



FINANCIAL REGULATIONS

Adopted by the Board of Governors at its Extraordinary Session
(Geneva, November 1976)

Modified by the IInd Session of the General Assembly
(Manila, November 1981)

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(Antalya, 6-8 November 2017)

Modified and adopted by the 22nd Session of the General Assembly
(Geneva, 5-7 December 2019)

1 Regulation I
Applicability

- 1.1 These Regulations shall govern the financial administration of the International Federation.
- 1.2 The Secretary General shall be responsible for the financial administration of the International Federation in accordance with these Regulations and shall establish such rules and internal procedures as are necessary.

2 Regulation II
The Financial Year

- 2.1 The financial year shall run from 1st January to 31st December.

3 Regulation III
The Budget

- 3.1 The budget for the International Federation shall be prepared by the Secretary General in accordance with Article 37 of the Constitution.
- 3.2 The budget shall be presented in Swiss Francs, shall reflect the strategy of the International Federation, a two year plan of work and shall show the estimated annual income and expenditure for the two-year period.
- 3.3 The budget shall be divided into sections corresponding to the structure of the Secretariat, with such annexes and explanatory statements as may be required by the General Assembly and the Governing Board and such further notes as the Secretary General may deem appropriate.
- 3.4 The budget of the International Federation shall be financed by:
- Annual statutory contributions of National Societies;
 - Voluntary contributions by National Societies;

- Donations or any financial assistance from private individuals, States or any other public or private institutions;
 - Income derived from investments;
 - Service fees from National Societies and other service recipients;
 - Unrestricted reserves of the International Federation; and
 - Any other funds to which the International Federation may become entitled.
- 3.5 The Secretary General shall submit the proposed budget to the Governing Board which shall request the Finance Commission to examine and present its comments to the Governing Board.
- 3.6 The Governing Board shall examine the proposed budget, taking into account any comments from the Finance Commission, and may make alternative proposals to the Secretary General.
- 3.7 The Secretary General shall then prepare a final draft of the budget, bearing in mind the proposals of the Governing Board, and shall submit such draft to the Governing Board which shall request the Finance Commission to examine and present its comments to the Governing Board prior to its review and endorsement.
- 3.8 The Secretary General shall submit the draft budget as endorsed by the Governing Board to the members of the General Assembly, not less than fourteen days before the date fixed for the opening of the ordinary session of the General Assembly.
- 3.9 Should the Secretary General, after transmitting the draft budget to the National Societies, receive before the session of the General Assembly information which indicates that there may be a need to alter it, the Secretary General shall report thereon to the Governing Board which shall request the Finance Commission to examine the proposed changes and present its comments to the Governing Board which shall decide whether to make such alterations and to amend its report to the General Assembly accordingly.
- 3.10 The General Assembly shall examine the draft budget endorsed by the Governing Board together with the report from the Finance Commission and take a decision on it in accordance with Article 37 of the Constitution.

- 3.11 Should the Secretary General receive between the sessions of the General Assembly information which indicates that there may be a need to alter the approved budget, the Secretary General shall report to the Governing Board which shall seek advice from the Finance Commission before deciding on the amendments.
- 3.12 Any necessary amendments to the budget shall be presented in a form and manner consistent with the two-year budget approved by the General Assembly.
- 3.13 The Secretary General shall be authorised to make appropriations within the budget parameters fixed by the General Assembly, or as modified by the Governing Board, to carry out the activities approved by the General Assembly.
- 3.14 The Secretary General shall report to the Finance Commission and the Governing Board on the implementation of the budget at each of their ordinary meetings.

4

Regulation IV
Annual Contributions

- 4.1 Following adoption of the two-year budget by the General Assembly, the Secretary General shall inform the National Societies of the amounts of their annual contributions to the budget and request the member Societies to remit their contributions to the International Federation.
- 4.2 Effective not later than January 1, 2017, payment of annual statutory contributions in compliance with Financial Regulation 4.3 shall be made to the authorised Swiss bank account(s) in Swiss francs, U.S. Dollars, European Euros, or Japanese Yen. Payments of annual statutory contributions in currencies other than the Swiss franc shall only be accepted until the due day outlined in Regulation 4.3 of the financial year to which they relate subject to prior written agreement with the Secretary General. Following this due day, payment of annual statutory contributions or any outstanding portion thereof shall only be authorised in Swiss francs. All payments of arrears and payments pursuant to an arrangement for payment as per Article 36.4 of the Constitution shall only be made to the authorised Swiss bank account(s) in Swiss francs. All appeals of annual statutory contributions under Article 36.3 shall be considered by the Finance Commission and resolved only in Swiss

francs.

- 4.3 Annual statutory contributions shall be due and payable in full on the 31st of March of the financial year to which they relate. In January of the following financial year the unpaid balance of such contributions shall be considered as arrears.
- 4.4 Any National Society admitted as a new member of the International Federation shall pay the annual statutory contribution to the budget of the financial year immediately following the year in which it is admitted.
- 4.5 Statements of all annual statutory contributions received and outstanding shall be prepared periodically and provided to all National Societies by the Secretary General.
- 4.6 The Governing Board at any of its sessions, after consultation with the Finance Commission, may direct the Secretary General to take steps, including charging interest, in order to expedite the payment of contributions.

5

Regulation V
Resources and Funds

- 5.1 The regular financial resources of the International Federation shall comprise:
- Annual statutory contributions of National Societies;
 - Voluntary contributions by National Societies;
 - Donations or any financial assistance from private individuals, States or any other public or private institutions;
 - Income derived from investments;
 - Service fees from National Societies and other service recipients;
 - Unrestricted reserves of the International Federation; and
 - Any other funds to which the International Federation may become entitled.

5.2 Trust and special funds may be established by the Secretary General for monies made available to the International Federation for relief actions or for other special purposes. Such funds shall be reported upon to the Governing Board. The purpose and limits of each such fund shall be clearly defined. Such funds shall be administered by the Secretary General in accordance with guidelines approved by the Governing Board.

5.3 Voluntary contributions, whether or not in cash, may be accepted by the Secretary General provided that the purposes for which such contributions are made are consistent with the policies and the Constitution of the International Federation.

In the event that acceptance of a contribution results in additional financial liability or any other risk over and above that related to normal operational activity the Secretary General will inform the Governing Board and, where necessary, request a budget amendment.

5.4 Donations accepted for purposes specified by the donor which are appropriate to the objectives of the Plan & Budget as defined in Regulation 3.3 of these regulations shall be allocated accordingly.

5.5 Any restrictions placed on the use of funds by donors shall be respected.

Any restricted funds remaining unspent at the end of the calendar year shall be carried forward to be used in the following year.

In the event that a donation cannot be used for its intended purpose it shall be returned to the donor or a request made to the donor to lift the restriction.

5.6 Donations accepted in respect of which no purpose has been specified shall be allocated within the budget of the International Federation by the Secretary General.

6 Regulation VI
Custody of Funds

6.1 The Secretary General shall designate the banks in which the funds of the International Federation shall be kept, taking into account risk and operational requirements, and, upon request, shall inform

the Finance Commission and Governing Board thereon.

7

Regulation VII
Investment of Funds

7.1 The Secretary General, after consultation with the Finance Commission, shall have authority to make short-term investments of funds not needed for immediate requirements, and to make long-term investments of funds owned by the International Federation and of funds administered by the International Federation which are not required in the short or medium term. Such investments shall be reported periodically to the Finance Commission and the Governing Board.

7.2 The Secretary General, in consultation with the Finance Commission, shall establish appropriate investment guidelines and select reputable financial institutions and investment managers to safeguard against investment losses while ensuring the liquidity necessary to meet cash flow requirements.

In addition to, and without detracting from these primary criteria, investments shall be selected to achieve a reasonable rate of return.

The Finance Commission will inform the Governing Board on the selection of investment managers and on the establishment of investment guidelines.

7.3 Income derived from investments shall be allocated to the budget of the International Federation on the decision of the Secretary General, after taking advice from the Finance Commission, unless otherwise decided by the General Assembly or the Governing Board. The Secretary General shall inform the Governing Board and the General Assembly on allocations made.

8

Regulation VIII
Risk Management and Internal Control

8.1 The Secretary General shall establish a framework of internal controls supported by comprehensive procedures in order to:

a) Ensure effective protection of the assets of the International

Federation and guard against fraud;

- b) Ensure completeness of data and reliable financial reporting;
- c) Ensure compliance with local law;
- d) Ensure the economic use of the resources of the International Federation.

8.2 The Secretary General shall establish appropriate levels of authority and designate the officers who may receive funds, incur financial obligations, and make payments on behalf of the International Federation.

9

Regulation IX
Insurance and losses

9.1 The Secretary General shall take out appropriate insurance to cover operational and other risks, including directors' and officers' liability insurance in respect of officials entrusted by the Secretary General with the custody and disbursements of funds of the International Federation.

9.2 The Secretary General may, after full investigation, authorise the writing off of losses in cash, and other assets, but not any arrears of contributions due from National Societies. A statement of significant losses written off during the financial year shall be submitted to the Finance Commission and Governing Board with the annual financial statements.

10

Regulation X
The Accounts

10.1 The Secretary General shall establish and maintain such accounting records as are necessary to allow for:

- a) The preparation of the statutory financial statements;
- b) The tracking of donor restrictions and the preparation of reports to donors;

- c) The preparation of reports to other stakeholders;
 - d) The tracking of assets and liabilities of the International Federation;
 - e) The tracking of income and expenditure in line with the plans and budget of the International Federation;
 - f) The tracking of individual funds of the International Federation;
 - g) The provision of appropriate operating information for management use.
- 10.2 The Secretary General shall establish appropriate rules for the retention of documents to support all payments and receipts.
- 10.3 The accounts of the International Federation shall be maintained in Swiss Francs.

11

Regulation XI
Financial statements

- 11.1 The Secretary General shall prepare the statutory financial statements in accordance with an internationally recognised accounting framework, approved by the Finance Commission.
- 11.2 The financial statements shall be made available for examination by independent auditors not later than 31st March following the end of the financial year.
- 11.3 The financial statements shall be approved, in consultation with the Chair of the Finance Commission, by the Audit and Risk Commission and endorsed by the Governing Board for adoption by the General Assembly.

12

Regulation XII
Management reporting

- 12.1 The Secretary General shall ensure that processes and procedures are in place to ensure effective financial management reporting to Secretariat management.
- 12.2 The Secretary General shall report to the Finance Commission and the Governing Board on the current years' income and expenditures of the International Federation at each ordinary sitting of the Finance Commission and Governing Board.

13 Regulation XIII
Independent Audit

- 13.1 The General Assembly shall, on the recommendation of the Governing Board, following recommendation of the Audit and Risk Commission, appoint a firm of internationally recognised independent auditors to carry out annually, and at such other times as may be necessary for special purposes, an independent audit of the financial statements of the International Federation.
- 13.2 The auditors shall conduct their work in accordance with international auditing standards and give an opinion on the financial statements stating whether or not the financial statements give a true and fair view of the financial position of the International Federation.
- The Governing Board, the Finance Commission or the Audit and Risk Commission may, in addition, ask for other tasks to be conducted by the auditors.
- 13.3 In carrying out their functions, the auditors shall have access to the books and records of the International Federation at all times. They shall be entitled to obtain such information or explanation as they may require from the Secretary General, from any employee of the International Federation, or from any other persons the auditors deem necessary, with the agreement from the Secretary General.
- 13.4 The auditors shall bring to the attention of the Secretary General any identified weaknesses and non-compliance in internal controls.
- 13.5 The auditors shall report to the Secretary General any cases of suspected fraud that they identify during the course of their audit.

- 13.6 At the completion of each audit of the statutory financial statements the auditors shall submit a report of their findings to the Secretary General, Audit and Risk Commission and the President.
- The Audit and Risk Commission shall report thereon to the Governing Board.
- 13.7 The auditors shall submit a draft of their audit opinion to the President and the Audit and Risk Commission.
- 13.8 After consideration of the auditor's report and the audit opinion, the Audit and Risk Commission shall approve the financial statements and recommend to the Governing Board whether or not they should endorse the financial statements for adoption by the General Assembly.
- 13.9 The auditors shall complete their audit in principle not later than six months after the end of the financial year to which it relates.

14 Regulation XIV
Internal Audit and Risk Management

- 14.1 The Secretary General shall set up an internal audit and risk management function to assist the Secretary General in the management of risk.
- 14.2 The mandate of the internal audit and risk management function shall be detailed in a charter that shall be drawn up by the Secretary General who shall inform the Audit and Risk Commission and the Governing Board thereon.
- 14.3 The Secretary General shall consult with the Audit and Risk Commission when drawing up the plan of work on internal audit and risk management.
- The Secretary General shall maintain a risk register to assist in the management and monitoring of critical risks.
- 14.4 The Secretary General shall present a summary of the activities, findings and recommendations of the Internal Audit and Risk Management function to the Audit and Risk Commission at each ordinary meeting.

14.5 The Audit and Risk Commission shall inform the Governing Board regularly on internal audit and risk matters.

15 Regulation XV
Delegation of Authority

15.1 The Secretary General may delegate to other senior officials of the Secretariat of the International Federation, whom the Secretary General must nominate in each case, such of the Secretary General's powers considered necessary by the Secretary General for the effective implementation of these Regulations.

16 Regulation XVI
General Provisions

16.1 All financial provisions contrary to these Regulations shall hereby be cancelled.

16.2 These Regulations shall come into force on the 7 December 2019 at the end of the 22nd session of the General Assembly (2019) at which time the former financial regulations will stand repealed.

16.3 These Regulations may be amended by the General Assembly in the manner provided by Article 43 of the Constitution of the International Federation.