



SECRETARIAT OF THE PACIFIC REGIONAL ENVIRONMENT PROGRAMME

Financial Regulations

2009 Edition

**Adopted at the Fifth Intergovernmental Meeting
Apia, Samoa, 14-18 September 1992**

*(amended by the Fifteenth and Sixteenth and Twentieth SPREP Meeting in 2004, 2005 and 2009
respectively)*

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PURPOSE

Regulation 1

These Regulations shall govern the financial administration of the SPREP.

DEFINITIONS

Regulation 2

In these Regulations, unless the contrary intention appears:

'Budget' means a consolidation of statements of income and expenditure for the Core Fund and Programme Fund budgets

'Core Fund Budget' means income and expenditure statements covering executive management and support including executive management's functions in regional coordination and international cooperation, donor liaison and consultation with members; servicing the SPREP Meeting and corporate services.

'Corporate Services' means translation and interpretation, library, publications and information, information and communications technology, property management, personnel administration, general administration and finance.

'Director' means the position referred to under Article 6 of the Agreement Establishing the Pacific Regional Environment Programme (1993).

'Programme Fund Budget' means income and expenditure for all budget heads approved by the SPREP Meeting forming the Programme Fund budget and excludes heads falling under the Core Fund budget.

'Reserve Fund' means the general purpose fund created out of the initial working funds (Capital Fund) of the SPREP and accumulated surpluses in past years and to be used in accordance with Regulation 18.

'Secretariat' means Secretariat of the Pacific Regional Environment Programme and is the organ established in Article 1 and described in Article 7 of the Agreement Establishing the Pacific Regional Environment Programme (1993).

'SPREP' means Pacific Regional Environment Programme and is the body established and described in Article 1 of the Agreement Establishing SPREP (1993).

'SPREP Meeting' means the organisation created under Article 1.2 and described in Article 3 of the Agreement Establishing SPREP (1993)

THE BUDGET

Regulation 3 - Annual Budget Estimates

The annual Budget estimates shall cover income and expenditure of SPREP and its auxiliary and subsidiary bodies for the financial year to which they relate and shall be presented in US dollars. The financial year shall be the calendar year. The annual Budget estimates will incorporate income and expenditure proposals for the Core Fund Budget and Programme Fund Budget.

Regulation 4 - Budget Format

- (a) The annual Budget estimates shall be arranged in such form and in such Parts, Heads and Sub-Heads as the SPREP Meeting may from time to time direct.
- (b) The annual Budget estimates shall comprise the following documents:
 - (i) Budget document with narratives, and
 - (ii) Any additional documents which the SPREP Meeting or Director may deem necessary and useful
- (c) The Budget estimates shall be prepared so that the estimated expenditure does not exceed total anticipated estimates of funds that will be available for the financial year.

Regulation 5 - Circulation of Budget Estimates

The annual Budget estimates for the following year will be circulated at least six weeks prior to the opening of the SPREP Meeting.

APPROPRIATIONS

Regulation 6 - Adoption of the Budget

- (a) The SPREP Meeting shall examine, amend as appropriate and adopt the annual Budget estimates.
- (b) The adoption of the annual Budget estimates shall constitute an authorisation to the Director to incur commitments and make payments for the purposes for which the expenditure was approved and up to the amounts so approved.

Regulation 7 - Availability of and Accounting for Funds

- (a) Funds shall be available for commitment during the financial year to which they relate.
- (b) Funds shall remain available for twelve months following the financial year to which they relate to the extent to which they are required to liquidate commitments.
- (c) Any commitments not discharged at the end of the twelve month period following the close of the financial year shall at that time be cancelled. If this cannot be done and the commitment remains a valid charge, the expenditure shall be charged against the budget of the year in which payment is made.
- (d) The Director may incur additional expenditure in excess of that provided in the Budget provided that funding is available and that such additional expenditure does not adversely impact on the capacity of the Secretariat to carry out and manage the activities detailed in the Budget approved by the SPREP Meeting.

Regulation 8 - Transfer of Funds between Budget Heads

The Director may:

- (a) Under the Core Fund Budget:
 - (i) transfer anticipated savings under any sub-head to meet anticipated over-expenditure under any other sub-head of the same Head; and
 - (ii) transfer available funds between budget Heads;

- (b) Under the Programme Fund Budget:
 - (i) transfer anticipated savings under any sub-head to meet anticipated over-expenditure under any other sub-head to meet anticipated over-expenditure under any other sub-head of the same Head in a manner consistent with donor requirements; and
 - (ii) transfer funds between budget heads, in a manner consistent with donors requirements.
- (c) Details of such transfers or proposed transfers shall be reported to the next SPREP Meeting.

Regulation 9 - No Expenditure Commitments Without Funds

The Director shall not enter into any commitment or expenditure in respect of any budget component unless funds are available.

Regulation 10 - Authority to Spend Funds prior to Approval of Budget

Should the annual Budget fails to be adopted before the beginning of the financial year to which it relates, the Director is authorized, pending approval of the Budget to incur obligations and meet expenditure for the first three months of the financial year up to a limit of one quarter of the previous year's approved budgetary expenditure subject to any reservations which may have been placed on any individual item. Contracts falling due or effective during that period may only be continued by provisional agreement and subject to final adoption of the Budget.

CONTRIBUTIONS

Regulation 11 - Levels of Contributions

The Director shall recommend to the SPREP Meeting levels of Members' contributions based on the scale of contributions approved by the SPREP Meeting and after taking into account:

- (a) The estimated expenditure for the Core Fund for the current financial year and the succeeding financial year;
- (b) Any other revenue in addition to Members' contributions;
- (c) Any balance of uncommitted funds available from previous financial years.

Regulation 12 - Notice of Contributions

After the SPREP Meeting has adopted the annual Budget estimates the Director shall:

- (a) Transmit the relevant documents to all Members;
- (b) Inform Members of their commitments in respect of member contributions and the depository into which it is desired that the contributions be paid.

Regulation 13 - Payment of Contributions

Contributions shall be payable in US dollars. However, the Director is empowered to accept, at his discretion, the total or partial payment of contributions by a member in currencies other than US dollars which are necessary for the functioning of the Secretariat.

Regulation 14 - Status of Collection of Contributions

The Director shall submit to each SPREP Meeting a report on the receipt of member contributions.

FUNDS

Regulation 15 - Principal Funds of the Organisation

The working funds of the Secretariat shall be held in three principal funds:

- (a) The Core Fund; covering all Core Fund income and expenditure;
- (b) The Programme Fund; covering all work programme funding and expenditure; and
- (c) The Reserve Fund which is to be used in accordance with Regulation 18.

Regulation 16 - Programme Funds

- (a) Programme funds shall be used only for the purposes specified by the donors.
- (b) All costs relating to any programme shall be a charge against the Programme Fund and shall be included in the Financial Statements of the Secretariat.
- (c) Any income received from the investment of Programme Funds will accrue to Core Fund miscellaneous income [unless otherwise directed by the donor]*

Regulation 17 - Core Funds

- (a) Members' contributions and any miscellaneous income shall be credited to the Core Fund.
- (b) Any surplus balance remaining in the Core Fund at the close of any financial year shall be applied first towards the settlement of any debt remaining after the close of the financial year in line with Regulation 7(b), if any, and any balance remaining thereafter shall be taken into account when preparing the estimates of the succeeding year.

Regulation 18 - Application of the Reserve Fund

The Reserve Fund may be used by the Director in any emergency or unforeseen circumstance and may authorise:

- (a) transfers from the Reserve Fund to the Programme Fund to meet unforeseen liquidity shortfalls and the Reserve Fund shall be replenished when grants to the Programme Fund are received;
- (b) transfers from the Reserve Fund to the Core Fund to meet unforeseen expenditure or shortfalls. Details of such transfers or proposed transfers are to be reported to the next SPREP Meetings; and
- (c) the funds used for purposes outlined in this Regulation shall be accounted for in the annual accounts of the Secretariat.

* This part of the Regulation to become effective from the 2006 budget

Regulation 19 - Establishment of Trust Funds and Special Accounts

The Director may establish Trust Funds and Special Purpose Accounts and shall inform the SPREP Meeting of the details.

Regulation 20 - Purpose and Use of Trust Funds and Special Accounts

The purpose and limits of each Trust Fund and Special Purpose Account shall be clearly defined by the SPREP Meeting and unless otherwise directed by the SPREP Meeting such Funds shall be administered in accordance with these Regulations and audited reports be presented annually to the SPREP Meeting.

Regulation 21 - Authority to Accept Extrabudgetary Funds

The Director may accept contributions for the Core Fund and Programme Fund budgets only if the purposes of such contributions from members, private organizations and other donors are consistent with the policies of SPREP and shall inform the next SPREP Meeting.

CUSTODY OF FUNDS

Regulation 22 - Bank Accounts

The Director is authorised to open and close bank accounts and shall inform the SPREP Meeting of the details.

Regulation 23 - Handling of Programme and Core Funds

Programme Fund transactions shall be conducted separately from that for Core Fund transactions.

INVESTMENT OF FUNDS

Regulation 24 - Investment of Funds

The Director may make short-term non-speculative investments in interest-bearing Bank deposits of monies not needed for immediate requirements.

INTERNAL CONTROL

Regulation 25 - Financial Rules and Procedures

The Director shall:

- (a) Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;

- (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, and that payments have not previously been made;
- (c) Designate the officers who may receive monies or incur obligations on behalf of the Secretariat and disburse funds;
- (d) Maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions, in order to ensure:
 - (i) The regularity of the receipt, custody and disposal of all funds and other financial resources of the Secretariat;
 - (ii) The conformity of commitments and expenditure with the appropriations or other financial provisions approved by the SPREP Meeting, or with the purposes and rules relating to Trust Funds and Special Purpose Accounts;
- (e) Take all precautionary measures necessary to safeguard the property, equipment and supplies of the Secretariat; and
- (f) Arrange for the adequate protection of funds and property by insurance.

Regulation 26 - Writing off of Losses

The Director may, after full investigation, authorise the writing off of losses of cash and other assets, provided that the value of all such items written off shall be reported to the SPREP Meeting.

FINANCIAL STATEMENTS

Regulation 27 - Maintenance of Accounting Records

- (a) The Secretariat's Financial Statements shall, among other things, include the following statements and details:
 - (i) Income and Expenditure Statements of all funds for the financial year;
 - (ii) Comparison of actual expenditure and budgeted expenditure for the financial year;
 - (iii) Balance Sheet for the financial year;
 - (iv) Cash Flow Statement for the financial year;
 - (v) Notes to and forming part of the accounts.
- (b) The accounts will be prepared in accordance with generally accepted accounting principles.
- (c) The Director shall also give such other information as may be appropriate to indicate the current financial position of the Secretariat
- (d) The accounts for each financial year shall be submitted by the Director to the Auditor by 31 March following the end of that financial year.
- (e) Audited Financial Statements signed by the Director are to be submitted to the next meeting of the SPREP Meeting.

Regulation 28- Financing of Assets

All liabilities in respect of the financing of assets shall be incorporated in the annual Budget estimates and annual Financial Statements.

EXTERNAL AUDIT

Regulation 29 - Appointment of Auditor(s)

On the Director's recommendation, the SPREP Meeting shall appoint biennially one or more Auditors in no way connected with the Secretariat on such terms as it sees fit to undertake the audit of the Secretariat's annual accounts.

Regulation 30 - Regularity of Audit

The Auditor shall make annually and at such other times as the SPREP Meeting considers necessary an independent audit in order to certify:

- (a) that the financial statements are in accord with the books and records of the Secretariat;
- (b) that the financial transactions reflected in the statements are accurate and in accordance with the rules and regulations, the budgetary provisions and other applicable directives;
- (c) that the securities and money on deposit and on hand have been verified by certificate received direct from the Secretariat's depositories or by actual count;
- (d) the accuracy of the records of stores, furniture, equipment and other property of the Secretariat and the adequacy of control exercised thereover.

Regulation 31- Assistance to Auditor(s)

The Director shall ensure that the Auditor is supplied with every facility required for the proper discharge of its audit duties and shall respond promptly to any queries that may be raised.

Regulation 32 - Scope of Audit Report

The Auditors, in their report on the accounts certified, shall mention:

- (a) the extent and character of their examination and any changes in accounting practice;
- (b) matters affecting the completeness or accuracy of the accounts;
- (c) the accuracy or otherwise of the supplies and equipment records as determined by stocktaking and examination of the records;
- (d) the adequacy of financial procedures including internal control matters and adherence to the financial regulations;
- (e) the adequacy of insurance cover for the buildings, stores, furniture, equipment and other property; and
- (f) any other matters which should be brought to the notice of the SPREP Meeting.

Regulation 33 - Submission of Audit Report

The Auditors shall submit their report to the Director as soon as possible following the end of the fiscal year to which it relates. The Director shall circulate the full report of the Auditors including comments on the financial operations of the Secretariat and accounts, together with such remarks as the Director may wish to offer to members, prior to the next SPREP Meeting.

GENERAL PROVISIONS

Regulation 34 - Renting/Leasing Provision

The Director may enter into contracts and other agreements for the purposes of renting accommodation, office space, storage and any other requirements of the Secretariat.

Regulation 35 - Scope of Financial Regulations

These Financial Regulations are to apply to all financial activities of the Secretariat irrespective of the source of funds.

Regulation 36 - Powers of Acting Director

- (a) When the position of Director is vacant the Director's functions and powers shall be exercised according to the instruction of the Chairperson of the SPREP Meeting and, in the absence of any instruction, by the Deputy Director
- (b) In the absence from headquarters or during the incapacity of the Director, the powers and responsibilities of the Director as provided in these Regulations shall, during such periods, devolve on the Deputy Director. In the event that the Director and Deputy Director are both absent, an officer of the Director's choice shall be designated Officer-in-Charge with such powers and responsibilities as determined by the Director.

Regulation 37 - Effective Date of Financial Regulations and Amendments

- (a) These Regulations shall enter into force immediately after their approval by the SPREP Meeting.
- (b) Amendments to these Regulations will have immediate effect upon acceptance by the SPREP Meeting.