FINANCIAL REGULATIONS\textsuperscript{1}  
(5 December 2008)

\textit{ARTICLE 1}

Applicability

1.1 These Regulations shall govern the financial administration of the International Organization for Migration, hereinafter referred to as the Organization.

\textit{ARTICLE 2}

Financial Year

2.1 The financial year shall be the calendar year from 1 January to 31 December.

\textit{ARTICLE 3}

Budget

3.1 (a) The Director General shall prepare and submit to the Council, through the Standing Committee on Programmes and Finance\textsuperscript{2}, a budget of estimated income and expenditure for the following financial year. A copy of the budget shall be transmitted to all Member States at least two weeks prior to the opening of the session of the Standing Committee on Programmes and Finance.

(b) Amendments to the budget, due to changing circumstances, may be submitted by the Director General to subsequent sessions of the Standing Committee on Programmes and Finance and the Council.

3.2 (a) The budget shall show in separate parts:

(i) estimated administrative income and expenditure expressed in Swiss francs;

\textsuperscript{1} Adopted by the Council at its First Session, in accordance with Resolution No. 84 of 2 December 1954, and last amended by the Council at its Ninety-sixth Session by Resolution No. 1177 of 5 December 2008.

\textsuperscript{2} The Executive Committee will continue to exercise its constitutional functions until such time as the 1998 amendments to the Constitution come into force.
(ii) estimated operational income and expenditure expressed in US dollars, to include estimated Discretionary Income and expenditure expressed in US dollars, with a breakdown between miscellaneous and project-related overhead income.

(b) The Administrative Part of the Budget and Operational Part of the Budget, including Discretionary Income, shall be classified under programmes and items corresponding to the various types of activities or expenditure as necessary, and accompanied by such information annexes and explanatory statements as may be specifically requested by the Council or as may be considered necessary and useful by the Director General.

3.3 The Council shall approve the budget for the following financial period after consideration of and report on the proposed budget by the Standing Committee on Programmes and Finance.

**ARTICLE 4**

*Administration of the Budget*

4.1 Expenditure appropriations approved by the Council shall constitute an authorization to the Director General to incur obligations and make payments for the purposes and up to the amounts approved and within the limit of funds available.

4.2 Appropriation shall be available for obligations incurred during the financial year to which they relate.

4.3 Appropriations required at the end of a financial year to cover accrued expenses for goods supplied and services rendered shall remain available for twelve months following the end of the financial year to which they relate to defray the payment of these obligations. The balance of the appropriations for a financial year shall be surrendered at the end of that financial year.

4.4 At the end of the twelve months’ period provided in Article 4.3, the then remaining balance of any appropriation not liquidated will be surrendered. Appropriation for any accrued expenses for a prior year shall at that time be cancelled or when the obligation remains a valid charge transferred to the budget of the year in which the obligation is liquidated.

4.5 (a) Transfers of appropriations between the Administrative and the Operational Parts of the Budget may be made only upon authorization by the Council.

(b) The Director General is authorized, except for contributions which have been specifically earmarked, to make transfers of appropriations between items of the Administrative Part of the Budget up to an amount not exceeding 10 per cent of the amount appropriated for the item from which the transfer is made. Transfers exceeding 10 per cent may be made only upon authorization by the Council.
(c) The Director General is also authorized to make transfers between programmes of the Operational Part of the Budget except for contributions which have been specifically earmarked.

(d) The Director General will report all such transfers to the next session of the Council together with a written explanation thereof.

4.6 The Director General shall undertake partially reimbursable or non-reimbursable operational expenditure only in accordance with the policies established by the Council.

4.7 Subject to the provisions of Article 4.6, the Director General is authorized, in exceptional circumstances, to incur obligations and make payments in respect of operational projects which have not been included in the approved Operational Part of the budget provided that:

(a) such additional operational projects are of an emergency nature and could not be foreseen at the time the budget was approved and that it is clearly undesirable to await approval by the next session of the Council;

(b) the financial and other resources required to carry out such additional projects are either available to the Organization or committed by contributing States or other donors;

(c) the Director General includes such additional projects with an explanation thereof in an amended budget submitted to the next session of the Standing Committee on Programmes and Finance or the Council.

4.8 The funds appropriated for special operational projects which have not become operational during the period of twelve months following the end of the financial year for which they were approved, shall be surrendered automatically unless the Council decides to maintain the appropriation for a further period.

ARTICLE 5

Contributions

5.1 Every Member State shall be required to contribute to the Administrative Part of the Budget. Contributions shall be expressed in Swiss francs and shall be made in freely convertible currencies, except to the extent that the Director General finds that non-convertible currencies may be utilized by the Organization. These contributions shall be due at the beginning of the financial year to which they relate and shall be paid promptly.

5.2 (a) Contributions to the Operational Part of the Budget shall be voluntary. They may be for the general operations of the Organization, or for specific programmes in which the contributing State or donor is directly concerned and may be made in cash and/or in kind.
(b) Voluntary contributions for specific operational programmes, which Member States or donors have agreed to pay, shall be due and payable in advance. Such advances shall normally be made at the beginning of each quarter and in amounts not less than the expenditure which it is estimated will be incurred in that quarter.

(c) The terms and conditions under which contributions or advances to the Operational Part of the Budget are made shall govern the disposal of any uncommitted portion thereof in the event that the Member State which has contributed such funds withdraws from the Organization pursuant to Article 3 of the Constitution. Uncommitted and unused contributions of other donors will also be disposed of in accordance with the terms under which the contributions were made.

5.3 The Director General may also receive reimbursements in cash, in kind or in services in respect of activities undertaken by the Organization.

5.4 The Director General may solicit and accept voluntary contributions from sources other than States, provided that the purposes for which the contribution is made are consistent with the purposes and functions of the Organization.

5.5 The Director General may reject offers of any funds or services which are not appropriate or cannot be utilized for the purposes of the Organization.

5.6 The Director General shall report to the Council, through the Standing Committee on Programmes and Finance, any offers of funds accepted or rejected under Articles 5.4 and 5.5.

**ARTICLE 6**

*Discretionary Income*

6.1 Income arising from project-related overhead\(^3\) shall be applied as supplementary funding to the Administrative Part of the Budget in support of the Organization’s core structure, including staff security and indirect costs that cannot be attributed to specific projects.

6.2 Income arising from unearmarked contributions, interest income, investments of funds as defined in Article 7.2, foreign exchange transactions, sale of equipment or other assets shall be credited to miscellaneous income and applied to cover general support functions and activities, including for the 1035 Facility\(^4\).

\(^3\) Council Resolution No. 1110 of 3 December 2004 on the “Use of Project-related Overhead Income to Cover Staff Positions and Support Costs of Administrative Nature” and Council Resolution No. 1111 of 3 December 2004 on the “Use of Project-related Overhead Income to Cover Staff Security Costs”.

\(^4\) Council Resolution No. 1035 of 29 November 2000 requesting the Director General to allocate funds from DI for the development of migration projects for developing Member States and Member States with economies in transition and Council Resolution No. 1150 of 7 June 2007 that increased funding (Line 2) for the Facility.
6.3 The Director General shall report to the Council, through the Standing Committee on Programmes and Finance, on the sources and application of Discretionary Income in the Programme and Budget and financial statements.

ARTICLE 7

Investment of Funds

7.1 The Director General may make short-term investments of monies not needed for immediate requirements and shall inform the Standing Committee on Programmes and Finance of such investments.

7.2 Interest income from investments shall be credited to miscellaneous income unless otherwise provided in the regulations, rules or resolutions relating to a fund or account, or as specified by a contributor.

ARTICLE 8

Funds in Special Accounts

8.1 Trust funds, reserves and special accounts may be established by the Director General.

8.2 The purpose and limits of each trust fund, reserve and special account shall be clearly defined. Unless otherwise specifically provided by the Council, such funds and accounts shall be administered in accordance with the present Regulations.

8.3 The Director General shall report all such trust funds, reserves and special accounts to the Council, through the Standing Committee on Programmes and Finance, as at the end of each financial year.

ARTICLE 9

Custody of Funds

9.1 The Director General shall designate the bank or banks in which the funds of the Organization shall be kept.

ARTICLE 10

Internal Control

10.1 The Director General shall:

(a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy and efficiency;
(b) ensure that all payments are made on the basis of supporting documentary evidence which proves that the services or goods have been or will be received and that such payments have not previously been made;

(c) designate the officers who may receive money and supplies, incur obligations and make payments on behalf of the Organization;

(d) maintain an internal financial control and internal audit which shall provide for an effective current examination and/or review of financial transactions in order to ensure:

(i) the proper receipt, custody and disposal of all contributions made in cash, in kind or in services;

(ii) that obligations are incurred only with appropriate written authority;

(iii) that obligations incurred and expenditures made are within the approved budget and within the purposes and rules related to trust funds, reserves and special accounts;

(iv) the most economic and efficient use of all the resources of the Organization;

(v) the orderly accounting and the completeness and accuracy of records.

10.2 The Director General may, after full investigation, authorize the write-off of losses of cash or other assets. A statement of all such write-offs shall be submitted to the External Auditors and reported in the annual financial statements.

10.3 Tenders for the purchases of equipment, supplies and other requirements shall be advertised or competitive offers requested. The same procedure shall apply in case of sale of surplus equipment and supplies. Exceptions to these rules can only be made where the Director General deems it is in the best interests of the Organization.

ARTICLE 11

Accounts and Reports

11.1 The Director General shall maintain such accounting records as are necessary and shall submit to the Council, through the Standing Committee on Programmes and Finance, the following financial reports:

(a) annual financial statements, as at the close of each financial year or the date of termination of the Organization’s activities prepared in compliance with International Public Sector Accounting Standards (IPSAS) and comprising:

(i) statements of assets and liabilities of the Organization’s own funds and of other funds administered by the Organization;
(ii) statements of resources and expenditure of the Organization’s administrative and operational programmes and of other funds administered by the Organization;

(iii) such other information as is considered necessary to show clearly the financial position and the resources and expenditure of the Organization’s activities;

(b) such other reports as requested or deemed necessary.

11.2 The reports shall be presented in terms of US dollars; for administrative income and expenditure, they shall also be presented in terms of Swiss francs. Accounting records may, however, be kept in such currency or currencies as the Director General may deem appropriate.

11.3 The accounts shall be maintained in accordance with the approved budget. Appropriate separate accounts shall be maintained for all trust funds, reserves and special accounts.

11.4 Appropriate records shall be maintained in regard to equipment and supplies.

11.5 The annual financial statements and reports shall be submitted by the Director General, through the Standing Committee on Programmes and Finance, to the next session of the governing bodies.

ARTICLE 12

External Auditors

12.1 The Council shall appoint External Auditors of international repute who shall audit the accounts of the Organization in accordance with the principles set out in the Annex to these Regulations and with such other directives as the Council may give.

12.2 The cost of such audit shall be a charge on the funds of the Organization.

ARTICLE 13

Resolutions involving Expenditures

13.1 Before the adoption by the Council of any resolution involving expenditure, the Director General shall submit a report on the administrative and financial implications of the proposal.

13.2 Where, in the opinion of the Director General, any proposed expenditure cannot be met within the existing budget, it shall not be incurred unless the Council has considered and approved supplementary funds.
ARTICLE 14

Cash Reserve

14.1 A cash reserve shall be established in two parts, one for the Administrative Part and one for the Operational Part of the Budget.

14.2 The source of the Cash Reserve shall be interest-free loans from Member States. The amounts of both parts of the Cash Reserve shall be decided upon by the Council. The individual shares of the Cash Reserve to be loaned by Member States shall be agreed upon by the Council and by the States concerned.

14.3 Each State shall have the right to designate whether its loan or loans to the Cash Reserve are available for both parts of the budget or for a specific part only.

14.4 Subject to the provisions of Article 14.3, both parts of the Cash Reserve may be used to meet cash requirements pending the receipt of assured income and to solve temporary liquidity problems.

14.5 Any Member State shall be entitled to repayment of its loan to the Cash Reserve in the event that it does not continue its membership or the Organization is dissolved.

14.6 Advances made from the Cash Reserve to finance budgetary appropriations during a financial year shall be reimbursed to the Cash Reserve as soon as and to the extent that the assured income referred to in Article 14.4 is available.

ARTICLE 15

Liquidation of Assets

15.1 Upon dissolution of the Organization, assets in respect of unexpended and unobligated funds remaining to the credit of the Administrative Part of the Budget shall, after all liquidation costs have been settled, be distributed to the Member States proportionately to their contributions thereto, to the extent possible in the currency in which the contributions were made, unless such Member States make other arrangements with respect to the disposition of such assets and each Member State agrees to such arrangements with respect to its share.

15.2 Assets in respect of unexpended and unobligated funds of the Organization derived from voluntary contributions or advances to the Operational Part of the Budget shall be redistributed to Member States and other donors according to the terms and conditions under which these operational contributions were made.
ARTICLE 16

General Provisions

16.1 These Regulations may be amended by a decision of the Council, concurred in by the majority of the Members present and voting, with the exception of Article 15 for which the unanimity of all Member States of the Organization is required.

16.2 In cases of doubt as to the interpretation and application of any of the foregoing Regulations, the Director General is authorized to rule thereon, subject to such ruling as the Council may subsequently make.
Annex

PRINCIPLES TO GOVERN THE AUDIT OF THE ORGANIZATION

1. The External Auditors shall perform an audit of the accounts of the Organization including all trust and special accounts as they may deem necessary with a view to:

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

   (b) drawing attention to any departures from the Financial Regulations;

   (c) making comments, if deemed advisable, and suggesting improvements with respect to the efficiency of the financial procedures and the accounting system of the Organization;

   (d) reporting whether the annual financial statements represent a true and fair view of the status of the Organization’s affairs as of the close of the financial year.

2. Subject to the provisions of the Financial Regulations, the External Auditors shall be the sole judge as to the acceptance in whole or in part of certifications by the Administration and may proceed to such detailed examination and verification as they choose of all financial records including those relating to supplies and equipment.

3. The External Auditors may affirm by test the reliability of the internal audit or internal control, and may make such reports with respect thereto as they may deem necessary to the Council or the Standing Committee on Programmes and Finance or the Director General.

4. In no case shall the External Auditors include criticism in their audit report without first affording the Administration an opportunity of explanation to the External Auditors of the matter under observation.

5. The External Auditors shall submit to the Council, through the Standing Committee on Programmes and Finance, an annual report on the certified accounts which should mention so far as they consider material:

   (a) the extent and character of their examination or any important changes therein;

   (b) matters affecting the completeness or accuracy of the accounts, such as:

      (i) information necessary to the correct interpretation of the accounts;

      (ii) any amounts which ought to have been received but which have not been brought to account;

      (iii) expenditure not properly substantiated;
(c) other matters which should be brought to the notice of the Council, such as:

(i) cases of fraud or presumptive fraud;

(ii) improper expenditure of the Organization’s money or other assets (notwithstanding that the accounting for the transactions may be correct);

(iii) contractual commitments which could lead the Organization to future large-scale expenditure;

(iv) any defect in the general system or detailed regulation governing the control of receipts and expenditure, or of other assets;

(v) expenditure not in accordance with the budget approved by the Council after making allowance for duly authorized transfers within the budget;

(vi) expenditure in excess of appropriations, as amended by duly authorized transfers within the budget;

(vii) expenditure not in conformity with the authority which governs it;

(d) the accuracy or otherwise of fixed asset and stock records as determined by inspection and examination of records;

(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 Council should have early knowledge.

6. The External Auditors should report on the annual financial statements in the following terms:

The attached financial statements ….., expressed in US dollars, and …., expressed in Swiss francs, of the International Organization for Migration, Geneva, for the year ended …………, have been audited by us in accordance with Article 12.1 of the Financial Regulations. We have obtained all the information and explanations that we have required and, as a result of the audit, we report that in our opinion the statements and related notes on pages … to ... give a true and fair view of the resources and expenditure of the Organization’s programmes and funds for the year ended ….., and of its financial position at that date.

7. The report of the External Auditors shall be transmitted through the Standing Committee on Programmes and Finance to the spring session of the governing bodies following the end of the financial period to which the report relates.