

# **SECRETARIAT OF THE PACIFIC COMMUNITY**

## **FINANCIAL REGULATIONS**

Adopted at the Ninth Session of the Commission  
May 1952, and incorporating amendments made thereto at subsequent Sessions up to  
and including the Second Conference of the Pacific Community, 2001

Noumea, New Caledonia  
2001

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**PURPOSE**

**Regulation 1**

These Regulations shall govern the financial administration and activities of the Organisation, in relation to core and non-core funds.

<b>DEFINITIONS</b>
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### **Regulation 2**

In these Regulations, unless the contrary intention appears;

**‘Accrual Accounting’** means the accounting for expenses already incurred but not yet paid, and income earned but not yet received.

**‘Administrative Budget’** means a consolidation of statements of income and expenditure for all the heads of expenditure covering the Common Services, Executive Management, Finance Office, and the Property Management and Administration Services.

**‘Annual Budget Estimates’** means the annual Administrative Budget and Work Programme Budget.

**‘Auditor(s)’** mean the External Auditor(s) appointed by the Governing Body to carry out the audit functions of these Regulations. The external/commercial auditors shall be members of an accredited international body of auditors.

**‘Committee of Representatives of Governments and Administrations’** means the Committee of the Whole, which deals with all the subject matters requiring the attention of the Conference of the Pacific Community.

**‘Community’** means the Pacific Community as established by the Canberra Agreement of 1947.

**‘Conference’** means the Conference of the Pacific Community, the Governing Body as described in the Canberra Agreement of 1947 establishing the Organisation.

**‘Governing Body’** means the Conference of the Pacific Community. However, except for the appointment of the Chief Executive of the Organisation, CRGA has been empowered to carry out this governing role at its "between Conference" meetings.

**‘Secretariat’** means the Secretariat of the Pacific Community, including all its personnel, premises and financial resources.

**‘Core Funds’** means the assessed contributions of the membership of the Pacific Community, as well as any miscellaneous income.

**‘Director-General’** means the Chief Executive Officer of the Organisation, who is appointed by the Conference.

**‘Fiscal Year’** means the calendar year, i.e. twelve-month period January to December.

**‘General Reserve Fund’** means the general purpose fund created out of the initial working funds of the Organisation, and into which the annual operation of the Operating Fund is closed off.

**‘Members of the Conference of the Pacific Community’** means all the Member Countries or other states or territories and administrations who are full members of the Pacific Community.

**‘Non-Core Funds’** means the funds contributed by the donors towards projects or activities in the Work Programme of the Organisation.

**‘Operating Fund’** means the general fund used for recording all core receipts and payments.

**Specific Funds** are funds set up by the Director General for specific purposes as approved by the Governing Body. They are regarded as encumbered and generally not available for use other than for the specific purpose.

**Special Funds** are funds set up specially for self-funding entities, namely the Housing Fund and the Canteen Fund.

**‘Work Programme Budget’** means a consolidation of statements of income and expenditure for all budget heads approved by the Governing Body forming the Work Programme Budget and excludes expenditure heads falling under the Administrative Budget.

<b>THE BUDGET</b>
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**Regulation 3 – Annual Budget Estimates**

The Annual Budget Estimates shall cover income and expenditure of the Organisation and its auxiliary and subsidiary bodies for the fiscal year to which they relate, and shall be presented in CFP francs. The Annual Budget Estimates will incorporate expenditure proposals for the Work Programme Budget and the Administrative Budget.

**Regulation 4 – Format of the Budget**

The Annual Budget estimates shall be arranged in such form and in such parts, heads and sub-heads as the Conference may from time to time direct.

The Annual Budget Estimates shall comprise the following documents:

- (a) Budget document;
- (b) Budget narratives;
- (c) Any additional documents which the Conference or Director-General may deem necessary and useful.

<b>APPROPRIATIONS</b>
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**Regulation 5 – Authority to Incur Expenditure**

- (a) The adoption of the Work Programme Budget and the Administrative Budget by the Governing Body shall constitute an authorisation to the Director-General to incur commitments and make payments for the purposes for which the expenditure was approved and up to the amounts so approved.
- (b) However, within the limits of items specified in the Budget, the Director-General may incur commitments and make payments without an appropriation of Core Funds, subject to Regulation 7(f).
- (c) Similarly, for new XB funded projects which may not yet being included in the Work Programme Budget, the Director-General may incur expenditure and make payments for these projects in respect of Regulation 16, as long as funds are available.

<b>Regulation 6 – Availability of, and Accounting for, Funds</b>
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- (a) Core funds appropriated in the Budget shall be available for commitment during the fiscal year to which they relate.
- (b) Core income and expenditure shall be accounted for on Accrual Accounting basis.
- (c) Non-core funds provided in the Budget shall be accessible for commitment once the funding is available.
- (d) Non-core income and expenditure shall be accounted for on Accrual Accounting basis as soon as formal commitment is provided by the donor.



<b>Regulation 7 – Commitment of Funds beyond the Fiscal Year</b>
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- (a) Core funds shall remain available for six months following the Fiscal Year to which they relate to the extent that they are required to liquidate commitments.
- (b) Non-core funds shall remain available for the duration of the project.
- (c) All commitments at the close of a Fiscal Year shall include liabilities for:
  - goods supplied and services rendered during the year;
  - goods and services ordered but not supplied or rendered at the close of the Fiscal Year; and
  - any other commitment entered into or liability incurred, but not discharged, at the close of the Fiscal Year.
- (d) Any Core-funded commitment not discharged at the end of the six-month period following the close of the Fiscal 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 appropriations of the year in which payment is actually made.
- (e) Any Non-core funds remaining at the end of a project shall be refunded to the donor, unless otherwise agreed to by the donor upon receipt of a request for variation from the Secretariat.
- (f) There shall be no commitment/expenditure entered into unless funds are available.

**Regulation 8 – Transfer of Core Funds between Budgets**

The Director-General may:

- (a) Transfer anticipated Core fund savings under any sub-head to meet anticipated expenditure under any other sub-head of the same head.
- (b) Under the Administrative Budget, transfer available Core funds between budget heads; in the event there are excess funds under the Administrative Budget these can be transferred to the Work Programme Budget.
- (c) Within the Work Programme Budget, transfer Core funds between budget heads and in exceptional circumstances if warranted, may transfer unutilised core funds available under the Programme Budget to rectify specific unforeseen and unbudgeted requirements in the Administrative Budget.

Details of such transfers are to be reported to Governing Body.

**Regulation 9 – Authority to Spend Funds prior to Approval of Budget**

Should the annual Budget fails to be adopted before the beginning of the fiscal year to which it relates, the Director-General is authorised, pending approval of the Budget, for a period not to exceed three months after the beginning of the Fiscal Year, to incur obligations and meet expenditure at the same rate and for similar purposes as were approved in the Annual Budget for the last preceding year, 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.

<b>PROVISION OF FUNDS</b>
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**Regulation 10 – Assessed Contributions**

The Director-General shall recommend annually to the CRGA the level of assessed contributions of member countries, based on the approved formula.

**Regulation 11 – Notification of Assessed Contributions**

After the CRGA has adopted the Work Programme and Budget, the Director-General shall inform the members of the Pacific Community of their commitments in respect of assessed contributions and details of the Organisation's bank account into which it is desired that the assessed contributions be paid.

**Regulation 12 – Official Currency of the Organisation**

Contributions shall be assessed and payable in CFP francs. However, the Director-General is empowered to accept, at this discretion, the total or partial payment of contributions by a member of the Pacific Community in currencies other than CFP francs.

**Regulation 13 – Status of Collection of Assessed Contributions**

The Director-General shall submit to each meeting of the CRGA a status report on the collection of assessed contributions.

<b>FUNDS</b>
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**Regulation 14 – Principal Funds of the Organisation**

The working funds of the Organisation shall be held in two principal funds:

- (a) The Operating Fund, established pursuant to paragraph 48 of the Agreement establishing the Organisation; and
- (b) The General Reserve Fund, into which the annual operations of the Operating Fund is closed off.

The assessed contributions from members of the Organisation and any miscellaneous income shall be credited to the Operating Fund.

**Regulation 15 – Setting up and Use of Special Funds and Specific Funds**

, Special Funds and Specific Funds may be established by the Director-General with the approval of the Governing Body. The purpose and limits of each of these funds shall be clearly defined and unless otherwise directed by the Governing Body, such Funds shall be administrated in accordance with these Regulations.

**Regulation 16 – Authority to accept XB Funds – Contributions for new projects**

The Director-General may accept contributions for new projects falling within the scope of the Work Programme approved by the Governing Body and shall inform the next conference of details of such contributions. The total value of new project contributions accepted should not exceed twenty percent of the Work Programme Budget.

<b>CUSTODY OF FUNDS</b>
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**Regulation 17 – Bank Accounts**

The Director-General shall authorise the opening and closing of all the Organisation's bank accounts and shall inform the Governing Body of the details of any such accounts and of the actions taken.

<b>INVESTMENT OF FUNDS</b>
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**Regulation 18 – Investment of Funds**

The Director-General may make short-term, low-risk, non-speculative investments of funds not needed for immediate requirements and shall inform the Governing Body of the details of such investments and interest revenue earned.

**BANK OVERDRAFT**

**Regulation 19 – Overdraft**

The Governing Body shall set, as may be required, a limit on advances, by way of bank overdraft, the Director-General may obtain for a particular year.

<b>INTERNAL CONTROL</b>
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**Regulation 20 – Financial Rules and Procedures**

The Director-General 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, including electronic data support, to ensure that services rendered and goods procured have been properly authorised, and that payment for these have not previously been made;
- (c) designate the officers who may receive revenue or authorise payment and disburse funds on behalf of the Organisation;
- (d) maintain an internal financial control system which shall provide for an effective examination and review of financial transactions, in order to ensure:
  - (i) the regularity of receipts, custody and disposal of all funds and other financial resources of the Organisation;
  - (ii) the conformity of commitments and expenditure with the appropriations or other financial provisions approved by the Governing Body, or with the purposes and rules relating to Trust Funds and Special Accounts;
- (e) take all precautionary measures necessary to safeguard the property, equipment and supplies of the Organisation.

**Regulation 21 – Writing Off of Losses**

The Director-General may, after full investigation, authorise the write-off of losses of cash, stores and other assets, excess of obsolete stores and assets, provided that the value of all such items written off shall be reported to the Governing Body.

**Regulation 22 – Quotation and Tendering Procedures**

The Director-General may establish when necessary the rules governing quotations and tendering procedures for the procurement of equipment, supplies and other requirements of the Organisation and shall inform the Governing Body of the establishment of these Rules.



<b>ACCOUNTING</b>
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**Regulation 23 – Maintenance of Accounting Records**

The Director-General shall:

- (a) maintain such accounting records as are necessary and shall prepare annual statements of accounts, for the Fiscal Year to which they relate, showing:
  - (i) the income, expenditure and balance of each fund;
  - (ii) the status of core fund appropriations and the operations of the:
    - the Operating Fund;
    - the General Reserve Fund;
  - (iii) the assets and liabilities of the Organisation.
- (b) give such other information to CRGA as he/she may deem appropriate to indicate the current financial position of the Organisation;
- (c) ensure that the annual statements of accounts are prepared in accordance with international professional accounting practices and incorporate the Accrual Accounting Concept to accommodate Regulation 7(c);
- (d) provide for the replacement of fixed assets either through a Provision for Depreciation Account or through the established Replacement of Fixed Assets Fund.

**Regulation 24 – Annual Statements of Accounts**

The annual statements of accounts of the Organisation shall be presented in CFP francs. Accounting records may, however, be kept in such currency or currencies as the Director-General may deem necessary. The rates of exchange used in the preparation of the annual statements of accounts shall be based on the official bank rates at 31 December of the Fiscal Year to which they relate

**Regulation 25 – Maintenance of Trust Funds and Special Accounts**

Separate accounts shall be maintained for all Trust Funds and Special Accounts, and appropriate annual statements of accounts shall be prepared for these.

**Regulation 26 – Audit of Annual Statements of Accounts**

The annual statements of accounts shall be submitted by the Director-General to the Auditors as soon as possible following the end of the Fiscal Year, but no later than May of the following year.

<b>EXTERNAL AUDIT</b>
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**Regulation 27 – Appointment of Auditor(s)**

The Governing Body shall appoint one or more Auditors in no way connected with the Organisation. External commercial auditors so appointed shall provide evidence of insurance cover against professional liability.

**Regulation 28 – Regularity of Audit**

The Auditors shall make annually, and at such other times as the Governing Body may consider necessary, an independent audit of the Organisation's records in order to certify whether or not:

- (a) the financial statements are in accordance with the records of the Organisation;
- (b) the financial transactions are fairly reflected in the financial statements and are in accordance with the rules and regulations, the budgetary provisions and other applicable directives;
- (c) the securities and money on deposit and on hand have been verified by certificates received direct from the Organisation's bankers or by actual count;
- (d) the records of stores, furniture, equipment and other property of the Organisation are accurate and the control exercised there-over is adequate.

**Regulation 29 – Assistance to Auditor(s)**

The Director-General shall ensure that the Auditors are supplied with every facility required for the proper discharge of their duties.

**Regulation 30 – Scope of Audit Report**

The Auditor(s), in certifying the annual statements of accounts, shall prepare a report in which they should mention:

- (a) the extent and character of their examination and any important changes in the financial system of the Organisation which may have affected the preparation of the annual statements of accounts;
- (b) matters affecting the completeness or accuracy of the annual statements of 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 of the Organisation, including internal control measures and adherence to financial rules and regulations;
- (e) the adequacy of insurance cover for the buildings, stores, furniture, equipment and other property of the Organisation;

- (f) any other matters which they deem necessary to be brought to the attention of CRGA and Conference.

**Regulation 31 – Timing of the Audit**

The Auditors shall submit their report to the Director-General as soon as possible following the end of the Fiscal Year to which it relates, but no later than 31 July. The Director-General shall circulate the full report of the Auditors, including comments on the financial operations of the Organisation and accounts, together with such remarks as he may wish to offer to members, prior to the following October/November session of CRGA/Conference.

**Regulation 32 – Acceptance of the Audit Report**

Subject to any direction which the Governing Body may issue, the acceptance by the Governing Body of the annual statement of accounts shall constitute a discharge to the Director-General in respect of the year covered thereby.

<b>GENERAL PROVISIONS</b>
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**Regulation 33 – Responsibility and Accountability of the Director-General**

The Director-General is the ultimate authority for making the final decision on any financial matter relating to the Organisation and is fully accountable to the Governing Body for such decision.

**Regulation 34 – Renting/Leasing Provision**

The Director-General may enter into contracts and other agreements for the purpose of:

- (a) renting accommodation, office space, storage and any other requirements of the Organisation;
- (b) leasing office equipment.

Details of all leasing agreements entered into are to be reported to the following session of CRGA/Conference.

**Regulation 35 – Scope of Financial Regulations**

These Financial Regulations apply to all financial activities of the Organisation, including the operations of the Canteen, the Staff Provident Fund and the Housing Account, regardless of the source of funds.

**Regulation 36 – Powers of the Acting Director-General**

In the absence from the Organisation's headquarters, or during the incapacity of the Director-General, or in the event of the position being vacant, the powers and responsibilities of the Director-General as provided in these Regulations shall, during such periods, devolve on the officer acting as or performing the duties of Director-General.

**Regulation 37 – Commencement Date of the Financial Regulations**

These Regulations shall become effective as from the date of their approval by the Governing Body, upon which date all existing financial regulations, rules, instructions and directives of the Organisation, insofar as they refer to matters provided for in these Regulations, shall be deemed to be superseded.

**Regulation 38 – Power to Amend the Financial Regulations**

CRGA has been empowered by Conference to amend these Financial Regulations.