

Financial Framework of the International Anti-Corruption Academy

Regulation 1

Applicability and basic principles

1. These Regulations shall govern the financial administration of the International Anti-Corruption Academy, hereinafter referred to as the Academy.
2. The Academy's financial administration shall be based on the values and principles as set out in the *Agreement for the Establishment of the International Anti-Corruption Academy as an International Organization* and in the Academy's Guiding Principles, including the principles of accountability, legitimacy, transparency, efficiency, and economy.
3. The Academy takes on responsibility to support within its sphere of influence the promotion of anti-corruption policies. Therefore, these Regulations shall be interpreted in the light and context of well-established international standards, in particular those standards as set out in the United Nations Convention against Corruption and the Universal Declaration of Human Rights.
4. The Academy shall strive to conduct its financial administration with the aim of promoting the participation of representatives from different States and sectors in its various activities.

Regulation 2

Definitions

For the purpose of these Regulations:

- (a) "the Agreement" means the *Agreement for the Establishment of the International Anti-Corruption Academy as an International Organization*;
- (b) "the Assembly" means the Assembly of Parties of the Academy;
- (c) "the Board" means the Board of Governors of the Academy;
- (d) "the Dean" means the Dean of the Academy;
- (e) "Appropriations" means the aggregate of the expenditure authorizations approved by the Assembly for the regular budget of the Academy for a fiscal year against which expenditures may be incurred for purposes approved by the Assembly;
- (f) "Chapters" means major sub-divisions of the appropriations;



- (g) “Party/Parties” means the Party/Parties to the *Agreement for the Establishment of the International Anti-Corruption Academy as an International Organization*; and
- (h) “Volunteering Party/Parties” refers to Party/Parties, which decide to submit a candidature for the conduct of the Audit.

Regulation 3

Fiscal year

The financial period shall consist of one calendar year from 1 January to 31 December, and is hereinafter referred to as the fiscal year.

Regulation 4

Budget

1. For every fiscal year, the Dean shall prepare a budget proposal containing estimates of the income and expenditures, as well as a work programme proposal. At least 60 calendar days prior to the opening of the relevant session of the Assembly, the Dean shall submit the budget proposal and the work programme proposal to the Board for consideration. At least 30 calendar days prior to the opening of the relevant session of the Assembly, the Board shall submit the proposed budget and the proposed work programme together with its considerations thereon to the Assembly and the Dean. After consideration, the Assembly shall adopt the budget and the work programme for the following fiscal year with such changes as it deems necessary.
2. The budget proposal shall be expressed in Euros.
3. The proposed budget shall be classified under chapters and sub-chapters corresponding to the various types of activities or expenditure as necessary. A budget narrative shall set out, wherever possible, concrete objectives and expected results for the fiscal year. The proposed budget shall be accompanied by such information, annexes, and explanatory statements – e.g., on major changes in comparison with the budget of the previous financial year – as may be requested by the Assembly or the Board, or as may be considered necessary and useful by the Dean.
4. As the Academy still is in a phase of building up its capacities, special emphasis shall be given on the provision of a suitably well-funded general budget allocation.

Regulation 5

Appropriations

1. The appropriations adopted by the Assembly shall constitute an authorization for the Dean to incur obligations and make payments for the purposes of which the appropriations were adopted and up to the amounts adopted.
2. Appropriations shall be available for obligations during the fiscal year to which they relate.
3. Appropriations shall remain available for twelve months following the end of the fiscal year to which they relate to the extent that they are required to liquidate any outstanding legal obligations of the fiscal year.
4. The balance of the appropriations remaining unobligated at the close of the fiscal year shall form part of any surplus of the budget.
5. At the end of the twelve-month period provided in Regulation 5.3., the then remaining unspent balance of appropriations retained shall be treated as a surplus. Any obligations remaining a valid claim at that time shall be charged against current appropriations.
6. The Dean may make transfers within each appropriation chapter of the approved budget, as deemed necessary. The Dean may make transfers between appropriation chapters for any given fiscal year up to the limit of 20 (twenty) per cent of the total budget, when such transfers are necessary to ensure the proper implementation of the Academy's purpose and activities. All transfers between appropriation chapters exceeding 10 (ten) per cent shall be reported to the next meetings of the Board and the Assembly.
7. The Dean shall prudently manage the appropriations so as to ensure that expenditures can be met from funds available, keeping in view the actual income received including pledges, and the availability of cash balance.
8. The Dean is authorized to incur obligations and make payments which have not been included in the approved budget, provided that:
 - (a) such obligations and payments could not be foreseen at the time the budget was approved and that it is clearly undesirable to await approval by the next meetings of the Assembly, and
 - (b) the financial and other resources required to incur obligations and make payments are either available to the Academy or pledged by Parties or other donors.The Dean shall report such obligations and payments with an explanation thereof to the next meetings of the Board and the Assembly.
9. The Assembly may adopt a supplementary budget for the fiscal year. The Dean shall submit a supplementary budget proposal where he/she determines that circumstances unforeseen at the time the initial budget was adopted make it necessary. Such a supplementary budget shall be prepared and acted upon in a form and manner consistent with the regular budget for the fiscal year. However, no such proposal for a supplementary budget is required in respect of transfers made within the limits set in Regulation 5.6. and in respect of obligations incurred and payments made under the conditions set in Regulation 5.8. For purposes of disclosure to Parties, all such transfers and such obligations and payments shall, however, be reflected in a supplementary budget proposal, if and when this proposal is submitted by the Dean.

Regulation 6

Commitments against appropriations for future fiscal years

The Dean may enter into commitments against appropriations for future fiscal years, provided that such commitments:

- (a) are for activities which have been approved by the Assembly and are expected to continue beyond the end of the current fiscal year, or
- (b) are for activities for which the financial and other resources required are either available or pledged by Parties or other donors.

The Dean shall report such commitments against appropriations to the next meetings of the Board and the Assembly.

Regulation 7

Decisions involving expenditures

1. Before the adoption by the Board or the Assembly of any decision involving expenditure, the Dean shall submit a report on the administrative and financial implications of the proposed decision.

2. Where, in the opinion of the Dean, any proposed expenditure cannot be met within the Academy's resources it shall not be incurred unless additional resources are available or pledged.

Regulation 8

Financing of the Academy

The resources of the Academy comprise the following:

- (a) voluntary contributions made by the Parties;
- (b) voluntary contributions made by the private sector and other donors;
- (c) service revenue, including tuition fees, training workshop and technical assistance fees, sale of publications;
- (d) income accruing from such contributions, fees, revenue and other income including from trusts and endowments.

Regulation 9

Classification of income

1. The income of the Academy shall be internally classed as follows:

- (a) voluntary contributions,
- (b) service revenue, and
- (c) miscellaneous income.

2. Miscellaneous income shall be all other income except voluntary contributions and service revenue.



Regulation 10

Voluntary contributions

1. Voluntary contributions shall preferably include contributions to the general budget of the Academy.
2. Voluntary contributions, whether or not in cash, may be accepted by the Dean on behalf of the Academy provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Academy. In deciding on the acceptance of voluntary contributions, the Dean shall take into consideration the involvement of direct and indirect financial liability for the Academy.
3. The Dean shall report annually to the Board and the Assembly, all pledged as well as accepted voluntary contributions.

Regulation 11

Service revenue

The level of the fees and prices payable to the Academy for services and products is determined by the Dean. The Assembly can request the Dean to make presentations at Assembly meetings on the general method of determination of the level of fees and prices.

Regulation 12

Custody of funds

A. Internal accounts

1. There shall be established a General Fund for the purpose of accounting for the expenditures of the Academy.
2. Voluntary contributions, service revenue and miscellaneous income shall be credited to the General Fund, except income specified to contribute to special funds according to Regulation 12.3.
3. Special funds, including trust funds, may be established by the Dean, as may be necessary to ensure the transparent implementation of the Academy's activities, such as to enable appropriate accounting of activities which are financed by dedicated monies. The establishment of special funds is associated with additional costs. Therefore, to ensure cost-effective administration, the Dean may determine a minimum contribution level below which the establishment of a special fund is deemed unfeasible. The purpose and limits of each special fund shall be clearly defined by the Dean and shall be reported to the Assembly. Unless otherwise provided by the Assembly, such funds shall be administered in accordance with the present Regulations.
4. There shall be established an appropriate Reserve Fund for guaranteeing the continued operation of the Academy, in particular to cover losses, meet unforeseen liquidity shortfalls and meet unforeseen expenditures.

B. Banking

5. The Dean shall designate the bank or banks in which the funds of the Academy shall be kept. As a rule, the bank or banks shall be registered in the country where the Academy's seat is located and in the countries where, according to Article III paragraph 2 of the Agreement, the Academy's facilities are located. Only exceptionally and in well-justified cases may the bank be registered in other countries, excluding however countries that, according to the Organisation for Economic Co-operation and Development (OECD), either have not committed to the internationally agreed tax standard or have committed to the internationally agreed tax standard but have not yet substantially implemented it.

6. The Dean shall establish all official bank accounts required for the transaction of the Academy's business, and shall designate those staff members to whom signatory authority is delegated for the operation of those accounts.

7. Wherever possible, in order to avoid exchange rate losses and bank charges, payments to the Academy shall be made in Euros. In any case, the Academy shall strive to keep losses due to exchange rates and bank charges at an absolute minimum.

C. Investments

8. Investments shall only be made in accordance with investment criteria approved by the Board. Investment criteria approved by the Board shall:

- (a) place primary emphasis on a very high degree of security for the principal amount, while ensuring the liquidity necessary to meet the Academy's cash-flow requirements; and
- (b) avoid investments which constitute a significant risk that there may be a contribution to unethical acts or omissions, such as corruption and money-laundering.

9. According to the investment criteria approved by the Board, the Dean may make short-term and long-term investments. In any case, the Dean shall moderately and modestly exercise his/her power to make investments.

10. Short-term investments are investments with maturities of one year or less of monies not needed for immediate requirements. Long-term investments are investments with maturities of more than one year and may only be made with respect to monies standing to the credit of special funds and the Reserve Fund, except as may otherwise be provided by the appropriate authority in respect of each such fund and having regard to the particular requirements as to the liquidity of funds in each case.

11. The Dean shall report to the Assembly on any such investments and the applicable investment criteria approved by the Board.

12. Income from investments pertaining to special funds and the Reserve Fund shall be credited to the special fund or the Reserve Fund concerned.

Regulation 13

Procurement

1. Procurement functions include all actions necessary for the acquisition, by purchase, lease, or any appropriate means, of property, including products and real property, and of works and services. For the purposes of the present Regulations, procurement shall not be deemed to refer to the acquisition of services performed under an employment contract. The following general principles shall be given due consideration when exercising the procurement functions of the Academy:

- (a) fairness, integrity and transparency of procurement procedures;
- (b) effective competition;
- (c) best value for money;
- (d) supplier's compliance with anti-corruption and anti-money laundering standards; and
- (e) the best interest of the Academy.

Particular attention shall be paid to the effective prevention of corruption, fraud, and money-laundering during the procurement procedure through adhering to the principles of transparency, good management, accountability, control and the prevention of misconduct.

2. The Dean shall establish rules for the procurement of goods, works and services, including rules governing the invitation of tenders, and, upon request, shall report them to the Board and to the Assembly.

Regulation 14

Internal control

1. The Dean shall:

- (a) Establish detailed rules and procedures in order to ensure effective financial administration, the exercise of economy and efficiency and the prevention of corruption, fraud, and money-laundering;
- (b) Except where advance or progress payments are specifically provided for in the contract, as may be required by normal commercial practice and the interests of the Academy, bring about that all payments be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payment has not previously been made;
- (c) Designate the staff members who may receive money and supplies, incur obligations and make payments on behalf of the Academy;
- (d) Maintain internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:
 - (i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Academy;
 - (ii) the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Assembly or with the purposes and procedures relating to special funds and the Reserve Fund; and
 - (iii) the effective, efficient and economic use of the resources of the Academy.

2. Obligations shall not be incurred until appropriate authorizations have been made in writing under the authority of the Dean.

3. The Dean may make such *ex gratia* payments as he/she deems necessary in the interest of the Academy. For *ex gratia* payments exceeding 25,000 EUR, the Dean shall consult with the Chairperson of the Board in advance. A statement of such payments shall be submitted to the external auditor with the accounts.

Regulation 15

Accounting and reporting

1. The Dean shall maintain and safeguard against damage, destruction, unauthorized access and removal such accounting records as are necessary for financial reporting and for management purposes.
2. Appropriate separate accounts shall be maintained in respect of all special funds and the Reserve Fund.
3. The accounts of the Academy shall be presented in Euros.
4. The Dean may, after a full investigation, authorize the writing-off of losses of cash or other assets, provided that a statement of all such amounts written off shall be submitted to the external auditors with the annual financial statements.
5. A permanent inventory of the Academy's movable property assets shall be kept. The Dean shall determine the type and minimum value of movable property to be entered in the inventory. The sale of movable property shall be suitably advertised to ensure that it can be sold under optimum conditions.
6. The Dean shall prepare financial statements for each fiscal year, in compliance with International Public Sector Accounting Standards (IPSAS), and showing:
 - (a) the income and expenditure of all funds;
 - (b) the assets and liabilities of the Academy;
 - (c) a statement of voluntary contributions accepted; and
 - (d) such other information as may be appropriate to indicate the current financial position of the Academy.
7. The financial statements and any other relevant documentation for the conduct of the audit shall be submitted to the external auditors not later than 31 March following the end of the fiscal year to which they relate.
8. The Dean shall submit the audited financial statements for each fiscal year and the external auditors' report thereon as well as the comments of the Dean, if any, to the Board and, upon request, the Bureau of the Assembly at least 30 days before the opening of the Board's next meeting.
9. On the basis of the documents submitted in accordance with Regulation 15.8., the Board shall approve the audited financial statements.

Regulation 16

External audit

1. The Board shall appoint three external auditors from senior members of national Supreme Audit Institutions of volunteering Parties. Efforts shall be made so that the appointment of the external auditors takes into due account the principles of gender variety and geographical diversity.
2. The external auditors shall be appointed for a non-renewable period of three (auditing) years. At the very first appointment of the external auditors, one external auditor shall be appointed for one year only, and the second for two years only.

3. All external auditors shall act in their personal capacity, shall conduct their work in a most professional and objective manner, and shall neither seek nor receive instructions from any Party, any organ of the Academy or any external source.
4. External auditors who participate in the conduct of the Academy's audit shall not be eligible for employment by the Academy during the audit and for the next three years following the completion of their mandate. Likewise, persons who have been employed by or seconded to the Academy in whatever capacity, shall not be eligible as external auditors for a period of three years following the end of their employment or secondment, respectively.
5. All costs related to the performance of the external auditors' duties, including, but not limited to, travel expenses and daily subsistence allowance, shall be borne by the respective volunteering Party.
6. The audit shall be conducted in conformity with generally accepted common auditing standards and with the rules to be established by the Dean. In addition, the audit shall be conducted with the view to meet the highest standards of transparency, accountability and legitimacy.
7. The Dean or the Board may request the external auditors to perform specific examinations and issue separate reports on the results.
8. The external auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the fiscal year, which shall include such information as the external auditors deem necessary with regard to matters referred to in these Regulations and in the rules to be established by the Dean. The report of the external auditors shall be submitted to the Dean at the latest two months after the external auditors receive the financial statements from the Dean.

Regulation 17

Delegation of Authority

The Dean may delegate to other staff members (in well justified cases also to other persons) all powers the Dean considers necessary to ensure the correct implementation of these Regulations. However, these staff members/other persons must not delegate the powers conferred on them by the Dean.

Regulation 18

Final Provisions

1. The Dean may make rules in order to carry out the provisions of these Regulations. Such rules shall be drafted and interpreted in the same spirit as these Regulations, which means that they shall adhere to the same principles as laid down in Regulation 1.
2. In the event of any conflict between any provisions of these Regulations and the Agreement, the Agreement shall prevail. In the event of any conflict between these Regulations and rules to carry out the provisions of these Regulations, these Regulations shall prevail.
3. These Financial Regulations shall enter into force on 1 January 2013.