



Regional Centre for  
Mapping of Resources  
for Development

# FINANCIAL RULES AND REGULATIONS

*(REF RCMRD-FRR/ 02)*

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YEAR 2019

Approved by the Governing Council, 2019<sup>©</sup>

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### Applicability

1.1 These financial regulations shall govern the administration of the finances of the Regional Centre for Mapping of Resources for Development, Nairobi, Kenya, as may be amended by the Governing Council from time to time.

### Definitions

12 For the purpose of these financial rules and regulations:

- (a) “The Centre” shall mean the Regional Centre for Mapping of Resources for Development.
- (b) “The Governing Council” shall mean the Governing Council of the Regional Centre for Mapping of Resources for Development.
- (c) “The Chairperson” shall mean the Chairperson of the Governing Council or that of any other Committee duly authorized to act on behalf of the Council.
- (d) “The Director-General” shall mean the Director-General of the Centre.
- (e) “The Department” shall mean any of the department approved by the Council as an integral part of the Centre’s organization structure.
- (f) “The Head of Department” or “Director” shall mean the technical and administrative Head of a department.
- (g) “The Head of the Finance Division” shall mean the most senior member of the department responsible for finance services in the Centre.

## ARTICLE II: THE BUDGET CYCLE

2.1 The Budget Cycle of the Centre shall consist of one calendar year, i.e. 1<sup>st</sup> January to 31<sup>st</sup> December of every year.

### **Budget preparation**

- 3.1 The proposed program budget shall be prepared by the Centre and presented by the Director-General to the Governing Council for approval.
- 3.2 The program budget shall include details of the activities/projects to be undertaken within the Budget Cycle, as well as income and expenditure estimates (in United States dollars) for the same period.

### **Budget estimates**

- 3.3 The proposed program budget, both for income and expenditures shall be prepared on a gross basis in such form as the Centre may prescribe from time to time.
- 3.4 Heads of Departments shall submit program budget proposals for their Departments for the next Budget Cycle to the Finance Division in such details and at such times and through such channels as may be indicated in the latest Budget Circular from the Finance Division.
- 3.5 The estimates in respect of the Centre's operational costs shall be prepared by the Finance Division after due consultation with the various Departments and Units.
- 3.6 On the basis of program budget proposals from the Departments, the Head of the Finance Division shall prepare a draft budget which shall be considered by the Management Committee comprising of Heads of Departments and under the Chairpersonship of the Director- General.
- 3.7 The proposed budget shall be presented to the Governing Council by the Director General for approval.

## **Format of the Draft Program Budget**

- 3.8 The draft program budget shall be divided into Titles, Sections, and Sub-Sections, and shall be accompanied by such information, annexes and explanatory statements as may be required by the Governing Council, as well as supplementary annexes as the Director-General may deem necessary and useful.
- 3.9 The draft program budget shall be accompanied by:
- (a) A detailed statement of the estimated expenditure envisaged under each program and sub-programs.
  - (b) A statement of the estimated income shall be presented under the appropriation headings.
  - (c) An explanatory statement shall be presented for new income sources and expenditure items, or for expansions in existing activities.
- 3.10 The Director-General shall, at least, two (2) weeks before the meeting of the Governing Council at which the draft program budget for the coming Budget Cycle is to be discussed, submit the draft to the Chairperson of the Governing Council and dispatch copies to all member States.
- 3.11 The Governing Council shall consider and approve the program budget for the next financial period. The Director-General shall arrange for the publication of the approved program budget and for distribution to member States.

## **Unforeseen and Extra-ordinary Expenses**

- 3.12 Authorization to incur commitments relating to unforeseen and extra-ordinary expenses shall be issued by the Director-General or by such other official as may be specifically designated by the Director-General for such a purpose.
- 3.13 The Director-General shall be obliged to inform the member States of commitments incurred in respect of unforeseen and extra-ordinary expenditures for the current financial year.

3.14 The financial regulations relating to the administration of operations under the budget appropriations shall be deemed to govern, to the extent applicable, commitments authorized and credits made available, under the Director-General's decision relating to unforeseen and extra-ordinary expenses.

### **Supplementary Program Budget Proposals for the current Financial Period**

3.15 Supplementary program budget proposals may be approved by the Director-General. They must, however, conform to the approved program budget format.

3.16 The Heads of Departments shall furnish the Head of the Finance Division with such detailed justification in respect of the supplementary program budget proposals as he may require.

3.17 Supplementary program budget proposals in respect of the current Budget Cycle shall be submitted to the Director General for approval with the detailed justification.

3.18 The Director General shall report such supplementary budgets to the Governing Councils during their meetings.

## **ARTICLE IV: APPROPRIATIONS**

4.1 Appropriation is the act of funding restricted expenditure to specific purposes within a specified time frame. It represents the prescribed limit on spending within a specified period.

4.2 The appropriations voted by the Governing Council shall constitute an authorization to the Centre to incur obligations and make payments for the purposes for which the appropriations were approved, and up to the amounts so approved.

4.3 Appropriations shall be available for obligation during the financial year to which they relate.

- 43 The appropriations shall remain available for 12 months following the end of the Budget Cycle to which they relate in so far as they are required to discharge obligations in respect of goods supplied and services rendered during the Budget Cycle, and for settlement of any other legal obligations falling due within, or outstanding against, the Budget Cycle.
- 44 Any un-liquidated obligations of the Budget Cycle in question shall be transferred as an obligation against current appropriations.

### **Obligations**

- 45 An outstanding legal obligation is to be based on a contract, a purchase order, an agreement or any other form of undertaking by the Centre to liquidate a liability. No obligation is valid unless it is duly supported by an appropriate and genuine obligating document.
- 46 No transfer between appropriations may be made without the express authorization of the Director General and report to the Governing Council at the end of the financial year.

## **ARTICLE V: PROVISION OF FUNDS**

- 5.1 Subject to the addition from other sources of income in accordance with the provisions of Article VII, the appropriations shall be financed by contributions from member States according to the scale of assessments determined by the Governing Council.

### **Assessments**

- 5.2 Assessment of member States' contributions shall be made in accordance with the scales established by the United Nations (e.g. arithmetic average of results obtained using national income data/GNI of member States for base 5 years) and adopted by the Governing Council.

- 5.3 Not later than 45 days after the Governing Council has adopted or revised the program budget, the Director-General shall:
- (a) Request member States to remit their contributions and settle outstanding obligations (the US dollar equivalents of the obligations shall also be communicated with the request for action) and
  - (b) Endorse copies of correspondence on member States' contributions to the Chairperson and the members of the Governing Council for follow-up purposes.
- 5.4 Contributions shall be considered as payable in full within thirty days of the receipt from the Director-General of an invoice for the amounts due. up
- 5.5 Annual contributions shall be assessed in US\$ and paid in that currency and other approved currencies, provided that:
- (a) Such other currencies are required by the Centre;
  - (b) Such other currencies representing freely transferable funds (i) which are readily usable within the country whose currency is accepted and (ii) which do not require further negotiation in regard to exchange or other regulations or controls with either the country whose currency is accepted or with the paying country, if different;
  - (c) The dollar equivalent of the contributions paid in currencies other than the United States dollars is calculated at the most favorable rate of exchange effective on the date of payment and available to the Centre (normally the market buying rate);
  - (d) If at any time during the year following the date of payment of an assessed contribution, which contribution was accepted in a currency other than the US dollar, the member State so paying shall be required to make an additional payment to cover the exchange variation for such



balance of the contribution to cover the loss arising from exchange variation unless such additional payment is waived by a decision of the Governing Council for good and sufficient reason;

- (e) In cases where the Centre operates offshore local bank accounts in member States which are not classified as external bank accounts which allow externalization of funds without further negotiations, payment of contributions into such accounts shall not be considered and/or acknowledged as payment of contributions in settlement of the obligations of the member States concerned.

5.6 Payment of annual contributions by member States in excess of the annual assessment agreed to by the Governing Council will only be considered whenever the Council approves a major program of work to be undertaken either in the host country or other countries, and the implementation of such a program would justify the measure.

5.7 The Director-General shall submit at each meeting of the Governing Council progress reports on the payment of member States contributions and the settlement of outstanding obligations.

### **Contributions from new member States**

5.8 New member States shall be exempted from the obligation to pay contributions during the first year of their accession to the Agreement establishing the Centre.

### **Member States debt management guidelines**

5.9 Any contracting Party which without the dispensation of the Governing Council, falls in arrears of its financial contributions to the Centre for the preceding two years and above shall:

- (a) Be barred from voting at the meeting of the Technical Committee and the Governing Council;
- (b) Be barred from presenting candidates for managerial positions at the Directorate of the Centre;

- (c) Be barred from provision of services which include trainings and other related services; and
- (d) Where the Centre secures bank overdraft to cover for such non contribution be liable to pay interest accruing on such overdrafts.

## ARTICLE VI: FUNDS

### Capital Development Fund

- 6.1 There shall be established a Capital Development Fund. Its primary objective shall be the mobilization of resources for infrastructure development and for other activities of a developmental nature determined from time to time by the Governing Council. The Fund shall rely on the following sources of income, among others: contributions and grants from member States, grants from governments and private sector organizations, internally generated incomes from trainings to member States and non-member States, interest on bank deposits, investment income, and savings on budget appropriations (if any).
- 6.2 Withdrawals from the Capital Development Fund shall not be made unless for the purposes and within the terms and conditions prescribed by the Governing Council, and only on the basis of a written authorization signed by the Chairperson of the Governing Council.
- 6.3 Income derived from the investment of the Capital Development Fund shall be credited to the Fund.

### Trust Funds and Reserve Accounts

- 6.4 Trust Funds and reserve accounts may, in respect of specific activities entrusted to the Centre, be established by the Governing Council. Such Funds shall be outside the framework of program budget appropriations but shall be managed along the same principle of accountability.

- 65 Monies accepted for purposes specified by the donor(s) shall be treated as trust funds and accounted for in the manner prescribed by the donor(s).
- 66 The purpose and limits of each trust fund and reserve account shall be clearly defined by the Governing Council and the donor(s).
- 67 Unless otherwise provided for by the Governing Council and/or by the donors, such funds and accounts shall be administered in accordance with the provisions of these regulations.
- 68 Improper handling of trust funds and reserve accounts shall be treated as gross misconduct, and shall be met with the severest penalties.

## **ARTICLE VII: INCOME FROM SALE OF GOODS AND SERVICES**

- 7.1 The Centre is authorized to fix and raise charges for outputs produced and services which outputs and services meet the demands of member States, non- member States, private investors, and other clients. This is in accordance with the decision of the Governing Council to make the Centre increasingly self-reliant, and through income-generating activities, lighten the financial burden on member States.
- 7.2 When the Centre renders services to signatory and non-signatory member States, or to private business enterprises, a mark-up of 17 per cent of the direct and identifiable contract costs shall be levied and deposited in the approved bank account.
- 7.3 Income from workshops, consultancy and engineering services shall be deposited into a designated account immediately upon receipt of payment. The receipts shall be documented in line with proper accounting practice.

## **ARTICLE VIII: MISCELLANEOUS EARNINGS**

- 8.1 Miscellaneous earnings shall include the following:

- (a) Proceeds from rental of property, or recovery of loans;
- (b) Refunds of expenditure of previous Budget Cycles;
- (c) Voluntary contributions, gifts, or donations.

8.2 For the avoidance of doubt, the following shall not be regarded as miscellaneous income:

- (a) Contributions to the program budget;
- (b) Direct refunds of expenditures made during the Budget Cycle;
- (c) Revenue earned from the sale of goods and services and the execution of projects;
- (d) Contributions, grants and/or donations to the Capital Development Fund.

### **Proceeds from rental of property**

8.3 Proceeds from the rental of the Centre's or other services rendered shall be credited to miscellaneous income.

### **Refunds of expenditure**

8.4 Refunds of expenditure which had been charged in the same financial year against the budgetary accounts may be credited to the same accounts, but refunds of expenditure of previous financial years shall be credited to miscellaneous income.

### **Voluntary contributions, gifts or donations**

8.5 Voluntary contributions to the Centre or to staff members, whether in cash or in kind, may be accepted by the Centre, provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Centre, and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Centre require the consent of the Director General.

8.6 Monies or goods accepted in respect of which no purpose is specified shall be treated as miscellaneous income and recorded as "donations" in the accounts of the Budget Cycle.

- 8.7 As provided for under the Staff Rules and Regulations, gifts and donations to staff members shall be promptly reported to the Centre, and recorded as “donations” in the account of the Budget Cycle. Official receipts shall be issued to the donors and the donations shall be formally taken on charge.

## **ARTICLE IX: CUSTODY OF FUNDS**

- 91 The Governing Council shall designate the bank or banks in which the funds of the Centre shall be kept.

### **92 Bank Accounts**

- (a) The Director General shall approve such official bank accounts as may be required for the transaction of the Centre’s business as well as signatories to the accounts. The Director General shall report such accounts during the Governing Council meeting.
- (b) Two signatories approved by the Director General shall be required on all cheques and all withdrawal instructions. The principal signatory shall always be the Director General.
- (c) The Head of the Centre’s Finance Division shall demand monthly bank statements for reconciliation purposes. The statements shall be accompanied by withdrawal and deposit instructions, and debit and credit advices.
- (d) In the case of bank accounts maintained in member States, the signatories shall be all the Directors of the Centre.

### **93 Receipt of monies**

- (a) An official receipt shall be issued for all monies received;
- (b) Only the officials duly designated by the Head of the Finance Division shall be authorized to receive monies and to issue receipts for such monies. In cases where officials other than those authorized to issue official receipts receive monies on behalf of the Centre, these officials shall immediately transmit such monies in full to the Head of the Finance Division or to the official that is duly authorized to issue an official receipt;

- (c) Receipts shall be recorded in the accounts on the date the remittance is received.
- (d) It shall be the responsibility of the Head of the Finance Division to ensure *at the end of each day* there is a reconciliation of monies collected with the records appearing in the books of accounts and with the information on counterfoils of official receipts.

#### **94 Deposit of receipts**

- (a) All monies received shall be deposited in full in an approved bank account not later than the business day following the date of receipt. However, monies that require the approval of the Central Bank before they are deposited in the Centre's account shall, in the first instance, be kept in an official safe installed at the Centre, and deposited in the Centre's bank account on the same day that the Central Bank's approval is received.
- (b) All other monies not deposited in an official bank account shall be kept in an official safe installed within the Centre's premises. Transfers of such monies to unauthorized destinations shall be deemed as gross misconduct.

#### **95 Cash advances**

- (a) The Head of the Finance Division may, subject to the approval of the Director-General, pay transport and other cash advances as may be permitted under the Staff Rules;
- (b) Transport and cash advances shall be refundable within one week of the staff member's return to the Centre from the official travel.

#### **96 Approval of obligations and payments**

- (a) Only those officials designated by the Director-General as certifying officers may, on his behalf, certify obligations for approval and recording in the accounts.

- (b) All invoices must be approved for payment by the Director General. Payments shall only be made on the basis of duly certified supporting vouchers and other documents which indicate that the goods or services have been received and taken on charge in the stores, in accordance with the documents establishing the obligation.
- (c) A certifying officer must verify that payment had not previously been made, and that the supporting documents do not have irregularities on their face which indicate that the payment demanded is not properly due. On no account shall a payment be certified if the certifying officer has doubts about the authenticity of the claims, or of the supporting documents, or has in his possession any other information contradicting the claims and/or the supporting documents.

### **Disbursement of funds**

- 97 All disbursements shall be made by Electronic Funds Transfer, cheques and mobile banking transfers where possible. In exceptional circumstances, the Director-General may authorize cash disbursements.

### **Receipts**

- 98 Except where a paid cheque is returned by the bank and can thus serve as a receipt, all monies paid out by the Centre shall be supported by the payees' receipts, duly signed and dated where possible.

## **ARTICLE X: INVESTMENT OF FUNDS**

- 10.1 The Governing Council may authorize investment of funds that are not required for immediate use in the Centre.
- 10.2 Income derived from investments shall be credited as provided for in the rules relating to each fund or account.

### **Custody of investment**

103 All securities shall be deposited either in the custody of duly appointed bankers or in safe deposit vaults maintained by a recognized financial institution and designated by the Governing Council for the purpose. As an alternative, the securities may be deposited in the Centre's safes under the direct control of the Director-General.

### **Investment Ledger**

104 Investments shall be registered in an investment ledger to be kept by the Head of the Finance Division. The ledger shall contain details of each investment, including the face value, cost, date of maturity, place of deposit, proceeds of sale, and income earned.

### **Loss of cash or negotiable instruments**

- 105
- (a) Any loss of cash or negotiable instrument must be immediately brought to the attention of the Director-General who shall promptly order an investigation, and, if necessary, enlist the assistance of the local police.
  - (b) Except in so far as it may be deemed consistent with the promotion of the Centre's interest or good image, no amount due to the Centre may be waived without the authorization of the Governing Council.
  - (c) Where an amount due to the Centre has been waived by the Chairperson of the Governing Council, he/she shall submit a report to the Governing Council indicating the defaulting persons or organizations, the amount involved, and the rationale for the waiver.

## **ARTICLE XI: INTERNAL CONTROL**

11.1 The Director-General shall:

- (a) ensure the application and enforcement of these financial regulations;
- (b) establish detailed financial rules and procedures to ensure effective financial administration, and prudent allocation of resources;
- (c) install a computerized information system designed to ensure *on-line* tracking of, among other things, financial transactions, cash flow



- projections, movement of funds, patterns in resource allocation and use, and the overall state of the Centre's funds and accounts;
- (d) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made;
  - (e) designate the officers authorized to receive monies, to incur obligations and to make payments in the name of the Centre, and to monitor the state of the Centre's funds and the operation of the accounts;
  - (f) maintain an internal financial control which shall provide for an effective and constant examination and monitoring of financial operations, bearing in mind the need for:
    - (i) the regularity of the receipts, custody and disposal of all funds and other financial resources of the Centre;
    - (ii) the conformity of obligations and expenditures with the appropriations and with other financial provisions voted by the Governing Council, as well as with the regulations governing special funds and accounts;
    - (iii) the economic and prudent use of the Centre's resources.

11.2 No obligations shall be incurred until allotments or other appropriate authorizations have been issued in writing by the Director-General.

### **Administration of budget appropriations**

11.3 The Head of the Finance Division is responsible to the Director-General for ensuring that the budget appropriations are not exceeded, and that they are utilized only for the purposes approved by the Governing Council. He is also responsible for keeping the accounts of the Centre up-to-date, ensuring the security of documents, ensuring compliance of transactions with the rules and regulations, and advising on the investment of funds.

### **Control of expenditure**

11.4 (a) It is the duty of the Head of the Finance Division to submit to the Director-General vouchers with supporting documents for expenditures and obligations.

- (b) No transfers between allotments may be made except on the authority of the Director General.

### **Funds reserved for the settlement of expenses**

- 11.5
- (a) No contract, agreement or undertaking of any nature, for an amount exceeding US\$100.00 shall be entered into until credits have been reserved in the accounts, through the recording of an obligation, to meet any expenditure which may accrue during the Budget Cycle.
  - (b) When an obligation or expenditure is made in a currency other than the US dollar, its amount shall be calculated according to the equivalent sum in US dollars. If, at the date of payment, for reasons of currency fluctuation, the equivalent amount in US dollars has changed over the previous calculation, the Director-General shall authorize the Finance Division to record the difference in the debit or credit column of the corresponding account (Exchange gain or loss account).
  - (c) All increases or decreases in obligations or proposals to incur expenditure (including increases due to currency fluctuations) shall be subject to the same rules as apply to incurring of original obligations.

### **Review of outstanding obligations**

- 11.6 Outstanding obligations retained against appropriations of the previous Budget Cycle shall be reviewed periodically by the Head of the Finance Division. Outstanding obligations reflected in the accounts which, in the opinion of the Head of the Finance Division are no longer valid obligations shall be cancelled from the accounts forthwith, and the resulting credit surrendered to the appropriate vote. Should an obligation be judged to be still valid, it shall be re-obligated against the appropriation of the current Budget Cycle.

### **Payment of staff salaries**

- 11.7 The procedure for the payment of staff salaries shall be as follows:
- (a) The salary scales for both professional and general service staff shall be fixed by the Governing Council upon recommendation of the Appointments and Promotions Committee.

- (b) Consultants shall only be engaged and placed on the payroll on the basis of a written authority signed by the Director-General.
- (c) The conditions of appointments, as well as staff obligations and entitlements, shall be clearly spelt out and conveyed to all staff members, including new entrants into the service of the Centre.

### **Ex-gratia payment**

11.8 The Director-General may make ex-gratia payments as he deems necessary in the interests of the Centre, provided that a statement of accounts on such payments are submitted to the Governing Council.

### **Management Committee**

11.9 There shall be established a Management Committee which shall be composed of all Heads of Department. The Committee shall be answerable to the Director-General, and shall perform the following functions:

- (a) Advising the Director-General on the formulation, implementation, and review of policy governing the involvement of the Centre in income-generating activities;
- (b) Considering reports of negotiations undertaken by agents of the Centre in pursuit of income-generation objectives, and recommending to the Director-General the terms and conditions that should be incorporated in project agreements;
- (c) Reviewing project proposals and advising the Director-General on implementation and resource mobilization strategies;
- (d) Coordinating, planning, supervising, and monitoring income-generating projects and related activities;
- (e) Assisting in promoting and marketing in member States and in the business community, services that the Centre is capable of Providing, and advising the Director-General, based on the analysis of intervention costs and benefits;
- (f) Ensuring that income generating transactions conform to the provisions of staff as well as financial rules and regulations;
- (g) Carrying out other functions as may be assigned from time to time by the Director-General.

## **Introduction**

- 12.0 Procurement means the acquisition by purchase, rental, lease, or by any contractual means of any type of works, assets, services or goods. All procurement in the Centre is guided by the Procurement manual and procedures.
- 12.1 The Centre shall at all times obtain value for money spent on procurement by ensuring that only those items which are needed are bought, that these items are of good quality, and that they are stored appropriately to preserve their quality.

## **Procurement Plans**

- 12.2 Procurement plan is a schedule of identifying and quantifying procurement requirements during a financial year. The Centre shall always prepare the procurement plans at the beginning of each financial year based on the workplan and budget guided as below;
- (a) A key constraint to meeting the procurement needs in the Centre, and indeed every other institution, is finance, which is limited while needs are unlimited. There is therefore strict need to prepare procurement plans and to limit procurement requests to the items in the procurement plans, which in turn should be closely tied to the allocated budgets.
  - (b) All procurement shall be within the approved budget and shall be planned by the Centre through an annual procurement plan which shall be based on the annual work plan (derived from the strategic plan) and which shall define what is to be procured, the estimated cost, and when to procure.
  - (c) Heads of Departments shall submit their annual departmental needs to the Officer in charge of Procurement at least thirty (30) days before the close of each financial year covering all items of procurement including: mission costs, capital equipment, maintenance and repair, construction works, training materials, insurance services, communication and marketing materials, legal services, staff training and development, travel, accommodation and conferencing, consultancy services, security services, cleaning services and other specialized needs unique to user Departments.

- (d) Splitting of orders to circumvent approval ceilings is not allowed and cannot be subsequently excused.
- (e) The annual procurement plan shall have the following details (where applicable)
  - (i) What is to be procured;
  - (ii) When it will be procured;
  - (iii) Estimated cost;
  - (iv) Proposed procurement method;
  - (v) Dates for completion of the procurements.

### **Choices of Procurement Procedure**

12.3 Procurement will generally be done using any of the following methods;

- (a) Open tender;
- (b) Two stage tendering;
- (c) Restricted tendering;
- (d) Direct procurement;
- (e) Request for quotations;
- (f) Expression of interests
- (g) Low value procurement;
- (h) Request for proposal;
- (i) Framework agreements.

### **Procurement Committees**

12.4 There shall be established two committees on contracts, namely, the Tender Committee of the Governing Council and the Centre's Internal Tender Committee.

12.5 The Tender Committee of the Governing Council shall perform the following functions:

- (a) To consider and take decision on behalf of the Governing Council on purchases or contracts which involve commitments to a single supplier or contractor in respect of a single requisition or contract whose value is in excess of US\$.100,000.00 , provided that before making such consideration and taking such decision, the Tender Committee shall invite the public to make quotations and submit tenders.
- (b) The invitation to the public for tenders shall be made in relevant newspapers and journals circulating in each of the member States.

12.6 The Governing Council's Tender Committee shall be made up of the following:

- (a) One representative from each of the five regularly subscribed contracting parties, selected by the Governing Council, reporting to the Chairperson, Governing Council;
- (b) One of the representatives shall be the Chair of the Committee;
- (c) The Director-General of the Centre;
- (d) Any person or persons invited by the Chairperson, upon the advice of the Director-General, to attend any of the meetings of the Committee. Any one invited to attend any meeting of the Committee as provided for in this subparagraph shall neither form part of the quorum of, nor vote at, that meeting;
- (e) The Secretary.

12.7 The Centre's Internal Tender Committee shall be charged with the following responsibilities:

- (a) Consideration of purchases or contracts which involve commitments to a single supplier or contractor in respect of a single requisition or a series of related requisitions whose value is higher than US\$.20,000.00 but not exceeding US\$.100,000.00. **Note:** The Director General may use his discretion to authorize a purchase whose value does not exceed US\$.20,000.00; however, he/she may also refer such purchase to the Internal Tender Committee if he/she deems it fit to do so.

- (b) Submission of recommendations to the Director-General after considering quotations from at least three different suppliers or contractors.

12.8 Members of the Internal Tender Committee shall be appointed by the Director General with a nominee of the Director-General as Chairperson. The person nominated as Chairperson shall not hold the Chairpersonship of another Management Committee concurrently.

12.9 Both the Centre's Internal Tender Committee and the Governing Council's Tender Committee shall have the power to consider proposals for modification or renewal of contracts previously awarded on the basis of its recommendations and/or decisions provided that the Governing Council's Tender Committee shall only make recommendations to the Governing Council for modification, variation or renewal of contracts in excess of US\$100,000.00.

### **Procedure governing contracts and purchases**

12.10 12.10

- (a) Procurement of goods/services shall be considered only upon receipt of specific request from Departmental Heads;
- (b) All requests shall be approved by the Director General; no procurement shall be done without authority from the Director General to incur expenditure;
- (c) Purchases the value of which is more than US\$.20,000.00 (Twenty Thousand US dollars) but less than US\$.100,000.00 (One Hundred thousand US dollars) shall be authorized by the Director- General subject to the recommendation of the Centre's Internal Tender Committee;
- (d) In submitting a recommendation to the Director-General, the Internal Tender Committee shall take into account the quotations submitted by not less than three suppliers, paying particular attention to the quality of services, works and goods offered by the suppliers, experience of the suppliers in the line of business, reliability of the items offered for sale by the different suppliers, the prices quoted, terms of payment and warranty/after-sale service terms;

- (e) The Director General may use his discretion to authorize a purchase whose value does not exceed US\$.20,000.00. However, he/she may also refer such purchase to the Internal Tender Committee if he/she deems fit to do so;
- (f) **Note:-** For all purchases, whether going through the Tender Committee or not, the following should be taken into account: the quotations submitted by not less than three suppliers, paying particular attention to the quality and reliability of the services, works and items offered for sale by the different suppliers, the prices quoted, delivery period, terms of payment ,warranty/after- sale service terms among other, after which the most cost-effective supplier shall be explored;
- (g) Purchases above US\$.100,000.00 (One hundred thousand US dollars) shall be made by inviting public tenders and after consideration by the Tender Committee of the Governing Council, and approval by the Governing Council;
- (h) In submitting a recommendation to the Governing Council, the Governing Council Tender Committee, shall take into account the quotations submitted by not less than three suppliers, paying particular attention to the quality of services, works and goods offered by the suppliers, experience of the suppliers in the line of business, reliability of the items offered for sale by the different suppliers, the prices quoted, terms of payment and warranty/after-sale service terms;
- (i) Each determination or decision required for an authorized purchasing officer by the provisions of these rules shall be supported by the written findings of such an officer. These written findings shall be placed in the appropriate case file maintained by the responsible department or office. In all cases, they shall also accompany the related obligating documents submitted to the Head of the Finance Division;
- (j) The Centre shall not be bound for goods/services supplied without an official order;
- (k) Payment for goods/services/work will only be made on receipt of duly certified invoices, supported with evidence of receipt of



goods/services/works from the responsible department.

- (l) Certification of an invoice by Head of Department/Section shall mean that the goods have been received, examined and approved as being in accordance with the specifications and that the prices are in accordance with the order or contract, that the work done or service rendered has been satisfactorily carried out and that, where applicable, the materials used were of the required standard, that the invoice is arithmetically accurate as per the order/contract issued;

## **Receipt, Management and Disposal of Stocks, Equipment and Other property**

### **Receipt and issuance of stocks and equipment**

12.11 Once procurement procedures are certified and a Local Purchase Order is issued, the supplier is required to deliver goods to Central Store. The following receiving procedure shall be followed;

- (a) The delivery shall be checked against the Local Purchase Order for confirmation that the specifications requested have been adhered to;
- (b) If the goods are acceptable in terms of quality, quantity and specifications then the delivery note and the invoice shall be signed by the Store Keeper together with the requesting department. Equipment of a technical nature e.g laptops and survey equipment, shall be issued to the technical Departments stores for custody and issuance;
- (c) The goods shall be stored in an appropriate place in the store;
- (d) The Store Keeper shall forward the signed documents to the Head of Finance Division, who shall in turn submit the invoice together with the supporting documents to the Director General for approval for payment;
- (e) The procurement process shall be considered complete once the supplier has been paid.

12.12 Complete and accurate records shall be maintained of stock, equipment and other property purchased, received, issued, sold, or otherwise disposed of, as well as the items on hand. Such records shall show separately expendable and non- expendable, as well as consumable and non-consumable store items and other property belonging to the Centre and/or entrusted to it.

12.13 The Central Stores shall ensure that store receipts and issuance forms, assets registers, and other inventory records are regularly brought up to-date. The responsibility of the accuracy and custody of stock records shall be that of the Head of the Finance Division.

### **Management of Fixed Assets**

12.14 Fixed assets refer to assets which cannot be easily converted into cash and which are usually held for a long period of time including land, buildings, computers, motor vehicles, survey equipment, furniture, fittings and equipment.

12.15 These assets shall be tagged and recorded into the Finance system at the point of receipt in the Central Stores. This shall ensure that the assets are effectively and accurately tracked and recorded. The following shall guide the process of assets tagging;

- (a) Tagging shall be done to identify assets as belonging to the Centre;
- (b) The tag number shall be entered into the fixed assets register at the point of tagging;
- (c) Even though movable, capitalized assets are not tagged, the asset number shall be recorded but not physically attached to the asset;
- (d) Any asset whose cost exceeds **USD 100** shall be tagged;
- (e) Furniture and equipment with a purchase cost above **USD 100** shall be tagged;
- (f) Other special assets to be tagged regardless of their value include assets such as projectors, printers, televisions, DVD players, video cameras, digital cameras, monitors, laptop computers, tablets and any asset that may be easily stolen;
- (g) All projects assets shall be tagged and recorded in the fixed assets register;
- (h) The tags shall be consistently placed in the same location on each similar asset type; and
- (i) The tags shall be placed, if possible where they can be: easily accessible and easily identifiable without disturbing the operation of the asset.

12.16 The capitalization guidelines shall be as follows;

- (a) Land, buildings and motor vehicles shall be capitalized regardless of the cost;
- (b) Assets additions, enhancement, repair, replacement or expansion expenditures that enhance or extend the useful economic life of the assets shall be capitalized;
- (c) Expenditure incurred in acquiring Information Technology equipment e.g. laptops, notebooks, desktop computers, servers, printers shall be capitalized. Where there is additional expenditure to improve/upgrade existing equipment, the expenditure shall be capitalized;
- (d) Furniture and equipment acquired with a value of more than **USD 100** shall be capitalized. However, equipment of a household nature e.g. microwaves, fridges, hotplates, utensils acquired for use in administrative offices shall not be capitalized;
- (e) Assets whose value is below **USD 100** shall be expensed in the fiscal year of purchase and shall not be capitalized;
- (f) When assets are capitalized, the Centre shall assign an asset number and arrange for the asset to be tagged with the asset number for control purposes;
- (g) All projects assets shall be expensed directly to the projects regardless of the value; and
- (h) Costs that shall be incurred to keep a fixed asset in its normal operating condition and that shall not extend the original useful life of the asset or increase the asset's future service potential shall not be capitalized. These costs shall be expensed as repairs or maintenance.

12.17 The Head of Finance Division shall ensure that assets are recorded at cost, depreciated and disposed of as required. Depreciation shall be charged on a straight-line basis calculated at cost or revaluation of an asset over its useful economic life. Depreciation shall be charged in full during the year of acquisition and nil during the year of disposal. The annual rates of depreciation for each class of assets are as follows:

## RATES OF DEPRECIATION

NO	CLASS	RATE
1	Land	NIL
2	Buildings	2.5%
3	Furniture, Fittings, Equipment and Carpets	12.5%
4	Motor vehicles	25%
5	Computers & ICT Infrastructure	33.3%
6	Survey Equipment	10%
7	Intangible Assets(Computer Softwares)	33.3%

12.18 Assets shall be revalued in order to account for major changes in the fair market value of the asset. For the purposes of this, the following shall be considered;

- (a) Revaluation shall be conducted after every 5 years for land and buildings. Other assets of operating nature such as furniture and equipment, computers, survey equipment and motor vehicles may be revalued if the Centre's management considers it appropriate. However, under normal circumstances these assets need not be revalued due to their fast turnover; and
- (b) The assets register shall be maintained using the historical data and original cost for regulatory purposes. The revaluation report will be used as evidence to update the value of assets in the financial statements.

12.19 Fixed assets shall be maintained by appointed service providers. The service providers shall be appointed by the Director General for a term of two years renewable once based on satisfactory provision of services. The procurement process shall be followed in the appointment of the service providers.

### Inventory of Property

12.20 At such intervals as is deemed necessary to ensure adequate control, and at least once a year, a physical inventory of supplies, equipment or other property of the Centre (or entrusted to the Centre) shall be undertaken. The responsibility for ensuring the conduct of such inventories shall be that of the Director-General or his authorized representative.

- 12.21 The physical inventory report shall supply the following information in respect of each item or group of items:
- (a) date of purchase;
  - (b) purchase price or estimated costs;
  - (c) whether the available quantity matches the recorded quantity, and explanations for deficits or surpluses, as the case may be;
  - (d) whether any or all of the available quantity is unserviceable;
  - (e) appropriate recommendations in accordance with the provisions of these financial regulations;
  - (f) source (s) of funds.
- 12.22 The following actions shall be taken on the submission of inventory reports:
- (a) If there are shortages arising from mis-appropriations or improper handling, they should be investigated further, and the official(s) responsible shall, if identified, be surcharged and/or disciplined. The appropriate store ledger should be rectified accordingly.
  - (b) If those responsible for the shortage cannot be identified, the Director-General may recommend to the Governing Council that such shortages be written off.
  - (c) If there are damaged and unserviceable items, these should be recommended for disposal.
- 12.23 Equipment and other property items shall be issued only to technical officials authorized to requisition for them. Procedure for issuance of such shall be as follows:
- (a) Issue shall be on submission of requisition forms;
  - (b) Stores issue forms shall be issued in respect of all items issued to staff members;
  - (c) A copy of the signed form shall be retained by the store for record purposes, and the original shall be kept by the recipient.

## **Requisition of supplies**

12.24 Stores (central and technical stores) shall not issue supplies unless on the specific request of the appropriate Departments. The request should be communicated on a requisition form signed and dated by the Head of Department or a duly authorized member of the Department. The requisitioning Department shall supply the following information on the order form:

- (a) Department and Section/unit requesting supply;
- (b) Items requisitioned (e.g. glossy papers);
- (c) Quantity;
- (d) Purpose of order (e.g. to print 100 maps as per order number y given by x client);
- (e) Date when similar order was placed;
- (f) Staff member placing current order (Name and designation);
- (g) Staff member authorizing requisition (Name and designation);
- (h) Other relevant information;
- (i) Signature (s) and date.

12.25 For resource tracking and monitoring purposes, the information supplied on the requisition forms shall be regularly inputted into the on-line information system.

## **Return of supplies and equipment**

12.25 Where supplies and equipment are returned to the store, the following steps shall be taken:

- (a) All supplies and equipment to be returned to the store shall be accompanied by their original order forms;
- (b) The storekeeper shall examine all supplies returned, prepare a report indicating in particular any flaw or damage that is attributable to normal wear and tear, forward a copy of the report to the staff member returning the property, and retain the original in the store.

### **Property issued on loan**

12.26 Property issued on loan to individuals shall be recorded in the loan which shall show the date the loan was made, terms and conditions of the loan, and the signature of the borrower. Such property or equipment shall, on return, be duly inspected, and after satisfying him/herself as to its condition, the storekeeper shall sign for it and take it back on charge.

### **Losses**

12.27 The Director-General shall investigate losses of cash, stores equipment, and other assets of the Centre.

12.28 The investigation shall, in each case, fix the responsibility, if any, attaching to any official of the Centre for the loss. Such official may be required to reimburse the loss either partially or in full.

12.29 The Director General after full investigation of each case may authorize the writing off of losses of the Centre's property or such other adjustment of the records as this will bring the balance shown by the records into conformity with the actual quantities.

### **Disposal of Fixed Assets**

12.30 A Disposal Committee shall be established comprising all members of the Centre's Internal Tender Committee.

12.31 The Disposal Committee shall examine damaged or unserviceable items, motor vehicles and equipment and make recommendations to the Director General as it may deem fit as to sale by auction or destruction of such items.

12.32 Where the Director General disagrees with the recommendations of the Disposal Committee, the views will be expressed in writing, and the Committee may be requested to reconsider its recommendations.

12.33 The recommendations of the Disposal Committee shall indicate the degree of responsibility for shortages or damages, if any, attaching to any staff member of the Centre.

### **Sale/Disposal of Property**

12.34 Sale of supplies, equipment or other property declared redundant or unserviceable, are fully depreciated and cannot be economically used following a recommendation of the Disposal Committee, shall be made after competitive bidding. However, resort to competitive bidding shall not be necessary when:

- (a) The destruction of such property has been so recommended;
- (b) The estimated sale value, in the opinion of the Disposal Committee is less than US\$ 100.00 (One hundred US dollars);
- (c) The best interest of the Centre will be served by sale of fixed unit prices recommended by the Disposal Committee;
- (d) The exchange of property in partial or full payment for replacement of equipment or supplies will, in the opinion of the Disposal Committee, be in the interest of the Centre;
- (e) The interest of the Centre will be served by disposal by way of gift or at nominal prices to an inter-governmental organization, a government agency, or some other non-profit organization.

### **Sale on cash basis**

12.35 Sale of Centre's property shall be on the basis of cash payments on or before delivery.

12.36 Exceptions to this rule may be authorized in writing by the Director General after consultations with the Head of Finance Division, when in his opinion, this is in the interest of the Centre. A record shall be maintained of such exceptions.

### **Accounting for proceeds from sales**

12.37 The proceeds from the sale of property shall be credited as miscellaneous income to the regular budget.



### **The Accounts**

- 13.1 The Director-General shall submit to the Governing Council accounts for each financial year.
- 13.2 The accounts for the financial year shall show:
- (a) The income and expenditure of all funds;
  - (b) The status of appropriations, including (i) the original budget appropriations, and (ii) Credits, if any, other than appropriations voted by the Governing Council;
  - (c) The assets and liabilities of the Centre;
  - (d) Such other information as may be appropriate to indicate the current financial position of the Centre.
- 13.3 The accounts of the Centre shall be maintained in both Kenya shillings and US Dollars and presented in US dollars.
- 13.4 Separate accounts shall be maintained for all trust funds and reserve accounts.
- 13.5 The accounts for the financial year shall be submitted to the External Auditors by the Director-General as and when directed by the Governing Council.

### **Responsibility for maintaining and reporting on the accounts**

- 13.6 The Head of the Finance Division is responsible to the Director-General for maintaining the accounts of the Centre, and for preparing monthly, quarterly, and annual statements of accounts.

### **Principal accounts**

- 13.7 The principal accounts shall consist of:
- (a) Program budget accounts showing:
    - (i) original appropriations;

- (ii) appropriations as modified by transfers;
  - (iii) credits other than those made available by the Governing Council;
  - (iv) allotments made;
  - (v) outstanding obligations;
  - (vi) expenditures (including disbursements and un-liquidated obligations).
- (b) The general ledger accounts showing the General Fund, cash at banks, investments, accounts receivables and other liabilities.

### **Subsidiary accounts**

- 13.8 Subsidiary accounting records, including property accountability records (assets register, procurement and stores requisition forms, payment vouchers, etc.) shall be maintained and kept secure at all times.

### **Preparation of Financial statements**

- 13.9 The financial statements for each financial year shall be prepared by the Head of the Finance Division as at 31<sup>st</sup> December of that year and shall be submitted through the Director-General to the member States not later than 31<sup>st</sup> October of the following year. Such financial statements shall include:
- (a) Summary statement of incomes and expenses;
  - (b) Statement of assets, liabilities and balances of the General Fund;
  - (c) Statement of assets, liabilities and fund balances of trust funds and special accounts;
  - (d) Statement of ex-gratia payments, if any;
  - (e) Supporting schedules, which shall include:
    - (i) Summary of the accounts;
    - (ii) Summary of member States contributions;
    - (iii) Status of miscellaneous incomes; and
    - (iv) Such other schedules as may be required.
- 13.10 Financial statements shall also be prepared at such intervals as may be prescribed by the Governing Council.

### **Currency of accounts**

13.11 The accounts of the Centre shall be maintained in US dollars. Subsidiary accounts and records may be maintained in Kenya shillings and such other local currency of the member States as the Governing Council or its Chairperson may authorize.

### **Exchange currencies**

13.12 The Director-General, on the recommendation of the Head of Finance Division, shall establish the rates of exchange between the US dollar and other currencies which shall be used for recording all financial transactions.

13.13 Where there is a conversion of US dollars into local currency or vice versa, the actual amounts obtained shall be taken into account and the difference between the amount and the amount which would have been obtained at the official rate of exchange will be accounted for as a loss or gain on exchange.

13.14 When a third currency is involved, the amount in local currency is obtained after the exchange of the second currency is calculated according to the rate of exchange mentioned in Section 13.13 above. The eventual difference shall be recorded as gains or losses on exchange.

13.15 At the closing of the accounts for the Budget Cycle, the balance on the gain or loss on exchange account shall be carried into miscellaneous income account.

### **Budgetary charges**

13.16 A budget (allotment) account shall be charged with actual disbursements and obligations entered into against contracts for supplies or services. Obligations shall be liquidated and converted into actual disbursements on fulfillment of the contract for supplies and services.

13.17 At the end of the financial year, any committed balance of appropriations shall be shown in the accounts.

13.18 At the end of the financial year, the un-liquidated obligations shall be examined, and may be cancelled or carried into the subsequent financial year.

### **Accrual basis accounting**

13.19 Financial transactions shall be recorded in the accounts on an accrual basis, except as may be otherwise required by the terms of any trust fund and authorized by the Governing Council

### **Reconciliation of Bank Accounts**

13.20 All bank accounts shall be reconciled monthly with the statements submitted by the banks. The reconciliation of accounts shall be undertaken by officials of the Finance Division.

### **Other statements**

13.21 The following additional statements shall be submitted to the Governing Council:

- (a) A summary statement of store, equipment and other property for which property records are kept;
- (b) Details of loss of cash, stores and other assets to be written off;
- (c) Such other statements as the Council may require.

### **Retention and destruction of records**

13.22 The accounting and other financial and property records and all supporting documents shall be retained for such period(s) as may be directed by the Governing Council, after which, on the authority of the Chairperson of the Governing Council, such records and documents may be destroyed.

### **Internal Audit**

13.23 An internal audit shall occasionally be undertaken and shall review and make comments and recommendations on activities (including income-generating activities) and transactions having financial implications. The objectives of internal audit shall include ensuring:

- (a) the regularity of the receipt, custody, disposal of all funds, and compliance with provisions of these rules and regulations having bearing on the preparation of accounts, and of reports on financial transactions;
- (b) the conformity of obligations and expenditures with the appropriations or hereunder, or with the purposes and rules relating to trust funds and special accounts;
- (c) conformity of all such activities and transactions (including income-generating ventures) with the rules relating thereto.

## ARTICLE XIV: EXTERNAL AUDIT

### Appointment of Auditors

- 14.1 The Governing Council shall appoint auditors to audit the accounts of the Centre. The auditors shall meet the legal requirements of the host country for practicing as auditors.

### Tenure of office of the auditors

- 14.2 The auditors shall be elected for a three-year term of office unless the Governing Council decides to terminate such appointment earlier. The term of office shall commence on 1<sup>st</sup> January and expire on 31<sup>st</sup> December three years subsequent thereto.

### Scope of Audit

- 14.3 The audit shall be conducted in conformity with generally accepted common auditing standards and, subsequent to any special directives of the Governing Council, in accordance with the additional terms of reference set out in the annex to the present regulations.
- 14.4 The auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls, and in general, the financial administration and management of the Centre.
- 14.5 The auditors shall be completely independent, and shall be solely responsible for the conduct of the audit.

14.6 The Governing Council may request auditors to perform certain specific examinations and submit separate reports to the Council.

### **Facilities**

14.7 The Director-General shall provide the auditors with the facilities they may require in the performance of the audit.

### **Reporting**

14.8 The auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial year, which shall include such information as they deem necessary with regard to matters referred to in regulations 14.4 and in the additional terms of reference.

14.9 The reports of the auditors shall be transmitted to the Finance Committee of the Governing Council, together with the audited financial statements, in accordance with any directives given by the Governing Council. The Chairperson of the Finance Committee shall in turn transmit the reports to the Governing Council.

## **ARTICLE XV: GENERAL AND MISCELLANEOUS PROVISIONS**

15.1 These Rules and Regulations shall come into force on 15<sup>th</sup> November 2019.

### **Personal responsibility**

15.2 Every staff member of the Centre is responsible to the Director-General for the regularity of actions taken by him in the course of his official duties. Any official who takes any action contrary to these Financial Regulations or to the administrative instructions issued in connection therewith may be held personally responsible and financial liable for the consequences.

### **Provision of goods and services to others**

15.3 Goods and services may be provided to contracting member States, specialized agencies, other international or inter-governmental or non-governmental

organizations, and private sector bodies whose objectives tally with those of the Centre and its member States. Activities financed from trust funds or special accounts on a reimbursable, reciprocal or other basis may also be undertaken with the approval of the Governing Council.

### **Accounting for goods and services provided to others**

- 15.4 Where the supply of such goods and services is of a regular and continuing nature, except where reciprocal arrangements have been made with the approval of the Chairperson of the Governing Council, the program budget of the Centre shall include provision both for the supply of such goods and services and for any revenue there-from. In such cases, the cost of goods and services shall be charged to the regular budgetary appropriations and the revenue credited to the appropriate revenue accounts.
- 15.5 In the absence of budgetary provisions, the expenditure shall be charged against the deposit which shall have been required from the party concerned, provided that, in special circumstances particularly in the case of governments or specialized agencies, the expenditures may be initially charged to a deferred charge account pending recovery from the party concerned.

### **Annex to Financial Regulations**

#### *Additional terms of reference governing the audit of the Centre's accounts*

1. The auditors shall perform jointly and severally such audit of the accounts of the Centre, including all trust funds and special accounts, as they deem necessary in order to satisfy themselves that:
  - (a) the financial statements are in accordance with the books of accounts and records of the Centre;
  - (b) the financial transactions reflected in the statements and on the records are consistent with the rules and regulations, budgetary provisions and other applicable directives;
  - (c) the securities and moneys on deposit and on hand have been verified by certificates received direct from the Centre's depositories or by actual count;
  - (d) the internal control, including the internal audit, are adequate in the light of the extent of reliabilities placed thereupon;

- (e) procedures deemed satisfactory to the auditors have been applied to the recording of all assets, liabilities, surplus and deficits.
2. The auditors shall be the sole judge as to the acceptance in whole or in part of the certifications and representations by the Director-General and may proceed to such detailed examinations and verifications as they choose of all financial records, including those relating to supplies and equipment.
  3. The auditors and their staff shall have free access at all convenient times to all books, records, and other documentation which in the opinion of the auditors are necessary for the performance of the audit. Information that is classified as privileged and which is required by the auditors for the purpose of the audit, and information classified as “confidential” shall be made available on application. The auditors and their staff shall respect the privileged and confidential nature of any information so classified but made available, and shall not make use of it except in direct connection with the performance of the audit. The auditors may draw the attention of the Governing Council to any denial of information classified as privileged, but which, in their opinion, was required for the purpose of the audit.
  4. The auditors shall have no power to disallow items in the accounts but shall draw to the attention of the Director- General for appropriate action, transactions whose legality or propriety could be reasonably called into question. Audit objections to these and any other transactions arising during the examination of the accounts shall be communicated to the Governing Council.
  5. The auditors (or such members of their team as they may designate) shall express and sign an opinion in the following terms:

“We have examined the accounts for the financial year ended 31 December, 20.... Our examination included a general review of the accounting procedures and such tests of the accounting records and any other supporting evidence as we considered necessary in the circumstance” and which shall state, as appropriate, whether:

    - (a) The financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended;
    - (b) The financial statements were prepared in accordance with the stated accounting principles;



- (c) The accounting principles were applied on a basis consistent with that of the preceding Budget Cycle;
  - (d) Transactions were in accordance with the financial rules and regulations.
6. The report of the auditors to the Governing Council on the financial operations of the period should mention:
- (a) The type and scope of its examination;
  - (b) Matters affecting the completeness or accuracy of the accounts, including, where appropriate,
    - (i) information necessary to the correct interpretation of the accounts;
    - (ii) any amounts which ought to have been received but have not been brought to account;
    - (iii) any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;
    - (iv) expenditures not properly substantiated; and
    - (v) whether proper books have been kept. Where the presentation of statements indicates deviations from the generally accepted accounting principles applied on a consistent nature, these should be disclosed;
  - (c) Other matters which should be brought to the notice of the Governing Council, such as: (i) cases of fraud or presumptive fraud; (ii) wasteful or improper expenditure of the Centre's money or other assets (notwithstanding that the accounting for the transactions may be correct); (iii) expenditure likely to commit the Centre to unnecessary outlay of large amount of resources; (iv) any defect in the general system or practices governing the control of receipts, disbursements, or of supplies and equipment's; (v) expenditure not in accordance with the intention of the Governing Council after making allowances for duly authorized transfers within the budget; and (vi) expenditure not in conformity with the authority which governs it.
  - (d) The accuracy or otherwise of the supplies and equipment records as

determined by stock-taking and, where necessary, physical count against records;

- (e) If appropriate, transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable that the Governing Council should have early knowledge.
7. The auditors may transmit to the Governing Council such observations with respect to its findings resulting from the audit and such comments on the Director-General's financial report as they deem appropriate.
  8. Whenever the scope of the audit is restricted, or whenever the auditors are unable to obtain sufficient evidence, they shall refer to this in their report, making clear the reasons for their comments and the effect on the financial position and the financial transactions as recorded.
  9. Under no circumstances shall the auditors include criticisms in their report without first affording the Director-General an adequate opportunity to provide explanations on the matter under observation.

***"This document will be reviewed as and when necessary as requested by the management and the Governing Council"***



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