



*OIC/GA-IOFS/2016/FIN.REG*

FINANCIAL REGULATIONS  
OF THE ISLAMIC ORGANIZATION FOR FOOD SECURITY

# **FINANCIAL REGULATIONS OF THE ISLAMIC ORGANISATION FOR FOOD SECURITY**

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## **CHAPTER: I**

### **SCOPE AND DEFINITIONS**

#### **ARTICLE 1.1 : SCOPE**

These regulations shall be called "The Financial Regulations of the Islamic Organisation for Food Security and shall be applicable to the Secretariat of the Organisation and its subsidiary organs in compliance with Resolution No. \_\_\_\_\_ adopted by the 1-st session of the General Assembly of the Islamic Organisation for Food Security with the exception of organs granted statutory authorization to establish their own Rules and Regulations in this respect.

#### **ARTICLE 1.2: DEFINITIONS**

In these regulations the following terms shall have the meaning hereunder assigned to them:

THE ORGANISATION : The Islamic Organisation for Food Security (IOFS)

THE OIC: The Organisation of Islamic Cooperation

DIRECTOR GENERAL: The Director General of the Secretariat of the Organisation

THE GENERAL ASSEMBLY: The General Assembly of the Organisation

MEMBER STATES: The Member States of the Organisation

THE EXECUTIVE BOARD: The Executive Board of the Organisation

THE SUBSIDIARY ORGANS : The centers, offices or institutions established in the framework of the Organisation, as defined in Article 2, paragraph 2 of the Statute.

THE SECRETARIAT : The Secretariat of the Organisation

THE STATUTE: The Statute of the Organisation

FINANCIAL CONTROL COMMITTEE: Financial Control Committee appointed by the Executive Board according to the Article 20 of the Statute

FINANCE OFFICER: officer of the Organisation to whom certain financial powers are delegated according to these Regulations

## **CHAPTER: II**

### **GENERAL PROVISIONS**

#### **ARTICLE 2.1 :**

These regulations define the principles and rules governing financial matters in the Secretariat and its subsidiary organs. They also regulate budget preparation and execution, and financial control of accounts, collection of revenues, preparation of closing accounts as well as purchase procedures and for performance of service and warehouse management.

#### **ARTICLE 2.2 :**

The Director General shall be responsible for:

- a) Implementation of the resolutions and policies of the General Assembly.
- b) Preparation of draft budgets and follow up of their execution once approved by the General Assembly.
- c) Management of the financial and administrative affairs of the Organisation and adoption of the measures necessary for the organization of work and the application of prescribed rules and regulations.
- d) Safe-keeping and management of the Organisation's funds and resources and effective and rational use thereof.
- e) Follow up of the collection of mandatory financial contributions from Member States in accordance with the scales fixed by the General Assembly.

#### **ARTICLE 2.3 :**

The Director General may delegate his financial powers to special staff members and to heads of the subsidiary organs of the Organisation each within his competence in accordance with the provisions of these Regulations.

#### **ARTICLE 2.4 :**

The Director General shall prescribe the detailed functions of a Finance Officer in the Secretariat and its subsidiary organs, and the way to exercise such functions.

#### **ARTICLE 2.5 :**

The Department on finance issues shall be responsible for the application of these regulations and the resolutions to be adopted in accordance with them. It shall refuse to carry out any requests involving a financial infringement except on the written orders of the Director General and on his responsibility.

#### **ARTICLE 2.6 :**

Financial infringements shall include failure to submit draft budgets, closing accounts or status reports thereof, submitting them incomplete or beyond the date fixed for that purpose; exceeding the approved allocations; failure to implement proposals and recommendations of the Financial Control Committee appointed by the Executive Board; or violation of any provisions of these Regulations and of instructions given for their implementation.

#### **ARTICLE 2.7 :**

The Director General shall issue orders and instructions for the implementation of the provisions of these regulations.

In the absence of a text applicable to an emergency situation, the Director General also has the right to interpret these regulations, inspired by the rules and regulations of similar organizations.

## **CHAPTER: III**

### **BUDGET STRUCTURE AND FINANCING**

#### **ARTICLE 3.1 :**

- a) The budget is the annual financial plan of the Secretariat and its subsidiary organs, separately, drawn up for the achievement of specific objectives within the framework of the plans and policies approved by the General Assembly.
- b) The financial year shall start on the first day of January and shall end on the last day of December of the same year.
- c) Budget estimates, both revenues and expenditures, shall be made in a convertible currency prescribed by the General Assembly, based on the recommendation of the Director General and the recommendation of the Executive Board consistent with the interest of the Organisation.

#### **ARTICLE 3.2 :**

The budget shall include all anticipated expenditures and estimated revenues necessary to finance the various activities of the Secretariat and its subsidiary organs **in one financial year???**.

#### **ARTICLE 3.3 :**

The budget shall be prepared on the basis of the administrative distribution and qualitative classification of the Organisation's activities with due regard to analysis on the basis of programmes, projects, operations and technical activities.

#### **ARTICLE 3.4 :**

The administrative distribution shall be the classification showing the expenditures and revenues of each principal department or subsidiary Committee separately. The qualitative classification shall reflect expenditures and revenues according to the nature and type of each expenditure and revenue.

#### **ARTICLE 3.5 :**

Some allocations may, for special considerations approved by the General Assembly, be budgeted as overall figures not subject to the classifications contained in Article (3.4).

#### **ARTICLE 3.6 :**

The revenues of the budget shall consist of:

- a) The mandatory contributions of member states;
- b) Voluntary contributions of member states;
- c) Revenues from services rendered;
- d) Revenues from sale of publications and products;
- e) Revenues from fund-raising from member states and international organisations for special projects of the Organisation; and
- f) Miscellaneous income (such as donations, grants and returns on investment).

#### **ARTICLE 3.7 :**

The expenditure of the Budget shall be divided into chapters, items and sub-items according to their identical objectives as defined by the Director General with the approval of the General Assembly.

#### **ARTICLE 3.8 :**

Each financial allocation specified by the Organisation (**special allocations**) for the achievement of **specific objectives** shall be considered as a separate accounting unit and, as such, shall have its own independent accounts which embody all rights and obligations. This rule shall be applied by a decision of the Director General.

#### **ARTICLE 3.9 :**

If a new state becomes member to the Organisation in the course of a financial year, it shall pay its contribution at the rate of one-twelfth of the assessed annual contribution for each remaining month of the financial year. Such a sum shall be considered as mandatory contribution.

#### **ARTICLE 3.10 :**

Any state requesting withdrawal from the Organisation shall have to settle its financial obligations until the end of the financial year in which the request for withdrawal has been submitted, in addition to any other financial debts as it may have incurred.

#### **ARTICLE 3.11 :**

No specific revenue may be allocated for a specific purpose unless in conformity with the provisions of the present regulations or in cases where a resolution is adopted by the General Assembly. In all cases, a separate account shall be opened for every revenue earmarked and budgeted and the result shall be reflected in the consolidated financial statement of closing accounts of the general account under the prevailing financial regulations.

#### **ARTICLE 3.12 :**

The Director General may accept general and ad-hoc donations provided that the purpose thereof is in line with the Organization's objectives and activities and does not conflict with its Regulations.

**ARTICLE 3.13 :**

Donations made for no specific purpose shall be considered General donations, and added to the accounts of sundry income. Ad-hoc donations shall be those made for a specific purpose. In such cases, Article 3.11 shall be applied. After the fulfilment of the purpose for which allocation was made, all surpluses shall be credited to the Sundry Income Account.

**ARTICLE 3.14 :**

In case the General Assembly decide to establish a fund, whose financial resources shall be allocated to meet specific purposes in accordance with the procedures approved by the General Assembly. The management and accounting of these funds shall be subject to the financial rules stated in these Regulations, unless otherwise statutory authorization to establish its own rules and regulations is granted by the General Assembly.

**ARTICLE 3.15 :**

A reserve account shall be established for the Organization, whose amount shall be fixed, from time to time, by a decision of the General Assembly based on a proposal of the Director General and the recommendation of the Executive Board,

**ARTICLE 3.16 :**

Cash surplus resulting from an increase of resources over expenditures in the closing accounts of previous years shall be transferred to the Reserve Account at the end of the financial year.

**ARTICLE 3.17 :**

The Director General may draw amounts from the Reserve Account, when fund is needed but not available to meet the needs of the Organization, provided that such amounts shall be returned to the Reserve Account after Member States have paid their contributions.

**ARTICLE 3.18 :**

The management and accounting of the Reserve Account as well as its bank account shall be subject to the financial rules applicable in these Regulations.

**ARTICLE 3.19 :**

The Executive Board has the right to establish an Expert Committee, to invest the cash surplus of the Organisation's reserves for short and medium terms, provided that this does not affect the activity of the Organisation.

Income derived from investments of the Organization's funds, shall be credited to the Sundry Income Account.

## **CHAPTER: IV**

### **RULES FOR BUDGETS PREPARATION**

#### **ARTICLE 4.1 :**

The Director General shall release a circular, at least three months before preparing the draft budget, containing the guidelines and principles to be followed by every principal department and office in the Secretariat and its subsidiary organs, to prepare budget estimates in the light of their annual plans, programmes and objectives to be achieved.

#### **ARTICLE 4.2 :**

The principal departments and offices shall send their budgets estimates together with the relevant annexes and explanatory notes, within a month after the date of the Director General's circular, to the concerned Department on finance issues of the Secretariat and of the subsidiary organs, for their consideration.

#### **ARTICLE 4.3 :**

The Department on finance issues of the Secretariat and its subsidiary organs shall prepare the draft budgets, after studying the budgetary estimates presented by the various departments and offices, into a unified draft-consistent with the standard modalities and studies conducive to the achievement of the objectives.

#### **ARTICLE 4.4 :**

The Director General shall submit the draft budget to the Member States at least two months before the date of the meeting of the Executive Board for its consideration, opinion and recommendation to the General Assembly for its approval.

#### **ARTICLE 4.5 :**

Upon approval of the budget, the Director General shall send it to Member States together with all annexes, explanatory and analytical notes as well as a statement of the assessed amounts to be paid by each of them.

## **CHAPTER: V**

### **EXECUTION OF THE BUDGET**

#### **ARTICLE 5.1 :**

Approval of the Budget shall be considered as an authorization given to the Director General, within the competence conferred on him for use of the approved allocations for their prescribed purposes as of the beginning of the financial year.

#### **ARTICLE 5.2 :**

No loan may be contracted or financial commitments made by the Organisation if these involve expenditure beyond the budget period except with the approval of the General Assembly.

#### **ARTICLE 5.3 :**

No commitment may be made in respect of expenditures for which no allocations have been included in the Budget unless the General Assembly approve that such expenditures be made from the Reserve Account.

#### **ARTICLE 5.4 :**

If the budget approval is delayed, the previous Budget shall continue to remain in force. Member States shall be requested to pay their contributions on the basis of the previous Budget and their contributions shall later be adjusted upon approval of the Budget. Reduced allocations in the draft budget shall be considered as actually reduced and additional allocations as not included. Expenditure shall be made from the Reserve Account within the limit of one-twelfth of those appropriations each month.

#### **ARTICLE 5.5 :**

Member States must pay their mandatory contributions to the Secretariat and its subsidiary organs, separately, in the first month following the beginning of the financial year or immediately if the financial year has already started. Member States should officially inform the Secretariat on possible technical delay of mandatory contributions related to internal state procedures.

#### **ARTICLE 5.6 :**

The Director General shall follow up collection of the resources included in the Budget of the Organisation and shall, with the approval of the Executive Board, report to the General Assembly at its ordinary session every year on Member States' settlement of their shares. He shall also, when necessary, make a report explaining the reasons for failure to carry out the plan.

#### **ARTICLE 5.7 :**

No transfer of allocations from one chapter to another or over expenditure on the approved allocations of any chapter and no initiation of unbudgeted expenditure may be made except with the approval of the Executive Board provided that such operations shall be submitted to the General Assembly at its first meeting.

#### **ARTICLE 5.8 :**

The Director General or the person authorized by him may, if necessary, carry out within chapter transfers from one item to another provided that the amount transferred shall not exceed 50% of the original allocation of the item from which the transfer is made and 100% of the original allocation of the item to which the transfer is made, subject to the availability of savings.



**CHAPTER: VI**  
**COLLECTION RULES**

**ARTICLE 6.1 :**

All amounts received shall be immediately deposited in an official bank account and entered in the books on the basis of the bank advice.

**ARTICLE 6.2 :**

In case of any collection made, a receipt shall be made out in original and two copies. The original shall be given to the payer of the money, the first copy shall be attached to the voucher and the second copy shall remain in the Receipt Book.

**ARTICLE 6.3:**

Accuracy and care shall be observed in delivering and keeping valuable books, namely those books whereby money is collected or disbursed or those used for purposes having a cash value.

## **CHAPTER: VII**

### **RULES OF EXPENDITURE AND DISBURSEMENT**

#### **ARTICLE 7.1:**

No expenditure shall be made without original vouchers certified by the Director General or those authorized by him, and unless their soundness has been ascertained by the Internal Controller.

#### **ARTICLE 7.2:**

Disbursements shall be made by cheques, transfers or cash signed by the Director General or the person authorized by him and by the Head of the Department on finance issues.

#### **ARTICLE 7.3:**

The official(s), may be designated by Head of the Department on finance issues, shall make cash disbursements and shall be responsible for the proper management and safe-keeping of cash.

#### **ARTICLE 7.4:**

The Director General or the person authorized by him shall sign cheques that are cancelled for any reason and such cheques shall be attached to their stubs in the cheque book.

#### **ARTICLE 7.5:**

Salaries and wages shall be paid on their due dates except in the cases of leave when they shall be paid in advance and on the approval of the Director General or the person authorized by him.

#### **ARTICLE 7.6:**

Disbursements shall be made against original and sound vouchers and documents testifying that the services and goods concerned have been actually performed or delivered in conformity with the agreed conditions, specifications and contracts provided that supporting vouchers and documents shall be attached to the payment vouchers. These are as follows:

- a) Contracts and agreements concluded.
- b) Original requisitions and orders for the purchase of goods, performance of services or execution of work.
- c) Original Receipt Notes and Inspection and Installation Reports.
- d) Original invoices duly approved by the competent official.
- e) Original mission order and application form for the payment of mission allowance, signed by the staff-member and approved by the competent official.
- f) Travel tickets purchase order approved by the competent official and accompanied by ticket stubs.
- g) Original salary sheets and copies of decisions of appointment, promotion, granting of increments, contracts and duty assumption note.
- h) Original decisions of overtime work and granting of remunerations and leave.
- i) Original report of overtime.
- j) Decision of salary and wage deductions.
- k) Bank advices.
- l) Supporting documents for delivery of aid, assistance, donations and various expenses.

#### **ARTICLE 7.7:**

In the event of loss of original documents for the payment of amounts owed to other parties by the Organisation, disbursement may be made with the approval of the Director General provided that the entitled party submits a duplicate of the lost document, and that the Organisation ascertains that payment has not been made and that the entitled party undertakes not to claim the amount in future.

#### **ARTICLE 7.8:**

For procurement of goods and products by purchase or lease and of services requested, the following principles shall be considered:

- a) Best quality by best value for money;
- b) Service guaranty;
- c) Terms of delivery and payment;
- d) Neutrality and transparency.

#### **ARTICLE 7.9:**

The documents attached to payment vouchers shall be stamped with a seal indicating that payment has been made and showing the number and date of the payment voucher so as to avoid repetition of payment.

#### **ARTICLE 7.10:**

Amounts shown in documents should be paid only to the entitled parties or their lawful agents against powers-of-attorney approved by the Director General or the person authorized by him.

#### **ARTICLE 7.11:**

Amounts disbursed by mistake or without entitlement or cancelled for any reason and reimbursed during the same financial year shall be returned to the accounts against which they were originally withdrawn. Reimbursements of actual expenditures incurred in the previous financial years shall be added to Sundry Income.

**ARTICLE 7.12:**

The Director General may authorize the payment or settlement of amounts by excluding them from the revenue account provided that he states the justifications for such action

## **CHAPTER: VIII**

### **ACCOUNTS AND RECORDS**

#### **ARTICLE 8.1 :**

All funds of the Organization shall be kept in the bank or banks accounts to be determined by the Director General.

#### **ARTICLE 8.2:**

All bank accounts shall be reconciled within a week from the date of receipt of the bank statements for each month.

#### **ARTICLE 8.3:**

The Director General shall take suitable measures for the keeping of necessary accounting records in accordance with the commonly used accounting rules and procedures, and for the submission of annual accounts containing:

- a) Income and expenditures of all funds;
- b) Situation of approved allocations;
- c) Position of fixed assets and liabilities

#### **ARTICLE 8.4:**

The Organization shall keep the accounting records of its revenues and expenditures in accordance with the observed accounting system subject to the chapters, items and sub-items of the Budget which must be adhered to in all statements and correspondence.

#### **ARTICLE 8.5:**

The accounting system shall include the following principal accounting records:

- a) General Journal
- b) Ledgers for:
  - Chapters
  - Items
  - Sub-items
  - Bank Accounts (each)
  - Petty Cash Account
  - Contributions
  - Revenues
  - Suspense Accounts (*receivables & payables*)

#### **ARTICLE 8.6:**

The accounting system shall include the following auxiliary programmes:

- a) Fixed Assets Inventory Programme
- b) Payroll Programme.

#### **ARTICLE 8.7:**

The Organisation shall maintain such programmes or statements as it may deem appropriate or as may be required.

#### **ARTICLE 8.8:**

Financial book entries based on payment, receipt or transaction vouchers should be made by continuous and consecutive voucher numbering so that the system should not allow to enter, in between, any back-dated vouchers later on.

#### **ARTICLE 8.9:**

All book entries should be supported by vouchers approved by the Director General or those authorized by him, in accordance with the provisions of these Regulations.

#### **ARTICLE 8.10:**

Financial book entries must be made regularly and upon completion of each and every operation so that recording delays may not entail confusion in the accounting work.

#### **ARTICLE 8.11:**

No erasing or crossing out may be made in the accounting records and if an error is made, it must be corrected by an appropriate accounting method.

#### **ARTICLE 8.12:**

Records and their supporting documents must be kept for a period of time to be determined by the Director General with the approval of the Financial Control Committee. The Director General may order the destruction of the records and their documents following expiration of the fixed periods.

## **CHAPTER: IX**

### **CLOSING ACCOUNT**

#### **ARTICLE 9.1:**

At the end of each Financial Year, the Department on finance issues of the Secretariat and the Subsidiary Organs each on its own shall prepare the closing account, not later than the first two months of the following financial year. The closing account shall comprise the statements, tables, annexes, explanatory and analytical notes including, in particular, the following:

- a) Statement of consolidated Financial Situation (*assets and liabilities*).
- b) Statement of Income and Expenditure
- c) Statement of mandatory contributions received from member states
- d) Statement of Debtors and Creditors
- e) Statement of actual expenditures (*chapter by chapter*) by comparing to approved budget appropriations.
- f) Summary Statement of Fixed Assets
- g) List of arrears of mandatory contributions of member states.
- h) Statement of Financial Situation of the special accounts.

#### **ARTICLE 9.2:**

The closing account of a Financial Year shall only include the revenues allocated for it and the actual expenditures made of those obligated during that year. At the end of the Financial Year both unused and un-obligated funds shall be frozen.

#### **ARTICLE 9.3:**

After full investigation, over the cancellation of liquidity and non-recouped cash or assets, the Director General submits the matter to the Executive Board accompanied by the recommendation of the Financial Control Committee, in the closing account.

#### **ARTICLE 9.4:**

The Secretariat and its subsidiary organs shall submit their closing accounts, for the past financial year, to the Financial Control Committee, no later than three months from beginning of the new financial year, for auditing.

#### **ARTICLE 9.5:**

The Financial Control Committee shall submit its report and recommendations to Director General, who shall refer it to the Executive Board for consideration prior adoption by the General Assembly.

#### **ARTICLE 9.6:**

The Director General shall submit the Closing Accounts of the Organization to the General Assembly together with the report of the Financial Control Committee and the recommendations of the Executive Board at its first session following the expiry of the Financial Year in question.

## **CHAPTER: X**

### **FIRST: INTERNAL CONTROL**

#### **ARTICLE 10.1:**

The Director General shall adopt a system of financial control and periodic reporting that enables him to continuously monitor the Organisation's financial operations and activities.

#### **ARTICLE 10.2:**

The Internal Controller shall be guided by the document 'Executive Rules of Internal Control' Annexed to these regulations to organize his activities.

#### **ARTICLE 10.3:**

An experienced suitably qualified Internal Controller in the fields of Finance and Accounting shall be entrusted with the task of internal control at the Secretariat and shall be administratively attached to the Director General, directly.

#### **ARTICLE 10.4:**

Internal control in the subsidiary organs shall be entrusted to an Internal Controller who shall administratively report directly to the Director General of the relevant subsidiary Organ. He shall be appointed by the Director General. In the event of absence of an internal controller in the subsidiary Committee, the Internal Controller of the Secretariat may undertake field tours of the subsidiary organs once or twice in a year and prepare a report about the organ concerned, and forward the report to the Director General and the Financial Control Committee as part of his report on the IOFS Secretariat.

#### **ARTICLE 10.5:**

The Internal Controller shall assume the functions of financial and administrative control according to the document 'Executive Rules of Internal Control' annexed to these regulations, to ensure the following:

- a) That the financial resources are used effectively and economically.
- b) That financial operations are orderly and consistent with the prevailing Rules, Regulations and Instructions.
- c) That the accounting statements and information are accurate.

### **SECOND: EXTERNAL CONTROL**

#### **ARTICLE 10.6:**

According to the Article 20, paragraph 1 of the Statute, the Executive Board shall establish a body called the Financial Control Committee within the Organisation, which shall be responsible to the Executive Board and the General Assembly, and which shall perform the tasks set forth in these Regulations.

#### **ARTICLE 10.7:**

The purpose of this Committee is essentially to exercise effective control over the utilization of the Organization's fund to monitor the discharge, by the Organisation's executive bodies, of their responsibilities, and to evaluate the result of their work.

#### **ARTICLE 10.8:**

The Financial Control Committee is comprised of the representatives from 5 Member States. The host country as permanent membership and four Member States to be appointed by the Executive Board, in accordance with the principle of geographical distribution and commitment to the settlement of the mandatory contribution, for three years, renewable.

Each member state should nominate, for the Committee, a maximum of two members who should have to be highly experienced in this field.

#### **ARTICLE 10.9:**

The Director General shall call the Financial Control Committee to meet at least once every year after the preparation of the Closing Accounts, provided that the results of the meeting shall be submitted to the first subsequent meeting of the Executive Board.

The Director General also may invite the Chairman of the Committee to discuss about the matters which are important for the Organization and could not be delayed,

#### **ARTICLE 10.10:**

A meeting of the Committee shall have a quorum if it is attended by delegates of three of its member states, minimum.

#### **ARTICLE 10.11:**

The Committee shall formulate its own rules governing the exercise of its functions, the distribution of work among its members and other related measures, required by its task.

**ARTICLE 10.12:**

The Financial Control Committee shall exercise the following functions:

- a) Auditing Accounts and ascertaining that financial operations and accounting entries are carried out methodically in accordance with the prescribed financial rules and procedures.
- b) Auditing of closing accounts to ascertain their soundness and reflection of the real position; and making remarks on any errors, violations or shortcomings in the application of regulations and instructions.
- c) Auditing of warehousing entries, cards and documents spotting any negligence or financial violations; examining the shortcomings that may have caused them and proposing corrective action.
- d) Reviewing personnel administrative procedure to ensure their conformity to the budget and the prescribed administrative procedures.

**ARTICLE 10.13:**

In the exercise of its functions, the Committee shall carry out the following tasks:

- a) Examining records, accounts and their supporting documents at the Secretariat and its subsidiary organs. The Committee may ask examine any voucher, record or the other documents that it deems necessary for the discharge of its responsibilities.
- b) Contacting directly, when necessary and after informing the Director General, any staff member it may wish to interview.

**ARTICLE 10.14:**

The Financial Control Committee shall discuss its report on the accounts and the results of activities with the Director General, before finalising such a report for submission to the Executive Board. It shall deliver a copy thereof to the Director General.

**ARTICLE 10.15:**

The Executive Board shall invite the Chairman or one of the members of the Financial Control Committee at the discussion of the Committee's report.

**ARTICLE 10.16:**

The Department on finance issues of the Secretariat shall perform the secretarial work of the Committee and prepare for its meetings.

**ARTICLE 10.17:**

The Director General shall, in coordination with the Executive Board, determine the Financial Control Committee's expenses, and the General Assembly shall approve in the budget, the total expenditure required.

**ARTICLE 10.18:**

The hosting institutions (The Secretariat/Subsidiary Organs) shall assume the expenses of travel, accommodation and remuneration of the members of the Financial Control Committee during the performance of their work.

**ARTICLE 10.19:**

These Financial Regulations shall enter into force from the beginning of the financial year following its approval by the General Assembly.

**ARTICLE 10.20:**

Any provisions which are contrary to the present regulations shall be considered null and void.

## **CHAPTER: XI**

### **HUMANITARIAN FIELD OPERATIONS**

#### **Article 11.1 : ESTABLISHMENT OF FIELD OFFICES**

Based on the request of the OIC or the affected Member State, the Director General shall have the authority to establish a humanitarian field office to respond to a crisis, subject to having donations for that purpose.

#### **Article 11.2 :**

The Department on finance issues of the Secretariat shall establish a separate book account/sub account for each project where voluntary contributions are received. In accordance with the Memorandum of Understanding with the Donors, deductions for Administrative Expenses, which shall not exceed as stipulated in Article 11.4, shall be allocated under a separate account.

#### **Article 11.3 :**

All financial matters relating to field activities will be administrated on the basis of approved budget plans, prepared by the Department on finance issues, based on available funds, in coordination with the Humanitarian Affairs Department and approved by the Director General.

In case of a sudden onset disaster or time-critical emergency, a budget plan for IOFS humanitarian field activities should be formulated on the first four months or on calendar year basis.

#### **Article 11.4 :**

All IOFS humanitarian activities shall be financed from voluntary contributions and a percentage not exceeding 10% of voluntary contributions received by the IOFS for humanitarian activities shall be allocated to cover the operational expenses of humanitarian activities.

#### **Article 11.5 :**

In case of receiving voluntary contributions that are solely made to support the IOFS Humanitarian Activities, such contribution shall be considered as Administrative Expenses.

#### **Article 11.6 :**

In all circumstances, IOFS humanitarian activities shall not cause any financial burden to the budgets of the Secretariat of the IOFS and its Subsidiary Organs.

#### **Article 11.7 :**

Two local bank accounts (one for Administrative expenses and the other for Projects) shall be opened with the approval of the Department on finance issues of the Secretariat on the recommendation from Head of the IOFS Humanitarian Field Office.

#### **Article 11.8 :**

The Head of IOFS Humanitarian Field Office shall provide to the Department on finance issues at Headquarters with electronic monthly financial reports, bank statements, vouchers and related documents. All original documents are to be sent to the Department on finance issues at the headquarters on a quarterly basis.

#### **Article 11.9 : CLOSING OF A FIELD OFFICE**

Upon the decision of the Director General to close an IOFS humanitarian field office, IOFS should dispatch of an experienced officer from the Humanitarian Affairs Department, together with a Finance Officer from Headquarters to assist in the closing of the office by taking the steps to address the following:

- a) Update and finalize its financial account and close the local bank account and transfer the remaining fund back to Headquarters with the advice of the Department on finance issues;
- b) Confirm the inventory of fixed assets and write-off by officially donating them to the government ministries or local humanitarian organizations, including the official vehicles. The order of accounting and write-off shall be determined by a separate internal regulation;
- c) Portable computer and telecommunications equipment that can be used for other disaster responses should be returned to Headquarters.
- d) Terminate the lease and settle all financial obligations of the office;
- e) Transfer all documents and databases back to Headquarters for record and archive and dispose of all documents that are no longer needed properly;



# Executive Rules of Internal Control

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## **CHAPTER I:**

### **Definition of internal control**

#### **Article 1:**

Internal control is an integrated set of methods and practices adopted by an organization, including its supreme authority, in order to accomplish the following objectives:

- i. Protection of assets by curbing errors and detecting them as soon as they happen, while ensuring the accuracy and completeness of accounting books.
- ii. Efficient and effective financial operations through efficient and appropriate utilization of resources.
- iii. Abidance by the applicable rules, regulations, directions and policies in order to meet the aspired objectives in an efficient and organized manner.

Based on this definition and on the aspired objectives, the following functions of internal control may be extracted:

1. Realize the requirements of self-control for all areas of financial exercise.
2. Ensure preventive protection for public and private assets.
3. Optimal utilization of the available resources in the required economic fields.
4. Apply the rules, regulations and directions regulating financial exercise.
5. Develop approaches and practices of financial work by introducing modern information technology methods.
6. Develop approaches of error search and early detection, and seek to correct them and adopt measures to prevent their future recurrence.
7. Develop methods of enhancing the performance of financial work.

## **CHAPTER II:**

### **The Internal Controller and his organizational relation**

#### **Article 2:**

The Secretariat and each subsidiary Organ of the IOFS shall have an Internal Controller, who shall report to the Director General of the institution and shall be assigned the works of internal control through performing the tasks entrusted to him as per the present rules.

### **CHAPTER III:**

#### **The occupational position of the Internal Controller**

##### **Article 3:**

The Internal Controller shall be assigned an occupational grade in accordance with the administrative structure of the Organization. He must have the specialization and expertise that allow him to discharge his duties and attain his objectives.

##### **Article 4:**

In addition to the general recruitment conditions for the post of Internal Controller, the latter must be recognized for his faithfulness and integrity, and must be professionally competent in terms of the academic qualifications and work experience. The academic qualification should preferably not be inferior to university degree in accounting or finance, in addition to the appropriate work experience in the field.

Recruitment and promotion of the Internal Controller shall be by decision of the Director General of the Organization or his delegate. He can be transferred, seconded or dismissed only by decision of the Director General of the Organization or his delegate.

## **CHAPTER IV:**

### **Responsibilities and objectives of the Internal Controller**

#### **Article 5:**

The Internal Controller shall oversee the works of internal control and its executive methods. He shall be responsible for the good progress of work as well as for the effective execution of the required tasks in such a way that achieves the following objectives of the Organization:

- a. Protecting assets and property and ensuring absence of fraud and errors.
- b. Accuracy and exhaustiveness of financial data, abidance by the rules and compatibility of accounting books.
- c. Ensuring efficient and appropriate utilization of available resources and increase of productivity.
- d. Abidance by the binding regulations, instructions, policies and plans of the Organization in order to meet its objectives effectively and regularly in line with the regulations and instructions.

#### **Article 6:**

The Internal Controller shall draw up an annual plan for internal control to be adopted by the Director General of the Organization. The plan shall include his vision, general and detailed objectives, the time and place of control as well as any other details deemed relevant to the plan.

#### **Article 7:**

The Internal Controller may amend his annual internal control plan as and when he deems it necessary, subject to the prior approval of the Director General of the Organization.

#### **Article 8:**

The Internal Controller may make direct contact with the officials responsible for the various departments and sections of the Organization, may have access to all books, registers and documents, as well as any other instruments necessary for the exercise of internal control, and may request the necessary data and clarifications in this regard. All personnel of the Organization must cooperate fully with him and provide him with all such facilitations as to enable him to discharge his duties.

#### **Article 9:**

Without prejudice to the applicable training systems, the Internal Controller should participate in preparing a training plan for the personnel of the Organization and determine the venue and duration of their training for adoption by the Director General of the Organization, while observing that the training meets the needs of the Organization in terms of financial and control affairs.

## **CHAPTER V:**

### **Duties and competences of the Internal Controller**

#### **Article 10:**

Without prejudice to the other statutory forms of control, the Internal Controller shall be charged to reactivate the applicable internal control regulations and shall ensure their accuracy and the correctness of the adopted approaches, as well as their compatibility with the effective directions to protect the Organization's assets and enhance its performance. The Internal Controller shall particularly carry out the following:

- a) Implement the internal control regulations, ensure their accuracy and appropriate application, anticipate errors and propose the necessary ways and means for development such as to guarantee the protection of the Organization's assets and property against misappropriation, loss, abuse, etc.
- b) Ensure abidance by the rules, regulations, directions as well as financial and administrative measures in force at the Organization.
- c) Ensure that the Organization achieves its set objectives.
- d) Determine the abuses of the Organization's financial and human resources, and make proposals such that enable the Organization to address and avoid them in the future.
- e) Verify statutory disbursement and receipt vouchers concerning financial operations with the participation of the Department of Financial Affairs in order to verify their accuracy, validity and exhaustiveness.
- f) Verify accounting books used to ensure the validity and accuracy of restrictions as well as their compatibility with the accounting approach.
- g) Verify the work of the financial funds, examine their registers and documents, and participate in the statutory inventory works in order to ensure that the inventory exercise is carried out in conformity with the applicable rules and measures.
- h) Verify the work of warehouses in compliance with the statutory rules, control their registers and documents, as well as participate in inventory works in order to ensure that the inventory exercise and stocking methods are carried out in compliance with the applicable rules and measures.
- i) Participate in preparing closing account statements and financial reports prepared by the Department on finance issues in order to ensure their accuracy and compatibility with the applicable regulations, rules, directions and policies of the Organization.
- j) Participate in preparing the Organization's draft budget estimate.
- k) Perform the duties assigned to him by the Director General of the Organization in the areas of his competence as per the present rules.

#### **Article 11:**

The Internal Controller must notify the relevant departments directly of the results of the verification and control works as soon as they are finished, and must reach with them a way of ensuring the accurate and statutory implementation of the financial operations.

#### **Article 12:**

In the event that a department has a different view from that of the Internal Controller and that each one of the parties insists on their position, the matter shall be referred to the Director General of the Organization for direction. In case the latter does not agree with the views of the Internal Controller, he must inform the Financial Control Committee, provided that this does not affect the discharging of the required duty.

#### **Article 13:**

The Internal Controller shall submit at least a quarterly report to the Director General of the Organization illustrating the works of internal control carried out during the period covered by the report as well as the results reached and the measures adopted by the departments concerned. The Internal Controller must also participate in the study of, and reply to, the observations of the Financial Control Committee.

#### **Article 14:**

The Internal Controller shall submit an annual report to the Director General of the Organization 30 days before the end of the financial year. The report shall include the following:

- a . Statement of the internal control exercises.
- b . The key results of the internal control exercise, the obtained data and clarifications required by the various departments and sections, and the degree of abidance by the applicable rules and directions.
- c . Views on the development of the Organization's internal control systems.

d . Any important information, data or clarifications which the Internal Controller deems relevant to the report.

**CHAPTER VI:**

**The Internal Controller and the Financial Control Committee**

**Article 15:**

The Internal Controller should, in coordination with the department concerned at the Organization, regularly deal and cooperate with the Financial Control Committee in order to enable the latter to be acquainted with all reports and data necessary for its work, and should follow up the implementation of its observations by the departments concerned.

## **CHAPTER VII:**

### **Abidance by control's professional standards and ethics**

#### **Article 16:**

The Internal Controller shall enjoy autonomy in discharging his functions in accordance with the present rules and the IOFS Financial Regulations.

#### **Article 17:**

The Internal Controller must abide by the ethical conduct of the profession while mastering communication and cooperation with others at all occupational levels, in addition to integrity and impartiality. He must avoid the clash of interest and disclosing any information that may affect or weaken the objectivity of his performance, and must avoid controlling or verifying works in which he feels loss of his autonomy while discharging the required task.

#### **Article 18:**

The Internal Controller must be cautious in utilizing and protecting the information he obtains while discharging his duty. He must not utilize this information for any personal purpose or outside the requirements of work within or outside the Organization.

#### **Article 19:**

The Internal Controller must have sufficient knowledge of the regulations, rules, directions and circulars relevant to his work.