

AGENCY FOR THE  
PROHIBITION OF NUCLEAR  
WEAPONS IN LATIN AMERICA  
AND THE CARIBBEAN



Distr.  
General

S/Inf.1051  
19 November 2010

---

## **FINANCIAL REGULATIONS**

## **FINANCIAL REGULATIONS**<sup>1</sup>

### **Article 1**

#### *General provisions*

##### **1.01 Application**

These Regulations shall govern the financial management of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL), hereinafter called "the Agency".

##### **1.02 Fiscal Year**

The period from 1 January of one year to 31 December of the following year shall constitute the "Fiscal Year".

### **Article 2**

#### *Budget*

##### **2.01 Definition**

The Agency Budget shall be drawn up on the basis of the prior calculation of the income and expenditures required by the Agency during each fiscal year to cover its needs regarding articles supplied and services extended during said period Administered by the Secretary General taking into account Articles 4 and 13 of these regulations.

- 2.01.1 The budget and the Agency's accounting records and financial reports shall be expressed in U.S. dollars.
- 2.01.2 All the financial obligations of Member States to the Agency shall be paid in U.S. dollars.

---

<sup>1</sup> The present Financial Regulations were approved during the XVI Regular Session on December 1, 1999 with Resolution CG/Res.391 and originally distributed as document CG/505. It was amended by the following resolutions:

- CG/E/Res.507 approved at the XIX Special Session, held on 19 November 2008, the General Conference resolves to change the numeral 6.01 Procedures of Payments
- CG/E/Res.530 approved at the XX Special Session, held on 18 November 2010, the General Conference resolves to change the subparagraph 2.02.1 and article 12.01 and add numeral 6.05 Bank Commissions.

- 2.01.3 Once the amount of the Working Capital Fund, the Budget and the Scale of Contributions have been approved by the General Conference, the Secretary General shall send all Member States all relevant documents, informing each of the amount owed to the Agency for the corresponding fiscal year.

## **2.02 Draft Budget**

In the month of June of every year, the Secretary General shall submit the draft budget for the Fiscal Year to the Committee on Contributions and Administrative and Budget Matters, hereinafter called the "CCAAP" for the next fiscal year together with any information, annexes and explanatory presentations that he may deem useful or necessary".

- 2.02.1 The draft budget shall cover the calculation of expenses for the corresponding fiscal year, with a current and universal classification of the accounts.
- 2.02.2 Once the annual Draft Budget of the Agency and the Scale of Contributions have been reviewed and approved by the CCAAP and the Council, the Secretary General shall send the draft budget for the corresponding Fiscal Year to Member States at least one month prior to the opening date of the Regular Session of the General Conference.
- 2.02.3 The General Conference shall adopt the budget of the Agency and shall fix the scale of financial contributions to be paid by Member States, taking into account the systems and criteria used for the same purpose by the United Nations.

## **Article 3**

### *General Fund*

#### **3.01 Composition**

A General Fund will be established with the contributions assessed to Member States, in accordance with the contents of subparagraph 2.02.3, and with any other income in accordance with the terms of Article 9.

#### **3.02 Provision of funds**

Appropriations shall be financed through the contributions of Member States. While waiting to collect such contributions, appropriations may be financed according to the Secretary General's judgement, observing the priorities mentioned in Article 4 of these regulations.

### **3.03 Adjustments to contributions**

The contributions assessed to Member States shall be adjusted as new Member States join the Agency.

## **Article 4**

### *Exercise of the Programmed Expenditure and the Collected Contributions*

#### **4.01 Exercise of the Programmed Expenditure**

For the exercise of the programmed expenditure and in function of the collected funds, the Secretary General shall take into account the following priorities:

- 4.01.1 Current expenditures must be understood as the necessary payments for the Agency's basic functions, such as salaries, rent of facilities, electricity, communications, among others in accordance with the respective annual budget approved by the General Conference.
- 4.01.2 Other Items approved by the General Conference in the annual budget of the Agency while waiting to collect the contributions of Member States to the General Fund.
- 4.01.3 "Pro-Memoria" expenses authorized by the General Conference for those which do not have a determined amount in the budget, with the approval of the CCAAP and the Council.
- 4.01.4 Other unforeseen expenses in the budget derived from decisions or resolutions of the General Conference or by the Council.

#### **4.02 Resolutions of the General Conference and the Council that implies unforeseen expenses.**

The Secretary General shall submit to the CCAAP and subsequently to the Council or the General Conference a previous Report regarding the financial consequences of any resolution or decision of the said Bodies that imply expenses that are not assigned in the Agency's Annual Budget approved by the General Conference.

#### **4.03 The Minimum Availability of Funds**

Without prejudice of what is stated in point 4.01.1, the Secretary General shall supervise that the Agency shall have at its permanent disposal a minimum of 10% of the collected contributions with the purpose to assure its capacity to face possible financial contingencies

### **Article 5**

#### *Special Funds*

The General Conference may establish any Special Funds required by the Agency for other purposes, as well as mechanisms for their management and use. Unless Special Regulations are drawn up, those currently applying to the General Fund and the priorities of the allocated expenses in Article 4 of these financial rules.

### **Article 6**

#### *Collection of contributions*

#### **6.01 Procedure of payments**

Contributions may be payable will be payable within the first semester of each year, so that the Agency's activities are not affected by a lack of funds; however, if Members States do not pay their contributions during this period, the Secretary General shall consult each Member regarding the programmed date of contribution. The renegotiation of overdue contributions can only be made with the Council's approval

#### **6.02 Entry of new Member States**

Upon joining the Agency, new Member States shall pay the proportional amount of their annual contribution, covering the full months elapsing from their date of entry to 31 December of the year on which the Fiscal Year ends, during the months following the date of entry.

#### **6.03 Non-compliance of Obligations**

In the case that a Member State does not cover its annual contribution no later than December 31 of each year, the Secretary General shall notify the respective Member State that has an outstanding payment with the Agency and shall initiate negotiations with respect to the form and date in order to cover the obligations before the closure of the Fiscal Year. In the case that the payment is outstanding for more than two years, the General Conference shall decide the measures to adopt.

#### **6.04 Reports on Collected Contributions**

The Secretary General shall present the following reports:

- 6.04.1 Every trimester Member States shall receive the statement regarding the collections of contributions.
- 6.04.2 The General Conference during each Regular Session on the situation regarding the collection of contributions, negotiations, carried out for that purpose, their results, and permanent recommendations, that he considers pertinent.

#### **6.05 Bank commissions**

The Agency when receiving the payment order, will absorb the fees of its Bank and the Member State will cover the fees of the transfer performed by the Issuing Bank and / or Intermediary Bank.

### **Article 7**

#### *Custody of Funds*

#### **7.01 Deposits and investments**

The Secretary General shall specify the bank(s) where the Agency's funds shall be deposited, and shall be authorized to invest part of the funds available in bonds and/or debentures guaranteed by the institutions that, in his opinion, are the most solvent and reliable, bearing in mind the purpose of the Funds.

### **Article 8**

#### *Appropriation of funds*

#### **8.01 Authorization to contract obligations**

The Secretary General may contract obligations and carry out the corresponding payments through the appropriations approved by the General Conference.

#### **8.02 Availability of funds**

The funds appropriated to cover obligations contracted by virtue of articles supplied and services extended to the Agency shall be available throughout the Fiscal Year for which

they have been approved and for an additional period of twelve months as of the closing date of said Fiscal Year.

### **8.03 Cancellation of obligations**

All obligations pending payment from the previous Fiscal Year shall be terminated once the twelve-month period stipulated in item 8.02 expires, and the corresponding balance shall be applied in accordance with the provisions of Article 4.

## **Article 9**

### *Miscellaneous income*

#### **9.01 Definition**

All income other than the contributions approved by the General Conference and allocated to the General Fund shall be considered miscellaneous income for the Agency and shall be applied to the General Fund, except for donations for a specific purpose.

#### **9.02 Income from sale of equipment**

Income from the sale of equipment shall be used to renew such equipment.

## **Article 10**

### *Accounting*

#### **10.01 Accounting records**

The Secretary General shall keep the accounting ledgers he considers necessary for effective, timely control of the Agency's financial operations.

#### **10.02 Presentation of accounting statements**

The Secretary General shall present the statements of account to the External Auditor within a period of 90 days following the closing date of each Fiscal Year. The External Auditor shall certify them in accordance with the principles set forth in Articles 13, 14 and 15 of these regulations.

##### 10.02.1 Accounting statements shall consist of:

- a) The income and end expenditures of the General Fund;

- b) The income budget;
- c) The expenditure budget;
- d) The consolidated income and expenditure statement of the General Fund at the end of the corresponding fiscal year;
- e) The balance sheet;
- f) Similarly, the External Auditor shall provide any other information deemed appropriate.

### **10.03 Certification and distribution**

Following item 10.02, once the accounting statements have been certified by the External Auditor, they shall be distributed to the Member States by the Secretary General no later than the 30th of July of every year with the purpose of allowing time for Member States, in their case, to present observations preferably to the Council, before the 31st of August of every year.

### **10.04 Adoption by the General Conference**

The General Conference shall consider and in their case, approve in every Regular Session the Statements of Account for the previous fiscal year.

## **Article 11**

### *Internal auditing of accounts*

The Secretary General, with the support of the CCAAP and with the knowledge of the Council shall set guidelines deemed appropriate to maintain a system of internal auditing ensuring continuous, effective control and review.

## **Article 12**

### *Principles governing the activities of the Committee on Contributions and Administrative and Budgetary Matter.*

The General Conference shall elect the members to the CCAAP. Five members of the CCAAP will be elected for a period of four years and could be re-elected for a period of an additional 4 years. Other countries who express the desire to participate shall be elected by the General Conference to the CCAAP as full members for the period of one year.



During the General Conference's corresponding period of Sessions, the Secretary General of the Agency shall inform countries that are eligible to be members of the CCAAP, below is the following criterion:

- a) The States that have been members of the CCAAP for two consecutive terms in four years are not eligible for an additional period of four years.
- b) Pursuant to what is stated in item 6.03 of these regulations, eligible State's shall not present payment in arrears with the Agency greater than the total equivalent to the sum of two years contributions.
- c) Once the Secretary General informs the General Secretariat concerning the eligible Member States the General Conference shall proceed to the respective election of the simple majority of the present Member States.

### **12.01 Composition of the CCAAP**

The CCAAP shall elect its president for a one year term. Its working sessions shall be convoked by the president in coordination with the General Secretariat and shall be carried out with a minimum composition of three of its Members.

If a member leaves the CCAAP before his term is completed the Council in its next Regular Session shall elect a substitute member to the CCAAP for the remaining period of the present term.

The Committee on Contributions and Administrative & Budgetary matters shall have the following functions:

- 12.01.1 In the cases of a dispute over the application of the Agency's Staff Regulations, it shall be empowered to act as an administrative Court to help to solve the said conflicts and shall submit a Special Report on such matters directly to the General Conference.
- 12.01.2 It shall assist the Secretary General in discharging the following functional duties:
  - a) Preparing the Draft Budget that the Secretary General must submit to the General Conference in accordance with Article 2.02 of these Regulations;
  - b) Formulating the Scale of Contributions of Members States in accordance with the contents of Article 2.02 of these Regulations;
  - c) Determining the amounts stemming from the "pro-memoria" expenses and of outlays not provided for in the Budget, as established in Articles 4.02.2 and 4.02.3 of these Regulations;

- d) Negotiating with Member States in arrears with the Agency regarding contributions, in order to agree on the terms, form and deadline on which unpaid obligations shall be covered in accordance with item 6.05 of the Regulations;
  - e) Setting priorities in exercising the Agency Budget adopted by the General Conference in accordance with Article 4.
- 12.01.3 Cooperating with the Secretary General in any other matters dealing with contributions or other financial bestowals of Member States or other administrative or budgetary matters in which the Secretary General requests its assistance or cooperation, or as expressly stipulated by the General Conference.

### **Article 13**

#### *Verification of accounts*

#### **13.01 Procedures**

The procedures for auditing the Agency's accounts shall be determined by the External Auditor, taking into account the following principles:

- 13.01.1 The Statements of Account must derive from the Agency's accounting records and books.
- 13.01.2 The operations reflected in the Statements of Account shall conform to regulatory provisions, the Budget and other applicable provisions.
- 13.01.3 The securities and cash holdings under deposit shall be vouched for by the certificates issue directly by the institutions referred to in item 7.01 of the Financial Regulations, and those in the Agency cash box shall be vouched for through direct counting to be verified by the Secretariat.

### **Article 14**

#### *Certification of accounts*

#### **14.01 Nomination of the External Auditor**

The external auditor shall be nominated by the General Conference, as noted in Article 76 of its regulations and his term shall be for four years. The General Conference shall nominate the External Auditor from a pool of three specialists or from prestigious and

recognized institutions, preferably a country with representation to the headquartering country, that are suggested by Member States of OPANAL through the CCAAP.

The Secretary General shall endorse a special contract of services with the specialist or an institution that is nominated by the General Conference for the term of one year, renewable for a period of four years, conforming to the laws of the headquartering country.

#### **14.02 Powers of the External Auditor**

In conformity with the provisions of the Financial Regulations, the External Auditor shall be the only authority empowered to decide on the partial or full acceptance of the registers of the Agency's operations, for which:

- 14.02.1 He shall have access to all the Agency's accounting records and ledgers and to the vouchers he may deem necessary to consult in order to certify accounts.
- 14.02.2 He may carry out analyses and audits of the accounting records that he deems necessary. In doing so, he shall request the Secretary General the status of accounts and all useful documents in order to carry out the Agency's audit.
- 14.02.3 In addition to certifying accounts, he may make any observations he deems pertinent regarding the efficiency of financial procedures, the accounting system and, in general, the financial consequences of administrative practices.
- 14.02.4 He shall inform the Secretary General or his representative, as well as the presiding Members of the CCAAP of any operations whose legality or source gives rise to any doubts. In this situation, they shall be notified immediately to the Council or if necessary to the General Conference.

#### **14.03 Date of certification**

Unless he deems it essential to carry out a special audit on a given date, the certification of accounts shall normally be carried out as set forth in item 10.03 of the Financial Regulations.

### **Article 15**

#### *Reports of the External Auditor*

#### **15.01 Reports of the certification of accounts**

The External Auditor shall prepare a Report of the certification of accounts, in which he shall indicate the scope and nature of his audit. Said certification may be drafted in the following or in analogous terms:

"In accordance with the precepts issued in the pertinent regulatory provisions, the undersigned External Auditor hereby certifies that the financial statements of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL) annexed herewith and corresponding to the Fiscal Year ending on 31 December ....., have been examined in accordance with the provisions contained in the Appendix to the Financial Regulations, that the Accounting Records are being kept appropriately and that he has been provided with all the required reports and explanations; he therefore CERTIFIES that as a result of the audit he has effected, in his opinion the financial statements are accurate". If necessary, he may add: " With the exception that..."

- 15.01.1 The Report of the External Auditor may under no circumstances contain criticisms without having previously explained the reason for such criticisms to the Secretary General or his representative.
- 15.01.2 The External Auditor must be present when the General Conference studies his reports.

## **15.02 Other matters**

The External Auditor shall inform immediately to the presiding members of the CCAAP or when necessary will notify the Council and/or the General Conference of Special Reports in the following cases:

- 15.02.1 When differences are found on comparing inventories with bookkeeping entries.
- 15.02.2 Fraud or the presumption of fraud.
- 15.02.3 When inappropriate use is made of the Agency's assets or cash holdings.
- 15.02.4 When flaws or anomalies found in the control of the Agency's income, expenditures and assets.
- 15.02.5 Upon preparing any report dealing with subparagraphs 14.02.1, 14.02.2, 14.02.3 and 14.02.4, the External Auditor shall include the points of view stated by the Secretary General in relation to the subject matter of the report.