



EIGHTH ITEM ON THE AGENDA

Amendments to the Financial Rules

1. At its 98th Session (June 2009), the International Labour Conference amended the Financial Regulations of the Office to ensure that financial reporting would be compliant with the International Public Sector Accounting Standards (IPSAS) once these standards are implemented by the Office. The Financial Rules of the Office establish more detailed requirements to ensure that the provisions of the Financial Regulations are carried out.¹ They therefore require amendment to conform to the amended Financial Regulations. In accordance with article 40 of the Financial Regulations, the proposed amendments are submitted to the Governing Body for approval.
2. The Financial Rules were last amended in 2001. In addition to the IPSAS-related amendments, it is proposed to introduce other amendments to streamline the Rules; to harmonize the procurement provisions with other UN organizations; and to remove certain monetary thresholds which may change over time. The Financial Rules already provide a framework for the issuance of additional instructions to ensure effective internal financial control² and for the further delegation of authority³ as may be required. Such an approach is consistent with other UN organizations and provides greater efficiency and responsiveness to operational needs.
3. The appendix to this document sets out the proposed amendments together with a brief commentary explaining the reason for the proposal.
4. ***The Committee may therefore wish to recommend to the Governing Body that it approve the draft amendments to the Financial Rules set out in the appendix.***

Geneva, 24 September 2009.

Point for decision: Paragraph 4.

¹ ILO Financial Regulations, article 40.

² Financial Rule 1.50.

³ Financial Rule 1.40.

Appendix

Amendments to the Financial Rules of the International Labour Office

(additions are underlined; deletions are strikethrough)

I. Authority and applicability

1.20 DEFINITIONS

For the purposes of the Rules the following definitions shall apply:

Treasurer:	The Treasurer and Financial Comptroller of the ILO.
Financial Services:	The Financial Services Department at headquarters <u>and administrative units with financial and budgetary responsibility in external offices.</u>
Certifying Officer:	An official authorized by the Treasurer to certify the budgetary or financial propriety of proposed obligations or disbursements.
Cashier:	An official authorized in accordance with Rule 9.05 to receive and pay out cash and negotiable instruments.
External offices:	All ILO offices outside Geneva, including the offices of national correspondents but excluding those of Chief Technical Advisers.
Chief Technical Adviser:	An official designated as the Chief Technical Adviser of an ILO technical cooperation project or an expert on an individual assignment to whom similar functions have been entrusted.
Programme:	Activities planned for a specific field or fields over a stated period.
Programme manager:	An official in charge of an organizational unit to whom an allocation of funds is made by the Director of the Financial Services Department <u>Treasurer</u> , within the framework of the ILO's internal programme planning and control system, for the purpose of carrying out a programme.

Comment: *To provide a broader definition of the Financial Services meeting the reality of field operations and to also provide generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

1.70 APPROACHES OUTSIDE THE ILO

No approach shall be made outside the Office or accepted within the Office with a view to obtaining additional funds or resources, or exemptions from existing financial regulations, rules or provisions of the ILO, except with the prior written authorization of the Director-General, or the Treasurer ~~Director of the Financial Services Department~~.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

1.90 ELECTRONIC COMMUNICATIONS

Any reference within these Rules to written authorizations, findings or other documents shall not be interpreted to restrict the use of any electronic means of data interchange approved for official communication in the Office.

Comment: *New rule to clarify that electronic means of communication may be acceptable.*

III. Collection of contributions and other income

3.10 RESPONSIBILITY FOR COLLECTION OF CONTRIBUTIONS

~~The Director of the Financial Services Department~~Treasurer shall be responsible ~~to the Treasurer~~ for collecting and accounting for contributions due from member States, as prescribed in articles 9 and 10 of the Financial Regulations.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

3.31 PAYMENTS INTO PUBLICATIONS REVOLVING FUND

~~Up to 100 per cent of the i~~Income from the sale of publications, including related royalties and fees, may be credited to the Publications Revolving Fund at the discretion of the Director-General, and used in accordance with the separate rules governing the operation of the Fund approved by the Governing Body.

Comment: *In practice all such income is credited to the Publications Revolving Fund. The deleted text is redundant.*

3.50 ACCEPTANCE OF MONIES BY OFFICIALS

- (c) Any other official receiving money on behalf of the Organization must immediately remit it in full to a cashier or another official authorized by the Treasurer to accept money or, where this is not possible, deposit it in an ILO bank account. Full details of such deposits shall be sent immediately to the ~~Director of the Financial Services Department~~Treasurer.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

IV. Appropriations and allocations

4.20 RESPONSIBILITY FOR ALLOCATION OF FUNDS

On the basis of programme decisions made by the Director-General within the framework of the approved budget of the Organization, as advised by the Chief of the Bureau of Programme ~~Budgeting~~ and Management through the issue of programme

decision minutes, or of the conditions applicable to other funds placed at the disposal of the Organization, the ~~Director of the Financial Services Department~~ Treasurer shall inform programme managers of the amounts allocated to them for their programmes under each source of funds for a given period or periods. He shall ensure that allocations changes are made only in conformity with the Financial Regulations or with other rules governing the use of the funds concerned and within the framework of the internal programme planning and control system. Through the procedures for the control of obligations he shall ensure that allocations are not overspent.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

4.30 PURPOSE AND NATURE OF ALLOCATIONS OF FUNDS

- (b) Allocations of funds must be made in writing and must be signed by the ~~Director of the Financial Services Department~~ Treasurer or an official designated by him. They shall list all limitations subject to which the funds made available may be utilized.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

- (d) An official away from headquarters to whom funds are allocated by the ~~Budget and Finance Branch~~ Treasurer is thereby authorized to decide on the utilization of these funds in the interest of the programme concerned and to exercise such other authorities in respect of their management as may be expressly provided for when the allocation is made or in any relevant rules, instructions or procedures established under Rules 1.50 and 1.60 above.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

4.40 PERIODIC REVIEW OF EXPENDITURE POSITION

The ~~Director of the Financial Services Department~~ Treasurer shall ensure that programme managers have ready access to information on the expenditures and unliquidated obligations recorded against their allocations. The Budget and Finance Branch shall monitor the extent to which allocations are used and prepare reports for the Director-General on amounts currently allocated, obligated and expended, and expected future expenditure, under the allocations.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

V. Control of obligations

5.20 PROPOSALS OR DRAFTS HAVING FINANCIAL OR BUDGETARY IMPLICATIONS

- (a) Any draft paper for the Governing Body or one of its committees which contains a proposal likely to have direct or indirect financial or budgetary implications shall be routed by the originating unit, or the officer to whom it reports, to the ~~Director of the~~

~~Financial Services Department and the Treasurer for financial evaluation and clearance before being submitted to the Director-General. Before issuing any such document the Official Relations, Meetings and Document Services Department Branch shall satisfy itself that this rule has been complied with.~~

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

5.30 CONTROL OF OBLIGATIONS

- (a) All contracts, appointments, mission orders, purchase orders, grant awards, or other documents by which a financial obligation is to be incurred on behalf of the Organization must be submitted in advance to an official authorized by the Treasurer to provide financial clearance under article 30 of the Financial Regulations except as provided in subparagraph (d) below.

Comment: *To clarify the requirement for grant arrangements to be subject to established clearance procedures.*

5.40 OBLIGATIONS TO BE INCURRED IN CONFORMITY WITH THE BUDGET

Obligations shall be incurred only in strict conformity with the relevant budget. All obligating documents submitted for financial clearance shall be accompanied by an indication of the appropriate accounting classification. In case of doubt, the correct classification against which any charge is to be made shall be determined by the ~~Director of the Financial Services Department~~ Treasurer.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

VI. Presentation and audit of claims

6.10 PAYMENTS TO BE MADE ON BASIS OF CLAIMS

- (a) Except for the payment of salaries, wages, and regularly established allowances ~~and amounts due under external collaboration contracts with individuals~~, no payment shall be effected unless claimed by the payee. ~~Payments due under external collaboration contracts with individuals shall be made on the basis of payment requests submitted by authorized officials: such requests shall be treated in the same way as claims.~~

Comment: *To confirm the policy that consulting contracts with individuals are a form of third-party service contract and should be differentiated from employment-type contracts.*

6.30 TIME LIMITS FOR PRESENTATION OF CLAIMS

- (b) Particular care shall be exercised to ensure that all ~~unliquidated~~ expenditure is obligations are recorded within the appropriate financial period in which the goods have been received, the services have been rendered or any other financial obligation has been incurred.

Comment: *Following the amendments to the Financial Regulations approved by the Conference in June 2009, this Rule is amended to incorporate the delivery principle required under IPSAS.*

6.80 OBJECTION TO A CLAIM

- (a) When the ~~Director of the Financial Services Department~~Treasurer, or an official authorized to make payments, objects to the payment of a claim in full or in part, he shall communicate his objection to the official presenting the claim. If the official does not agree with the objection, he may appeal through proper channels to the Director-General.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

- (b) If the Director-General decides that a claim is to be paid notwithstanding an objection by the ~~Director of the Financial Services Department~~Treasurer, his decision shall be reported to the External Auditor.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

VII. Payments

7.20 PAYMENTS TO BE EFFECTED TO DULY ENTITLED PERSON

- (b) The ~~Director of the Financial Services Department~~Treasurer may refuse to effect payment of any salary, allowance or other payment, to a third party claiming the payment on behalf of the person to whom it is due. However, if payments are made to such a third party, the nature of the authority under which such payment has been made shall be stated on the voucher. The cession or other authority shall either be attached to the voucher, or the ~~Director of the Financial Services Department~~Treasurer shall certify on the voucher that a sufficient authority was produced.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

7.30 OFFICIALS AUTHORIZED TO MAKE PAYMENTS

All ~~payments~~disbursements shall be made by authorized officials of the Treasury and Accounts Branch after approval by the Certifying Officer, except for payments made by:

- (a) members of the staff to whom cash is advanced for the purposes of the Organization;
- (b) duly authorized officials in external offices and offices of Chief Technical Advisers;
- (c) representatives of the United Nations Development Programme when acting as agents for the Organization;
- (d) any other person specifically designated by the Treasurer for this purpose.

Comment: *To differentiate between the disbursement process and the broader payment cycle and reinforce the segregation of responsibilities.*

7.60 TIME LIMITS FOR PAYMENTS

- (c) Payments made under the regular budget after the end of a financial period are not allowed as a charge against that financial period unless ~~unliquidated obligations~~ expenses have been ~~set-up~~ accrued in the accounts for the period in accordance with paragraph 1 of article 17 of the Financial Regulations.

Comment: *To ensure consistency with the Financial Regulations as amended by the Conference in June 2009.*

7.70 CURRENCIES OF ACCOUNTING AND CURRENCY CONVERSION RATES

- (b) Except where otherwise provided in the Financial Regulations or the Rules, the conversion rates used for internal accounting purposes shall be the United Nations accounting rates of exchange applicable on the date ~~of receipt or disbursement~~ a transaction is recorded in the accounts by the ILO ~~of the amount concerned~~.

Comment: *To ensure consistency with the Financial Regulations as amended by the Conference in June 2009.*

- (c) For the purpose of calculating the surplus as provided in article 18 of the Financial Regulations, income from contributions in a financial period shall be accounted for in US dollars as budgetary income at the budget rate of exchange between the US dollar and the Swiss franc for that financial period. Swiss franc expenditure shall likewise be accounted for in US dollars as budgetary expenditure at the budget rate of exchange. Any differences between the US dollar amounts so calculated and those calculated at the applicable United Nations accounting rate of exchange shall be recorded as gains or losses on exchange in an Exchange Equalization Account.

Comment: *To ensure consistency with article 18 of the Financial Regulations for the calculation of surpluses and deficits.*

- (f) When salaries and allowances are paid in a currency other than that in which they are expressed, the rate of exchange used for the payment shall normally be the United Nations system rate ~~in force on the date of entitlement~~ as provided in the Staff Regulations or other established rules or procedures.

Comment: *To provide clearer authority to use United Nations exchange rates that relate to a period of entitlement rather than a point in time.*

7.80 RESPONSIBILITY FOR PAYMENTS

- (a) An instruction from a superior official shall not relieve an official authorized to make payments from responsibility for an irregular payment, unless, before payment was made, written notification had been received from the ~~Treasurer-Director of the Financial Services Department~~ that the official's doubts concerning the regularity of that payment were unfounded.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

- (b) An instruction from a superior official shall not relieve the Financial Services from responsibility for an irregular payment, unless the irregularity was pointed out to the Treasurer and/or Director of the Financial Services Department to the Director-General in writing before the payment was made, and the his objection overruled. Any such overruling shall be given in writing and shall be reported to the External Auditor.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

VIII. Management of funds

8.05 TREASURY MANAGEMENT

The ~~Director of the Financial Services Department~~ Treasurer shall be responsible to ~~the Treasurer~~ for the treasury management of all funds in the custody of the Director-General.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

IX. Designation of cashiers and advances of funds

9.05 DESIGNATION OF CASHIERS

Officials who are to perform the function of cashier shall be designated by the Treasurer or, in external offices and the offices of Chief Technical Advisers, by the Director of the office or the Chief Technical Adviser concerned. The exact duties of each cashier shall be notified to him in writing by the designating official; a copy of each notification, including changes in previous notifications, shall be sent to the ~~Director of the Financial Services Department~~ Treasurer. Advances to cashiers shall not be considered as operating cash advances for the purpose of these Rules.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

9.10 ESTABLISHMENT OF OPERATING CASH ADVANCES (INCLUDING PETTY CASH ADVANCES)

Operating cash advances (including petty cash advances) may be made to officials designated by the Treasurer. Such advances may also be made at external offices and the offices of Chief Technical Advisers by the Director of the office or the Chief Technical Adviser concerned. The accounts for operating cash advances shall be maintained, normally on an imprest basis, in a form approved by the ~~Director of the Financial Services Department~~ Treasurer. The person issuing an advance shall specify in writing the amount of the advance and the purposes for which it may be used. The amount of the advance shall be held to the minimum compatible with working requirements.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

9.20 ACCOUNTING FOR OPERATING CASH ADVANCES

- (c) Operating cash advances shall be replenished upon presentation of a claim for replenishment. These claims shall be made in the form prescribed by the ~~Director of the Financial Services Department~~ Treasurer or the person issuing the advance and shall list each expenditure made in sufficient detail to permit a proper classification and scrutiny of the expenses. Except as may have been specified when the advance was issued, each expenditure listed must be supported by a proper receipt.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

9.30 ADVANCES OF FUNDS FOR EXTERNAL OFFICES
AND CHIEF TECHNICAL ADVISERS' OFFICES

Directors of external offices and Chief Technical Advisers shall obtain their funds by remittances from headquarters or by any other procedure authorized by the Treasurer. Normally the remittances shall not exceed the amount required to bring the cash balance of the office concerned to the estimated cash requirements for the next two and a half months. The ~~Director of the Financial Services Department~~ Treasurer shall determine the way in which such funds shall be accounted for. The Director or the Chief Technical Adviser concerned shall designate in writing the official responsible for maintaining the accounts; a copy of the designation shall be sent to the Treasurer.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

X. Procurement

~~10.10 AUTHORIZED CONTRACTING OFFICIALS~~

~~Contracts for the purchase of goods and services shall be entered into on behalf of the HLO only by officials duly authorized in writing by the Treasurer for the purpose.~~

~~10.20 COMPETITIVE BIDDING AND ADVERTISING~~

- ~~(a) Except as provided in Rules 10.20(c) and 10.30, whenever a single purchase of goods or services is likely to exceed US\$20,000 or the equivalent, tenders from at least three suppliers shall be sought by invitations to bid or by newspaper advertisement.~~
- ~~(b) If a single purchase of goods or services is not likely to exceed US\$20,000 or the equivalent, such tenders may be sought; alternatively, an assessment of competitive prices shall be made whenever possible.~~
- ~~(c) Rule 10.20(a) shall not apply to employment contracts or to external collaboration contracts with individuals or for the supply of the services of a particular individual. The financial criteria and procedures applicable to such contracts shall be approved by the Treasurer.~~

~~10.30 EXCEPTIONS TO ADVERTISING REQUIREMENTS~~

~~The Treasurer may, on behalf of the Director General, waive the application of the Rule 10.20(a) in cases where he decides in the interest of the Organization to do so, and in particular:~~

- ~~(a) when the prices or rates are fixed pursuant to legislation or by public regulatory bodies or when for other reasons there is no competitive market for the goods or services required;~~
- ~~(b) when the purchases fall within an approved plan of standardization of goods or supplies which renders competition impracticable;~~
- ~~(c) when the exigencies of the service do not permit the delay attendant upon the issue of invitations to bid;~~
- ~~(d) when the mandatory use of specific currencies renders this impracticable;~~
- ~~(e) when competitive bidding has failed to give satisfactory results;~~
- ~~(f) when the contract covers research work to be carried out by a non-profit making institution;~~
- ~~(g) when the contract relates to professional services provided by a corporate body.~~

~~A record shall be maintained of all cases in which the application of Rule 10.20(a) has been waived. In each such case the contract shall be annotated as follows: "Competitive bidding waived in accordance with Financial Rule 10.30 ... ((a) (g), or explanation of reason if not covered by one of these subparagraphs)."~~

~~10.40 AWARDING OF CONTRACTS~~

~~Wherever tenders have been sought or an assessment of competitive prices has been made, contracts shall normally be awarded to the supplier quoting the lowest price for an acceptable offer. However, when the interests of the Organization so require, any or all of the tenders may be rejected. Where a tender is rejected, under the provisions of this rule, the reasons for such rejection shall be recorded.~~

10.10 PROCUREMENT PRINCIPLES

The following general principles shall be given due consideration when exercising the procurement functions of the ILO:

- best value for money;
- economy and efficiency to achieve quality and cost effectiveness;
- fair and open competition giving all qualified suppliers an opportunity to participate;
- transparency and accountability in the procurement process; and
- any other interests of the Organization.

Comment: *To update and harmonize procurement rules with other UN organizations.*

10.20 AUTHORITY AND RESPONSIBILITY

- (a) Activities under this chapter directed to procuring, leasing or rental of goods, equipment, works and services on behalf of the ILO may be carried out only by officials duly authorized for the purpose. Such activities include methods of informal competition such as requests for quotations, methods of formal competition using invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited vendors, and the negotiation and conclusion of contracts, including situations within the scope of Rule 10.50.
- (b) The Treasurer shall establish review committees to provide written advice to officials authorized to approve procurement actions leading to the award or amendment of contracts. The Treasurer shall establish the composition and terms of such committees, which shall include the types and monetary values of proposed procurement actions subject to review. In a case where the Treasurer or other authorized official decides not to accept the advice of such a review committee, he or she shall record in writing the reasons for that decision.

Comment: *To update and harmonize procurement rules with other UN organizations.*

10.30 COMPETITION

- (a) Procurement contracts shall be awarded on the basis of effective competition in accordance with requirements established pursuant to Rule 1.50 and any other applicable requirements.
- (b) Rule 10.30(a) shall not apply to external collaboration contracts or implementation agreements for the delivery of technical assistance other than those with commercial entities, which are entered into in accordance with applicable requirements.

Comment: *To update and harmonize procurement rules with other UN organizations. To exclude implementation arrangements with development partners from the need for formal competitive bidding.*

10.40 CONTRACTS

Contracts, including purchase orders, shall be awarded based on the following requirements:

- (a) In the case of requests for quotations and invitations to bid, contracts shall be awarded to the best qualified vendor submitting the most technically acceptable and lowest quotation or bid.
- (b) In the case of requests for proposals, contracts shall be awarded to the qualified vendor whose proposal is considered to be the best value (technical and financial) and the most responsive to the needs of the ILO.
- (c) If the interests of the ILO so require, any or all quotations or bids submitted in accordance with procedures identified in (a) or (b) above may be rejected. In such a case, the reasons for rejection shall be recorded and a determination made whether to invite new competitive tenders, to enter into a negotiated contract or to cancel the procedure.

Comment: *To update and harmonize procurement rules with other UN organizations.*

10.50 EXCEPTIONS

- (a) The Treasurer may, on behalf of the Director-General, waive the requirement of formal competition in cases where he decides in the interest of the Organization to do so, and in particular, when:
- (i) there is no competitive market for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation or where the requirement involves a proprietary product or service;
 - (ii) there has been a previous determination or there is a need to standardize the requirement which renders competition impracticable;
 - (iii) the proposed contract is the result of cooperation with other organizations of the United Nations system;
 - (iv) offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;
 - (v) within a reasonable period, a formal solicitation has failed to produce satisfactory results;
 - (vi) the proposed contract is for the purchase or lease of real property and market conditions do not allow for effective competition;
 - (vii) there is a demonstrated exigency for the purchase requirement;
 - (viii) the proposed contract relates to obtaining services that cannot be evaluated objectively.
- (b) A record shall be maintained of all cases in which the requirement of formal competition has been waived. In each such case, the contract shall be annotated as follows: "Competitive bidding waived in accordance with Financial Rule 10.50(a) subparagraph (i)-(viii)", or explanation of reason if not covered by one of these subparagraphs.
- (c) When a determination is made pursuant to Rule 10.50(a), the Treasurer or other authorized official may then award a contract, either on the basis of an informal method of solicitation or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.

Comment: *Replaces the old Rule 10.30 and updates and harmonizes procurement rules with other UN organizations.*

10.560 PURCHASES AND CONTRACTS TO BE MADE IN WRITING

- (a) All purchases ~~or~~ and contracts shall be made in writing, except for direct cash purchases made in accordance with Rules 9.10 and 9.20 above.
- (b) Where for any reason immediate cash payment cannot be made for goods or services ordered verbally, the order must be confirmed in writing without delay.

Comment: *To renumber the rule and include contracts as an integral component of procurement activities.*

10.670 WRITTEN FINDINGS

Each determination or decision required of an authorized purchasing or contracting official by the provisions of these rules shall be supported by the written findings of such official. The written findings shall be placed in the appropriate case files.

Comment: *To renumber the rule and broaden its application.*

XI. Property

11.10 PROPERTY RECORDS

- (c) Control accounts shall be maintained recording the ~~total~~ value of ~~capital assets~~ property, plant and equipment purchased, ~~and~~ sold, or otherwise acquired ~~and~~ disposed of, beyond a monetary threshold established by the Treasurer and disclosed in the financial statements.

Comment: *To conform to IPSAS on accounting for property plant and equipment and provide for the periodic revisions of thresholds.*

11.50 ACCOUNTING FOR DONATED PROPERTY

Goods received and accepted by the ILO as gifts, or entrusted to the charge of the ILO for use in carrying out activities financed by the regular budget, shall be accounted for in the same manner as other goods acquired by the ILO.

Comment: *IPSAS requires accounting for in-kind contributions. This amendment ensures that any such contributions towards extra-budgetary activities are not accounted for as contributions to the ILO.*

XII. The accounts

12.10 RESPONSIBILITY FOR MAINTAINING THE ACCOUNTS

- (b) An official ~~The Director~~ of the Financial Services ~~Department~~, designated by the Treasurer, shall direct, supervise and audit the accounts of the external offices and of the Chief Technical Advisers as required within the scope of the pertinent financial regulations and rules.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate.*

XIII. Accountability

13.40 WRITING-OFF OF LOSSES

- (a) ~~Where a loss is estimated as US\$400 or less, the writing-off may be authorized by the Director of the Financial Services Department.~~ The Treasurer or the Committee on Accountability, in cases referred to it, may authorize the writing-off of losses ~~exceeding the equivalent of US\$400.~~ A statement of all losses over US\$400,000 which are written off shall be submitted to the External Auditor and the Chief Internal Auditor with the related documents.

Comment: *To provide a generic reference to the Chief Financial Officer, i.e. the Treasurer. Financial Rule 1.40 authorizes the Treasurer to further delegate authority as considered appropriate. To establish a revised level of materiality.*