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Madrid, 13 August 2012
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Report of the Secretary-General

Part III: Administrative and statutory matters

(a) Financial situation of the Organization

Addendum 1: Amendments to the Detailed Financial Rules (DFR)

I. Introduction

1. Following the first draft of amendments to the Detailed Financial Rules presented to the spring session of the Executive Council of June 2012 through the report "Progress report on the implementation of IPSAS" (CE/93/5(b) Add.1)) and as advanced in that report, a second draft set of amended Detailed Financial Rules (DFR) in line with IPSAS is presented with this report for information and comments.
2. The process and timelines for the approval of amended DFR is set out below. These amended DFR will enter into force once IPSAS would be operative, targeting 1 January 2014.

II. Compliance with IPSAS and timelines

3. Prior to the implementation of IPSAS it is necessary to review the financial aspects of the regulatory framework of an organization and to amend these, where necessary, when they conflict with IPSAS requirements. All UN system organizations adopting IPSAS in 2012 or prior have reviewed and amended their regulations and rules to bring them into line with IPSAS.
4. In UNWTO the applicable regulatory framework comprises:
 - (i) the Statutes of UNWTO and Financing Rules;
 - (ii) the Financial Regulations (FR); and,
 - (iii) the Detailed Financial Rules (DFR), previously named Detailed Financial Provisions.



5. As a preparatory activity for IPSAS implementation a review of the above listed regulatory documents was undertaken. The review concluded that the Statutes in their present form support the financial reporting standards of IPSAS and do not require amendment.

6. In respect of the FR, the draft amended FR were presented for comments and endorsement to the PBC and to the EC (CE/90/5(a) Add.1), and for approval to the GA (A/19/10(f)) in 2011. The nineteenth General Assembly on 13 October 2011 approved the amended Financial Regulations per resolution A/RES/598(XIX). These amended FR will enter into force once IPSAS would be operative, targeting 1 January 2014.

7. In respect to the DFR, the specific action steps for its draft amendments were planned over this financial year (CE/93/5(b) Add.1)). Nevertheless, and although most of the amendments will be presented this year for consideration by the PBC and EC as required, due to time constraints some specific amendments will be reported to the PBC and EC at a later stage. Consequently, the following timelines are proposed:

- (i) First draft amended DFR for External Auditors (EA) and management review (March 2012); submitted to the BPC and EC for information and comments (May/June 2012).
- (ii) Second draft amended DFR submitted to the EC for information and comments (October 2012);
- (iii) Third draft amended DFR submitted to the BPC and EC for information and comments (spring 2013)
- (iv) Approval of the of the draft amendments of the DFR by the SG (spring 2013).

8. The DFR have required a thorough review and a number of substantive amendments to bring them into line with IPSAS requirements. This review has also provided the opportunity to make other amendments in the DFR to be consistent with other UNWTO regulations and rules (with the amended FR and the Staff Rules); to capture EC's decisions and GA's resolutions; to align them with UNWTO/UN current structure and practices; and, to improve their wording.

9. The first draft amended DFR included the majority of the amendments to the detailed financial rules except for those concerning procurement and study contracts.

10. The second draft amended DFR includes some wording amendments, one amendment capturing an EC decision (regularization of former Affiliate Members with bad debts), one amendment showing the current practice in relation to the regularization of Affiliate Members in arrears and the following amended or new annexes to the DFR:

- Annex I – Travel Guidelines (amended)
- Annex II – Publications Guidelines (new)
- Annex III – Cost Recovery Guidelines (new)

11. The third draft amended DFR will include the amendments concerning procurement and study contracts as well as the annexes related to cash management and investment, financial risk and procurement.

12. Under article 13(1)(a) of the FR of UNWTO, approval of the DFR is under the authority of the Secretary-General in consultation with the Council.

13. The second draft amended DFR and related annexes are presented as Annex I of this document.

Annex I: Amended Detailed Financial Rules compared to the amended Financial Regulations and to the current Detailed Financial Provisions

Amended Financial Regulations ¹ (all amendments as per resolution A/RES/598(XIX) shown <i><u>in block underlined italics</u></i>)	Current Detailed Financial Provisions	Amended Detailed Financial Rules (first draft amendments shown <i><u>in block underlined italics</u></i> ; <i><u>second draft amendments shown in block underlined italics highlighted in grey</u></i>)
<p>CHAPTER I</p> <p>APPLICATION</p> <p>Regulation 1</p> <p>The present Regulations shall govern the financial administration of the World Tourism Organization, hereinafter referred to as the Organization. They may be amended only by the General Assembly on the recommendation of the Executive Council. In the event of a conflict between any of these Regulations and the Statutes, the latter shall govern.</p>	<p>CHAPTER I</p> <p>APPLICATION</p> <p>Detailed Financial Provision I</p> <p>Application</p> <p>1.01 These Provisions are established in accordance with Financial Regulation 13(1)(a) and pursuant to the provisions of said Regulations².</p> <p>1.02 The Detailed Financial Provisions are applicable to all officials and, irrespective of the source of funds, to all financial transactions of the Organization.</p> <p>1.03 These Provisions shall be effective as from the date of issue. Any amendments that</p>	<p>CHAPTER I</p> <p>APPLICATION</p> <p><u>Detailed Financial Rule 1</u></p> <p>1.01 These <u>Detailed Financial Rules</u> are established in accordance with Financial Regulation 13(1)(a) and pursuant to the provisions of said Regulations³.</p> <p>1.02 The <u>Detailed Financial Rules</u> are applicable to all officials and, irrespective of the source of funds, to all financial transactions of the Organization.</p> <p>1.03 These <u>Detailed Financial Rules</u> shall be effective as from the date of issue. Any</p>

¹ FR: Text adopted by the first General Assembly on 23 May 1975 and amended by the tenth General Assembly on 8 October 1993 (resolution A/RES/320(X)) and the nineteenth General Assembly on 13 October 2011 (resolution A/RES/598(XIX)).

² These Provisions were adopted by the Executive Council at its 55th session (decision CE/DEC/5(LV)) (Manila, Philippines, 20-21 May 1997).

³ DFR: The Detailed Financial Rules were adopted, for the first time, by the Executive Council at its 55th session (decision CE/DEC/5(LV)) (Manila, Philippines, 20-21 May 1997).

<p>CHAPTER II</p> <p>FINANCIAL PERIOD</p>	<p>may be made shall take effect on the date of their publication.</p> <p>1.04 In case of doubt, as to the interpretation of any of these Provisions, the Secretary-General shall make a ruling thereon.</p> <p>1.05 The Secretary-General is responsible to the UNWTO General Assembly and Executive Council for the implementation of the Detailed Financial Provisions.</p> <p>1.06 The Secretary-General may delegate, together with authorization for re-delegation, such of his powers as he deems necessary to secure effective administration of these Provisions.</p>	<p>amendments that may be made shall take effect on the date of their publication.</p> <p>1.04 In case of doubt, as to the interpretation of any of these <u>Detailed Financial Rules</u>, the Secretary-General shall make a ruling thereon.</p> <p>1.05 The Secretary-General is responsible to the UNWTO General Assembly and Executive Council for the implementation of the <u>Detailed Financial Rules</u>.</p> <p>1.06 The Secretary-General may delegate, together with authorization for re-delegation, such of his authority, as he deems necessary to secure effective administration of these <u>Detailed Financial Rules</u>.</p> <p>1.07 <u>Officials involved in any action that is contrary to the Financial Regulations, the Detailed Financial Rules, the policies or administrative instructions of the Organization may be held personally responsible for the consequences of such action.</u></p> <p><u>CHAPTER II</u></p> <p><u>FINANCIAL PERIOD</u></p>
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Regulation 2

The financial period of the Organization shall be two years.

Regulation 3

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

CHAPTER III**BUDGET****Regulation 4**

1. The Secretary-General shall prepare the programme budget estimates and submit them to the Members of the Council at least three months before the corresponding session of the Council, together with an explanatory note.
2. The programme budget shall be expressed in Euros.
3. The budget estimates shall relate to **revenue** and expenditure for each financial year and shall be divided, according to their nature, into separate parts and into sections; the

Detailed Financial Provision III**Budget**

- 3.01 The estimates, both for expenditure and income, shall be prepared on a gross basis.
- 3.02 Appropriate officials shall submit annual programmes of work and necessary estimates to the Secretary-General in such manner and at such time as may be requested.
- 3.03 The programme of work and necessary estimates shall consolidate into a single

Detailed Financial Rule 2⁴**CHAPTER III****BUDGET****Detailed Financial Rule 3****Budget**

- 3.01 The **expenditure and revenue estimates**, shall be prepared on a gross basis.
- 3.02 Appropriate officials shall submit annual programmes of work and **budget** estimates to the Secretary-General in such manner and at such time as may be requested.
- 3.03 The programme of work and **budget** estimates shall consolidate into a single

⁴ DFR: No DFR is needed on Chapter II of the FR.

parts and sections shall be divided, according to the various types of **revenue** and expenditure, into headings and into items.

4. The budget estimates shall cover the proposed programme of work for each financial year of the following financial period and shall include any information, annexes or explanatory statements requested by or on behalf of the Assembly or Council and any further statements or annexes which the Secretary-General considers appropriate.
5. The financial implications of any decisions taken by the organs of the Organization shall remain within the limits of the approved budget. The Secretary-General shall report to the Assembly on the financial implications of any proposals concerning the Organization's activities before such proposals are adopted.
6. Technical cooperation projects shall be financed by means of resources other than the statutory contributions of Members of the Organization.

Regulation 5

1. (a) The appropriations approved by the Assembly for a financial period shall constitute an authorization to the Secretary-General to incur obligations

presentation, as required by Regulation 4 of the Financial Regulations.

Plan of Expenditure

- 3.04 In a concern for cautious management, the Plan of Expenditure of each calendar year is prepared by the Secretary-General, in the light of expected receipts, the situation for the year and the experience of previous budgetary periods. The Plan of Expenditure shall be submitted to the first session of the Executive Council of the calendar year in question.

Appropriations

- 3.05 The appropriations voted by the Assembly constitute an authority to incur obligations and make payments for the purposes for which the appropriations were voted, and

presentation, as required by Regulation 4 of the Financial Regulations.

Plan of Expenditure

- 3.04 In ***the interests of careful financial*** management, a Plan of Expenditure for each calendar year is prepared by the Secretary-General ***taking into account*** the expected receipts, the ***financial*** situation and the experience of previous budgetary periods. The Plan of Expenditure shall be submitted to the first session of the Executive Council of ***each*** calendar year.

Appropriations

- 3.05 The appropriations voted by the Assembly constitute an authority to incur obligations and make payments for the purposes for which the appropriations were voted, and

and make payments for the purposes for which the appropriations were voted, and up to the amounts so voted.

- (b) The Secretary-General may also incur, subject to a subsequent budgetary authority, obligations for administrative expenses against a future year before appropriations are voted, when such obligations are necessary for the continued effective functioning of the Organization, provided such obligations do not exceed 50 per cent of the appropriations of the current financial period for the same administrative expenditure. The Secretary-General shall report thereon to the Council and the Assembly.

2. (a) 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 discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligations of the financial period. The balance of the appropriations remaining unobligated at the close of a financial period, after deducing therefrom any contributions from member States

up to the amounts so voted, but no obligations may be incurred or payments made, until allotments have been issued in writing by the Secretary-General within the limits of the annual Plan of Expenditure prepared by him.

- 3.06 Officials to whom allotments are issued are responsible to the Secretary-General for the correct use of such allotments.

up to the amounts so voted, but no obligations may be incurred or payments made, until allotments have been issued in writing by the Secretary-General within the limits of the annual Plan of Expenditure prepared by him/her.

- 3.06 Officials to whom allotments are issued are responsible to the Secretary-General for the correct use of such allotments.

relating to that financial period which remain unpaid, shall be apportioned among member States in proportion to their assessed contributions, paid in full for that financial period. The amount so apportioned to a member State shall be applied as in regulation 10(1) (c). Nevertheless, upon recommendation of the Executive Council, the General Assembly may decide to allocate unobligated balances to the Working Capital Fund or the General Fund.

- (b) Unless the General Assembly decides to allocate unobligated balances to the General Fund or the Working Capital Fund, at the end of the twelve-month period provided for in regulation 5(2) (a), the then remaining unspent balance of appropriations retained after deducting therefrom any contributions from member States relating to the financial period of the appropriations which remain unpaid, shall be apportioned among member States in proportion to their assessed contributions, paid in full, for that financial period. The amount so apportioned to a member State shall be applied in regulation 10(1)(c).

3. (a) Transfers between sections of the **Transfers of credits between sections of the** **Transfers of credits between sections**

<p>same part of the budget may be made by the Secretary-General with the concurrence of the <u>Programme and Budget Committee</u>. That concurrence shall not be necessary for transfers between headings or between items of the same section. The Secretary-General shall report to the Council on all such transfers at its next ordinary session.</p> <p>(b) Transfers from one part of the budget to another shall be authorized by the Council on the recommendation of the <u>Programme and Budget Committee</u>.</p> <p>(c) With the concurrence of the <u>Programme and Budget Committee</u>, the Secretary-General may carry forward appropriations from the first to the second financial year of each financial period. All appropriations carried forward shall be used in accordance with the approved programme for that financial period.</p> <p>4. The Secretary-General shall so manage appropriations made for the financial period as to ensure that adequate funds will be available to meet expenditures during that</p>	<p>same part and transfers of credits between parts of the approved budget⁵</p> <p>3.07 The Secretary-General is authorized to make such transfers between Sections of the same Part before closing the accounts for the financial year, after obtaining the authorization of the Chairman of the Committee on Budget and Finance. For transfers between various Parts of the budget the authorization of the Chairman of the Executive Council should be sought after consultation with the Chairman of the Committee on Budget and Finance. Any such transfers will be subject to confirmation by the Committee on Budget and Finance and by the Executive Council at their next meeting and session, respectively.</p> <p>3.08 The Secretary-General is authorized, on a provisional basis, to use funds from the regular budget to cofinance and help to secure external contributions for technical cooperation projects, in accordance with the terms of reference and priorities of UNWTO's programme of work. The</p>	<p>(programmes) of the same part and transfers of credits between parts (<u>major programmes</u>) of the approved budget</p> <p>3.07 The Secretary-General is authorized to make such transfers between Sections (<u>Programmes</u>) of the same Part (<u>Major Programmes</u>) before closing the accounts for the financial year, after obtaining the authorization of the <u>Chair of the Programme and Budget Committee</u>. For transfers between various Parts/<u>Major Programmes</u> of the budget <u>a recommendation from the Chair of the Programme and Budget Committee</u> and the authorization of the Chair of the Executive Council should be sought. Any such transfers will be <u>reported</u> to the Programme and Budget Committee and to the Executive Council for confirmation at their next meeting and session, respectively.</p> <p>3.08 The Secretary-General is authorized, on a provisional basis, to use funds from the regular budget to cofinance and help to secure external contributions for technical cooperation projects, in accordance with the terms of reference and priorities of UNWTO's programme of work. The</p>
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⁵ Decision CE/DEC/6(LIII) (Madrid, Spain, 20-21 May 1996).

period and that the obligations and expenditures correspond to the programme budget approved by the Assembly, subject to subparagraphs 3(a) and (b) above.

amounts that are used should be limited to a maximum of 20,000 US dollars a project, on the understanding that UNWTO's share in any such cofinancing shall not exceed the amount received from the external source. Any cofinancing project should be reported to the Executive Council through the Programme Committee immediately after the project is signed.⁶

amounts that are used should be limited to a maximum of 20,000 **Euros** a project, on the understanding that UNWTO's share in any such cofinancing shall not exceed the amount received from the external source. Any cofinancing project should be reported to the Executive Council through the **Programme and Budget Committee** immediately after the project is signed⁷.

CHAPTER IV

COLLECTION OF CONTRIBUTIONS

Regulation 6

1. The contributions of Members of the Organization shall be determined according to the scale of assessments adopted by the Assembly.
2. In calculating the assessments for Associate Members, the Assembly shall take into account the special nature of their membership and limited rights they enjoy within the Organization.
3. The contributions payable by Affiliate

Detailed Financial Rule V

New Members

- 5.01 A new Member that has not been included in the assessment of contributions shall be required to make a contribution according to the scale applied to Members in the year in which it becomes a Member. This contribution shall be considered sundry income for the current financial year. The contribution of a new Member for the calendar year in which it becomes a Member shall be based on the number of full months remaining in that year

CHAPTER IV

COLLECTION OF CONTRIBUTIONS

Detailed Financial Rule 4

New Members

- 4.01 A new Member that has not been included in the assessment of contributions shall be required to make a contribution according to the scale applied to Members in the year in which it becomes a Member. This contribution shall be considered **miscellaneous revenue** for the current financial year. The contribution of a new Member for the calendar year in which it becomes a Member shall be based on the

⁶ Decision CE/DEC/9(LXI) (Santiago, Chile, 25 September 1999)

⁷ DFR: **Resolution 400 (XIII) and** decision CE/DEC/9(LXI) (Santiago, Chile, 25 September 1999)

Members shall be fixed by the Assembly at an amount corresponding to the administrative expenses incurred for the services to be supplied and the execution of their programme of work, established in consultation with the Chairman of the Committee of Affiliate Members.

Regulation 7

1. The amount of Members' contributions and advances to the Working Capital Fund, as decided by the Assembly pursuant to regulations 6 and 10(2)(c), shall be communicated to Members six months before the beginning of the financial year for which they are due.
2. Contributions and advances shall be due and payable in full within the first month of the financial year to which they relate. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.
3. The Secretary-General shall inform the Council of cases of justified arrears resulting from the budgetary systems existing in the

after the date on which the accession has come into force. In the event that the communication of the applicant country does not indicate the date of entry into force of its decision to join the Organization, the Secretary-General may agree with the applicant on the date on which its rights and obligations of membership will take effect. Until entry into force of its accession, the Secretary-General will be authorized to provide services to that Member in anticipation of those it would receive in the first year of membership of the Organization. The new Full Members shall in addition pay an advance to the Working Capital Fund on the basis of a whole year. The contribution of the new Member for the current calendar year shall be due and payable within thirty days of receipt of the notification by the Secretary-General.

number of full months remaining in that year after the date on which the accession has come into force. In the event that the communication of the applicant country does not indicate the date of entry into force of its decision to join the Organization, the Secretary-General may agree with the applicant on the date on which its rights and obligations of membership will take effect. Until entry into force of its accession, the Secretary-General will be authorized to provide services to that Member in anticipation of those it would receive in the first year of membership of the Organization. The new Full Members shall in addition pay an advance to the Working Capital Fund on the basis of a whole year. The contribution of the new Member for the current calendar year shall be due and payable within thirty days of receipt of the notification by the Secretary-General.

Regularization of Affiliate Members in arrears

4.02 [UNDER DEVELOPMENT]

Regularization Former Affiliate Members with Bad Debts⁸

4.03 The debts incurred by former Affiliate Member owing to non-payment of their

⁸ **DFR: CE/DEC/8 (LXIII-LXIV), paragraph 3.**

various countries and dates of different financial years.

The Council may accept cases of justified arrears resulting from the budgetary systems existing in the various countries and the dates of different financial years.

Regulation 8

1. If a Full, Associate or Affiliate Member is one or more years in arrears in the payment of its contributions, the Secretary-General shall send it a communication reminding it of the provisions of paragraph 2 of this regulation.
2. When the amount of the arrears due by a Full, Associate or Affiliate Member equals or exceeds the contributions due by it for two financial years, the Secretary-General shall, at the end of those two years, inform the Member accordingly and notify it that in accordance with paragraph 13 of the Financing Rules attached to the Organization's Statutes, it is deprived of the privileges enjoyed by Members in form of services and, in the case of a Full Member, of the right to vote.
3. This notification shall be brought by the Secretary-General to the attention of all organs of the Organization in which the

contributions for five or more years should cease to appear in the Organization's financial statements.

4.04 **The amounts owed by these former Affiliate Members should be recorded in an additional list of "Former Affiliate Members with Bad Debts". This list will be consulted before new applications are accepted from former Members that may have incurred debts. Such candidates must discharge any outstanding debts before their applications are considered.**

4.05 **Every year, the former Affiliate Members appearing on this list will be asked to cancel their debts. Any such debts collected will be treated as "miscellaneous revenue".**

Members concerned would normally be entitled to vote.

4. In each case provided for in paragraphs 1, 2 and 3 above, due account shall be taken of the acceptance by the Council of justified arrears as provided for in regulation 7(4) of these Regulations.
5. On the recommendation of the Council, the Assembly may nevertheless permit a Member to which the provisions of paragraph 2 of this regulation apply to continue to enjoy the services of the Organization and, in the case of a Full Member, to participate in the voting of the organs of the Organization, provided it is found that the failure to pay is due to circumstances beyond the Member's control.
6. Pending a decision on the proposal by the Assembly, the Full Member shall not be entitled to continue to enjoy the services of the Organization or to vote and the Associate or Affiliate Member shall not be entitled to enjoy the services of the Organization.
7. If the Council finds that the failure to pay is due to circumstances beyond the control of the Member, it shall in its report:
 - (a) explain the nature of those

circumstances; and

(b) indicate the measures which should be taken in order to settle the arrears.

8. Any decision by the Assembly permitting a Full Member which is in arrears in the payment of its contributions to vote shall be valid for the session of the Assembly at which the decision is taken. Any such decision shall be operative in regard to the Council and any subsidiary organs until the opening of the session of the Assembly next following that at which it was taken.

9. Any decision to permit a Full, Associate or Affiliate Member which is in arrears in the payment of its contributions to continue to enjoy the services of the Organization shall be valid until the opening of the next session following that at which it was taken.

Regulation 9

A Member withdrawing from the Organization shall be liable for assessments on a *pro rata* basis up to the time when the withdrawal becomes effective

CHAPTER V**FUNDS****Regulation 10**

1. General Fund

- (a) There shall be established a General Fund to which shall be credited **revenue and receipts** from contributions of Members, whether current or arrears, miscellaneous **revenue** and advances made from the Working Capital Fund; and from which shall be made general expenditure and reimbursements to the Working Capital Fund pursuant to regulation 10(2)(c).
- (b) Accounts in the General Fund shall be maintained in a way consistent with the provisions of regulation 4(3).
- (c) Subject to the provisions of regulation 5(2)(a) and paragraph 2(e) of this regulation, at the close of any financial period, any surplus balances shall be apportioned among Full and Associate Members in accordance with the scale of contributions applicable to that period, and the amount applicable to each Member shall be released and

Detailed Financial Provision V**Income Accounting**

- 5.02 All income shall be entered into the accounts at the earliest possible. Contributions shall be credited on the date of their receipt by the Organization, even if this occurs on 31 December.

CHAPTER V**FUNDS****Detailed Financial Rule 5****Revenue and Receipt Accounting**

- 5.01 **All receipts** shall be entered into the accounts at the earliest **opportunity**.
- 5.02 **Contributions to the Working Capital Fund shall be credited on the date of the entry into force of a country accession.**
- 5.03 **Assessed contribution revenue shall be credited at the beginning of the apportioned year in the relevant two-year budget**
- 5.04 **Unconditional voluntary contributions are recorded as revenue at the date of receipt of a written confirmation or agreement.**
- 5.05 **Conditional voluntary contributions are recorded at the date receipt of a written confirmation or agreement as receivables/payables until the conditions are met at which time they are recorded as revenue**

applied to liquidate, wholly or partly, first, any advance due by that Member to the Working Capital Fund; secondly, any arrears of contributions of that Member; and, thirdly, assessed contributions of that Member for the financial year following the year in which the audit is completed.

- (d) The contributions of Full Members, as defined in Article 4(a) and Article 5(2) of the Statutes of the Organization, that accede to the Organization between sessions of the Assembly shall be determined in accordance with the formula for the assessment of contributions adopted by the Assembly. These contributions shall be **credited to** the General Fund.

Sundry Income

5.03 Sundry income shall consist of the following categories of income:

- (i) income from interest that does not need to be credited to the fund from which it derives;
- (ii) contributions of new Members not included in the assessment of Members' contributions for the financial year;
- (iii) the difference between gains and losses on exchange;
- (iv) amounts recovered in respect of payments made by the Organization, if these are received after the end of the financial year in which those payments were made;
- (v) cheques not cashed within a period of twelve months of the date of issue when the cancellation takes place in a

5.06 **In-kind contributions which can be reliably measured are recorded at the date of receipt.**

5.07 **Revenue from the sale of publications shall be credited at date of the invoice.**

Miscellaneous Revenue

5.08 **Miscellaneous revenue shall be credited in the financial period to which it applies. Miscellaneous revenue includes:**

- (i) **revenue** from interest;
- (ii) contributions of new Members not included in the assessment of Members' contributions for the financial year;
- (iii) the **positive** difference between gains and losses on exchange;
- (iv) amounts recovered in respect of payments made by the Organization, if these are received after the end of the financial year in which those payments were made;
- (v) cheques not cashed within a period of twelve months of the date of issue when the cancellation takes place in

- different financial year;
- (vi) income from services rendered by the Organization;
 - (vii) resources obtained from the sale of surplus property, with the exception of that mentioned in Provision 6.17;
 - (viii) other sundry income without a specific objective;

- a different financial year;
- (vi) **revenue** from services rendered by the Organization;
 - (vii) **revenue** obtained from sale of surplus property **including gain on sale of property, plant and equipment**;
 - (viii) other **voluntary contributions or miscellaneous revenue** without a specific objective.

Management of funds

- 5.04 The Director⁹ of Administration is responsible to the Secretary-General for the management, receipt and disbursement of all funds of the Organization.
- 5.05 Funds of the Organization will be deposited only in banks, designated by the Secretary-General. The banks selected will be those that offer the best possible terms, based on criteria of efficiency and financial returns. All funds must be deposited in accounts in the name of the Organization. In no case may an account of the Organization be opened in the name of a staff member.
- 5.06 Funds shall be maintained in different currencies, taking into account the needs of

⁹ According to the actual structure of the Secretariat.

- the Organization and the trends in exchange rates that can reasonably be expected, in a concern for cautious management. The current account, may be immobilized shall be established taking into consideration the anticipated needs for liquid assets and the financial returns expected.
- 5.07 The Director of Administration will administer all banking accounts operated by the Organization including those opened for trust and other special purposes, maintaining a proper cash account in which all receipts and payments shall be recorded in chronological order. A separate ledger account shall be kept for each bank account.
- 5.08 A panel of signatures shall be designated by the Secretary-General and all cheques drawn on the Organization's accounts shall be signed by two officials of the appropriate panel.
- 5.09 No interest will be payable on sums deposited with or retained by the Organization. Should any interest accrue on investments made on behalf of a third party, the amount of such interest will be paid only if so requested in advance, and upon such conditions as may be agreed with the Secretary-General.

5.10 A voluntary contributions fund may be established for diversifying the sources of financing for activities, particularly UNWTO's operational activities, and for augmenting the necessary resources by means of voluntary contributions from States and other public and private entities.

- (e) Voluntary contributions may be accepted by the Secretary-General provided that the purposes of such contributions and moneys are consistent with the policies, aims and activities of the Organization. The acceptance of any such contributions and moneys which directly or indirectly involves additional financial obligations for Members shall require the consent of the Assembly.
- (f) Voluntary contributions, gifts, legacies and other extraordinary **revenue and** receipts for which no specific purpose is defined shall be treated as "miscellaneous **revenue**" and accrue to the General Fund. The Assembly shall determine the utilization of such miscellaneous **revenue**.

2. Working Capital Fund

Voluntary contributions

5.09 **Voluntary contributions may be accepted by the Secretary-General to diversify the sources of financing activities, particularly UNWTO's operational activities, and to augment the necessary resources by means of voluntary contributions from member States and other public and private sources, provided they are consistent with the policies, aims and activities of the Organization. Voluntary contributions shall be credited to the General Fund or the Voluntary Contributions Fund (VCF) unless the contribution is to finance activities not provided for in the budget of the organization and the agreement concluded with the Donor specifically indicates that the contributions are to be treated as Funds in Trust (FIT).**

- (a) A Working Capital Fund shall be established, the amount of which is to be fixed by the Assembly. Advance contributions of Members and any other **revenue and** receipts which the Assembly decides may be so used, shall be paid into the Working Capital Fund. When required, amounts therefrom shall be transferred to the General Fund.
- (b) The purpose of the Working Capital Fund shall be to advance moneys to the General Fund to finance budgetary expenditure pending receipt of contributions and, with prior authorization of the Executive Council for each particular case, to meet unforeseen needs and exceptional circumstances.
- (c) In addition to its first membership contribution made pursuant to regulation 6, in an amount to be determined by the Assembly, each Member shall make an advance contribution to be transferred to the Working Capital Fund. The moneys so derived from new Members shall, unless the Assembly decides otherwise, be considered as an increase to the level of the Working

Capital Fund. Advance contributions made by a Member to the Fund shall be carried to the credit of that Member in the Fund.

- (d) When the amount of the Working Capital Fund, as determined by the Assembly, exceeds, in the opinion of the Assembly, the amount required for the purposes stated in paragraph 2(b) of this regulation, any excess of credits due to Members shall be released immediately from the Working Capital Fund and applied, first, to contributions in arrears; secondly, to current contributions; thirdly, refunded or applied against future contributions, at the option of the Member concerned.
- (e) Advances made from the Working Capital Fund to finance budgetary expenditure under the present regulation 10(2)(b) shall be reimbursed from the General Fund as soon as and to the extent that **revenue** is available for that purpose, but in any case within the next financial period.
- (f) If a Member withdraws its membership in the Organization, any credit it may have in the Working Capital Fund shall be used towards liquidation of any

financial obligation such a Member may have to the Organization. Any residual balance shall be refunded to the withdrawing Member.

- (g) **Revenue** derived from the investment, as defined in regulation 12(1), of funds held in the Working Capital Fund shall be regarded as “miscellaneous **revenue** of the Organization and shall accrue to the General Fund.

3. Funds in Trust

- (a) Funds in Trust may, upon acceptance by the Council, be established to finance activities not provided for in the budget of the Organization which are of interest to some member countries or groups of countries. Such Funds shall be financed by voluntary contributions. A fee shall be charged by the Organization for administering these Funds.
- (b) Funds in Trust shall be used only for the purposes specified by the donors, provided the purposes of such contributions are consistent with the policies, aims and activities of the Organization. The purposes and limits

Funds in Trust (FIT)

- 5.10 **The purpose and limits of voluntary contributions as Funds in Trust must be clearly defined.**
- 5.11 **FIT shall be separately identifiable from that of the Organization’s budget and the Secretary-General shall report annually on FIT contributions.**
- 5.12 **FIT unspent at the end of a financial year may be carried over and utilized in the following year.**
- 5.13 **Project support costs on FIT contributions shall be charged at a rate established by the Secretary General in**

of any Funds shall be clearly defined.

- (c) All costs relating to any Fund in Trust shall be a charge against the voluntary contributions concerned. Such Funds shall be administered in accordance with these Financial Regulations. Reports shall be made to the Council and, where necessary, to the Assembly on the management of the Funds in Trust

4. Voluntary Contributions Fund

- (a) **A voluntary contributions fund shall be established to account for voluntary contributions to the Organization's programme of work.**
- (b) **The fund shall be credited with voluntary contributions received in accordance with financial regulation 10.1(e).**
- (c) **The fund shall be charged with the expenditures related to the activities designated by the Secretary-General with reference to the general programme of work and in**

Voluntary contributions fund

- 5.11. Establishment of the special voluntary contributions fund¹⁰
- 5.11.1. A special voluntary contributions fund is established which, save as otherwise provided in these regulations, shall be administered in accordance with the Financial Regulations of UNWTO.
- 5.12 Purpose
- 5.12.1. Voluntary contributions to the fund may originate from public or private sources. They shall be moneys

accordance with cost recovery guidelines under Annex III to these Rules.

Voluntary Contributions Fund (VCF)

- 5.14 **Voluntary contributions to the VCF may be directed** to the Organization's programme of work **specifying or** without specifying a particular activity (for example: security and protection of tourists; facilitation; education and training; information, including statistics).
- 5.15 **The VCF** shall be separately **identifiable** from that of the Organization's budget and the Secretary-General shall **report annually on VCF contributions received.**
- 5.16 **VCF unspent** at the end of a financial year **may be** carried over **and utilized in** the

¹⁰ Resolution A/RES/219(VII) (Madrid, Spain, 22 September – 1 October 1987).

accordance with the general destination indicated by the donor.

whose donors have indicated the general destination within the Organization's programme of work without however specifying a particular activity (for example: security and protection of tourists; facilitation; education and training; information, including statistics).

5.13. Receipts

5.13.1. The fund shall be credited with the voluntary contributions defined in regulation 2(2), together with the financial proceeds therefrom.

5.14. Expenses

5.14.1. The fund shall be debited with the expenses relating to the activities designated by the Secretary-General with reference to the general programme of work of the Organization and in accordance with the general destination indicated by the donor.

5.14.2. The Secretary-General shall consult the Executive Council on the use of voluntary contributions exceeding 10,000 US dollars.

following year.

5.17 **The VCF**, save as otherwise provided in these rules, shall be administered in accordance with the Financial Regulations of UNWTO

5.18 The Secretary-General shall consult the Executive Council on the use of voluntary contributions to the VCF exceeding 10,000 Euros **when the purpose of such voluntary contributions has not been specified.**

5.19 **Project support costs on VCF contributions shall be charged at a rate established by the Secretary General and in accordance with the cost recovery guidelines under Annex III to these Rules.**

5.14.3. The report of the Secretary-General on the financial situation of the Organization shall include information on the use of the contributions paid into the fund.

5.15 Accounting

5.15.1. The financial year shall be the calendar year.

5.15.2. The fund shall be administrated under a separate accounting system from that of the Organization's budget and the Secretary-General shall furnish information on this subject in his report on the financial situation.

5.15.3. Any balance remaining at the end of a financial year shall be carried over to the next year.

5.15.4. The accounts pertaining to the fund shall be submitted each year for audit by the Auditors of UNWTO.

Regulation 11

1. Subject to the provision of regulation 12(1), the Secretary-General shall designate the

Management of cash resources

5.20 The Director of Administration is responsible to the Secretary-General for

deposit institution(s) in which the funds of the Organization shall be kept.

2. The interest **earned** shall accrue to the General Fund, in accordance with the provisions of regulation 10(1).

Regulation 12

1. The Secretary-General may make short-term investments of moneys not needed for immediate requirements and shall report to the Council periodically on any such investments which he has made.
2. Subject to the provisions of regulation 10(2)(g), **revenue** derived from such investments shall accrue to the General Fund.

the management, receipt and disbursement of all **cash resources** of the Organization.

- 5.21 **Cash resources** of the Organization will be deposited only in banks, designated by the Secretary-General. The banks selected will be those that offer the best possible terms, based on criteria of efficiency and financial returns. All **cash resources** must be deposited in accounts in the name of the Organization. In no case may an account of the Organization be opened in the name of a staff member.

- 5.22 **Cash resources** may be maintained in different currencies, taking into account the needs of the Organization and the trends in exchange rates that can reasonably be expected, and **having regard to cautious financial** management. **Having regard to** the anticipated needs for liquid assets and the financial returns expected, **cash resources may be held in term deposit accounts or other investments in accordance with the investment guidelines per Annex IV.**

- 5.23 The Director of Administration will administer all banking accounts operated by the Organization including those opened for trust, **voluntary contributions**,

CHAPTER VI

INTERNAL CONTROL

Regulation 13

Detailed Financial Provision VI

and other special purposes, maintaining a proper cash account in which all receipts and payments shall be recorded in chronological order. A separate ledger account shall be kept for each bank account.

5.24 A panel of signatures shall be designated by the Secretary-General and all **disbursements against** the Organization's banking accounts shall be signed by two officials.

5.25 No interest will be payable on sums deposited with or retained by the Organization. Should any interest accrue on investments made on behalf of a third party, the amount of such interest will be paid only if so requested in advance, and upon such conditions as may be agreed with the Secretary-General.

5.26 **Annex IV to these Rules presents detailed cash management and investment guidelines.**

CHAPTER VI**INTERNAL CONTROL****Detailed Financial Rule 6**

1. The Secretary-General shall:

- (a) in consultation with the Council establish detailed financial rules in order to ensure efficient financial administration based on principles of economy;
- (b) cause all payments to be made on the basis of supporting vouchers and other documents that ensure that the services or goods have been received and that payment has not previously been made;
- (c) designate the officer or officers who may receive moneys, incur obligations, and make payments on behalf of the Organization;
- (d) maintain an internal financial control which shall provide for an effective current examination or review of financial transactions in order to ensure:
 - (i) the regularity of the receipt, custody, and disposition of all financial resources of the Organization;
 - (ii) the conformity of obligations and expenditures with the

Obligations

- 6.01 Only those officials designated in writing by the Secretary-General are authorized to incur obligations against allotments.
- 6.02 Obligations may be incurred only for the purpose indicated on the allotment and may not exceed the amount of the allotment.
- 6.03 Proposals to incur obligations must be made in writing and be fully documented. They must specify the purpose of the proposed expenditure and the allotment to be charged.

Control of expenditure**General**

6.01 The Director of Administration is responsible to the Secretary-General for establishing and maintaining effective internal **controls** for the financial transactions and other operations concerning the **revenue** and expenditure of the Organization.

6.02 *The financial risk management principles of the Organization are presented in Annex V to these Rules.*

Obligations

- 6.03 Only those officials designated in writing by the Secretary-General are authorized to incur obligations against allotments.
- 6.04 Obligations may be incurred only for the purpose indicated on the allotment and may not exceed the amount of the allotment.
- 6.05 Proposals to incur obligations must be made in writing and be fully documented. They must specify the purpose of the proposed expenditure and the allotment to be charged.

Control of expenditure

<p>appropriations or other financial provisions voted by the Assembly, or with the purposes specified for Funds in Trust <u>or Voluntary Contributions.</u></p>	<p>6.04 Except where normal commercial practice so requires, no contract or purchase order shall be made on behalf of the Organization, which requires payment in advance of the delivery of goods or performance of services.</p>	<p>6.06 Except where normal commercial practice so requires, no contract or purchase order shall be made on behalf of the Organization, which requires payment in advance of the delivery of goods or performance of services.</p>
<p>2. No obligations shall be incurred until appropriations or other authorizations have been made in writing under the authority of the Secretary-General.</p>	<p>6.05 The Secretary-General may, when he deems it in the interests of the Organization to do so, authorize progress payments.</p>	<p>6.07 The Secretary-General may, when he deems it in the interests of the Organization to do so, authorize progress payments.</p>
<p>3. The Secretary-General shall make suitable arrangements under which the Organization will be protected against loss on account of the conduct of officials who are entrusted by him with the custody or disbursement of funds.</p>	<p>6.06 Payments shall not be made unless supporting documents are certified by the appropriate officials, confirming that:</p>	<p>6.08 Payments shall not be made unless supporting documents are certified by the appropriate officials, confirming that:</p>
<p>4. The Secretary-General may, <u>after full investigation,</u> authorize the writing off of losses of cash, stores, and <u>other</u> assets, provided a statement thereof is submitted to the <u>External</u> Auditors with the accounts.</p>	<p>a) services have been rendered or delivery has been completed in accordance with the terms of the purchase order;</p> <p>b) the amount is correct and in accordance with the terms of the purchase order.</p>	<p>a) services have been rendered or delivery has been completed in accordance with the terms of the purchase order <u>or contract,</u></p> <p>b) the amount is correct and in accordance with the terms of the purchase order <u>or contract.</u></p>
<p><u>5. The Secretary-General may make such ex gratia payments as are deemed to be necessary in the interest of the Organization, provided that a statement of such payments is included in the accounts of the Organization.</u></p>	<p>6.07 Should the Director of Administration feel there is any reason why payment of any claim should be withheld; such claim shall be referred to the Secretary-General.</p>	<p>6.09 Should the Director of Administration feel there is any reason why payment of any claim should be withheld; such claim shall be referred to the Secretary-General.</p>
<p><u>6. The Secretary-General shall establish rules</u></p>	<p>6.08 Claims submitted by staff members more than one year late shall not normally be</p>	<p>6.10 Claims submitted by staff members more than one year late shall not normally be</p>

for the procurement of goods and services and other requirements, including procedures and modalities for conducting procurement.

considered. This provision does not apply to claims in connection with the settlement of insurance or pension claims.

Imprest cash

- 6.09 Imprest cash advances of an amount to be fixed in each case shall be made where necessary to officials.
- 6.10 Officials to whom an imprest cash advance is issued are responsible for these advances and must at all times be in a position to account for them.

Advances

- 6.11 (a) Travel advances for extraordinary expenditure not covered by the Daily Subsistence Allowance may be made on request to officials to whom official travel authorizations have been issued. Such advances are to be used in accordance with the provisions of the travel rules and must be accounted for when the travel is completed.

considered. This rule does not apply to claims in connection with the settlement of insurance, pension claims **or where otherwise provided by the Staff Rules of the Organization.**

Imprest cash system

- 6.11 Imprest cash **amounts** to be fixed in each case shall be made where necessary to officials.
- 6.12 Officials to whom an imprest cash **amount** is issued are responsible for these and must at all times be in a position to account for them.

Advances

- 6.13 (a) Travel advances for extraordinary expenditure not covered by the Daily Subsistence Allowance may be made on request to officials to whom official travel authorizations have been issued. Such advances are to be used in accordance with the travel **guidelines established in accordance to Rule 6.35** and must be accounted for when the travel is completed.

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| <p>(b) Advances may be made to officials for the payment of hospitality expenses provided for in the budget, subject to the Secretary-General's authorization. The supporting document for the expenditure shall be checked by the Director of Administration and be produced on demand for the internal control and the external audit of the accounts.</p> <p>(c) Officials that have incurred medical expenses reimbursable by the Organization's medical insurance may request the Secretary-General for advances covering up to 90 per cent of these expenses, provided that the amount advanced equals or exceeds 20 per cent of their monthly salary.</p> <p>(d) Any official shall be entitled, upon application, to be paid in advance any salary, benefit or allowance falling due during the period in which he will be on annual leave or official mission. The Secretary-General may also, at the request of an official, authorize to pay in advance any salary if he is satisfied that the reasons for the request are well founded.</p> | <p>(b) Advances may be made to officials for the payment of hospitality expenses provided for in the budget, subject to the Secretary-General's authorization. The supporting document for the expenditure shall be checked by the Director of Administration.</p> <p>(c) Officials that have incurred medical expenses reimbursable by the Organization's medical insurance may request the Secretary-General for advances covering up to 90 per cent of these expenses, provided that the amount advanced equals or exceeds 20 per cent of their monthly salary.</p> <p>(d) Any official shall be entitled, upon application, to be paid in advance any salary, benefit or allowance falling due during the period in which he will be on annual leave or official mission. The Secretary-General may also, at the request of an official, authorize to pay in advance any salary if he is satisfied that the reasons for the request are well founded.</p> |
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Property

- 6.12 (a) Property is defined as supplies, equipment, land, buildings and built-in fixtures belonging to UNWTO or for which UNWTO is responsible, whether acquired by purchase, donation or other means. The conservation and use of the property entrusted to them by UNWTO shall be the responsibility of all staff members.
- (b) Inventories: A permanent general inventory of property and specific inventories shall be maintained.
- (c) Categories of property: Property is defined in paragraph (a) above falls into three categories.
1. Expendable property is movable property whose normal cost is less than \$250 a unit and which cannot normally be expected to remain in service for five years; it is not carried on the permanent General Inventory of Property.
 2. Non-expendable property consists of

Property

- 6.14 (a) Property is defined as **property, plant and** equipment and supplies belonging to UNWTO or for which UNWTO is responsible, whether acquired by purchase, donation or other means. The conservation and use of the property entrusted to them by UNWTO shall be the responsibility of all staff members.
- (b) **Inventory record is defined as** a permanent general **record** of property and specific inventories shall be maintained **in accordance with the categories of property under 6.14 (c).**
- (c) Categories of property: Property is defined in paragraph (a) above falls into two categories.
- (1) Non-expendable property consists of items of **property, plant and** equipment valued **at or above a threshold defined by the Secretary-General per** unit, and with an **economic life of more than one year**. They shall be carried on the permanent

items of equipment valued at \$250 or more a unit, and with a serviceable life of at least five years. They shall be carried on the permanent general inventory of property and specific inventories shall also be kept in their regard. Works of art decorating the headquarters buildings are assimilated to this category. Headquarters equipment is carried on the permanent General Inventory of Property.

3. Real property is non-movable property. It consists of land, buildings and built-in fixture. Real property is carried on an annex to the permanent General Inventory of Property.

(d) Supplies (expendable property): items or supplies consumed in the normal course of activities:

Office supplies and certain maintenance tools are provided for the official use of Sections/Units at Headquarters out of the budget (Part III of the Programme Budget: Section 5).

(e) Equipment (non-expendable property). Office equipment, including furniture and machines, is provided for the official use of units at Headquarters out of the budget

general inventory of property. Works of art (**heritage assets**) decorating the headquarters buildings are assimilated to this category.

(2) Expendable property is movable property **whose acquisition cost or value is below a threshold defined in paragraph 6.14(c)(1) by the Secretary-General per unit**. Expendable property with a value **at or above a threshold defined by the Secretary-General per unit** is carried on the permanent general inventory of property.

(d) Supplies (expendable property): items or supplies consumed in the normal course of activities:

	(Part III of the Programme Budget: Section 5).		
6.13	The cost of all property acquired, other than real property will be immediately charged as an expense.	6.15	The cost of all <u>expendable property and supplies</u> is immediately charged as an expense.
		6.16	<u>Non-expendable items under 6.14 (c) 1, except for heritage assets, are to be depreciated over the expected economic life on a straight line basis.</u>
6.14	An annual physical inventory will be taken at 31 December of each year of all assets. A copy of this inventory will be furnished to the External Auditor.	6.17	An annual physical inventory is taken at 31 December of each year.
6.15	The Secretary-General may declare property to be surplus if it is of no further use to the Organization.	6.18	The Secretary-General may declare property to be surplus if it is of no further use to the Organization.
6.16	Surplus property shall be sold for the best possible returns to the Organization except:	6.19	Surplus property shall be sold for the best possible return to the Organization except:
	(a) when the exchange of surplus property in partial payment for new articles will be more advantageous to the Organization than the sale of surplus property and separate purchase of new articles;		(a) when the exchange of surplus property in partial payment for new articles is more advantageous to the Organization than the sale of surplus property and separate purchase of new articles;
	(b) when the destruction of the surplus or		(b) when the destruction of the surplus

<p>unserviceable material will be more economical or when the confidential nature of the materials so warrants;</p> <p>(c) when the best interests of the Organization will be served by disposal by gift or at nominal prices to a non-profit organization.</p> <p>6.17 Funds proceeding from the sale of equipment may be reserved for the acquisition of substitute material, provided that the sale and acquisition take place during the same financial year; otherwise, these benefits shall be considered sundry income.</p>	<p>or unserviceable material is more economical or when the confidential nature of the materials so warrants;</p> <p>(c) when the best interests of the Organization is served by disposal by gift or at nominal prices to a non-profit organization.</p> <p>6.20 Funds proceeding from the sale of <u>property</u> may be utilized for the acquisition of substitute <u>property items</u>, provided that the sale and acquisition take place during the same financial year.</p>
<p>Replacement of fixed assets Replacement account¹¹</p> <p>6.18 For each financial year budgetary appropriations shall be established corresponding to the replacement quotas determined for the fixed assets acquired in previous financial years, so that by the end of the useful life of each asset sufficient funds are available for its replacement.</p> <p>The replacement quotas will be obtained by applying a straight-line depreciation system,</p>	<p><u>Replacement Reserve (RR)</u></p> <p>6.21 For each financial year budgetary appropriations shall be established <u>based on</u> the <u>depreciation</u> determined for the <u>non-expendable</u> fixed assets acquired in previous financial years, so funds are available for:</p> <p>(i) replacement of <u>non-expendable fixed assets</u>;</p> <p>(ii) <u>acquisition of new non-</u></p>

¹¹ Document CE/40/9 (c). Report of the Committee on Budget and Finance (May 1991).

<p>with uniform annual depreciation rates depending on the estimated useful life of each asset.</p> <p>The following fixed assets only shall be considered for replacement:</p> <ul style="list-style-type: none"> - Computer hardware - Document reproduction machinery - Vehicles 	<p><u>expendable fixed assets as proposed by the Secretary General with prior authorization from the Chair of the Executive Council, and subsequently reported to the Programme and Budget Committee and the Executive Council for confirmation;</u></p> <p>(iii) <u>improving infrastructure and/or administrative support as proposed by the Secretary General with prior authorization from the Chair of the Executive Council, and subsequently reported to the Programme and Budget Committee and the Executive Council for confirmation.</u></p>
<p>The following will be credited to this account:</p> <ul style="list-style-type: none"> (a) the replacement quotas obtained in each financial year; (b) the financial yields generated by the cash balances on this account. 	<p>6.22 <u>An amount based on the depreciation recorded in the Financial Statements of the previous year will be credited to the reserve.</u></p>
<p>The following will be debited to this account:</p> <ul style="list-style-type: none"> (a) the accumulated depreciation of the asset withdrawn from use and 	<p>6.23 The reserve will be debited with:</p> <ul style="list-style-type: none"> (a) <u>Non-appropriated amounts for replacement or acquisition cost</u>

replaced by a new one. This amount will serve to decrease the cost of renewal in the financial year in which it takes place, producing a credit entry in the account of the corresponding budgetary expenditure;

- (b) the accumulated financial returns of the cash balances on the account once the assets that generated them have been totally written off. The amount will serve to decrease the corresponding budgetary expenditure in the financial year in which this circumstances arises.

- of non-expendable fixed assets not exceeding the reserve balance;**
(b) Amounts approved for infrastructure and/or administrative support enhancements not exceeding the reserve balance.

Special Contingency Reserve (SCR)¹³

- 6.24 The Special Contingency Reserve (SCR) is established for special activities or unexpected events that may arise after the approval of the Organization draft programme of work by the General Assembly and that may require intervention of the Organization. The SCR may be utilized for activities or operations of an extraordinary nature not provided for in the budget of the**

¹³ DFR: Resolution A/RES/572(XVIII) (Bamako, Mali, May 2009) and document A/18/15/Annex 4 Draft programme and budget of the Organization for the period 2010-2011 (October 2009)

Procurement

Organization.

- 6.25 **The use of the SCR shall be determined by the Secretary-General with prior authorization from the Chair of the Executive Council, and subsequently reported to the Programme and Budget Committee and the Executive Council for confirmation.**
- 6.26 **The SCR may be used to advance sums for extra-budgetary activities pending the receipt of pledged contributions. Advances from the SCR for extra-budgetary activities shall be approved by the Secretary-General.**
- 6.27 **The SCR may be credited from surpluses of the General Fund on the recommendation of the Secretary-General and with the approval of the EC or from other funds designated by the General Assembly**
- 6.28 **The SCR will have the nature of a permanent reserve of the General Fund and shall be administered in accordance with the Financial Regulations of the Organization.**

Procurement **[UNDER DEVELOPMENT]**

- 6.19 All purchases and contracts amounting to or exceeding 5,000 US dollars shall be made by a call for tenders, except when otherwise authorized by the Secretary-General.
- 6.20 Contracts shall be awarded to the lowest tender except where conditions attaching to the lowest tender make its acceptance undesirable, the Secretary-General may authorize the acceptance of a tender other than the lowest. Where the interests of the Organization so require, the Secretary-General may authorize the rejection of all tenders and declare the call for tenders unsuccessful.
- 6.21 The Secretary-General shall ensure that the number and quality of enterprises or consultants invited to tender are sufficiently wide-ranging and representative to allow for effective competition in the Organization's interest.
- 6.22 In a call for tenders, the Secretary-General may decide to choose an enterprise or consultant that did not submit the lowest tender, provided that he feels this to be warranted beyond doubt by the quality of the services anticipated.
- 6.23 The Secretary-General's explicit and written approval shall be required on purchase

<p>contracts or orders for the acquisition of services, supplies, equipment or other goods amounting to or exceeding 5,000 US dollars.</p>	
<p>Study Contracts</p>	<p>Study Contracts <u>[UNDER DEVELOPMENT]</u></p>
<p>6.24 A Selection Committee shall be set up by the Secretary-General to examine any study contract amounting to more than 50,000 US dollars. The Selection Committee shall advise the Secretary-General in drawing up the list of enterprises or consultants required to compete and in selecting the winner of the contract.</p>	
<p>Travel</p>	<p>Travel</p>
<p>6.25 An Annex to these Provisions establishes the procedures for travel disbursements. The Secretary-General may, if necessary, add new provisions to this annex or amend or delete established provisions. The Executive Council shall be informed of all changes made to this annex.</p>	<p>6.29 <u>Annex I</u> to these <u>Rules</u> establishes <u>guidelines</u> for travel.</p>
<p>Publications</p>	<p>Publications</p>
<p>6.26 The procedures for publication disbursements shall be the subject of an annex to these Provisions, drawn up by the Secretary-General. The Secretary-General</p>	<p>6.30 <u>Annex II</u> to these <u>Rules</u> establishes <u>guidelines for publication sales, inventories and other related publications processes.</u></p>

CHAPTER VII**ACCOUNTS AND FINANCIAL STATEMENTS****Regulation 14**

1. The Secretary-General shall maintain such accounts as are necessary and shall prepare **financial statements at the end of each financial year. These statements shall be presented in accordance with International Public Sector Accounting Standards (IPSAS) and include:**
- (a) **Statement of Financial Position;**
 - (b) **Statement of Financial Performance;**
 - (c) **Statement of Changes in Net Assets/Equity;**
 - (d) **Cash Flow Statement**
 - (e) **Statement of Comparison of**

may, if necessary, add new provisions to this annex or amend or delete established provisions. The Executive Council shall be informed of all changes made in this annex.

(NOTE: Provision 6.26 concerning publications will remain without effect until such time as the provisions governing this matter are finalized and submitted to the Council for adoption.)¹²

Internal Control

- 6.27 The Director of Administration is responsible to the Secretary-General for establishing and maintaining effective internal control of the financial transactions and such other operations concerning the income and expenditure of the Organization.

Accounts

- 6.28 The Director of Administration is responsible to the Secretary-General for establishing and maintaining all official accounts of the

CHAPTER VII**ACCOUNTS AND FINANCIAL STATEMENTS****Detailed Financial Rule 7****Accounts**

- 7.01 The Director of Administration is responsible to the Secretary-General for establishing and maintaining all official

¹² Document CE/55/4(d) Add.1 of the 55th Executive Council (Manila, Philippines, 20-21 May 1997).

(f) <u>Budgetary and Actual Accounts Notes, including summary of significant accounting policies.</u>	Organization.	accounts of the Organization.
2. <u>The Secretary-General shall also submit:</u>		
(a) the revenue and expenditure of all funds, made in accordance with regulation 4(3);	6.29 Obligations shall be recorded in the accounts of the calendar year in which they are incurred.	7.02 Obligations shall be recorded in the accounts of the financial year in which they are incurred.
(b) the position of budgetary appropriations, including:	6.30 Receipts shall be credited to the accounts of the calendar year in which the remittance is received.	7.03 Receipts and revenue shall be credited to the accounts of the financial year in accordance with Detailed Financial Rule 5.
(i) the original budget appropriations;	6.31 Expenditure shall be recorded in the accounts of the calendar year in which it is made.	7.04 Expense shall be recorded in the accounts of the financial year in which it is incurred.
(ii) the appropriations as modified by transfer;	6.32 The accounts shall comprise the general accounts, budget accounts, and treasury accounts from which the periodic financial statements shall be prepared.	7.05 The accounts shall comprise the general accounts, budget accounts, and treasury accounts from which the periodic financial statements shall be prepared.
(iii) credits, if any, other than the appropriations voted by the Assembly;	6.33 All accounts shall be supported by documentation to be retained as an integral part of the official accounts of the Organization.	7.06 All accounts shall be supported by documentation to be retained as an integral part of the official accounts of the Organization.
(iv) the amounts charged against those appropriations or any other credits;	6.34 The accounting records shall be kept for a period of at least ten years. The supporting documents for income and expenditure shall be maintained until the final approval of the Organization's accounts by the General Assembly and for a minimum period of five	7.07 The accounting records shall be kept for a period of at least ten years. The supporting documents for revenue and expenditure shall be maintained until the final approval of the Organization's accounts by the General Assembly and for a minimum
3. <u>The Secretary-General</u> shall also give such other information as may be appropriate to indicate the financial position of the Organization.		
4. The accounts and financial statements of the Organization shall be maintained and presented in Euros. Accounts may, be kept		

in other currencies when deemed necessary by the Secretary-General, provided that this entails no extra cost to the Organization's Members.

5. A separate account shall be maintained for each Fund in Trust.

6. The **financial statements** for each financial year of the financial period shall be submitted by the Secretary-General to the **External Auditors** elected under regulation 15 by 31 March following the end of that financial year.

7. By 30 April each year, the Secretary-General shall submit to the Council the **audited**

years. Once these time-limits have elapsed, these records and documents may be destroyed by authorization of the Secretary-General.

General accounts

- 6.35 The general accounts shall record classified income and expenditure, cash at banks, investments, receivables and other assets, payable and other liabilities, the Working Capital Fund, and trust funds or special accounts as may be established.

Treasury accounts

- 6.36 Treasury accounts shall comprise:
- (a) cash accounts showing all receipts and disbursements of the Organization;
 - (b) trust and other special cash accounts, the management of which is subject to specific rules;
 - (c) Members' contribution records showing the amounts assessed, received and uncollected;
 - (d) Members' advances to the Working Capital Fund, showing the amounts assessed, received and uncollected;

period of five years. Once these time-limits have elapsed, these records and documents may be destroyed by authorization of the Secretary-General.

General accounts

- 7.01 The general accounts shall record **revenue and expense**, cash at banks, investments, receivables, **property plant and equipment**, other assets, payables, other liabilities, **reserves including** the Working Capital Fund and **include** trust funds, **voluntary contributions funds**, and special accounts as may be established.

Treasury accounts

- 7.02 Treasury accounts shall comprise:
- (a) cash accounts **and other cash items** showing all receipts and disbursements of the Organization;
 - (b) **VCF, FIT** and other special cash accounts,
 - (c) Members' contribution records showing the amounts assessed, received and uncollected;
 - (d) Members' advances to the Working Capital Fund, showing the amounts assessed, received and uncollected;

financial statements of the previous financial year. The Secretary-General shall also submit twice a year to the Council an interim financial statement.

8. **Gains and losses on currency exchange shall be credited or debited to the General Fund.**

(e) Investment ledger, giving full details of all investments made by the Organization.

Financial statements

6.37 The Director of Administration shall furnish to the Secretary-General:

- (a) periodic statements of cash on hand;
- (b) periodic statements of budgetary status showing:
 - (i) allotments made;
 - (ii) obligations incurred and liquidated;
 - (iii) expenditure;
 - (iv) unobligated balances;
- (c) periodic statements showing:
 - (i) outstanding contributions;
 - (ii) status of advances to the Working Capital Fund;
 - (iii) the operations and financial position of the Working Capital Fund;
 - (iv) the state of other special funds, if any;

(e) Investment ledger, giving full details of all investments made by the Organization.

Financial statements

7.03 The Director of Administration shall furnish to the Secretary-General:

- (a) periodic statements of cash on hand;
- (b) periodic statements of budgetary status showing:
 - (i) allotments made;
 - (ii) obligations incurred and liquidated;
 - (iii) expenditure;
 - (iv) unobligated balances;
- (c) periodic statements showing:
 - (i) outstanding contributions;
 - (ii) status of advances to the Working Capital Fund;
 - (iii) the operations and financial position of the Working Capital Fund;
 - (iv) the state of other special funds, if any
- (d) **periodic statements showing:**
 - (i) **status of VCF ; and,**

(d) as early as possible each year a detailed balance sheet as at 31 December immediately preceding. In addition to this balance sheet there shall be produced:

- (i) a summary statement of income and expenditure;
- (ii) a budget statement showing appropriations voted, allotments approved and expenditure made;
- (iii) a statement of obligations as at 31 December for which reserves will be established, such reserves to remain available for a further twelve months; these obligations shall include orders for goods or services, which have been accepted in writing for delivery by 31 December;
- (iv) a statement of outstanding legal obligations as at 31 December, which shall be

(ii) **status of FIT:**

(e) as early as possible each year detailed **statements** as at 31 December immediately preceding **as follows:**

- (i) **Financial Statements and Notes for each financial period as required under Financial Regulation 14 (1) including comparative information for the previous financial period;**
- (ii) a budget statement showing appropriations voted, allotments approved and expenditure made;
- (iii) a statement of **outstanding legal** obligations as at 31 December for which **are charged against budgetary appropriations and** which will remain available for a further twelve months;
- (iv) a statement of outstanding legal obligations as at 31 December, which shall be

- charged against the appropriations of the succeeding year;
- (v) a statement of trust and other special funds;
- (vi) a statement of the Working Capital Fund showing the establishment and composition thereof, advances made therefrom and the cash available;
- (vii) a statement of both stores and cash losses which have been incurred during the year indicating how these have been dealt with in the accounts;

- charged against the appropriations of the succeeding year;
- (v) a statement of **FIT ,VCF** and other special funds;
- (vi) a statement of the Working Capital Fund showing the establishment and composition thereof, advances made therefrom and the cash available;
- (vii) a statement of cash and **other assets** losses which have been incurred during the year indicating how these have been dealt with in the accounts;

CHAPTER VIII

External audit

Regulation 15

1. The Assembly shall elect from among its Full Members, on the recommendation of the Council, two External Auditors to audit the accounts of the Organization.
2. The External Auditors shall be elected for a two-year term of office. Their term of office

Detailed Financial Provision VII

Auditing of Accounts

- 7.01 According to the established procedure, the Assembly shall appoint two Auditors, who are nationals of member States and who perform the function of controlling public accounts in their home countries.

Scope of audit

- 7.02 Information regarded by the Secretary-

shall be renewable.

Regulation 16

1. The audit shall be conducted each year in conformity with generally accepted common audit standards and, subject to any special directions of the Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.
2. In addition to auditing, the External Auditors may make any observations they consider necessary with respect to the efficiency of the financial procedures and administration, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices. They shall carry out their duties in accordance with the provisions of Article 26(2) of the Statutes.
3. The External Auditors shall be independent and solely responsible for the conduct of the audit.
4. The Council may request the External Auditors to perform certain specific examinations and submit separate reports on the results.
5. The Secretary-General shall provide the

General as privileged or classified as confidential, particularly the medical files or details of the private lives of officials, may be made available to the Auditors only if requested specifically for purposes of their control.

External Auditors with the facilities they may require in the performance of the audit.

Regulation 17

1. The External Auditors shall submit a report on the audit of the financial statements and relevant schedules, which shall include such information as they deem necessary.
2. The report of the External Auditors shall be transmitted to the Council, together with the audited financial statements, in accordance with any directions given by the Assembly. The Council shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.
3. The audit shall be carried out in accordance with the provisions of the annex to these Regulations.

Regulation 18

The present Regulations shall enter into force on the date of their approval by the General Assembly.

ANNEXES TO THE FINANCIAL REGULATIONS OF THE WORLD TOURISM ORGANIZATION

ANNEX I

1. The ***External*** Auditors shall perform jointly and severally the audit of the accounts of the Organization, including all Funds in Trust, in order to satisfy themselves:
 - (a) that the financial statements are in accordance with the books and records of the Organization;
 - (b) that the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;
 - (c) that the securities and moneys on deposit and on hand have been verified by certificates received direct from the Organization's depositaries or by actual count;
 - (d) that the internal controls, including the internal audit, are adequate;
 - (e) that the procedures satisfactory to the ***External*** Auditors have been applied to

ANNEXES TO THE DETAILED FINANCIAL RULES OF THE WORLD TOURISM ORGANIZATION

Annex I – Travel Guidelines - NEW TEXT (in accordance with Detailed Financial Rule 6.29)

1. The purpose of these guidelines is to describe the criteria and procedures applicable to official travel outside the area of duty station and to travel of staff members and families under the Staff Rules and Regulations of the Organization (SRR 21).

Categories of travel

2. The official travel categories are as follows:
 - (i) Mission travel: travel on official business
 - (ii) Entitlement travel: travel on appointment, travel on separation, home leave travel and education travel.

Eligibility to travel

3. Mission travel applies to staff, collaborators (including those working away from Headquarters), experts serving in official and technical meetings and, members of governing bodies and subsidiary bodies. Entitlement

the recording of all assets, liabilities, surpluses and deficits.

2. The ***External*** Auditors shall be the sole judges as to the acceptance wholly or partly of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as they choose of all financial records, including those relating to supplies and equipment.
3. The ***External*** Auditors shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Auditors, necessary for the performance of the audit. The ***External*** Auditors shall respect the confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit.
4. The ***External*** Auditors shall have no power to disallow items in the accounts and ***financial statements*** but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which they entertain doubt as to legality or propriety. Audit objections to these or any other transactions, arising during the examination of the accounts, shall be communicated immediately to the

travel applies to staff and family members, in accordance with Staff Rules and Regulations.

4. Travellers are responsible for certifying that travel is completed as planned and for keeping the necessary evidence for audit purposes, until the final approval of the Organization's accounts by the General Assembly.

Authorization

5. All official travel shall be authorized by the Secretary-General. No ticket reservation or payment of DSA will be made without such authorization.

Standards of travel and accommodation

Mode of transportation

6. The mode of transportation shall be based on an economy and efficiency criteria, using the most cost-effective travel option.
7. The Secretary General may travel first class.
8. The standards of air travel is at economy class in the most direct and economical route as determined by the Director of Administration. In line with UN standards, for travel of nine hours or more, one class above economy may be granted.

Secretary-General.

5. The **External** Auditors shall express and sign an opinion **on the financial statements. The opinion shall include the following basic elements:**
- (a) **The identification of the financial statements audited;**
 - (b) **A reference to the responsibility of the Secretary-General and the responsibility of the External Auditors;**
 - (c) **A reference to the audit standards followed;**
 - (d) **A description of the work performed;**
 - (e) **An expression of opinion on the financial statements as to whether:**
 - (i) **The financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;**
 - (ii) **The financial statements were prepared in accordance with the stated accounting**

9. The standards of rail, bus or sea travel shall be at an equivalent of economy class, except for travel of nine hours or more, when one class above economy may be granted. When conditions warrant it, such as schedule, security, etc., the Secretary-General may grant an upgrade upon recommendation of the Director of Administration.
10. Travel by private motor car may be undertaken at the traveller's request if not exceeding the most cost effective travel option under arrangements made by the Organization for air, rail, bus or sea travel. Reimbursement of travel by private motor car is calculated in accordance with mileage rates established by the Secretary General.

Hotels

11. Travellers will be reimbursed for the expenses incurred in the accommodation of their choice in accordance with the DSA (Daily Subsistence Allowance) rates of the ICSC (International Civil Servant Commission), as stated in article 21 of this Annex. Exceptionally, the Secretary-General, upon recommendation of the Director of Administration, may authorise a higher reimbursement when conditions warrant it and a specific hotel has to be booked.

policies;

(iii) The accounting policies were applied on a basis consistent with that of the preceding financial year;

(f) An expression of opinion on the compliance of transactions with the financial regulations and legislative authority;

(g) The date of the opinion;

(h) The name and position of the External Auditors;

(i) Should it be necessary, a reference to the report of the External Auditors on the financial statements.

6. The report of the **External** Auditors on the financial statements should mention:

(a) the type and scope of their examination;

(b) matters affecting the completeness or accuracy of the accounts including where appropriate:

(i) information necessary to the

Deviations from the standards of travel and accommodation in mission travel

12. If a traveller wishes to travel or take accommodation at a class higher than approved standard, the traveller may be permitted to do so by the Secretary-General provided she/he pays the difference in cost.

13. Exceptions to the mode of transportation for mission travel may be approved by the Secretary General when special circumstances warrant it, such as for medical condition of the traveller, non-availability of the applicable standard, eminent persons, persons donating services free of charge and travel journeys considered of an arduous nature.

Travel time and rest periods

Travel time

14. Travel time is calculated on the basis of the most direct and economical route, and any additional time is to be deducted from the traveller's annual leave or, in the case of collaborators, from remuneration

15. If a traveller wishes to take leave during mission travel, she/he should disclose the leave dates when requesting the official travel

- correct interpretation or the accounts;
 - (ii) any amounts which ought to have been received but which have not been brought to account;
 - (iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;
 - (iv) expenditures not properly substantiated;
 - (v) whether proper books of accounts have been kept; where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;
- (c) other matters which should be brought to the notice of the General Assembly, such as:
- (i) cases of fraud or presumptive fraud;
 - (ii) wasteful or improper expenditure of the Organization's money or others assets (notwithstanding that the

and have her/his official leave sheet signed before leaving on official travel.

Rest periods

16. For travel by air or mostly by air, travellers shall be entitled to rest periods before commencing duties or a stopover for rest purposes as follows:
- (i) If the scheduled travel time is from ten to twelve hours, in normal circumstances the traveller will not be obliged to take up her/his duties in the twelve hours following his arrival.
 - (ii) If, after a stopover of not more than twelve hours, the duration of a journey is more than ten hours, the traveller will not have to assume her/his duties in the twelve hours following his arrival (half a day on the outward journey and half a day on the return journey). This will be applicable only if the duration of travel before the stopover exceeds ten hours.
 - (iii) If the travel time exceeds twelve hours, in normal circumstances the traveller will not have to assume her/his duties in the twenty-four hours (one day) following her/his arrival at the destination.
 - (iv) There will be no entitlement to a rest

- accounting for the transaction may be correct);
 - (iii) expenditure likely to commit the Organization to further outlay on a large scale;
 - (iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;
 - (v) expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;
 - (vi) expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
 - (vii) expenditure not in conformity with the relevant authorizations;
- (d) the accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;
- (e) if appropriate, transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable

- period for day-time travel lasting less than ten hours.
- (v) If the rest period falls on a public holiday, a Saturday or a Sunday, the traveller will not be granted a compensatory working day off.
- (vi) If a traveller is asked to travel on mission on a non-working day, she/he will not be granted any compensatory time off.
- (vii) For long journeys by air (ten to twelve hours), per diem for an extra day in lieu of the rest day is not payable.

Changes in official travel

17. Any changes to authorised official travel must be submitted in writing before undertaking the travel. Changes will be made only when approved by the Secretary-General.
18. On conclusion of an official travel, any change occurred in the travel arrangements owing to unforeseen circumstances after commencing the official travel, particularly, any change affecting the calculation of the DSA as established in article 21 below shall be reported within two weeks after the conclusion of such travel for its approval

Travel advances

that the General Assembly should have early knowledge.

7. The ***External*** Auditors may make such observations with respect to their findings resulting from the audit and such comments on the Secretary-General's financial report as they deem appropriate to the General Assembly or to the Secretary-General.
8. Whenever the scope of audit of the ***External*** Auditors is restricted, or whenever the ***External*** Auditors are unable to obtain sufficient evidence, they shall refer to the matter in their report, making clear the reasons for their comments and the effects on the financial position and the financial transactions as recorded.
9. In no case shall be ***External*** Auditors include criticism in their report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.
- 10. *The External Auditors are not required to mention any matter referred to in the foregoing which, in their opinion, is insignificant in all respects.***

Daily Subsistence Allowance (Per Diem)

19. The daily subsistence allowance (DSA) (or per diem) are paid at the rates established by the United Nations through the International Civil Servant Commission (ICSC).
20. The DSA is calculated on a twenty-four hour basis, account being taken of the nights spent away from the duty station. If outward and return travel is undertaken on the same day, without an overnight stay and with a travel duration of no less than ten hours, half the DSA will be paid. If outward and return travel is undertaken on different days, with at least an overnight stay and with a difference between the departure time and the arrival time of no less than ten hours, half the DSA will be paid.
21. The DSA is broken down as follows:
 - (i) 50 per cent for accommodation. If the government or host body provides free accommodation, the subsistence allowance will be reduced by the same percentage;
 - (ii) 30 per cent for meals (12% lunch, 12% dinner and 6% breakfast). The allowance will also be reduced if meals are provided free of charge in the same conditions as accommodation (see paragraph (i) above);

- (iii) 20 per cent for miscellaneous expenses at the mission destination: taxi, bus, train and underground (subway) fares, telephone calls (local) and other incidental expenses;

Terminal expenses

- 22. Terminal expenses cover the costs of travel to and from the port of entry and the hotel and are additional to the DSA.
- 23. If transfer were provided to the traveller through UNWTO's or a host organization's own transportation means terminal expenses are not claimable.
- 24. DSA and terminal expenses will be paid in advance, in order to simplify processing and reduce transaction costs.

In-kind travel

- 25. The Secretary-General may accept in-kind travel from donors for purposes in line with the mission of the Organization. This includes travel by eligible travellers to meetings when they have been authorized by the Secretary-General to attend in an official capacity.
- 26. Most common forms of in-kind travel are tickets, accommodation, meals or other

miscellaneous travel costs at the country of destination.

27. Prior to the acceptance of in-kind travel by the Secretary-General, the following requirements shall be determined:

- (i) that the travel is for travel related to the traveller's official duties;
- (ii) that the travel is for attendance at a meeting or similar function in line with the mission of the Organization;
- (iii) the donor of the travel,
- (iv) the nature/form of the travel,
- (v) that the in-kind travel offered is in conformity with UNWTO travel standards as established in these Guidelines and with UNWTO rules, regulations and policies,
- (vi) the cost of travel or the best possible estimate equivalent to fair value of such travel.

Entitlement travel

Travel on Home Leave

28. Staff entitled to home leave under the provisions of Staff Rule 18(1) will be entitled to payment of the travel expenses defined in Staff Rule 18(1).

29. Travel in connection with home leave will

normally take place in the company of the family members of the staff in respect of whom she/he is entitled to family allowances (Staff Rule 21(2)). Exceptionally, the Secretary-General may authorize one of the staff's family members to travel separately.

30. The travel time allowed is one day for each outward and return journey of less than ten hours and two days for each outward and return journey of more than ten hours. If, for the convenience of an official, the Secretary-General authorizes travel by private motor car or by sea, the travel rest period will be calculated on the basis of the most direct route by air or rail.

31. For journeys on home leave, staff members are not permitted to travel in a class above economy .

Education Travel

32. Staff entitled for education travel under paragraph (d) of Staff Rule 13(6) for attendance at an educational institution outside the area of the duty station, will be paid, once every school year, for the child's return travel expenses between the educational institution and the duty station in accordance with paragraph (1) of Staff Rule

13(6) and provided that the period between two official journeys chargeable to the Organization is not less than six months.

Travel on appointment and on separation

33. Staff entitled to travel on appointment and on separation, will be paid for travel expenses defined in Staff Rule 21(1).
34. Travel in connection with appointment and separation will normally take place in the company of the family members of the official in respect of whom she/he is entitled to family allowances (Staff Rule 21(2)). Exceptionally, the Secretary-General may authorize one of the official's family members to travel separately.
35. No DSA will be payable for travel undertaken for entitlement travel (travel on appointment, travel on separation, home leave travel and education travel).

Travel under the lump-sum option

36. For mission travel, external collaborators working away from Headquarters, experts serving in official and technical meetings and, members of governing bodies and subsidiary bodies may be provided with a lump-sum payment in lieu of all entitlements related to

the particular travel.

37. The lump sum option for travel consists of a payment made to the traveller to make her/his own travel arrangements. This amount is deemed to cover all travel expenses including all other related entitlements such as surface transportation within the destination, DSA for stopovers, terminal expenses, accompanied excess baggage and unaccompanied shipment, insurance, visas, etc.. No additional payment will be made once the option has been exercised.
38. The lump-sum payment not exceed 100 per cent of the most cost-effective ticket fare plus 100 per cent of the DSA and terminal expenses which would correspond to the particular travel under the arrangements made by the Organization. The lump-sum option shall not be available on a partial basis.
39. Under the lump-sum option, the Organization may request the traveller to submit an evidence of the completion of the travel.

Travel Claims for official travel other than the lump-sum option

40. Exceptional expenses not covered by the DSA, such as airport taxes, passport and visa fees, vaccination costs, taxi fares for the

transport of heavy documents and material necessary for the official mission, communication costs, etc. may be claimed. Any purchase made for work purposes during an official mission and for which reimbursement is requested are considered property of the Organization.

41. All reimbursement requests other than those normally covered by the DSA, should be accompanied by the corresponding invoices, receipts, vouchers and, if applicable, by travel tickets. Claims in respect of official travel shall be submitted within two weeks after such travel has been completed.
42. If, on review of the claim, it is determined that the travel advance exceeded the amount of reimbursable travel expenses, the traveller shall be informed of the amount of overpayment, which shall be recovered through payroll or deducted from other payments due.

Official travel inside the area of the duty station

43. Attendance to official activities inside the area of the duty station is not considered mission travel.
44. When a duty station is considered safe and secure according to UN standards, the mode

of transportation will be the use of suitable public transport modalities (metro, bus) if available. In exceptional cases approved by the Secretary General or when a duty station is not considered safe and secure based on UN standards, taxi, private car or other mode of transport may also be considered.

Annex II – Publications Guidelines- NEW TEXT
(in accordance with Detailed Financial Rules 6.30)

1. Dissemination and sharing of knowledge and information generated within the Organization is part of the Organization's mandate. One of the means to achieve this goal is through the distribution of publications.
2. The purpose of these guidelines is to provide the criteria and procedures applicable to financial events and transactions related to publications.

Definitions

3. Throughout these guidelines the following terms are used:
 - (i) **Publications:** refers to books, periodicals and other publications in print or electronic form;
 - (ii) **Inventories:** refers to unsold printed

publications;

- (iii) **Copyright:** refers to the rights on UNWTO publications and works, including the right to use or authorize others to use them on agreed terms; ;
- (iv) **Publishing activity:** refers to the management of the publication function within the General Fund.

General Guidelines

4. The Secretary General shall authorize contents for publication
5. The Secretary-General may enter into contracts with external parties for the reproduction, distribution, consignment of the Organization's publications and other similar contracts.
6. Pricing of the different forms of publications shall take into consideration cost recovery, market trends and profit maximization.

Revenues from the publishing activity

7. Revenues from the publishing activity shall be accounted for in a separate account.
8. The main sources of revenue are as follows:
 - (i) **Virtual sales:** sales of e-books and fees for access to the e-library are invoiced and

- recognized as revenues within the financial period when the access to the virtual publications is made;
- (ii) **Sale of printed copies:** sales of printed publications are invoiced and recognized as revenues upon shipment/dispatch except for sale of publications on consignment, revenue for which is recognized upon sale to the end-user ;
 - (iii) **Royalties:** revenues from copyright are invoiced and recognized upon authorization to use the publications;
 - (iv) **Subscriptions:** payments from subscriptions are invoiced upon receipt and recognized as revenues as earned.

9. The Secretary General may consider allocating revenues from other sources to the publishing activity.

Sales returns and sales discounts

10. Contracts with distributors may include a clause regarding return of unsold copies within a defined period. Sales returns shall be accounted for separately from sales.
11. A provision for sales returns may be recognized in the Financial Statements.
12. Discounts may be granted to selected clients and shall be accounted for separately from

sales.

Inventories

Type of Inventories and Valuation

13. Unsold publications shall be reported as inventory and valued in accordance with UNWTO accounting policies which are IPSAS compliant.
14. Members of the Organization are provided with free copies of publications. As most free publications are immediately distributed and expensed after production, any residual inventories considered as free publications are immaterial for inventory valuation purposes.
15. Raw materials are expensed on delivery and are not considered sufficiently material to be included as inventory.

Physical Inventory

16. At the end of each financial year, a physical count of publications held for sale shall be conducted. Material discrepancies between actual count and recorded balances shall be verified and explained.

Cost of inventories

17. The carrying cost of unsold publications held for sale including publications on consignment, shall be computed in accordance with UNWTO accounting policies and recognized as an expense in the financial period in which the related revenue is recognized.

18. An inventory list, certified by the distributor, may serve as basis for computing the carrying cost of books on consignment.

Write-down of inventories

19. At the end of each financial year, inventory of unsold publications shall be evaluated to determine any impairment in respect of their salability and/or obsolescence. Publications considered obsolete and/or no longer in demand may be removed from the publications catalogue of the Organization and written off.

Expenses and costs of the publishing activity

20. The generation and production of the content is considered part of the Organization's mandate as defined in paragraph 1, therefore expenses on generation and production of content shall not be part of production expenses.

21. Main type of expenses are as follows:

- (i) **Production expenses:** expenses incurred in the publication process which include all direct materials, direct labour, and allocated overhead expenses, when determinable;
- (ii) **Selling expenses:** expenses incurred to market and sell publications;
- (iii) **Administrative expenses:** expenses of the publishing activity other than production or selling expenses.

Receipts, disbursements and accounting

- 22. The Organization may maintain a separate bank account, to which sales remittances are to be deposited.
- 23. All financial transactions for the publication activity are to be made in accordance with UNWTO Financial Regulations and Detailed Financial Rules.

Annex III – Cost Recovery Guidelines

NEW TEXT

Cost Recovery Guidelines (on Funds in Trust (FIT) and Voluntary Contributions Fund (VCF))

Introduction

- 1. This annex to the Detailed Financial Rules (DFR) sets out the guidelines to ensure that all costs incurred in the utilization of FIT and VCF

are charged against the contribution received and sets the Project Support Costs (PSC) rate.

Legal Framework

2. The recovery of costs related to FIT and VCF, including PSC is established in the Financial Regulations (FR) and Detailed Financial Rules:

1. Financial Regulation 10.3 (FIT)
 1. A fee shall be charged by the Organization for administering these funds.
 1. All costs relating to any Funds in Trust shall be a charge against the voluntary contributions concerned. ...
2. Financial Regulation 10.4 (VCF)
 1. The fund shall be charged with the expenditures related to the activities ...
2. Detailed Financial Rule 5.13 (FIT)

Project support costs on FIT shall be charged at a rate authorized by the Secretary General and in accordance with the cost recovery guidelines under Annex III to the rules.
3. Detailed Financial Rule 5.19 (VCF)

Project support costs on VCF shall be charged at a rate authorized by the

Secretary General and in accordance with the cost recovery guidelines under Annex III to the rules.

1. Cost Recovery Principles¹⁴

4. UNWTO has adopted the principles for cost recovery set out by UN system organizations, whereby “all direct costs involved in extra budgetary projects should be charged directly to projects and all related variable indirect costs (programme support costs) should be recovered”. In the context of UNWTO, “extra budgetary projects” are those funded through voluntary contributions.

Cost Categories¹⁵

5. UNWTO has adopted the cost classification definitions agreed by UN system organizations, which are deemed to fall into three categories as follows:
 1. **Direct Costs:** *All costs that are incurred for and can be traced in full to an organisation’s activities, projects and programmes in fulfilment of its mandate.*

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15 CEB/2004/HLCM/FB/4

This cost category includes costs of project personnel, equipment, project premises, travel and any other input necessary to achieve the results and objectives set out in programmes and projects. All these costs are recoverable and should be charged directly to the projects.

2. **Variable Indirect Costs (referred to as Project Support Costs in these Guidelines):** *All costs that are incurred by the organisation as a function and in support of activities, projects and programmes, and which cannot be traced unequivocally to specific activities, project or programmes. These costs typically include service and administrative units, as well as their related system and operation. Usually referred to as Programme Support Costs (PSC), these costs should be recovered in one way or another (as a percentage rate, or as a cost component of the project direct costs).*
3. **Fixed Indirect Costs:** *All costs that are incurred by the organisation regardless of the scope and level of its activities, and which cannot be traced unequivocally to specific activities, projects or programmes. These costs typically*

include the top management of an organisation, its corporate costs and statutory bodies not related to service provision. These costs should be financed by regular/core resources.

Acceptance of Voluntary Contributions

4. Voluntary contributions accepted by UNWTO must meet the requirements of the FR and DFR in respect of cost recovery and shall cover all direct costs and project support costs as defined above.
5. Fixed indirect Costs are financed by regular resources and are not subject to these cost recovery Guidelines.

PSC Rate

6. The Secretary –General has determined that a project support costs rate of at least 7% shall be applied to all voluntary contributions received¹⁶.

Waiver or reduction of PSC

7. The Secretary-General may, in exceptional

¹⁶ This means that if the direct costs of a project are estimated at Euro 10,000 the PSC is determined at Euro 700 and the contribution is Euro 10,700. Alternatively if the voluntary contribution is Euro 10,000 then the PSC is Euro 655 and the direct costs limited to Euro 9,345.

cases, decide to reduce or waive the PSC. All requests for reduction or waiver must be made in writing, include an appropriate justification and submitted to the Director of Administration who will provide his recommendation on it to the Secretary-General for his/her decision.

PSC Revenue recognition

8. Unconditional voluntary contributions are recorded as VCF or FIT revenue, including the PSC component, at the date the voluntary contribution is confirmed in writing or the agreement is signed. The PSC component of the VCF or FIT revenue is separately accounted for on receipt of the cash proportionate to the amount received.
9. Conditional voluntary contributions are recorded as VCF or FIT revenue, including the PSC component, when the conditions are met. The PSC component of the VCF or FIT revenue is separately accounted for once conditions are met.
10. On completion of the project (substantive and financial implementation) any excess of PSC recovered based on actual direct costs is accounted for in accordance with the donor agreement or retained and utilized within the VCF.

Utilization of PSC

11. As described in paragraph 5(ii) above, the PSC is charged for the purpose of covering variable indirect costs for administration, managerial, systems and financial services, including reporting.
12. PSC earned and any excess of PSC recovered are managed for budgetary purposes through a project account under the VCF. The Secretary General may authorise its transfer, partly or in full to the General Fund for another use.
13. PSC is made available for expenditure in the following financial period.
14. The Secretary-General will approve budget proposals for the utilization of PSC under the VCF on the recommendation of the Director of Administration.
15. PSC expenditures are classified by nature as for all other expenditures in UNWTO.

**Annex IV – Detailed Cash Management and
Investment Guidelines
[TO BE DEVELOPPED]**

**Annex V – Financial Risk Management
Principles
[TO BE DEVELOPPED]**

ANNEX II

FORMULA FOR FIXING THE CONTRIBUTIONS OF MEMBER STATES

GENERAL PRINCIPLES

1. The principle that the budget shall be financed by Member's contributions and the method of calculating these contributions are set forth in paragraph 3 of the Financing Rules attached to the Statutes, which reads as follows:

“The budget shall be financed by the contributions of the Members according to a method of apportionment to be determined by the Assembly, based on the level of economic development of and the importance of international tourism in each country, and by other receipts of the Organization”.

2. The General Assembly adopts the formula for apportioning among the member States the amount of the expenditure financed by their contributions. The formula is based on the following principles:

(a) Capacity to pay

A member State's capacity to pay is evaluated on the basis of two economic factors, gross national product (GNP) adjusted according to the country's foreign debt and per capita gross national product (per capita GNP) and one technical factor, international tourism receipts (TR). These three factors are weighted according to the formula explained in paragraph 3 and thereafter.

(b) Maximum and minimum shares

The scale of shares is fixed from 5 per cent for member States that exceed 20 per cent of world GNP and from 3.20 per cent in decreasing order for the other member States that do not exceed the aforementioned limit.

The minimum share applicable to member States is 0.25 per cent of the budget.

**CLASSIFICATION OF COUNTRIES
ACCORDING TO THEIR CAPACITY TO PAY**

Reference Statistics

3. The statistical data used to calculate the three factors mentioned in paragraph 2(a) above are as follows:

- for the economic factors: the data used by the United Nations to calculate the contributions of its member States;
- for the tourism factor: the data provided by the States Members of UNWTO or, failing that, obtained from the International Monetary Fund.

All three factors are based on the average data used by the United Nations to determine the economic factors. Any modification by the UN will be applied by UNWTO.

Deductions – Corrections

4. These factors are then corrected, if necessary, by the following deductions:

(a) Per capita gross national product:

A deduction is made from the gross national product of each member State whose per capita gross national product is less than 4,318 US dollars. The difference between the per capita

gross national product and 4,318 US dollars is expressed as a percentage of 4,318 US dollars, and 80 per cent of this percentage is deducted from the gross national product of the State in question for the purposes of calculating its aliquot share.

The reference threshold for per capita gross national product as well as the deduction percentage are those applied by the UN in calculating the contributions of its Members, and any modification decided by the UN will be applied by UNWTO.

- (b) An additional deduction is applied to the economic factors and the technical factor of 50, 75 and 87.5 per cent in estimating the capacity to pay of States with small populations equal to or less than 1,000,000, equal to or less than 500,000 and equal to or less than 100,000, respectively; and
- (c) A supplementary schedule of direct deductions is also applied to the contribution of the last group in the scale of contributions of 10, 20 and 25 per cent for countries with populations equal to or less than 1,000,000, 500,000 and 100,000, respectively

and which are situated in the last group before introducing the schedule of deductions mentioned above.

5. For each of the three factors thus determined, the data of all the member States are multiplied by a corrective coefficient so as to bring their value proportionately in line with one million.

Weighting coefficients

6. After applying the above deductions and corrections, the following weighting coefficients are applied to each of the factors:

GNP	70 %	80 %
per capita GNP	10 %	
TR	20 %	20 %

7. A member State's capacity to pay is determined by the weighted sum total of the factors.

Calculation of contributions

8. Once the weighted data of each Member State are obtained, in accordance with the results of applying the formula described in

paragraphs 3 to 7, the total amount of the budget to be apportioned will be distributed among the member States classified in descending order into **appropriate groups based on a proposal of the Secretary-General taking into account possible modifications in membership.**

9. The contributions of the Associate Members should be divided into two separate categories each being 10% lower than the contribution of the Full Members in groups 13 and 9 respectively.