

Global Green Growth Institute

Council of GGGI

Written Procedure

12 March 2015

Decision on the revisions to the Financial Regulations

The Council,

Recalling Articles 2 and 4 of the Agreement on the Establishment of the Global Green Growth Institute, regarding the objectives and activities of the organization;

Recalling the Council's decision on governance reform, C/6/DC/6, to merge the roles of Audit and Finance Sub-Committee, Program Sub-Committee, and Facilitative Sub-Committee into the Management and Program Sub-Committee;

Recalling the departure of Chief Financial Officer and the Institute's decision to integrate the position's functions under Management and Administration division; and,

Acting pursuant to Regulation 2.4 of the Financial Regulations regarding the approval of amendments and exceptions to the Financial Regulations by the Council;

1. *Approves* the revised Financial Regulations, as attached in annex 1.



Global
Green Growth
Institute

C/WRP/DC/13
Annex 1

FINANCIAL REGULATIONS
GLOBAL GREEN GROWTH INSTITUTE

Consistent with GGGI's Disclosure Policy, this document will be disclosed in the public domain upon approval.

PREAMBLE

Through its Financial Regulations, the Council issues the broad legislative directives governing the financial management of the Global Green Growth Institute (“the GGGI”). The Council hereby promulgates the Financial Regulations of the GGGI.

These Financial Regulations are intended to provide a suitable and a uniform framework to govern financial administration across all the GGGI offices and activities. The Regulations shall standardise the activities pertaining to the financial administration and provide guidance to staff for smooth execution of their duties.

These Regulations shall become effective upon approval of the Council.

Article 1 Definitions	4
Article 2 Introduction.....	6
Article 3 Budget	8
Article 4 Resources	11
Article 5 Appropriations.....	13
Article 6 Custody of Funds	15
Article 7 Financial Statements and Accounts.....	21
Article 8 Internal Control.....	26
Article 9 Internal Oversight.....	27

Article 1**DEFINITIONS**

- a. **“Accounting policies”** - the specific principles, bases, conventions, rules and practices adopted by the GGGI in preparing and presenting financial statements;
- b. **“Accounting records”** - the manual or computerized records of assets and liabilities, monetary transactions, and supporting documents (such as contracts, cheques, invoices, and vouchers), which the GGGI is required to maintain in its records;
- c. **“Accrual”** - the basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue and expenses;
- d. **“Allocation and Allotment”** - Amount of funds allocated for expenditure in a particular period of time, generally a fiscal year;
- e. **“Appropriations”** - the aggregate of the expenditure authorizations approved by the Council for the regular Budget of the GGGI for a financial period against which expenditures may be incurred for purposes approved by the Council;
- f. **“Assembly”** - the supreme organ of the GGGI as set out in the Establishment Agreement;
- g. **“Budget”** - the annual Budget adopted by the Council indicating estimated resources and expenditures for a financial period;
- h. **“Contribution”** - a donation made in accordance with the Establishment Agreement and the Regulations set out in this document;
- i. **“Contributing member”** - As per the Establishment Agreement, a member of the GGGI that has provided a multi-year financial contribution of core funding of no less than USD 15 million over three years or USD 10 million over the first two years;
- j. **“Council”** - the Council of the GGGI as set out in the Establishment Agreement;
- k. **“General Fund”** - is the pooled account established for the purpose of managing GGGI's administrative costs and core activities;
- l. **“Internal Audit”** - an independent, objective assurance and advisory activity designed to add value and improve the GGGI's operations, helping the organization accomplish its objectives in bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes;
- m. **“Internal Control”** - a process carried out by the GGGI Secretariat, designed to provide reasonable assurance of risk management and the achievement of objectives and goals, aimed at increasing the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable norms and regulations;

- n. **“Liabilities”** - all present commitments of the GGGI arising from past events, the settlement of which is expected to result in an outflow from the GGGI of resources embodying economic benefits or service potential;
- o. **“Member”** - any Member of the GGGI according to the Establishment Agreement;
- p. **“Payables”** - represent the current liability, the monetary value of which an entity owes to contractors for goods or services purchased on credit;
- q. **“Program”** - a Program is defined as a set of activities under which various sub-programs and projects are undertaken. The GGGI has a number of key programs such as Green Growth Planning and Implementation, Research and Public Private Cooperation;
- r. **“Program Owner”** - GGGI staff member responsible for leading a program within the GGGI, such as, Deputy Director-General for Green Growth Planning and Implementation and Research and Deputy Director-General for Management and Administration;
- s. **“Sub-Program”** - a Sub-Program may be categorized by functions, activity or location within each Program and accounted for in the Budget;
- t. **“Project”** - An individual assignment to complete particular tasks within the given guidelines;
- u. **“Secretariat”** - means the Secretariat of the GGGI as set out in the Establishment Agreement;
- v. **“Short-term investments”** - investments for a period not exceeding twelve months;
- w. **“Supplementary Program activities”** - Any activity that is not part of the activities under the approved regular budget of the GGGI;
- x. **“Working Capital Fund”** - a fund established to ensure continuity of operations in the event of a budget and liquidity shortfall.

Article 2

INTRODUCTION

Regulation 2.1

Objective

The Financial Regulations comprise of methods and measures adopted by the GGGI to safeguard its assets, secure the accuracy and reliability of its accounting data and promote operational efficiency. These Financial Regulations shall govern the financial administration of all the GGGI Offices and activities.

Regulation 2.2

Responsibility and Accountability

- a) The Director-General is fully responsible and directly accountable to the Council for all aspects of the GGGI's activities.
- b) The Director-General may delegate to personnel any powers or responsibilities under these Financial Regulations, in whole or in part, through written delegation and, unless expressly prohibited by the Financial Regulations, such delegation may include the power to further delegate. Delegated power and responsibilities shall follow these Regulations. A record of such delegations shall be maintained by the Legal Counsel.
- c) The GGGI's staff is obligated to comply with the Financial Regulations and with administrative instructions issued in connection with these Regulations. Any staff member who contravenes the Financial Regulations or corresponding administrative instructions may be held personally accountable and financially liable for his or her actions.

Regulation 2.3

Circulation and Control

Financial Regulations shall be distributed and introduced to all the GGGI staff. All GGGI staff shall be trained on the financial regulations. If changes are made, then the revised version shall be circulated after authorised approval and shall bear a revised number. The old version shall be withdrawn from circulation and stamped obsolete.

Regulation 2.4

Approvals and Updating the Regulations

- a) Amendment and exceptions to the Financial Regulations shall only be made by the approval of the Council. The Director-General shall prepare amendments to the Financial Regulations for approval by the Council.

- b) All queries on the interpretation of these Financial Regulations or any matters not covered shall be addressed to the Director-General.

Regulation 2.5***General Provisions***

- a) The Director-General shall develop Financial Policies and Procedures for the GGGI as may be appropriate for the implementation of these Financial Regulations and shall report thereon to the Council.
- b) The Director-General shall report to the Council the full text of provisional new and/or amended Financial Policies and Procedures. The Council may direct that a procedure or an amendment be withdrawn or modified if it finds that a provisional procedure or amendment is inconsistent with the intent and purpose of the Financial Regulations or otherwise contravenes the objectives of the GGGI.
- c) In the event of any conflict between any provisions of these Regulations and the Establishment Agreement, the Establishment Agreement shall prevail. In the event of any conflict between these Regulations and the Financial Policies and Procedures, these Regulations shall prevail.

Regulation 2.6***Financial Period***

The financial period for the purpose of both the proposed utilization of resources and the incurring of and accounting for expenditures in respect of the Budget shall consist of one calendar year starting from 1 January until 31 December.

Regulation 2.7***Effective Date***

These Regulations shall become effective upon approval of the Council.

Article 3

BUDGET

Regulation 3.1

Authority and Responsibility

- a) The Director-General is responsible and accountable for planning the use of resources administered by the GGGI and issuing allocations and allotments effectively and efficiently in furtherance of the policies and activities of the GGGI as adopted by the Assembly or Council.
- b) The appropriations adopted by the Council shall constitute an authorisation to the Director-General to incur obligations and make payments for the purposes for which the appropriations were approved and up to the amounts so approved.
- c) The Director-General may delegate authority, as appropriate, for the planning of the resources administered by the GGGI and issuance of allocations and allotments.

Regulation 3.2

Presentation, Content and Methodology

- a) The draft Budget shall cover anticipated income and intended expenditures for the financial period to which it relates and shall be presented in United States dollars.
- b) The GGGI's activities shall be planned and managed in a three-year rolling budget cycle to keep track of future projections. The budget covers a period of the current year's estimate and projections for the two subsequent years on a rolling (1+2) basis.
- c) The draft Budget shall be divided into Programs, Sub-Programs and Projects. The proposed Budget shall be preceded by a statement explaining the content of the Program and volume of resources allocated to it in relation to the previous Budget. Sub-Program narratives shall set out objectives and expected accomplishments under each Project.
- d) The draft Budget shall give an overview of past and planned activities of the Secretariat and indicate priorities. It shall be accompanied by such information, annexes and explanatory statements as may be requested by the Council or as the Director-General may deem necessary, including details on the changes from the Budget of the previous financial period.
- e) The draft Budget shall comprise:
 - (i) An executive summary, providing an overview and the strategy adopted;
 - (ii) The Programs of the GGGI, covering estimates of resources to be administered and suggested use of such resources;
 - (iii) Relevant tables, figures and explanatory statements on Budget estimates, revenue targets and posts. For purposes of comparison, figures for the approved Budget of the preceding period shall be included beside the estimates for the current period;
 - (iv) The draft appropriations decision.

Regulation 3.3

Projects in Program Countries and Scoping

- a) The Council shall approve plans for additions to the GGGI's portfolio of Projects and scoping for possible new projects on an annual basis, as part of the Budget. The Director-General shall pursue the planned projects and scoping and report to the Management and Program Sub-Committee and the Council on their progress. As some projects and scoping may not proceed the Director-General shall have the flexibility to deploy and redeploy resources within the approved portfolio of projects and scoping within the provisions of Regulation 5.6.
- b) The Council shall on the basis of a recommendation from the Management and Program Sub-Committee approve a project before it moves from scoping to implementation phase for any project not included in the approved budget.
- c) The Council shall on the basis of a recommendation from the Management and Program Sub-Committee approve scoping for a possible new project unless the scoping is explicitly included in the approved budget.

Regulation 3.4

Research Projects and Public-Private Cooperation

- a) The Council shall approve plans for additions to the GGGI's portfolio of Research Projects and Public-Private Cooperation on an annual basis, as part of the Budget. The Director-General shall pursue the planned research projects and public-private cooperation and report to the Management and Program Sub-Committee and the Council on their progress.
- b) The Council shall on the basis of a recommendation from the Management and Program Sub-Committee approve any new research project and public-private cooperation not included in the budget.

Regulation 3.5

Preparation and Submission

- a) For each financial period, the Director-General shall prepare a draft Budget. The draft Budget shall be made available to the Council at least 30 calendar days prior to the opening date of the Council meeting at which the Budget is to be considered. The Council shall either approve the Budget or return it to the Director-General for review and re-submission to the Council, in which case the 30-day requirement referred to above shall not apply.
- b) The Management and Program Sub-Committee shall report to the Council on the draft Budget proposed by the Director-General. This report shall be transmitted to the Council at the same time as the proposed draft Budget. The report, or an addendum to it, shall contain the recommendations of the Management and Program Sub-Committee concerning the statements of the Director-General and the draft Budget.

Regulation 3.6

Adoption

The Budget shall be adopted by the Council in accordance with the Establishment Agreement.

Regulation 3.7

Publication

The Director-General shall arrange for the publication of the Budget as approved by the Council.

Regulation 3.8

Supplementary Program Activities

- a) The Council may adopt a supplementary Budget for the financial period. The Director-General shall submit a supplementary Budget whenever requested by the Council or where the Director-General determines, after careful examination of available resources for their possible reallocation (and taking into account Regulation 5.6 concerning the transfer of funds), that there is a need for supplementary resources to support activities that could not have been envisaged at the time the initial Budget was proposed or in respect to decisions taken by the Council. Such supplementary Budgets shall be prepared and acted upon in a form and manner consistent with the annual Budget for the financial period, including prior submissions to the Management and Program Sub-Committee, except that they need not be considered and adopted at a regular session of the Council.
- b) The supplementary and revised Budget proposals shall reflect changes and resources requirements associated with:
 - (i) Activities which the Director-General considers to be of the highest urgency and which could not have been foreseen at the time the initial Budget proposals were prepared;
 - (ii) Activities mentioned in earlier Budget proposals as items for which later submissions would be made;
 - (iii) Inflation, mandatory salary scale adjustments, and currency fluctuations.

Regulation 3.9

Budget Performance and Evaluation

- a) The Director-General shall establish a system for planning, conducting and using evaluative information for decision making.

Article 4
RESOURCES

I. Contributions

Regulation 4.1

Resources

The resources of the GGGI shall comprise:

- a) Core contributions made by Contributing Members;
- b) Voluntary contributions made by Members, by states and regional intergovernmental economic integration organisations not yet Members, and by other sources; and
- c) Miscellaneous income.

Appropriations shall be financed by core contributions, voluntary contributions and miscellaneous income. Pending the receipt of such contributions, appropriations may be financed from the Working Capital Fund.

Regulation 4.2

Type of Contributions

- a) Earmarked funds: These funds are subject to a specific purpose declared by the donor (s), or with their authority. They can only be used for the purposes for which they are intended as per the donor agreements.
- b) Core funds: These funds are free from any external restrictions and available for general use by GGGI. Many individual contributions are unrestricted, as are general operating and unrestricted grants.

Regulation 4.3

Reporting

The Director-General shall report annually to the Council on individual contributions received from intergovernmental or non-governmental sources, including foundations, private-sector organizations and individuals, subject to such limits as the Council may specifically decide.

Regulation 4.4

Currency of payments

Contributions shall be paid in United States dollars or in any currency as the Director-General deems necessary.

II. Voluntary Contributions

Regulation 4.5

Acceptance

Voluntary contributions, gifts, bequests and subventions to the GGGI, whether or not in cash, may be accepted by the Director-General on behalf of the GGGI for a purpose agreed between the Director-General and the contributor, provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the GGGI and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the GGGI is authorised by the Council. Funding accepted for purposes specified by the donor shall be credited to the appropriate account.

Regulation 4.6

Report on voluntary contributions

The Director-General shall report annually to the Council all of the voluntary contributions, gifts, bequests and subventions promised and accepted by the Secretariat on behalf of the GGGI. Such report shall include, at a minimum, the donor, the amount of the contribution, and all terms associated with the contribution relevant to the determination that the contribution satisfies the requirements of the Establishment Agreement and Article 4 of the Financial Regulations.

III. Miscellaneous Income

Regulation 4.7

Definition

All other income except the below stated shall be classified as miscellaneous income, for credit to the General Fund:

- a) Core contributions, including advances or deposits to funds;
- b) Voluntary contributions; and
- c) Reimbursements of expenditures within the same financial period.

Regulation 4.8

Reimbursements of expenditures

- a) Within the same financial period, reimbursement of actual expenditures incurred shall be credited to the accounts against which they were originally charged; reimbursement of actual expenditures incurred in prior financial periods shall be credited as miscellaneous income.
- b) Adjustments that arise subsequent to the closing of an account shall be debited or credited against miscellaneous income in the same account.

Article 5

APPROPRIATIONS

Regulation 5.1

Prudent Management

The Director-General shall prudently manage the appropriations approved for the financial year so as to ensure that expenditures can be met from funds available, keeping in view the actual contributions received and the availability of cash balances.

Regulation 5.2

Administration of appropriations

The Director-General shall:

- a) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods to be paid for have been received and that payments have not previously been made.
- b) Designate the officers who may receive monies, incur obligations and make payments on behalf of the GGGI.
- c) Maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions.

Regulation 5.3

Availability

Appropriations shall be available for entering into obligations during the financial period to which they relate. Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to liquidate outstanding legal obligations of the financial period for which they were appropriated.

Regulation 5.4

Unobligated balances

The balance of the appropriations remaining unobligated at the close of the financial period, after deduction of any unpaid core contributions for that financial period, shall be treated as cash surplus under Regulation 5.5.

Regulation 5.5

Cash surplus

- a) Any remaining cash in the fund which has not been used shall be treated as cash surplus and added to the Working Capital Fund for the next financial year.

Regulation 5.6

Transfers between and within Budgets

- a) The Director-General may not reallocate expenditures between different Program Budgets unless otherwise approved by the Council.
- b) The Director-General may reallocate expenditures within the Program Budgets, subject to this reallocation being reported to the Management and Program Sub-Committee and to the Council in its subsequent session.
- c) The Director-General shall not automatically carry over surplus Budget from one year to the next year, unless the carry-over is approved by the Council.

Regulation 5.7

Staffing table

- a) The Director-General shall issue, at the December session of the Council, a staffing table indicating the number and grade of posts for the following two years in the Budget.

Article 6

CUSTODY OF FUNDS

I. Internal Accounts

Regulation 6.1

General Fund

A General Fund shall be established for the purpose of accounting for the GGGI's administrative costs and its core activities.

Regulation 6.2

Contributions credited to the General Fund

All non-restricted contributions – whether current or arrears – of Members not specified to contribute to other funds according to Regulation 6.6, miscellaneous income and transfers made from the Working Capital Fund shall be credited to the General Fund. All expenditures shall be made from the General Fund regarding core activities and reimbursements to the Working Capital Fund.

Regulation 6.3

Working Capital Fund

Working Capital Fund shall be established to ensure continuity of operations in the event of short-term liquidity problems pending receipt of non-restricted contributions. The level of the Working Capital Fund shall be proposed by the Director-General and determined by the Council based on a projection of financing requirements, taking into consideration projected income and expenditure.

Regulation 6.4

Advances from the Working Capital Fund

Advances from the Working Capital Fund may be made only to finance activities already initiated and liabilities already incurred and for the purposes and within the terms and conditions prescribed by the Council and only with the written approval of the Director-General.

Regulation 6.5

Reimbursement to the Working Capital Fund

Advances made from the Working Capital Fund shall be reimbursed to the Working Capital Fund as soon as possible and to the extent that income is available for that purpose.

Regulation 6.6

Dedicated trust funds, accounts and overheads

- a) Dedicated trust funds and accounts may be established by the Director-General as may be necessary to ensure transparent implementation of the GGGI's activities, such as to enable appropriate accounting of Program activities of the GGGI which are not part of the core activities and which are financed by dedicated voluntary contributions or restricted funds. The Director-General shall establish such a trust fund at the request of a donor in order to facilitate its contribution. The purpose and limits of each trust fund or account shall be clearly defined by the Director-General and shall be reported to the Council. Unless otherwise authorized by the Council, these funds and accounts shall be administered in accordance with the applicable Financial Regulations.
- b) The Council shall, from time to time, decide on the minimum overhead percentage for earmarked funds.

Regulation 6.7

Voluntary contributions

Voluntary contributions referred to in Regulation 4.1 (b) shall be credited to the General Fund if they are not restricted by the contributor with respect to use.

II. Banking

Regulation 6.8

Cash

- a) The Director-General, under the authority delegated by the Council as custodian of all of the GGGI's financial assets, is responsible and accountable for the effective and efficient management of cash and cash equivalents in GGGI custody.
- b) Management of cash includes all actions necessary for the receipt, deposit, advance, investment and disbursement of cash, including the designation of banks and opening and closing of bank accounts.
- c) The Director-General may delegate authority, as appropriate, for such cash management.

Regulation 6.9

Receipt of funds

- a) An official receipt shall be issued for all cash and negotiable instruments received.
- b) Only officials designated by the Director-General shall be authorised to issue official receipts. If other officials receive money intended for the GGGI, they shall immediately convey this money to an official authorised to issue an official receipt.
- c) All monies received shall be deposited in an official bank account within the turnaround time prescribed in the GGGI Financial Policies and Procedures.

Regulation 6.10

Banks

Subject to the Procurement Regulations, the Director-General shall designate the bank or banks in which the funds of the GGGI shall be kept, and designate those officials to whom signatory authority is delegated for the operation of those accounts. The Director-General, along with another GGGI Officer, shall also authorise all bank account openings and closures. The GGGI's accounts shall be opened and operated in accordance with the following guidelines:

- a) Bank accounts shall be designated as "official accounts of the GGGI" and the relevant authority shall be notified that those accounts are exempt from all taxation, subject to the ratification of the Headquarters Agreement by the relevant authority.
- b) Banks shall be required to provide prompt monthly statements.
- c) Two signatures, or their electronic equivalent, shall be required on all cheques and other withdrawal instructions, including electronic modes of payment.
- d) All banks shall be required to recognize that the Director-General is authorized to receive, upon request or as promptly as is practicable, all information pertaining to official bank accounts of the GGGI.

Regulation 6.11

Signatories

- a) Bank signatory authority and responsibility is assigned on a personal basis and cannot be delegated. Designated bank signatories shall ensure that checks and other banking instruments are properly safeguarded and that when they are obsolete, they are destroyed.
- b) Bank Signatory shall ensure that there are sufficient funds in the bank account when cheques and other payment instructions are presented for payment; verify that all payment instructions, including cheques, are dated and drawn to the order of the named payee as indicated in the accompanying disbursement voucher, payment instruction and invoice.

Regulation 6.12

Exchange of currencies

- a) The Director-General shall make full and effective use of all currencies available to the GGGI to the extent possible, and in doing so may affect the purchase or sale of one currency for another whenever it is deemed to be in the best interests of the GGGI.
- b) The Director-General shall establish a policy mitigating currency fluctuation risks. The policy may include the use of hedging, derivatives and any other risk mitigation instruments when the use of such instruments is deemed to be in the best interests of the GGGI.
- c) Personnel responsible for the operation of the GGGI's bank accounts or for holding the GGGI's cash or negotiable instruments are not authorized to exchange one currency for another, except to the minimum extent necessary for the transaction of official business.

Regulation 6.13

Remittances to offices away from Headquarters

Offices away from Headquarters shall obtain their funds through remittances from Headquarters. In the absence of a special authorization from the Director-General, those remittances shall not exceed the amount required to bring cash balances up to the levels necessary to meet the recipient office's estimated cash requirements for up to the next three months.

Regulation 6.14

Cash Advances

- a) Petty cash advances and Cashier's Fund advances may be made only by and to officials designated for this purpose by the Director-General.
- b) The relevant accounts shall be maintained on an Imprest system and the amount and purpose of each advance shall be defined by the Director-General.
- c) The Director-General may approve other cash advances as may be permitted by the Staff Regulations and Rules and administrative instructions and as may otherwise be authorized in writing by him or her.
- d) Personnel to whom cash advances are issued shall be held personally accountable and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for these advances at all times. They shall submit monthly accounts unless otherwise directed by the Director-General.

Regulation 6.15

Disbursements/payments

- a) All disbursements shall be made by cheque, by wire transfer or by electronic funds transfer except to the extent that cash disbursements are authorized by the Director-General.
- b) Disbursements shall be recorded in the accounts as at the date on which they are made, that is, when the cheque is issued, transfer is affected or cash is paid out.
- c) Except where a paid cheque is returned by the bank or a debit advice is received from the bank, a payee's written receipt shall be obtained for all disbursements.

Regulation 6.16

Credit card

- a) The Deputy Director General for Management and Administration shall oversee the general administration of the GGGI Credit Cards, only for official use. The Finance Director shall be responsible for issuing Cards, setting guidelines, policies and procedures on Card distribution, overall management of Cards, and other matters regarding Card administration and usage.
- b) Card holders shall comply with policies on Card storage, management, and usage that have been decided by the Deputy Director General for Management and Administration and approved by the Management and Program Sub-Committee.
- c) Card usage by the GGGI Staff shall be subject to independent internal audits for checks against appropriate usage as per the Credit Card Guidelines and Finance and Procurement Policies and Procedures. In events of Card misuse, including breach of the GGGI's policies, the Deputy Director General for Management and Administration shall notify the event to the Director-General and the Internal Auditor.

Regulation 6.17

Reconciliation

All financial transactions, including bank charges and commissions, shall be reconciled with the information submitted by the bank. This reconciliation shall be performed or validated by an officer playing no actual part in the receipt or payment of funds.

III. Investments

Regulation 6.18

Responsibility

- a) The Director-General may authorise short-term investments of monies not needed for immediate requirements only in accordance with investment criteria approved by the Council and shall periodically report to the Council on any such investments. Prior to any initial investment, the Secretariat must submit and secure approval of investment standards from the Council. In making investments, the Director-

General shall place primary emphasis on security of principal funds while ensuring the liquidity necessary to meet the GGGI's cash-flow requirements.

- b) All investment transactions, including the withdrawal of invested resources, require the authorisation and signature of two officials designated for that purpose by the Director-General.

Regulation 6.19

Records

Investments shall be recorded in a ledger which shall show all the relevant details for each investment, including, for example, face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.

Regulation 6.20

Income

Income derived from investments shall be credited to miscellaneous income, as specified in Regulation 4.7.

Regulation 6.21

Losses

- a) Any investment losses must be reported to the Director-General. The Director-General shall authorize the writing-off of investment losses. A summary statement of investment losses, if any, shall be provided to the Management and Program Sub-Committee within three months following the end of the financial period.
- b) Investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained. However, if investment losses are due to negligence or irresponsible behaviour by individuals, redress should be sought from the person(s) in question.

Article 7

FINANCIAL STATEMENTS AND ACCOUNTS

Regulation 7.1

Accounting Policies

- a) The financial period, for the purposes of accounting for revenue earned and expenses incurred in respect of the GGGI's activities, shall consist of a single calendar year.
- b) The GGGI shall use International Financial Reporting Standards (IFRS). The Director-General shall establish accounting policies to ensure that the financial statements provide information that is:
 - (i) Relevant to the decision-making needs of users; and,
 - (ii) Reliable in that they represent faithfully the financial performance and financial position of the GGGI; Reflect the economic substance of events and transactions, and not merely the legal form; Are neutral, that is, free from bias; Are prudent; and Are complete in all material respects.
- c) All items of revenue and expense recognized annually shall be included in the determination of the net surplus or deficit for the period. When items of revenue and expense within surplus or deficit from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explaining the performance of the GGGI for the financial period, the nature and amount of such items shall be disclosed separately.
- d) Unless otherwise directed by the Director-General or by the particular terms governing the operation of a trust fund or special account, all financial transactions shall be recorded in the accounts on an accrual basis.
- e) Full accrual shall be made by the GGGI for the net present value of future benefits, which represent consideration given by the GGGI in exchange for services rendered by employees and by individual contractors whose contracts with the GGGI expressly stipulate entitlement. Where relevant, such future consideration shall comprise benefits:
 - (i) As a result of either a decision by the GGGI to terminate services before the normal retirement date; A decision by the individual concerned to accept voluntary redundancy in exchange for those benefits;
 - (ii) Upon completion of services;
 - (iii) Which do not fall due wholly within the twelve months after the end of the financial period in which the services were rendered.
- f) The Director-General may utilize actuarial values in order to make the best possible estimate of the net present value of such future consideration, at the end of the financial reporting period.
- g) The Director-General shall ensure that the GGGI account is provisionally closed on a regular basis, and at least quarterly.

Regulation 7.2

Preparation of financial statements

The financial statements for the financial year shall be submitted annually by the Director-General to the Management and Program Sub-Committee not later than 30 April following the end of the financial year. The accounts for the financial period shall show:

- a) Statement of financial position;
- b) Statement of financial performance - the income and expenditure of all funds;
- c) Statement of changes in net assets/equity;
- d) Cash flow statement;
- e) The status of appropriations, including:
 - (i) Original appropriations and supplementary appropriations, if any;
 - (ii) Appropriations after modification by any transfers;
 - (iii) Credits, if any, other than appropriations approved by the Council;
 - (iv) Expenditures charged against those appropriations and/or other credits;
 - (v) Unused balances of appropriations and of other credits;
- f) Statement of comparison of budgeted and actual performance for the financial period;
- g) Accounting policies and notes to the financial statements; and
- h) Such other information as may be appropriate to indicate the current financial position of the GGGI.

Regulation 7.3

Program Accounts

The Program Accounts shall consist of:

- (i) Original appropriations;
- (ii) Appropriations after modification by any transfers;
- (iii) Credits, if any, other than appropriations;
- (iv) Allotments made;
- (v) Disbursements;
- (vi) Outstanding commitments;

(vii) Balances of allotments in respect of which no commitment was recorded; (viii)

Balances of appropriations in respect of which no commitment was recorded;

- a) The GGGI's accounts showing revenue, expenses, cash at banks, investments, receivables, and other assets; reserves, payables, and other liabilities; and
- b) Other accounts similarly structured as those described under (a) and (b), above, as may be appropriate for any funds administered by the GGGI.

Regulation 7.4

Going concern

When preparing financial statements an assessment of the GGGI's ability to continue as a going concern shall be made by the relevant key management personnel of the GGGI.

Regulation 7.5

Submission of financial statements and accounts

- a) The Director-General shall submit to the Council financial statements and accounts for the past financial period at least 30 days prior to the Council session.
- b) The Director-General shall certify that to the best of his/her knowledge, information, and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements.

Regulation 7.6

Financial statements for special purposes

Financial statements shall also be prepared at such other intervals as may be prescribed by the Director-General or requested by the Council. Financial statements for special periods or parts of the Budget shall be prepared and submitted consistent with the stipulations of these Regulations.

Regulation 7.7

Maintenance and protection of accounting records

- a) The Director-General shall prescribe and maintain financial records and shall institute systems and procedures which shall permit accurate and timely financial reporting on all activities to the Council.
- b) The Director-General shall maintain and safeguard against damage, destruction, unauthorized access and removal, and such accounting records as are necessary for financial reporting and for management purposes.

Regulation 7.8

Separate accounts

Appropriate separate accounts shall be maintained for all trust funds and accounts. Unless otherwise authorized by the Council, these funds and accounts shall be administered in accordance with the applicable Regulations.

Regulation 7.9

Currency of accounting records

- a) The accounts of the GGGI shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary.
- b) At Headquarters, accounts shall be maintained in United States dollars. At offices away from Headquarters, accounts may be maintained in the currency of the country in which they are situated, provided that all amounts are recorded both in local currency and the United States dollar equivalent.

Regulation 7.10

Insurance

The GGGI shall procure insurance contracts to mitigate the risks of catastrophic or other losses to the GGGI.

Regulation 7.11

Writing-off of cash, receivables and property

The Director-General may, after full investigation, authorize the writing off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Management and Program Sub-Committee and the Council with the accounts.

Regulation 7.12

External audit

The accounts and financial management of all funds governed by these Regulations shall be subject to an annual audit, and the arrangements for such audit shall take into account the international nature of the GGGI and ensure an open and competitive process for the selection of the External Auditor, subject to approval by the Management and Program Sub-Committee. National audit authorities of Contributing Members States shall have the right to conduct an independent audit with prior notice of one month.

In addition to the financial statements, the GGGI shall provide the external auditors with information on:

- a) Total value of property, plant and equipment and intangible assets for which records are kept;

- b) Losses of cash, and other assets written off; and
- c) Such other information as the external auditors may require.

Article 8

INTERNAL CONTROL

Regulation 8.1

Risk Management

- a) The Director-General shall maintain a risk-management system to manage and control financial and other types of risks, including the identification, evaluation, and measurement of possible impact on the GGGI, and the selection and maintenance of various solutions to mitigate risk.
- b) Risk appetite and risk tolerance shall be defined periodically based on the changing business environment. Each Program Owner shall re-evaluate annually such risks and strategies to mitigate them.

Regulation 8.2

Administration of appropriations

The Director-General shall:

- a) Establish detailed policies and procedures in order to ensure effective financial administration and the exercise of utmost economy;
- b) Maintain accounting records;
- c) Maintain separate accounts for all dedicated trust funds and accounts;
- d) 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 payment has not previously been made;
- e) Designate a strictly limited number of officers who may receive monies, incur obligations and make payments on behalf of the GGGI;
- f) Maintain an internal 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 GGGI;
 - (ii) The conformity of obligations and expenditures with the appropriations or other financial provision agreed by the GGGI or with the purposes and procedures relating to dedicated trust funds and accounts; and,
 - (iii) The effective and efficient management of the GGGI's activities and the economic use of the resources administered by the GGGI.

Article 9

INTERNAL OVERSIGHT

Regulation 9.1

Purpose

The Management and Program Sub-Committee shall establish an internal oversight mechanism which covers internal audit, evaluation, investigation and other management support to strengthen the functioning of the organization. The internal oversight mechanism shall exercise operational independence in the conduct of its duties under the authority of the Director-General and the Chair of the Management and Program Sub-Committee, and shall be responsible for:

- a) Providing assurance that Programs and plans are delivered effectively, that strategic management information is reliable and timely, and that continuous improvements are fostered in methods and procedures so as to enhance the quality of the GGGI's operations; and,
- b) Identifying major control risks for the GGGI and to propose remedial action to minimize such risks.

Regulation 9.2

Role and functions

Within the internal oversight mechanism, independent internal audits shall be conducted in accordance with Regulations and in conformity with international standards for the professional practice of internal auditing. Internal auditors shall review, evaluate and report on the use of financial resources and on the effectiveness, adequacy and application of internal control systems, procedures and other relevant internal controls. Internal audits shall also include the following elements:

- a) Compliance of financial transactions with Council decisions, resolutions, approved Programs and other legislative mandates, with Regulations, procedures and related administrative directives and with the approved recommendations of external oversight bodies;
- b) Economy, efficiency and effectiveness of financial, physical and human resources management and utilisation, and of Program delivery, including by examining the structure of the GGGI and its responsiveness to the requirements of Programs and legislative mandates and by conducting management audits.

Regulation 9.3

Scope

The Management and Program Sub-Committee shall:

- a) Ensure that the internal auditor has the operational independence, objectivity and authority to conduct internal audits, inspections, evaluations, investigations and monitoring;

- b) Ensure that the internal auditor has access to all records and officials of the GGGI relevant to the purposes listed in Regulation 9.2 above;
- c) Instruct Program Owners to provide such information or assistance to the internal auditor as are reasonably required to conduct its work;
- d) Ensure that procedures are in place that provide for direct confidential access of staff members to the internal oversight mechanism, including for the purposes of suggesting improvements for Program delivery or for reporting perceived cases of misconduct, ensure that staff enjoy protection against repercussions, due process for all parties concerned, and fairness during any investigation; and,
- e) Ensure procedures for a prompt, effective follow-through on recommendations in, or derived from, reports of the internal auditor.

Regulation 9.4

Reporting

The Internal Auditor shall report functionally to the audit contact points of the Management and Program Sub-Committee of the GGGI's Council and administratively to the Director-General. Reports on each separate audit, inspection, evaluation, investigation and monitoring activity shall be submitted. For each report, the relevant Program Owner shall be afforded adequate opportunity to consider and comment upon the observations and draft recommendations. Copies of all reports and accompanying comments by the Director-General shall be provided first to the audit contact points for review and clearance and then to the Management and Program Sub-Committee.

- a) The Director-General shall report to the Council annually and as necessary on internal audit recommendations and actions taken.
- b) The internal auditor shall submit a comprehensive, independent annual report to the Director-General and Management and Program Sub-Committee, before submission to the external auditor, of recommendations made and actions taken, which shall be considered by the external auditor.
- c) Matters that, in the judgment of the internal auditor, present a material risk to the GGGI, and which are not addressed through (a) or (b), shall be immediately forwarded to the audit contact points of the Management and Program Sub-Committee, accompanied by relevant documentation, including any correspondence with the Director- General.