



Nuclear-Weapon-Free Zone in  
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## OPANAL GENERAL CONFERENCE

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### REPORT OF THE WORKING GROUP ON THE ANALYSIS AND REVIEW OF THE FINANCIAL REGULATIONS

#### Background

The Financial Regulations (FR) of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL) were adopted by the General Conference in Resolution OPANAL/Res.3 (5 September 1969), at its 1<sup>st</sup> Regular Session.

Subsequently, the General Conference amended the FR in Resolutions CG/Res.391 (XVI Regular Session, 1 December 1999)<sup>1</sup>, CG/E/Res.507 (XIX Special Session, 19 November 2008)<sup>2</sup> and adopted the current FR in CG/E/Res.530 (XX Special Session, 18 November 2010)<sup>3</sup>.

In recent years, due to disuse and inconsistency in some provisions, the Council and the Committee on Contributions and Administrative and Budgetary Matters (CCAAP) deemed necessary to modify the contents and wording of the FR in order to adapt them to the current situation and needs of the Agency.

The General Conference of OPANAL, at its XXI Special Session held on 13 November 2012, in Mexico City, adopted Resolution CG/E/Res.551 entitled “Proposals to Adjust the Financial Regulations”. In this Resolution, the General Conference instructed the Members of CCAAP to create, with the Secretariat, an Open-ended Working-Group to analyse the necessary reforms to the Financial Regulations (**WGFR**), as well as to the related Norms Governing the Agency (Doc. CG/540).

Conclusions and recommendations derived from the first stage of the work of this Group are contained in the Report of the Working-Group for the Analysis and Review of the Financial Regulations (**WGFR**) (Doc. SG.29.2013) submitted to the General Conference at

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<sup>1</sup> First circulated as Document CG/505, once the amendments were adopted it was circulated as Doc. S/Inf.1051 on 19 December 2010.

<sup>2</sup> The General Conference resolved to modify Article 6.01 “Payments Procedure”

<sup>3</sup> The General Conference resolved to modify Article 2.02.1 and Article 12.01, and to incorporate Article 6.05 entitled “Bank Commissions”

its XXIII Regular Session (21-22 August 2013, Buenos Aires, Argentina). In Resolution CG/Res.557, the General Conference resolved to renew the mandate of the **WGFR** in order to continue to analyse and, if necessary, to propose amendments to the different instruments governing the financial management of the Agency. It also resolved to instruct the **WGFR** to continue to analyse the ideal structure of the Funds in order to ensure their appropriate functioning, consistent with the current needs of OPANAL.

### **Membership and work methodology**

The main objective of renewing the mandate of the **WGFR** was to examine the last four chapters of the Financial Regulations that were not studied previously, as well as to address outstanding issues, including the structuring of the Funds of the Agency and the articles of financial and budgetary nature of the Standards to Govern the Operations of the Secretariat of the Agency.

The **WGFR** was formed by the Representatives of Bolivia, Brazil, Chile, Colombia, Cuba, Mexico, Nicaragua, Peru, Venezuela and the Secretary-General of the Agency, Ambassador Luiz Filipe de Macedo Soares.

The **WGFR** appointed, by consensus, the Representative of Mexico as Group Coordinator. The Group continued to review of the FR, item by item, suggesting –where appropriate– adjustments in the wording or amendments to the text.

In this second stage, the **WGFR** held six sessions and concluded the review and proposal of amendments to the FR on 17 September 2014. (11 sessions in total)

### **Development of the work**

From the start of the work of the Group, in addition to the instruction to update and adjust the texts to the current situation of OPANAL, one of the main objectives set out was to consolidate into a single document all legal provisions related to financial and budgetary matters of the Agency.

To this end, in coordination with the Secretary-General, the Group carried out a cross-analysis between the FR and the related Standards Governing the Secretariat of the Agency, always pursuant to the provisions of the Treaty of Tlatelolco.

The Group also examined the practice of the actual operation of the Secretariat, including historical data on the collection of contributions, the balances of the Agency's funds, the integration process of the budget up to its adoption; as well as all other useful elements provided by the Secretariat during the analysis of each article of the FR or chapter of the Standards.

### **Substantial elements**

- 1) Bearing in mind the budgetary reality of the Agency, the Group considered that it would be more objective to maintain only two funds to manage the Agency's resources, in the manner of communicating vessels with operating rules clearly established in the FR. On the one hand, the General Fund would be the main source to cover budget expenses and would be fed by Member States' annual contributions. On the other hand, the Reserve Fund would seek to maintain a balance equivalent to the annual total amount of Member States' contributions in order to ensure continuity of the Agency's operations.
- 2) A second element involved transferring from the Standards to the FR all articles of a financial and budgetary nature. This proposal is consistent with the report of the **WGFR** submitted to the General Conference in 2013 (Doc. SG.29.2013).
- 3) The Group concluded the review of the texts, maintaining uniformity in them and a clearer wording.

### **Proposals**

The Group's proposal to transfer articles of a financial and budgetary nature from the Standards to the FR is submitted to the General Conference in **Document CG/E/665**.

Therefore, the Standards would only contain Chapters I, II and III. Chapters IV to IX would be transferred to the FR, with certain adaptations.

Moreover, the Working-Group submits to the General Conference a proposal of amendments to the Standards, highlighting the main adjustments that motivate this proposal. (Please see attached list)

Consistent with the need to modify the Standards in light of the adjustments to the FR, the Secretary-General presented the **WGFR**, for its information, some proposals of additional amendments to articles of a financial-budgetary nature, taking into consideration that the Standards should be reviewed due to the transfer of some of its articles to the FR.

The **WGFR** found that the proposal of the Secretary-General was appropriate, with the proviso that the Council and the General Conference analyse it, bearing in mind that it includes amendments that go beyond the mandate of the **WGFR**.

To conclude, it is noted that the Proposal of Amendments to the Standards added a new Chapter IV. The latter includes articles describing the new provisions in the Standards. The

**WGFR** submits to the General Conference the Proposal of Amendments to the Standards in **Document CG/E/666**.

### **Recommendations**

The **WGFR** very kindly suggests the General Conference to adopt the amended versions of the Financial Regulations (Doc. CG/E/665) and the Standards to Govern the Operations of the Secretariat of OPANAL regarding articles of a financial and budgetary nature, and to consider the proposal of the Secretary-General to amend articles addressing other matters, which is included in the same document (Doc. CG/E/666).

## ANNEX

### Amendments to the Standards to Govern the Operations of the Secretariat

- I. Proposal of Amendments of the Working-Group on the Analysis and Review of the Financial Regulations (financial and budgetary matters)
  1. To cancel Chapters IV, V, VI, VII, VIII and IX of the Standards and to transfer them to the Financial Regulations with the amendments suggested by the **WGFR** and the Secretary-General.

#### **Chapter IV. General Provisions of a financial and budgetary nature**

Article 54. Budget definition (cancelled, see FR – Art 2)

Article 55. Regular Fund (Cancelled and transferred to FR - Art 3)

Article 56. Currency of the accounts and financial reports (Cancelled, see FR - Art 2)

Article 57. Banking deposits and interest (Cancelled and transferred to FR- Art 6)

Article 58. Investment of funds (Cancelled, see FR - Art 6)

Article 59. Acceptance of inheritance, gifts, and bequests

(Cancelled and transferred to FR - Art 8)

Article 60. Effective period of the budget (Cancelled and transferred to FR - Art 7)

#### **Chapter V. Preparation of the budget**

Article 61. Objects of expenditure (Cancelled and transferred to FR - Art 2)

Article 62. Content by item, structure and purposes

(Cancelled and transferred to FR - Art 2)

Article 63. Content by chapter and item (Cancelled, see the FR)

Article 64. Information for budget formulation (Cancelled, see the FR)

Article 65. Presentation of the program budget (Cancelled)

#### **Chapter VI. Discussion and approval of the budget**

Article 66. Presentation and complementary information

(Cancelled and transferred to FR - Art 2)

Article 67. Schedule for review of proposed program budget

(Cancelled and transferred to FR - Art 2)

Article 68. Review of the program budget (Cancelled and transferred to FR - Art 2)

Article 69. Effective period of the resolution on the program budget

(Cancelled and transferred to FR - Art 2)

Article 70. Financing of the program (Cancelled and transferred to FR - Art 2)

Article 71. Calculating the amount quotas (Cancelled and transferred to FR - Art 5)

Article 72. Authorization and publication (Cancelled and transferred to FR - Art 2)

### **Chapter VII. Budget execution**

Article 73. Criteria (Cancelled, see FR - Art 3)

Article 74. Appropriations and obligations (Cancelled and transferred to FR - Art 7)

Article 75. Special appropriations and unforeseen situations

(Cancelled and transferred to FR - Art 3)

Article 76. Transfers between titles (Cancelled and transferred to FR - Art 4)

Article 77. Transfers within a title (Cancelled and transferred to FR - Art 4)

Article 78. Information that should be recorded for execution

(Cancelled and transferred to FR - Art 4)

Article 79. Notification and payment of quotas (Cancelled and transferred to FR - Art 5)

Article 80. Payment of quotas (Cancelled and transferred to FR - Art 5)

Article 81. Accounting system (Cancelled and transferred to FR - Art 9)

Article 82. Accounting records (Cancelled and transferred to FR - Art 9)

Article 83. Alienation of assets (Cancelled and transferred to FR - Art 8)

Article 84. Closing of accounts (Cancelled and transferred to FR - Art 9)

### **Chapter VIII Evaluation and Control of financial and budgetary management**

Article 85. Fiscal supervision by the Council (Cancelled and transferred to FR - Art 10)

Article 86. Evaluation by the General Secretariat (Cancelled and transferred to FR - Art 10)

Article 87. Evaluation by CCAAP (Cancelled and transferred to FR - Art 10)

### **Chapter IX. Auditing and Fiscal Control**

Article 88. External Auditor (Cancelled and transferred to FR - Art 13)

Article 89. Access to books and records (Cancelled and transferred to FR - Art 13)

Article 90. Certification of the examination of accounts

(Cancelled and transferred to FR - Art 13)

Article 91. Verification of the efficacy of internal accounting control

(Cancelled and transferred to FR - Art 13)

Article 92. Observations of accounts, deficiencies and irregularities

(Cancelled and transferred to FR - Art 13)

Article 93. Observations of financial management

(Cancelled and transferred to FR - Art 13)

Article 94. Content and scope of the report (Cancelled and transferred to FR - Art 14)

Article 95. Submission of the report of the External Auditor to the Council and the General Conference (Cancelled and transferred to FR - Art 14)

Article 96. Budgetary and financial statements and reports

(Cancelled and transferred to FR - Art 8)

Article 97. Final disposition (Amended and becomes Art 54)

## **II. Proposal of Amendments of the Secretary-General (other matters)**

1. Articles 1; 2 f) and g); 9 c) and d); 12; 22; 37 and 45 paragraph 2 are amended in order to adapt the references to the Secretariat to their real functioning, that is to eliminate all inoperative items.
2. To cancel Articles 3; 22; 37 and 39 of the Standards in response to the current operation and structure of the Secretariat.
3. To add Article 54, "Final dispositions", in order to underscore the transfer to the Financial Regulations of financial and budgetary matters and to establish the validity and amendment of the Standards.
4. To correct all references made to the "Secretariat" in the contents of the Standards.
5. To correct the consecutive numbering of articles once the proposal of amendments is adopted.