfer of funds from one financial institution to another for the credit of the 1992 Fund's deposit accounts, shall be given by the Director. The Director may authorise another officer or officers to act on his behalf. Instructions shall be given</p> <p>(a) in writing, signed jointly by two authorised officers, or</p> <p>(b) orally by one authorised officer followed by written confirmation signed jointly by two authorised officers.</p>	<p>10.5 Instructions relating to the 1992 Fund's investments, as well as instructions relating to the transfer of funds from one financial institution to another for the credit of the 1992 Fund's deposit accounts, shall be given by the Director. The Director may authorise another officer or officers to act on his behalf. Instructions shall be given</p> <p>(a) in writing, signed jointly by two authorised officers, or</p> <p>(b) orally by one authorised officer followed by written confirmation signed jointly by two authorised officers.</p>
<p>10.6 For purposes of investment, all monies in the General Fund, Major Claims Funds, Contributors' Accounts and any special accounts may be merged. Any resulting income shall accrue to the respective fund or account pro rata.</p>	<p>10.6 For purposes of investment, all monies in the General Fund, Major Claims Funds, Contributors' Accounts and any special accounts may be merged. Any resulting income shall accrue to the respective fund or account pro rata, provided however that interest on the Contributors' Accounts shall be calculated as set out in Internal Regulation 3.9.</p>

<sup><8></sup>The sentence "Subject to prior approval by the Assembly, investments may also be made in currencies other than Pounds Sterling to meet payments in respect of a particular incident which has given rise to significant claims against the 1992 Fund" has been deleted, since it contradicts the first sentence.

Present text	Proposed text
<p style="text-align: center;"><u>Regulation 11</u></p> <p style="text-align: center;"><i>Internal Control</i></p> <p>11.1 The Director shall:</p> <p>(a) give such detailed directions as are necessary to ensure effective financial administration and the exercise of economy;</p> <p>(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 except where normal commercial practice requires payment to be made in advance;</p> <p>(c) designate the officers who may receive monies, incur obligations, purchase goods and make payments on behalf of the 1992 Fund;</p> <p>(d) maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:</p> <p style="padding-left: 40px;">(i) the regularity of the receipt, custody and disposal of all monies and other financial resources of the 1992 Fund;</p> <p style="padding-left: 40px;">(ii) the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Assembly;</p> <p style="padding-left: 40px;">(iii) the economic use of the resources of the 1992 Fund;</p> <p style="padding-left: 40px;">(iv) conformity with the 1992 Fund Convention, the Financial Regulations and the Internal Regulations.</p>	<p style="text-align: center;"><u>Regulation 11</u></p> <p style="text-align: center;"><i>Internal Control</i></p> <p>11.1 The Director shall:</p> <p>(a) give such detailed directions as are necessary to ensure effective financial administration and the exercise of economy;</p> <p>(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 except where normal commercial practice requires payment to be made in advance;</p> <p>(c) designate the officers who may receive monies, incur obligations, purchase goods and make payments on behalf of the 1992 Fund;</p> <p>(d) maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:</p> <p style="padding-left: 40px;">(i) the regularity of the receipt, custody and disposal of all monies and other financial resources of the 1992 Fund;</p> <p style="padding-left: 40px;">(ii) the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Assembly;</p> <p style="padding-left: 40px;">(iii) the economic use of the resources of the 1992 Fund;</p> <p style="padding-left: 40px;">(iv) conformity with the 1992 Fund Convention, the Financial Regulations and the Internal Regulations.</p>
<p>11.2 Except to the extent provided for in Financial Regulation 11.1(c), no obligations shall be incurred without the prior authorisation of the Director.</p>	<p>11.2 Except to the extent provided for in Financial Regulation 11.1(c), no obligations shall be incurred without the prior authorisation of the Director.</p>
<p>11.3 Imprest cash advances for official purposes may be made to staff members who must at all times be in a position to account for them.</p>	<p>11.3 Imprest cash advances for official purposes may be made to staff members who must at all times be in a position to account for them.</p>
<p>11.4 The cost of all property acquired other than real property will be immediately charged as an expense. Records will be kept of all real property, non-expendable and expendable supplies and equipment acquired by the 1992 Fund. An inventory will be established at the end of each financial period of all assets, supplies and materials in hand, exceeding £50 per item, indicating the cost and the year of acquisition and a copy of the inventory will be furnished to the External Auditor.</p>	<p>11.4 The cost of all property acquired other than real property will be immediately charged as an expense. Records will be kept of all real property, non-expendable and expendable supplies and equipment acquired by the 1992 Fund. An inventory will be established at the end of each financial period of all assets, supplies and materials in hand, exceeding £150 per item, indicating the cost and the year of acquisition, and a copy of the inventory will be furnished to the External Auditor.</p>
<p>11.5 Except with regard to claims the Director may make such <i>ex gratia</i> payments as he deems to be necessary in the interests of the 1992 Fund, provided that a statement of such payments shall be submitted to the Assembly with the accounts and provided, however, that the Director may not make such payments without the prior approval of the Chairman of the Assembly.</p>	<p>11.5 In respect of matters other than claims for compensation, the Director may make payments or waive a right to recovery, even if there is no legal obligation for the 1992 Fund to do so, provided that, in his view, this is appropriate in order to safeguard the Fund's financial or other interests. The Audit Body and the External Auditor should be provided with a statement on such payments or waivers. Any payment or waiver exceeding £25 000 requires the prior approval by the Chairman of the Assembly and information on such payment or waiver shall be reported to the Assembly together with the financial statements.</p>

Present text	Proposed text
<p>11.6 The Director may, after full investigation, authorise the writing off of losses of cash and deletion from inventory of stores and other assets, provided that a statement thereon shall be submitted to the External Auditor with the accounts.</p>	<p>11.6 The Director may, after full investigation, authorise the writing off of losses of cash and deletion from inventory of stores and other assets, provided that a statement thereon shall be submitted to the External Auditor with the accounts.</p>
	<p>11.7 The Director shall, in connection with submitting the financial statements to the External Auditor, inform the External Auditor whether he is aware of any reported cases of fraud, presumptive fraud or money laundering during the financial year in question.</p>
<p style="text-align: center;"><u>Regulation 12</u></p> <p style="text-align: center;"><i>The Accounts</i></p> <p>12.1 The 1992 Fund shall maintain such books of accounts and prepare such financial statements as are necessary for each financial period.</p>	<p style="text-align: center;"><u>Regulation 12</u></p> <p style="text-align: center;"><i>The Accounts</i></p> <p>12.1 The 1992 Fund shall maintain such books of accounts and prepare such financial statements as are necessary for each financial period in accordance with the 1992 Fund's Financial Regulations and stated accounting policies and in compliance with United Nations accounting standards, where appropriate.</p>
<p>12.2 The books of accounts, which shall be maintained on a double entry basis, shall record:</p> <p>(a) the receipts and payments of all funds;</p> <p>(b) the income and expenditure of all funds;</p> <p>(c) the assets and liabilities of the 1992 Fund;</p> <p>(d) the status of appropriations, including:</p> <p style="padding-left: 20px;">(i) the original budget appropriations;</p> <p style="padding-left: 20px;">(ii) the appropriations as modified by any transfers;</p> <p style="padding-left: 20px;">(iii) the amounts charged against those appropriations.</p>	<p>12.2 The books of accounts, which shall be maintained on a double entry basis, shall record:</p> <p>(a) the receipts and payments of all funds;</p> <p>(b) the income and expenditure of all funds;</p> <p>(c) the assets and liabilities of the 1992 Fund;</p> <p>(d) the status of appropriations, including:</p> <p style="padding-left: 20px;">(i) the original budget appropriations;</p> <p style="padding-left: 20px;">(ii) the appropriations as modified by any transfers;</p> <p style="padding-left: 20px;">(iii) the amounts charged against those appropriations.</p>
<p>12.3 The financial statements to be prepared and submitted to the Assembly by the Director in accordance with Article 29.2(f) of the 1992 Fund Convention, and on which the External Auditor will report in accordance with Financial Regulation 13.15, shall comprise:</p> <p>(a) (i) a statement of appropriations and obligations incurred;</p> <p style="padding-left: 20px;">(ii) Income and Expenditure Accounts for all funds;</p> <p style="padding-left: 20px;">(iii) a Balance Sheet;</p> <p style="padding-left: 20px;">(iv) a Cash Flow Statement;</p> <p>(b) such notes as may be necessary for a better understanding of the financial statements, including a statement of significant accounting policies and details of contingent liabilities.</p>	<p>12.3 The financial statements to be prepared and submitted to the Assembly by the Director in accordance with Article 29.2(f) of the 1992 Fund Convention, and on which the External Auditor will report in accordance with Financial Regulation 14.16, shall comprise:</p> <p>(a) (i) a statement of appropriations and obligations incurred;</p> <p style="padding-left: 20px;">(ii) Income and Expenditure Accounts for all funds;</p> <p style="padding-left: 20px;">(iii) a Balance Sheet;</p> <p style="padding-left: 20px;">(iv) a Cash Flow Statement;</p> <p>(b) such notes as may be necessary for a better understanding of the financial statements, including a statement of significant accounting policies and details of contingent liabilities, ie of all known or likely claims against the 1992 Fund and of claims related expenditures estimated for the next financial year.</p>

Present text	Proposed text
12.4 The accounts of the 1992 Fund shall be kept in Pounds Sterling. The accounts may be kept in such currency or currencies as the Director may deem necessary.	12.4 The accounts of the 1992 Fund shall be kept in Pounds Sterling. Foreign currency bought for Pounds Sterling and invested in accordance with Financial Regulation 10.4(a) shall be translated into Pounds Sterling at the financial year end at the rate of exchange at the last banking day of the year as published in the London Financial Times.
12.5 The books of accounts and financial statements for the financial period shall be submitted by the Director to the External Auditor by 31 May following the end of that financial period.	12.5 The books of accounts and financial statements for the financial period shall be submitted by the Director to the External Auditor by <u>30 April</u> following the end of that financial period.
	<p style="text-align: center;"><u>Regulation 13</u><sup>-9&gt;</sup></p> <p style="text-align: center;"><i>Audit Body</i></p> <p>The 1992 Fund shall have a joint Audit Body with the 1971 Fund and the Supplementary Fund, whose members are appointed by the Assembly. The Audit Body shall report to the Assembly in accordance with the mandate decided by the Assembly set out in Annex II to these Regulations.</p>
<p style="text-align: center;"><u>Regulation 13</u></p> <p style="text-align: center;"><i>External Audit</i></p> <p>13.1 An External Auditor, who shall be the Auditor-General (or officer holding the equivalent title) of a Member State, shall be appointed in the manner and for the period decided by the Assembly.</p>	<p style="text-align: center;"><u>Regulation 14</u></p> <p style="text-align: center;"><i>External Audit</i></p> <p>14.1 An External Auditor, who shall be the Auditor-General (or officer holding the equivalent title) of a Member State, shall be appointed in the manner and for the period decided by the Assembly.</p>
13.2 The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the Assembly, in accordance with Financial Regulations 13.11 to 13.19.	14.2 The audit shall be conducted in conformity with International Standards on Auditing (ISAs) as issued by the International Auditing and Assurance Standards Board (IAASB) and, subject to any special directions of the Assembly, in accordance with Financial Regulations 14.12 to 14.21.
13.3 The External Auditor 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 1992 Fund.	14.3 The External Auditor 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 1992 Fund.
13.4 The External Auditor shall be completely independent and solely responsible for the conduct of the audit.	14.4 The External Auditor shall be completely independent and solely responsible for the conduct of the audit.
	14.5 The External Auditor shall discuss with the Audit Body the nature and scope of each forthcoming audit and shall normally be represented at the meetings of that Body.
13.5 The Assembly or, where appropriate, a subsidiary body established by the Assembly in accordance with Article 18.9 of the 1992 Fund Convention, may request the External Auditor to perform certain specific examinations and issue separate reports on the results.	14.6 The Assembly <sup>&lt;10&gt;</sup> may request the External Auditor to perform certain specific examinations and issue separate reports on the results
13.6 The Director shall provide the External Auditor with the facilities he may require in the performance of the audit.	14.7 The Director shall provide the External Auditor with the facilities he may require in the performance of the audit.

<sup>-9></sup>New Regulation; the subsequent Regulations have been renumbered.

<sup><10></sup>The words "or, where appropriate, a subsidiary body established by the Assembly in accordance with Article 18.9 of the 1992 Fund Convention" have been deleted.

Present text	Proposed text
13.7 For the purpose of making a local or special examination or of effecting economies of audit cost, the External Auditor may engage the services of any national Auditor-General (or equivalent title) or commercial public auditors of known repute or any other person or firm who, in the opinion of the External Auditor, is technically qualified.	14.8 For the purpose of making a local or special examination or of effecting economies of audit cost, the External Auditor may engage the services of any national Auditor-General (or equivalent title) or commercial public auditors of known repute or any other person or firm who, in the opinion of the External Auditor, is technically qualified.
13.8 The External Auditor shall issue a report on the audit of the financial statements and relevant schedules, which shall include such information as he deems necessary in regard to matters referred to in Financial Regulation 13.3.	14.9 The External Auditor shall issue a report on the audit of the financial statements and relevant schedules, which shall include such information as he deems necessary in regard to matters referred to in Financial Regulation 14.3.
13.9 The External Auditor shall transmit his Report to the Chairman of the Assembly not later than 30 June following the end of the accounting year to which the financial statements relate. This Report shall be communicated to the members of the Assembly as soon as possible thereafter.	14.10 The External Auditor shall transmit his Report to the Chairman of the Assembly not later than 30 June following the end of the accounting year to which the financial statements relate. This Report shall be communicated by the Director to the members of the Assembly and to the members of the Audit Body as soon as possible thereafter.
13.10 The External Auditor shall be invited to be present at the meeting of the Assembly at which his Reports are to be discussed.	14.11 The External Auditor shall be invited to be present at the meeting of the Assembly at which his Reports are to be discussed.
<p>13.11 The External Auditor shall perform such audit of the accounts of the 1992 Fund as he deems necessary in order to satisfy himself:</p> <p>(a) that the financial statements are in accordance with the books and records of the 1992 Fund;</p> <p>(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;</p> <p>(c) that the securities and monies on deposit and on hand have been verified by certificates received direct from the 1992 Fund's depositaries or by actual count;</p> <p>(d) that the internal controls are adequate for their purpose;</p> <p>(e) that procedures satisfactory to the External Auditor have been applied to the recording of all assets, liabilities, surpluses and deficits.</p>	<p>14.12 The External Auditor shall perform such audit of the accounts of the 1992 Fund as he deems necessary in order to satisfy himself:</p> <p>(a) that the financial statements are in accordance with the books and records of the 1992 Fund;</p> <p>(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;</p> <p>(c) that the securities and monies on deposit and on hand have been verified by certificates received direct from the 1992 Fund's depositaries or by actual count;</p> <p>(d) that all material weaknesses in the accounting and internal control systems identified during the audit have been reported;</p> <p>(e) that procedures satisfactory to the External Auditor have been applied to the recording of all assets, liabilities, surpluses and deficits in accordance with the Financial Regulations, stated accounting policies and United Nations accounting standards where appropriate.</p>
13.12 The External Auditor shall for the purpose of his Reports be the sole judge as to the acceptance in whole or in part of certifications and representations by the Director and may proceed to such detailed examination and verification as he chooses of all financial records including those relating to supplies and equipment.	14.13 The External Auditor shall for the purpose of his Reports be the sole judge as to the acceptance in whole or in part of certifications and representations by the Director and may proceed to such detailed examination and verification as he chooses of all financial records including those relating to supplies and equipment.
13.13 The External Auditor and his staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the External Auditor, necessary for the performance of the audit. Information classified as privileged and which the Director agrees is required by the External Auditor for the purposes of the audit, and information classified confidential shall be made available on application. The External Auditor and his staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor may draw the attention of the Assembly to any denial of information classified as privileged which in his opinion was required for the purpose of the audit.	14.14 The External Auditor and his staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the External Auditor, necessary for the performance of the audit. Information classified as privileged and which the Director agrees is required by the External Auditor for the purposes of the audit, and information classified confidential shall be made available on application. The External Auditor and his staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor may draw the attention of the Assembly to any denial of information classified as privileged which in his opinion was required for the purpose of the audit.

Present text	Proposed text
<p>13.14 The External Auditor shall have no power to disallow items in the accounts but shall draw to the attention of the Director for appropriate action any transaction concerning which he entertains doubt as to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be immediately communicated to the Director.</p>	<p>14.15 The External Auditor shall have no power to disallow items in the accounts but shall draw to the attention of the Director for appropriate action any transaction concerning which he entertains doubt as to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be immediately communicated to the Director.</p>
<p>13.15 The External Auditor shall express and sign an opinion on the financial statements which states whether:</p> <ul style="list-style-type: none"> <li>(a) the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended;</li> <li>(b) the financial statements were prepared in accordance with the stated accounting principles;</li> <li>(c) the accounting principles were applied on a basis consistent with that of the preceding financial period;</li> <li>(d) transactions were in accordance with the Financial Regulations and legislative authority.</li> </ul>	<p>14.16 The External Auditor shall express and sign an opinion on the financial statements which states whether:</p> <ul style="list-style-type: none"> <li>(a) the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended;</li> <li>(b) the financial statements were prepared in accordance with the stated accounting principles;</li> <li>(c) the accounting principles were applied on a basis consistent with that of the preceding financial period;</li> <li>(d) transactions were in accordance with the Financial Regulations and legislative authority.</li> </ul>
<p>13.16 The report of the External Auditor to the Assembly on the financial operations of the period should mention:</p> <ul style="list-style-type: none"> <li>(a) the type and scope of his examination;</li> <li>(b) matters affecting the completeness and accuracy of the accounts, including where appropriate: <ul style="list-style-type: none"> <li>(i) information necessary to the proper interpretation of the accounts;</li> <li>(ii) any amounts which ought to have been received but which have not been brought to account;</li> <li>(iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;</li> <li>(iv) expenditures not properly substantiated;</li> <li>(v) whether proper books of accounts have been kept. Where in the presentation Statement there are deviations of material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;</li> </ul> </li> <li>(c) other matters which should be brought to the notice of the Assembly, such as: <ul style="list-style-type: none"> <li>(i) cases of fraud or presumptive fraud;</li> <li>(ii) wasteful or improper expenditure of the 1992 Fund's money or other assets (notwithstanding that the accounting for the transaction may be correct);</li> <li>(iii) expenditure likely to commit the 1992 Fund to further outlay on a large scale;</li> <li>(iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;</li> <li>(v) expenditure not in accordance with the intention of the Assembly after making allowance for duly authorised transfers within the budget;</li> </ul> </li> </ul>	<p>14.17 The report of the External Auditor to the Assembly on the financial operations of the period should mention:</p> <ul style="list-style-type: none"> <li>(a) the type and scope of his examination;</li> <li>(b) matters affecting the completeness and accuracy of the accounts, including where appropriate: <ul style="list-style-type: none"> <li>(i) information necessary to the proper interpretation of the accounts;</li> <li>(ii) any amounts which ought to have been received but which have not been brought to account;</li> <li>(iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;</li> <li>(iv) expenditures not properly substantiated;</li> <li>(v) whether proper books of accounts have been kept. Where in the presentation Statement there are deviations of material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;</li> </ul> </li> <li>(c) other matters which should be brought to the notice of the Assembly, such as: <ul style="list-style-type: none"> <li>(i) cases of fraud, presumptive fraud or money laundering;</li> <li>(ii) wasteful or improper expenditure of the 1992 Fund's money or other assets (notwithstanding that the accounting for the transaction may be correct);</li> <li>(iii) expenditure likely to commit the 1992 Fund to further outlay on a large scale;</li> <li>(iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;</li> <li>(v) expenditure not in accordance with the intention of the Assembly after making allowance for duly authorised transfers within the budget;</li> </ul> </li> </ul>

Present text	Proposed text
<p>(vi) expenditure in excess of appropriations as amended by duly authorised transfers within the budget;</p> <p>(vii) expenditure not in conformity with the authority which governs it;</p> <p>(d) the accuracy or otherwise of the supplies and equipment records as determined by stocktaking and examination of the records.</p> <p>In addition, the Reports may contain reference to:</p> <p>(e) transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable that the Assembly should have early knowledge.</p>	<p>(vi) expenditure in excess of appropriations as amended by duly authorised transfers within the budget;</p> <p>(vii) expenditure not in conformity with the authority which governs it;</p> <p>(d) the accuracy or otherwise of the supplies and equipment records as determined by stocktaking and examination of the records.</p> <p>In addition, the Reports may contain reference to:</p> <p>(e) transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable that the Assembly should have early knowledge.</p>
<p>13.17 The External Auditor may make such observations with respect to his findings resulting from the audit and such comments on the Director's financial report as he deems appropriate to the Assembly or to the Director.</p>	<p><b>14.18</b> The External Auditor may make such observations with respect to his findings resulting from the audit and such comments on the Director's financial report as he deems appropriate to the Assembly or to the Director.</p>
<p>13.18 Whenever the External Auditor's scope of audit is restricted, or he is unable to obtain sufficient evidence, the External Auditor shall refer to the matter in his Report, making clear the reasons for his comments and the effect on the financial position and the financial transactions as recorded.</p>	<p><b>14.19</b> Whenever the External Auditor's scope of audit is restricted, or he is unable to obtain sufficient evidence, the External Auditor shall refer to the matter in his Report, making clear the reasons for his comments and the effect on the financial position and the financial transactions as recorded.</p>
<p>13.19 In no case shall the External Auditor include criticism in his Report without first affording the Director an adequate opportunity of explanation on the matter under observation.</p>	<p><b>14.20</b> In no case shall the External Auditor include criticism in his Report without first affording the Director an adequate opportunity of explanation on the matter under observation.</p>
<p>13.20 The External Auditor is not required to mention any matter referred to in the foregoing which, in his opinion, is insignificant in all respects.</p>	<p><b>14.21</b> The External Auditor is not required to mention any matter referred to in the foregoing which, in his opinion, is insignificant in all respects.</p>
<p style="text-align: center;"><b>Regulation 14</b></p> <p style="text-align: center;"><i>Decisions Involving Expenditures</i></p> <p>14.1 No decision shall be taken by any organ of the 1992 Fund involving expenditure unless it has before it a report from the Director on the administrative and financial implications of the proposal.</p>	<p style="text-align: center;"><b>Regulation 15</b></p> <p style="text-align: center;"><i>Decisions Involving Expenditures</i></p> <p><b>15.1</b> No decision shall be taken by any organ of the 1992 Fund involving expenditure unless it has before it a report from the Director on the administrative and financial implications of the proposal.</p>
<p>14.2 Where, in the opinion of the Director, such proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the Assembly has made the necessary appropriations.</p>	<p><b>15.2</b> Where, in the opinion of the Director, such proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the Assembly has made the necessary appropriations.</p>



Present text	Proposed text
<p style="text-align: center;"><u>Regulation 15</u></p> <p style="text-align: center;"><i>Implementation</i></p> <p>15.1 The Director may issue administrative instructions necessary to implement these Financial Regulations.</p>	<p style="text-align: center;"><u>Regulation 16</u></p> <p style="text-align: center;"><i>Implementation</i></p> <p><b>16.1</b> The Director may issue administrative instructions necessary to implement these Financial Regulations.</p>
<p>15.2 The Director may employ external assistance in exercising any of his responsibilities for the financial management of the 1992 Fund.</p>	<p><b>16.2</b> The Director may employ external assistance in exercising any of his responsibilities for the financial management of the 1992 Fund.</p>
<p style="text-align: center;"><u>Regulation 16</u></p> <p style="text-align: center;"><i>Amendments</i></p> <p>These Financial Regulations may be amended by the Assembly.</p>	<p style="text-align: center;"><u>Regulation 17</u></p> <p style="text-align: center;"><i>Amendments</i></p> <p>These Financial Regulations may be amended by the Assembly.</p>