FINANCE COMMITTEE

Sixty-fourth Meeting

Geneva - 14 December, 1964

PROPOSED AMENDMENTS TO FINANCIAL RULES
AND INTERNAL FINANCIAL REGULATIONS
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AND INTERNAL FINANCIAL REGULATIONS

Proposals for amendments to the Finance Rules were submitted to the Finance Committee at their Sixty-first Meeting on 23 September, 1964 (CERN/FC/716). These included certain amendments involving matters of principle, others which were of substance but which did not raise important questions of principle, and those which were of a drafting nature.

The Finance Committee approved the principles involved in the proposals submitted, and invited a working party, consisting of France, Germany, the United Kingdom and CERN, to examine them in detail and prepare a final draft for consideration by the Council. The attached paper sets out the results of the Working Party's study. In addition to the proposals contained in the original paper, certain other minor changes were proposed by the Working Party.

In the case of Rule 4.1 and Article II.6, however, no agreement was reached by the Working Party as to a new text, though there was broad agreement as to principle. The United Kingdom subsequently submitted a revised proposal, but this contained an important new principal - that all capital projects estimated to cost more than three million Swiss francs should be specifically indicated in the budget or separately brought to the attention of the Finance Committee. The text now put forward in this paper is based upon the United Kingdom proposal, and has the support of the French and German Delegations. If such a system is considered desirable by the Finance Committee, its implications must be discussed, inter alia, with the Scientific Policy Committee.

A final text of all amendments, including a number of purely drafting changes, will be submitted to the Finance Committee and Council as soon as possible for formal approval.
<table>
<thead>
<tr>
<th>Old text</th>
<th>New text</th>
<th>Comments</th>
</tr>
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<tbody>
<tr>
<td><strong>Rule 3.3.2 and rule 3.3.3</strong>&lt;br&gt;3.2 an up-to-date estimate of the receipts and payments for the current year;&lt;br&gt;3.3 an explanation of increases or decreases in the estimates compared with the corresponding amounts approved in the current year’s budget;</td>
<td><strong>New text</strong>&lt;br&gt;3.2 an up-to-date estimate of income and expenditure for the current year together with an explanation of increases and decreases as compared with provisions;</td>
<td>Most of the rules of the Financial Protocol, of the Financial Rules and of the Internal Financial Regulations are worded “income and expenditure”. The constitution of provisions and the booking of receipts as soon as the debit is acknowledged justifies this interpretation. All other rules will be amended accordingly.</td>
</tr>
<tr>
<td><strong>Rule 3.3.4</strong></td>
<td><strong>Becomes Rule 3.3.3</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Rule 3.3.5</strong>&lt;br&gt;3.5 a statement of the capital investment programmes showing the instalments already completed and those remaining to be implemented in the budget year under review and in subsequent years.</td>
<td><strong>Rule 3.3.4</strong>&lt;br&gt;3.4 an up-to-date statement of capital investment projects considered important by the Finance Committee. This statement shall show the instalments already completed and those remaining to be implemented in the budget year under review and in subsequent years.</td>
<td>Up to now, only a statement of building programmes has been provided. The Finance Committee may wish to be kept informed about other investment projects.</td>
</tr>
<tr>
<td><strong>Rule 3.6</strong>&lt;br&gt;The Council shall approve an annual budget and decide on the income to be provided by contributions.</td>
<td><strong>The Council shall approve the annual budget and decide on the income to be provided by contributions from Member States.</strong></td>
<td>To take the supplementary programme into account.</td>
</tr>
</tbody>
</table>
The appropriations voted by the Council shall constitute an authorization to the Director-General to make payments corresponding to the appropriations voted and up to the amounts so voted. When commitments, as defined in the Internal Financial Regulations, do not mature for payment during the financial year in which provision has been made for their payment, the amounts involved may be transferred at the end of the year to a special account to meet those commitments as they mature. All other unused appropriations or parts of appropriations shall lapse at the end of the financial year. In no case shall a payment which should properly be made in the new financial year be charged to the account for the previous year.

When commitments, as defined in the Internal Financial Regulations, do not mature for payment during the financial year in which provision has been made for their payment, the necessary sum shall be transferred at the end of the year to a special account to meet those commitments as they mature. This account shall be operated as laid down in regulation II.6 of the Internal Financial Regulations. Exceptionally, unused provisions earmarked to meet liabilities incurred during the current financial year or when a programme for which provision has been made in the said financial year may, with the agreement of the Finance Committee, be carried forward to the next financial year. All other unused provisions or parts of provisions shall lapse at the end of the financial year.
Rule 5.2
The working balance shall be available only to meet any temporary shortage of funds caused by current expenditure temporarily exceeding the resources in hand from contributions of Member States and receipts from other sources. It shall not be available to meet payments in excess of the appropriation for the year.

Rule 6.1
There shall be established a General Fund for the purpose of accounting for the expenditure of the Organization.

Rule 6.2
Stores accounts shall be kept separately. Provisions for increasing total stocks shall be included in the budget of the Organization. If the authorized amount for the total stock can be reduced, the amount of this reduction shall be included in the income of the Organization. A surcharge on the unit prices may be charged to the user and credited to an account for losses on stores operation, which may be carried forward from one year to the other, in order to cover wastage, stock losses and miscellaneous stores expenses. This account shall appear in the balance sheet of the Organization and shall be duly justified. Any differences between the total value of stock and the amount authorized for the whole of the stock shall be transferred to the assets or liabilities side of the balance sheet.

Comments
It should be possible to use the working balance during the financial year to meet expenditure which is higher than expected, without having to release funds deposited at three months' notice at a higher rate of interest.

To take the supplementary programme into account.

Stocks were built up from 1954 to 1963. At the end of 1963 the total value was 6'730'000 francs. The stores accounts have been kept separately since 1960 and have been included in the annual accounts from 1960 to 1963. The stores are divided, at present, into three main groups: scientific materials, industrial materials and raw materials. It is normal that the value of stocks held by these main groups should vary during the year as a result of the programmes to be carried out, and the internal organization of the stores. For that reason, only the total value of the complete stock is taken into consideration. If it becomes necessary to increase the total amount of stock, budget provisions will be requested. If it is possible to reduce the total amount of stock, this reduction shall appear in the income of the Organization.
Differences in one way or another may arise at the end of the year between the value of the authorized stocks and the stocks according to the inventory, because certain orders were not fulfilled by the suppliers within the prescribed time limits or certain users had not drawn from stock the quantities originally requested. These differences, which should not exceed ± 10%, should not affect the authorized amount of stock nor the budget provisions and should appear as corrections on the assets or liabilities side of the balance sheet.

Finally, the management of large stocks involves inevitable losses, e.g. wastage of cables, sheet metals, unusable or out-of-date materials, differences between physical and theoretical inventories, additional stock-taking expenses, etc.; to make up for these losses, for which no appropriate provision is made in the budget, the price charged to the user can be increased by a compensatory surcharge and the additional amount thus obtained will be credited to a reserve account for stock losses. In principle this reserve should not exceed 5% of the total amount of stock once the stores have been reorganized and standardized. This account shall appear in the balance sheet and the amounts charged to it shall be supported by all necessary documents.

The word "financial" had been omitted from the English text. It was never intended to enter unconsumable items or buildings on the Balance Sheet and to write off amounts for depreciation. Entering these assets on the Balance Sheet would only make it more cumbersome. The cost of the buildings is shown in the financial statistics. The cost of unconsumable items of a research institute is so variable that it would call for an unwieldy and complicated accounting system.
Rule 10.1.2
1.2 causa an inventory of non-consumable items and buildings to be kept. The financial limit above which this provision shall apply shall be agreed between the Finance Committee and the Director-General.

Old text: Rule 10.1.2
New text: Rule 10.1.2

Old text: 1.2 causes an inventory of non-consumable items and buildings to be kept. The financial limit above which this provision shall apply shall be agreed between the Finance Committee and the Director-General.
New text: 1.2 cause an inventory to be kept. The items to which this provision shall apply are listed in Annex I to the Internal Financial Regulations.

Old text: Annex I of the Internal Regulations defines the non-consumable items which shall be listed in the inventory. A list of buildings exists for insurance purposes, but it cannot be properly called an inventory.
New text: Annex I of the Internal Regulations defines the non-consumable items which shall be listed in the inventory. A list of buildings exists for insurance purposes, but it cannot be properly called an inventory.

Old text: Rule 10.1.3
New text: Rule 10.1.3

Old text: Rule 10.1.3
New text: Rule 10.1.3

Old text: 1.3 keep a record of all consumable supplies purchased and issued.
New text: 1.3 have a record kept of receipts and issues of stocks by the stores.

Old text: The words "all consumable supplies" have too broad a meaning and might create administrative complications if applied too strictly. The intention was to limit these records to stock in stores.
New text: The words "all consumable supplies" have too broad a meaning and might create administrative complications if applied too strictly. The intention was to limit these records to stock in stores.

Old text: Rules 10.2.2 and 10.2.3 and Annex I, Articles 12 and 13
New text: Rules 10.2.2 and 10.2.3 and Annex I, Articles 12 and 13

Old text: For contracts estimated to exceed 100'000 Swiss francs in value ... Any proposal to place a contract of a value greater than 500'000 Swiss francs ...
New text: Replace 100'000 Swiss francs by 200'000 Swiss francs, and 500'000 Swiss francs by 750'000 Swiss francs.

Old text: The present amounts were fixed when CERN came into being and experience has shown that they should be increased. The following table gives the distribution of contracts concluded during recent years according to their value.
New text: The present amounts were fixed when CERN came into being and experience has shown that they should be increased. The following table gives the distribution of contracts concluded during recent years according to their value.

<table>
<thead>
<tr>
<th>Value</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 100'000 Swiss francs</td>
<td>139</td>
<td>38.6</td>
</tr>
<tr>
<td>100'000 - 200'000 &quot;</td>
<td>92</td>
<td>25.5</td>
</tr>
<tr>
<td>200'000 - 500'000 &quot;</td>
<td>70</td>
<td>19.5</td>
</tr>
<tr>
<td>500'000 - 750'000 &quot;</td>
<td>20</td>
<td>5.5</td>
</tr>
<tr>
<td>more than 750'000 &quot;</td>
<td>39</td>
<td>10.9</td>
</tr>
<tr>
<td>360</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Old text: The adoption of these new amounts would greatly lighten the work of the Organization, especially in the next stage of development.
New text: The adoption of these new amounts would greatly lighten the work of the Organization, especially in the next stage of development.
Rule 10.3 and Annex I, Article 15

Rule 10.3

The Director-General may, after enquiry and subject to review by the Council, authorize the writing off, up to a limit of 250 Swiss francs in any one case of losses of cash, stores and other assets occasioned by fraud, theft, arson or negligence. Where fraud, theft, arson or negligence is not proved, the limit of his powers shall be raised to 2'000 Swiss francs. Proposals to write off losses in excess of these amounts must be submitted to the Finance Committee for prior approval and a statement of these latter amounts shall be submitted to the auditors and to the Council with the annual accounts.

Annex I, Article 5

Approval of expenditure in excess of appropriations under the main budget headings of each division.

Approval of expenditure in excess of provisions under the main budget headings of each division as well as of provisions carried forward.

To agree with Rule 4.1 of the Financial Rules.

Annex I, Article 15

Approval to write off losses of cash, stores or other assets of a value greater than 250 Swiss francs per loss occasioned by fraud, theft, arson or negligence, or of a value greater than 2'000 Swiss francs where fraud, theft, arson or negligence is not proved.

Approval to write off losses of cash, stores or other assets of a value greater than 4'000 Swiss francs per loss.

To agree with Rule 10.3 above.

The present amounts were fixed in 1954 and it is proposed to increase to 4'000 Swiss francs the amount of losses that may be written off by the Director-General. It is also proposed to delete the phrase referring to the powers of the Director-General to write off losses due to theft, fraud, etc. It seems illogical to lower the limit in cases where the cause of the loss or theft is clearly established. The Director-General must, however, investigate all such losses, which may be further examined by the Council.
Rule 10.4

Subject to the prior approval of the Chairman of the Finance Committee, the Director-General may authorize, in exceptional circumstances, any lawful payment not exceeding 10'000 Swiss francs which is too urgent to allow of normal consultation of the Finance Committee. These payments may be made only strictly in the interests of the Organization and within the limits of the provisions approved by the Council. The circumstances of any exceptional operations carried out according to the above procedure must be reported to the next meeting of the Finance Committee.

Exceptionally, particular circumstances have made it necessary to make payments contrary to the Financial Rules or the Staff Rules. In such cases, the time available does not usually allow previous consultation with the Finance Committee. For this reason it seems desirable that the Director-General should have the power to act rapidly in urgent and particular cases.

Rule 13

The Director-General may give to educational and scientific research institutes and museums in Member States any scientific equipment which is of no further use to CERN and of no resale value. He shall subsequently notify the Finance Committee of any gift of equipment made pursuant to the provisions of the present rule.

Scientific equipment acquired or constructed by CERN for specific experiments may become useless to the Organization, and have no resale value, though it may be of use to scientific research and educational institutes for the training of students. In this event, it is desirable that the Director-General should have the power to donate such equipment.
INTERNAL FINANCIAL REGULATIONS

Old text

Regulations I.1
The Finance Officer will ... from data prepared by ... His Division is organized in ... the Personnel and Administrative Services, ... His Division is organized in four services: the Budget and Financial Services, the Accounting Service, and Insurance.

New text
Delete all words underlined.

Comments
This amendment takes into account the creation of the Personnel Division. It seems inappropriate to lay down the structure of the Division too rigidly. The Director-General should have the power to decide on its structure after consultation with the Finance Committee, when important financial principles are involved.

Regulation II.4
The Personnel and Administrative Services will calculate the appropriations ...

Personnel Division shall calculate the provisions ...

This amendment takes into account the creation of the Personnel Division.

Regulation II.6
At the end of the financial year, those unspent appropriations against which commitments have been made, will be carried over. They will serve to meet the related expenditure when it matures. Any surplus will be transferred to receipts; any excess of expenditure will be deducted from current appropriations. A "commitment", within the meaning of Rule 4.1 of Financial Rules, shall be any expenditure resulting from a contract or a statement of intent, as well as any expenditure arising from liabilities incurred during the current financial year or from the implementation of the programme planned for the said financial year, even if detailed specifications or a statement of account are not yet available in respect of such expenditure.

At the end of the financial year those unspent provisions against which commitments have been made shall be carried over into a special account to meet payments directly incurred in connection with these commitments. Any surplus of appropriations so carried over to this account above the payments made against it shall be transferred to income and used to reduce the contributions of the Member States. Should the payments required exceed the appropriations carried over into the special account, the excess shall be paid from current appropriations. A "commitment" within the meaning of Rule 4 of the Financial Rules shall be any expenditure resulting directly from a contract, a statement of intent or request for work scheduled to be carried

At CERN the accounts are divided into very many detailed sub-headings. Nearly 2'500 accounts have so far been opened in the Accounting Service and the budget contains 165 sub-headings. Provisions must therefore be made for each of these detailed accounts. Since the estimated expenditure often differs from the actual expenditure, it is justifiable to adjust these differences at the end of the year, as is also done during the year for the divisional sub-headings. The reserve account enables valid adjustments to be made; any surplus is transferred to income and any overspending is charged to the expenditure of the current financial year.

This amendment results from a proposal by the
### Old text
out during the current financial year; such commitments may be carried over though corresponding detailed specifications or a statement of account are not yet available in respect of the provisions proposed. Exceptionally, other provisions included in the current budget and for which the expenditure could not be effected before the end of the year may, providing they arise from liabilities incurred during the current financial year or from the implementation of the programme planned for the said financial year, and with the agreement of the Finance Committee, be carried forward to this next financial year.

### Regulation II.7
The Finance Division will ensure that all payments against appropriations carried forward were in fact for commitments incurred during the preceding year and that any balance in the account is transferred to receipts.

### Regulation III.10
Any commitment over one hundred Swiss francs must be in writing...

### Regulation III.10.5
... The Finance Division, after consultation with the other divisions and the Purchasing Office if necessary, will determine...

### New text
out during the current financial year; such commitments may be carried over though corresponding detailed specifications or a statement of account are not yet available in respect of the provisions proposed. Exceptionally, other provisions included in the current budget and for which the expenditure could not be effected before the end of the year may, providing they arise from liabilities incurred during the current financial year or from the implementation of the programme planned for the said financial year, and with the agreement of the Finance Committee, be carried forward to this next financial year.

### Regulation II.7
The Finance Division shall ensure that all payments against appropriations carried forward were in fact for commitments incurred during the preceding year and that any balance in the account is transferred to receipts.

### Regulation III.10
Any commitment over two hundred Swiss francs shall in principle be in writing...

### Regulation III.10.5
... The Finance Division shall, after consultation with the other divisions if necessary, determine...

### Comments
United Kingdom delegation that reserves should be created only in respect of commitments arising directly from contracts. Reserves should not be created in respect of any other provision made for liabilities incurred during the current financial year or the implementation of the programme of that year. It is proposed that, if necessary, such provisions should be carried forward to the following financial year, with the agreement of the Finance Committee.

To agree with Article IIb above.

The amount of 100 Swiss francs fixed in 1954 is now insufficient. In certain cases it is not possible to make a commitment in writing.

In order to take into account the new structure approved by the Council.
<table>
<thead>
<tr>
<th>Old text</th>
<th>New text</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regulation III.12</strong>&lt;br&gt;The Finance Division will keep a special ledger of commitments against which payments will be credited when made.</td>
<td><strong>The Finance Division shall keep a record of commitments entered into and the corresponding payments.</strong></td>
<td>The new accounting system avoids the use of ledger cards. The Division should use the best possible methods for keeping records.</td>
</tr>
<tr>
<td><strong>Regulation III.14</strong>&lt;br&gt;All payments to be made to staff must be authorized by the Personnel and Administrative Services ...</td>
<td><strong>All payments to be made to staff must be authorized by the Personnel Division ...</strong></td>
<td>In order to take into account the creation of the Personnel Division.</td>
</tr>
<tr>
<td><strong>Regulation III.17</strong>&lt;br&gt;The Finance Officer will maintain close contact with the Purchasing Officer on all contractual matters.</td>
<td><strong>To be deleted.</strong></td>
<td>In order to take into account the new structure approved by the Council.</td>
</tr>
<tr>
<td><strong>Regulation IV.20</strong>&lt;br&gt;The Finance Division will submit a copy of the invoice to a duly authorized officer of the Division concerned who will sign it and return it to the Finance Division, certifying that:</td>
<td><strong>The Finance Division shall submit a copy of the invoice to a duly authorized officer of the Division concerned who shall sign it and return it to the Finance Division, meaning thereby that:</strong></td>
<td>Certification generally requires an appropriate text, whereas in practice a rubber stamp is affixed to each invoice for signature by the responsible persons. This signature means that the appropriate checks have been carried out.</td>
</tr>
<tr>
<td><strong>Regulation IV.21</strong>&lt;br&gt;If the Internal Audit Service is satisfied that the invoice, claim or allowance form has been duly checked, it will sign it and authorize payment. In addition, this Service will carry out any checking which appears necessary or advisable.</td>
<td><strong>The Internal Audit Service shall carry out such checks as appear necessary or advisable.</strong></td>
<td>It is no longer possible for the Internal Audit Service to authorize all payments. A central invoice office checks each payment and the Internal Audit Service makes further spot checks.</td>
</tr>
<tr>
<td>Old text</td>
<td>New text</td>
<td>Comments</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Regulation V.23</strong></td>
<td>No payments will be made:</td>
<td>See Regulation IV.21.</td>
</tr>
<tr>
<td>- ...</td>
<td>No payments shall be made:</td>
<td></td>
</tr>
<tr>
<td>- without clearance by the Internal Audit Service;</td>
<td>- ... without clearance by the Control Services;</td>
<td></td>
</tr>
<tr>
<td><strong>Regulation V.25</strong></td>
<td>... by the Personnel and Administrative Services.</td>
<td></td>
</tr>
<tr>
<td>(last sentence)</td>
<td>... by the Personnel Division.</td>
<td></td>
</tr>
<tr>
<td>Contributions to the Insurance Scheme are transferred immediately after pay-day.</td>
<td>Contributions to the Staff Insurance Scheme shall be transferred immediately after the pay-days.</td>
<td>In order to take into account the creation of the Personnel Division.</td>
</tr>
<tr>
<td><strong>Regulation V.27.1</strong></td>
<td>27.1 that the advanced funds do not exceed the requirements of one month and a half, and that they are exclusively used for the purposes intended by the Finance Division;</td>
<td>The number of staff now makes it essential to spread the payment of salaries over three days.</td>
</tr>
<tr>
<td>27.1 that the funds advanced do not exceed the requirements for one month and a half, and that they are exclusively used for the purposes authorized by the Finance Division;</td>
<td>27.1 that the funds advanced do not exceed the requirements for one month and a half, and that they are exclusively used for the purposes authorized by the Finance Division;</td>
<td>The term &quot;intended&quot; used in the text is not correct; it will be replaced by &quot;authorized&quot;.</td>
</tr>
<tr>
<td><strong>Regulation VI.30</strong></td>
<td>Divisions will inform the Finance Division of any amounts due to CERN, and these will be booked as soon as the credit arises.</td>
<td></td>
</tr>
<tr>
<td>Divisions shall inform the Finance Division of any amounts due to CERN, and these shall, in principle, be booked as soon as the debt is acknowledged.</td>
<td>Divisions shall inform the Finance Division of any amounts due to CERN, and these shall, in principle, be booked as soon as the debt is acknowledged.</td>
<td>It may happen that an amount owing to CERN cannot be booked when it becomes due, especially in the case of certain taxes where the amount is not known. It would in such a case, therefore, be booked on receipt.</td>
</tr>
<tr>
<td><strong>Regulation VI.31</strong></td>
<td>... It will also see to the recovery of all expenditure incurred by the Organization on behalf of individual staff members and decide what accounting system is required in this respect.</td>
<td>The Organization makes our numerous invoices for work done on behalf of visiting teams, universities or suppliers, as well as for material drawn from CERN stores.</td>
</tr>
<tr>
<td>... It shall also see to the recovery of all expenditure incurred by the Organization on behalf of individual staff members or third parties and decide what accounting system is required in this respect.</td>
<td></td>
<td></td>
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</tbody>
</table>
ANNEX I

Annex I.2.2
Each article will be identified according to a system to be approved by the Finance Division.

The system for maintaining inventories and identifying items shall be approved by the Finance Division.

Reorganization will enable us to adopt a more practical system.

Annex I.2.3
The inventory cards ..., return it to the Finance Division.

To be deleted.

Article 2.2 already provides that the Finance Division must approve the system for identifying items.

Annex I.3.1
... of a value of less than 2'000 francs ...

... of a value of less than 4'000 Swiss francs ...

In order to take into account the rise in prices.

Annex I.3.2
... the division should inform the Purchasing Office and the Finance Division as soon as possible ...

... the division shall inform the Finance Division as soon as possible ...

In order to take into account the new structure approved by the Council.

Annex I.4

Permanent transfers
The permanent transfer of an inventory item from one division to another will be effected by means of a transfer notice. The original inventory card will remain with the original owner in a separate file. The recipient will open a new card bearing the same annotations, but carrying a new code number. Any permanent transfer to items outside the Organization must be approved by the Director-General.

Any other modification (loss or theft) should be communicated to the Finance Officer without delay for consideration by the Director-General and submission to the Finance Committee if the Financial Rules so require.

Loans or losses
Proposals for loans for a given period outside CERN shall be submitted to the Director-General for approval. Any other modification in the inventory resulting from loss or theft shall be communicated to the Finance Division without delay for consideration by the Director-General and submission to the Finance Committee if the Financial Rules so require.

Transfers from one division to another will be settled as provided in Article 2.2. Permanent transfers outside CERN would mean that the articles are more or less definitely handed over. In actual practice it may happen that the Organization lends material for a given period (generally from 1 to 12 months) to universities or institutes that have had teams working at CERN. The remainder of the article contains only drafting amendments.
Annex I.7

The Finance Division shall check the inventory at least once a year.

This report may be sent to the auditors.

The Finance Division shall make appropriate inventory checks.

This report may be shown to the auditors.

ANNEX II

Annex II.1

Since the responsible officers in the Finance Division and the Purchasing Office need ...

(last sentence)

It will also be necessary to indicate whether the signature rights are pertinent to the function of grade or are held by delegation of powers.

Since the responsible officers in the Finance Division need ...

To be deleted.

In order to take into account the new structure approved by the Council.

The right to sign is generally given by delegation of powers. This provision calls for too frequent changes in the signature cards.

Annex II.5

After consultation with the Division Leaders concerned, ...

1) one hundred thousand Swiss francs ...

2) five hundred thousand Swiss francs ...

After consultation with the Division Leaders concerned, ...

1) two hundred thousand Swiss francs ... 

2) 750,000 Swiss francs ...

Financial Rule 10.2.3 (and 10.2.2 to which no reference is made) do not apply to the allocation of contracts mentioned in this article. Since the amounts fixed correspond to those laid down in Financial Rules 10.7.2 and 10.2.3, see the comments therein.
Old text

Annex II.6

(Other than CERN Purchase Orders)

In accordance with Financial Rule 10.2.3 and after consultation with the Division Leaders concerned, the Directorate Member for Administration is authorized to sign all contracts up to five hundred thousand Swiss francs. He will decide whether any such contracts should be signed by the Director-General; he may delegate his authority to sign to Division Leaders, to their Deputies, to the Purchasing Officer and his Deputy.

New text

To be deleted.

The Directorate Member for Administration shall be authorized, subject to the provisions of Financial Rules 10.2.2 and 10.2.3, and after consultation with the Division Leaders concerned, to sign all contracts. He may delegate his authority in this respect to Division Leaders, or their Deputies, and to the Purchasing Officer or his Deputy. A second signature shall be necessary for contracts or purchasing orders exceeding 100,000 francs, or less if the Director-General so requires. The second signature shall be that of the Finance Officer, the Purchasing Officer or their Deputies or, when considered necessary by the Directorate Member for Administration, that of the Director-General.

Comment:

This amendment makes a series of changes:

a) It makes clear who should sign contracts approved by the Finance Committee under the terms of Financial Rules 10.2.2 and 10.2.3. The present text is not clear in this respect.

b) The present text does not refer to Financial Rule 10.2.2

c) It provides for two signatures to be placed on contracts or purchasing orders amounting to over 100,000 francs, in accordance with general practice. The Director-General may decide to lower this limit if he considers it necessary.

d) It clarifies and makes more logical the wording of this regulation.

Annex II.7

In principle, preliminary inquiries, invitations to tender and all purchasing should be done by the Purchasing Office. Such action should be based on requisition of an appropriately authorized purchasing requisition from the division concerned.

In principle, invitations to tender shall be issued and all purchases shall be made by the Purchasing Office or under its control. Such action should be based on an appropriately authorized purchasing requisition from the division concerned.

Most preliminary inquiries are carried out by specialists in the divisions. In some cases the Purchasing Office authorize representatives of the divisions concerned to negotiate certain clauses in connection with contracts, but all the contracts are drawn up by the Purchasing Office.

To agree with the proposed amendment to Regulation III.10 of the Internal Financial Regulations.
Annex II.7 - Continued

They will sign the receipted bills under the authority they hold either as individuals or by virtue of their office.

(fourth paragraph)

For all other purchases, ... over this value.

Division Leaders shall authorize section leaders to sign requisition forms for over this value.

B. ...

Division Leader or his deputy.

Annex II.8

In order to assure the Swiss Customs Office ...

In order to assure customs offices ...

Annex II.10

Letters of appointment

Letters of appointment and amendments thereto shall be signed as follows:

For grade 14 and all Division Leaders:

by the Director-General;

For grade 13, except for Division Leaders:

by the Director, Mr. Clerk for Administration;

For other grades (including routine amendments for all staff):

by the Divisional Office r.