

*Rule and Regulation 3/MC (Rev. MC-42)*

**FINANCIAL REGULATIONS  
OF THE ASIA-PACIFIC TELECOMMUNITY**

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**FINANCIAL REGULATIONS OF  
THE ASIA-PACIFIC TELECOMMUNITY**

**PREAMBLE**

1. The Management Committee, of the Asia-Pacific Telecommunity (hereinafter referred to as “Telecommunity”) in its Thirty Sixth Session in 2012 adopted these Financial Regulations (hereinafter referred to as “these Regulations”), on the basis of Article 9, Paragraph 5 (b) of the Constitution of the Telecommunity.
2. The finances of the Telecommunity are governed by the provisions of the Constitution, Resolutions adopted and the decisions taken by the General Assembly or the Management Committee in accordance with such provisions.
3. These Regulations apply to all the financial activities and financial operations of the Telecommunity.

**SECTION I  
GENERAL PROVISIONS**

**Article 1  
Organization of Financial Control  
and Administration of the Finance of the Telecommunity**

1. The Secretary General shall be responsible to the General Assembly and Management Committee for the administration of the finances of the Telecommunity. Any delegation of authority shall be based on that principle. The Secretary General may delegate to the Deputy Secretary General and other officials of the Telecommunity such authority as he considers necessary for the efficient and effective implementation of these Regulations and any administrative procedures issued there under.
2. In order to permit the Secretary General to carry out his responsibilities in financial matters, the financial services shall be centralized in the Secretariat and shall be so organized as to ensure :-
  - (a) the keeping of clear and full accounts for all the financial operations of the Telecommunity;
  - (b) the supervision of all budgetary operations and in particular commitments to expenditure;
  - (c) the application of all the provisions of these Regulations and ;
  - (d) the administration of the Contributory Provident Fund in accordance with these Regulations.
3. The Secretary General shall, with the assistance of the Deputy Secretary General and the Accountant, maintain and control the accounts in the name of the Telecommunity.

Negotiable documents drawn on behalf of the Telecommunity shall be signed by both the Secretary General and the Deputy Secretary General.

In the absence of either the Secretary General or the Deputy Secretary General, the official or officials designated by the Secretary General may sign on behalf of only one of them.

4. The Secretary General with the assistance of the Deputy Secretary General shall establish the necessary administrative procedures to implement these Regulations for smooth operation and effective internal control of the financial transactions in the Secretariat.

## **SECTION II BUDGET**

### **Article 2 Definition**

1. The Budget of the Telecommunity is as defined in Article 11 of the Constitution of the Telecommunity.
2. In these Regulations, "Budget" means General Budget as defined in the Constitution of the Telecommunity.
3. The Budget of the Telecommunity shall comprise :-
  - (a) Expenditure as defined in Article 5
  - (b) Income as defined in Article 6
4. Other than the General Budget, "Special Budgets" and "supplementary budget" are defined as follows.
  - (a) "Special Budgets": the budget to cover expenses as stipulated in the Article 11 para 3 of the Constitution;
  - (b) "supplementary budget": A form of a Special Budget which aims to facilitate to cover any exceptional expenses under specific circumstances. It can be formulated when the Management Committee deemed it necessary on the basis and within the limits of the annual expenditure established by the General Assembly.
5. Income and expenses not included in the Budget, such as those related to a Special Budget and Extra Budgetary Contributions (hereinafter referred to as EBCs) as mentioned in Annex II, are also governed by the relevant provisions contained in these Regulations.
6. The Budget shall be generally established for one financial year.

### **Article 3 Limits of Expenditure**

1. Expenditure must not exceed the limits set by the General Assembly, provided that in exceptional cases, when the Management Committee considers it unavoidable to exceed the limits, such limits could be exceeded after obtaining concurrence of at least

a two thirds majority of the Members. For this purpose, with the assistance of the Secretariat, the Chairman of the Management Committee should consult the Members through the President of the Telecommunity.

#### **Article 4 Financial Year**

1. The Financial Year shall be the period from 1 January to 31 December.

#### **Article 5 Expenditure**

1. As regards expenditure, the Budget shall be divided into three sections :-

- A – Staff
- B – Administration
- C – Work Programme

2. The sections may be divided into sub-heads as follows :-

##### **Section A: Staff**

- A.1 Staff of Professional Category  
Salary and allowances

Other staff costs (e.g. contributory provident fund, health insurance, etc.)

- A.2 Staff of General Service Category  
Salary and allowances

Other staff costs (e.g. contributory provident fund, overtime, health insurance, etc.)

##### **Section B: Administration**

- B.1 General Office Expenditure (including Building Maintenance)
- B.2 Office Supplies
- B.3 Auditor's Fees
- B.4 Legal Advisor's Fees
- B.5 Information System (operation and maintenance)
- B.6 Promotional Activities
- B.7 Other Expenditure

##### **Section C: Work Programme**

- C.1 Meetings, Workshops, Seminars including General Assembly and Management Committee Meetings
- C.2 Training/Study Visits
- C.3 Consultancies/Expert Missions
- C.4 Office Travel
- C.5 Other Work Programme Expenditure

- 3 Expenditure shall be separately assessed for each of the sections mentioned in paragraph 1 above.
- 4 The Budget shall contain all useful information about the estimates of expenditure, in particular
  - (a) it shall mention for each item the corresponding figures of the current budget and of the accounts of the previous year;
  - (b) The report concerning its presentation shall show, for each sub-head of expenditure, the difference compared with the previous budget and shall contain all necessary information justifying that difference.
- 5 Doubtful Debts & Bad Debts Expenses
  - (a) Doubtful debt is the contribution receivable of the member which is in arrears in its payment to the Telecommunity for so long as the amount of its arrears equals or exceeds the amount of regular contribution due from the member for the preceding two years or more. The corresponding amount shall be set up as the allowance for doubtful debts which may be recovered in future.
  - (b) When such a receivable, which is being set up as the allowance for doubtful debt, is collected, it shall be considered as other income.
  - (c) Bad debt is the contribution receivable of a withdrawn or terminated member which is in arrears in its payment to the Telecommunity during the period of its membership. The corresponding amount may be written off directly from the contribution receivable which may not be recovered for a minimum period of two years.
  - (d) Provisions for doubtful debts and bad debts shall be approved by the Management Committee for consideration as expenses in the current year.

## **Article 6 Income**

1. The Income of the Telecommunity shall comprise all items provided for in paragraph 4 of Article 11 in the Constitution of the Telecommunity.
2. The income of the Budget shall comprise :-
  - (a) regular contributions of Members, Associate Members and Affiliate Members
  - (b) EBCs of Members, Associate Members and Affiliate Members and other sources (but not EBCs solely intended for work program, see Annex II)
  - (c) income from interests
  - (d) any other income
3. In each Budget, the number of contributory units pledged, the amount paid and the amount outstanding should be indicated.
4. Before the beginning of each calendar year, the Secretary General shall :-

- (a) inform Members, Associate Members and Affiliate Members of their obligations in respect of annual contributions to the budget;
  - (b) request Members, Associate Members and Affiliate Members to remit all contributions due;
  - (c) contributions shall be due and payable in full within 30 days of the receipt of the communication from the Secretary General, or as of the first day of the calendar year to which they relate, whichever is the later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.
5. The pledged annual contributions should be paid in United States dollars, with the exception of the contribution of the host Government which may be paid in local currency.
6. EBCs in cash can be made in any convertible currency at any time.

**Article 7**  
**Preparation of the Budget**

1. The Budgets of the Telecommunity shall be prepared in terms of United States dollars subject to ceilings prescribed and shall comprise :
  - (a) Sources and extent of income
  - (b) Items of expenditure with details of such expenditure where the objective is not clear from the wording of the item as expressed in the Budget
2. The Secretary General shall submit a statement of budget expenditure for the current year to the Management Committee indicating budget, actual expenditure, obligation and balance.

Variances between budgets and actual should be explained and justified.
3. The Secretary General shall prepare the draft annual budget of the Telecommunity and any supplementary budget deemed necessary for consideration and approval by the Management Committee. The annual budget will normally be prepared for the year following that in which it is brought up for consideration by the meeting of the Management Committee.
4. The Secretary General shall also prepare a draft indicative budget for the year next to the year for which draft annual budget is prepared.
5. The Secretary General shall circulate the draft Budgets to the Members, Associate Members and Affiliate Members at least six weeks prior to the opening of the meeting of the Management Committee.

**Article 8**  
**Approval of the Budget**

1. In accordance with Article 9, Paragraph 5 (d) of the Constitution, the Management Committee shall examine and approve the annual budget of the Telecommunity ensuring strict economy.
2. In the unusual event of there being no meeting of the Management Committee within the year preceding the fiscal year for which the annual budget has been prepared, the budget with all supporting documents as may be necessary shall be circulated to all members of the Telecommunity within a period of two weeks after it is known that there will be no meeting of the Management Committee.

All members of the Management Committee shall be called upon to give their views and comments on the annual budget within a period of two months after the budget is circulated and on receipt of such views and comments, the Secretary General shall act in accordance with the two-third majority of Members on any issue after obtaining concurrence in writing of the Chairman of the Management Committee.

**Article 9**  
**Implementation of Budget**  
**Duties of the Secretary General**

1. The proper implementation of the Budget of the Telecommunity shall be the responsibility of the Secretary General who shall ensure that the most effective and economical use is made of the Telecommunity's resources. By approving the Budget, the Management Committee authorizes the Secretary General to incur the necessary expenditure provided for therein. To this end, the Secretary General, in consultation with the Deputy Secretary General, shall take such action as he may judge appropriate.
2. In all operations relating to the implementation of the Budget, the Secretary General or, where appropriate, the designated officials shall ensure that credits are not exceeded and that they are rationally used in a spirit of the strictest economy.
3. The Secretary General may effect transfer of allocated Budget from one sub-head to another within Sections A (Staff) or B (Administration) or C (Work Programme), and from Section A and Section B sub-heads to Section C sub-heads, but not from Section C to either Section A or Section B sub-heads.
4. The Secretary General shall take all necessary action for the supervision of all budgetary operations and, in particular, the amount of expenditure for which commitments are incurred with respect to the authorized budget credits, so as to show at any time, the balance of the credits still available for each budget section.
5. No expenditure can be incurred without the signed approval of the Secretary General or of an official duly designated by him in writing for this purpose.

**Article 10**  
**Closing of Budgetary Operations**

1. No commitments to expenditure may be incurred after the close of the financial year for the relevant budget, subject to the provision of Paragraph 2 of this Article.
2. When, for special reasons, it has proved impossible to pay certain expenses before the close of the financial year, appropriations shall remain available for twelve months following the end of the financial year to which they relate for the purpose of discharging obligations in respect of goods supplied and services rendered in the financial year and liquidating any other outstanding legal obligation of the year. The corresponding credits shall be transferred to the “Account for credits granted for previous years”, and the expenditures when subsequently incurred shall be charged to this account.
3. Credits transferred to the “Account for credits granted for previous years” shall be shown in the balance sheet of the Accounts of the Telecommunity. In no case may they be used to cover expenditure other than that for which they have been brought forward. Should the credits brought forward be inadequate to cover the relevant expenditure, the difference shall be charged to the appropriate item in the budget of the current year.
4. On expiry of the period of twelve months mentioned in Paragraph 3 above, credits brought forward but not used shall be cancelled and an equivalent amount shall be returned to the fund available for expenditure for next year.

**SECTION III**  
**CASH RESOURCES OF THE TELECOMMUNITY**

**Article 11**  
**Cash Required to Implement the Budget**

1. The cash funds required to implement the budget shall be drawn from the income derived from various sources listed in Article 6 of the Regulations.

**Article 12**  
**Investment of Funds**

1. The Secretary General shall designate the bank (s) and other investment institution(s) in which the funds of the Telecommunity shall be kept in such a manner as to meet the best interest of the Telecommunity.

In this respect, the Secretary General shall ensure that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Telecommunity’s cash-flow requirements. In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return.



2. The funds of the Telecommunity may be kept in fixed deposits, saving and current accounts in United States dollars and local currency of the host country as appropriate.
3. The Annual Report of the External Auditors shall contain a statement of the investments made during the financial year.

## **SECTION IV ACCOUNTS**

### **Article 13 Keeping of Accounts**

1. The accounting system shall adopt the accrual basis for accounts and Budget of the Telecommunity and include in the most practical form all principle and accessory books, files or statements needed for the systematic recording of all income and expenditure and for all the other financial operations of the Telecommunity.
2. The following special accounts shall be kept separately and shall be reported to each session of the Management Committee and the General Assembly :-
  - (a) Contributory Provident Fund, which shall be kept in accordance with the Regulations, Rules and Agreement in force;  
  
The accounts of this fund shall show;
    - (i) On the credit side,
      - the amount corresponding to the percentage, as stipulated in the Staff Regulations and Staff Rules of Telecommunity, of the CPF remuneration by the staff,
      - the amount corresponding to the percentage, as stipulated in the Staff Regulations and Staff Rules of Telecommunity, on the CPF remuneration by the Telecommunity
    - (ii) On the debit side,
      - the payment made to the Staff upon retirement or separation from the Telecommunity.
  - (b) Sinking Fund for fixed assets;  
The accounts of this fund shall show as expenditure;
    - (i) the costs of replacement of equipment/official vehicles/office automation, etc.
  - (c) Headquarters Building Support Fund;  
The accounts of this fund shall show as expenditure;
    - (i) the costs of major repair works on the buildings as well as renovation of the building
    - (ii) the costs of procurement of fixed furniture, electric, and water system, etc. attached to the building.

- (d) APT Yearbook Fund  
The accounts of this fund shall show;
- (i) as income, the amounts paid by the publisher, advertisers or purchasers of the book
  - (ii) as expenditure, the amount used for publishing the book.
- (e) Recruitment and Repatriation/Separation Fund; and
- The accounts of this fund shall show as expenditure;
- (i) the allowances payable to the staff member upon appointment by or repatriation/separation from the Telecommunity, as stipulated in the Staff Regulations and Staff Rules of Telecommunity
  - (ii) the cost of travel necessary for the staff member upon appointment by or repatriation/separation from the Telecommunity, as stipulated in the Staff Regulations and Staff Rules of Telecommunity
- (f) Any other funds or activities requiring justification which may be established by the Management Committee

The purpose and limits of the funds shall be clearly defined by the Management Committee.

Transactions of the Funds and transfers between any of the Funds and the Budget of Telecommunity shall be reported in the annual accounts. The balances of the above Funds except the Contributory Provident Fund shall be included in the balance sheet of the Telecommunity's annual accounts.

#### **Article 14** **Accounting for Income and Expenditure**

1. Accounts shall be drawn up every month. They shall indicate statement of income, expenditure for each budget sub-head, the total expenditure incurred, total commitments to expenditure and the balance of credits available.
2. The annual accounts for each fiscal year with explanatory notes as necessary shall be prepared to properly show the Telecommunity's :-
  - (i) income;
  - (ii) expenditure and obligation;
  - (iii) utilization of budgetary allocations including any transfer (Article 9 paragraph 3 of these Regulations) :
  - (iv) cash operations and funds carried forward at the end of the year
  - (v) financial position, the balance sheet showing assets and liabilities of the Telecommunity

**Article 15**  
**Cash Accounts**

1. All cash operations (payments in and out) shall be recorded in an appropriate document.
2. Cash accounts shall be prepared every month and at the end of every year.
3. The official responsible for cash accounting must at all times have in his cashbox an amount in cash or documents of title tallying with his entries for income and expenditure.

**Article 16**  
**Cash Accounts for Advance**

1. Cash advance may be paid when strictly necessary.
2. Such advances may be authorized only by the Secretary General.

**Article 17**  
**Vouchers**

1. All accounting operations must be supported by numbered vouchers.

**Article 18**  
**Conservation of Accounting Documents**

1. Accounting records and other supporting documents shall be kept for at least 10 years.

**Article 19**  
**Currency of Accounts**

1. All accounts shall be kept in United States Dollars.
2. Financial transactions in currencies other than United States Dollars shall be recorded in the accounts at the United Nations operational rate of exchange at the date of the transaction. Any difference between the United Nations operational rate of exchange and the actual rate received from the paying agent or financial institution shall be treated as income if a gain, or expenses if a loss.

**Article 20**  
**Inventories, Library**

1. The Secretary General shall determine consumable items purchases and fixed assets purchases for the Telecommunity.
2. The Secretary General shall establish the procedures governing the inventories of the Telecommunity.
3. inventory shall be kept for consumable items.

4. A list of fixed assets shall be submitted to the Management Committee as information for budget purposes
5. Replacement of the items listed above may be drawn from the account specifically created for that purpose; provided, however that said replacement should have been previously approved by the Management Committee.

Any item replaced shall be sold/disposed of for an amount not lower than the fair market value, and reflected as income.

**Article 21**  
**APT Buildings Maintenance**

1. The buildings maintenance expenditure shall be included in the general office expenditure.

**SECTION V**  
**CONTROL OF THE FINANCES OF THE TELECOMMUNITY**

**Article 22**  
**External Audit of the Telecommunity's Accounts**

1. The Management Committee shall arrange for the annual audit of the accounts of the Telecommunity prepared by the Secretary General.
2. The Management Committee shall appoint an External Auditor that is registered and belongs to one of the countries within the region, for the audit of accounts of the Telecommunity. The Secretary General may recommend competent External Auditor(s) to the Management Committee.
3. The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the Management Committee in accordance with the Additional Terms of Reference set out in Annex I to these Regulations.
4. The annual accounts shall be submitted to the External Auditor mentioned in Paragraph 2 above, not later than 31 March following the end of the financial year.
5. The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.
6. The Secretary General shall provide the External Auditor with the documents and the facilities he may require in the performance of the audit.
7. The External Auditor shall be completely independent and solely responsible for the conduct of the audit.
8. The Management Committee may request the External Auditor to perform certain specific examinations and issue separate reports on the results.

9. Any case of fraud or suspected fraud shall be submitted by the Secretary General to the External Auditor without delay.
10. The External Auditor shall issue reports on the audit of the financial statements and associated tables, which shall include such information as he deems necessary in regard to matters referred to in paragraph 5 above and in the Additional Terms of Reference governing External Audit (Annex I to these regulations).
11. The report of the External Auditor shall be communicated to the Members, Associate Members, and Affiliate Members at least 6 weeks prior to the opening of the meeting of the Management Committee.

**Article 23**  
**Final Approval of Accounts**

1. It is reserved for the Management Committee to examine the accounts of the Telecommunity and finally approve them, if appropriate on the basis of the External Auditor's Report (Article 9, Paragraph 5 (e) of the Constitution).
2. In the unusual event of there being no meeting of the Management Committee within the year following the financial year for which the Auditor's Report has been prepared, the report with all supporting documents as may be necessary shall be circulated to all members of the Telecommunity within a period of two weeks after it is known that there will be no meeting of the Management Committee.
3. The Members of the Telecommunity shall be called upon to examine the Auditor's Report and if appropriate indicate approval to the Secretary General within one month, after the receipt of the Auditor's Report.
4. The Secretary General shall circulate to the Chairman and all members of the Management Committee, the concurrence in writing of two-thirds majority of Members on their approval of the Auditor's Report.

**SECTION VI**  
**FINAL PROVISION**

**Article 24**  
**Effective Date**

1. These Financial Regulations shall come into force on 1 January 2019.

## ANNEX I

### ADDITIONAL TERMS OF REFERENCE GOVERNING EXTERNAL AUDIT

1. The External Auditor shall perform such audit of the accounts of the Telecommunity, including all special accounts, as he deems necessary in order to satisfy himself :-
  - (a) that the financial statements are consistent with the books and records of the Telecommunity;
  - (b) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions and other applicable directives;
  - (c) that monies on deposit and on hand have been verified by certificate received direct from the Telecommunity's depositories or by actual count;
  - (d) that procedures satisfactory to the External Auditor have been applied to the recording of all assets, liabilities, surpluses and deficits.
  
2. The External Auditor shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary General and may proceed to such detailed examination and verification as he chooses, of all financial records including those relating to supplies and equipment.
  
3. The External Auditor and his staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the External Auditor, necessary for the performance of the audit. Information classified as privileged and which the Secretary General (or his designated senior official) agrees is required by the External Auditor for the purposes of the audit and information classified confidential shall be made available on application. The External Auditor and his staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The External Auditor may draw the attention of the Management Committee to any denial of information classified as privileged which in his opinion, was required for the purposes of the audit.
  
4. The External Auditor shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary General for appropriate action any transaction concerning which he entertains doubt as to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be immediately communicated to the Secretary General.
  
5. The External Auditor shall issue and sign an opinion on the financial statements. The opinion shall include the following elements:
  - (a) the identification of the financial statements audited;
  - (b) a reference to the responsibility of the Secretary-General and the responsibility of the External Auditor;
  - (c) a reference to the audit standards followed;
  - (d) a description of the work performed;
  - (e) an expression of opinion on the financial statements as to whether:

- (i) the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period;
- (ii) the financial statements were prepared in accordance with generally accepted common auditing standards ;
- (iii) the generally accepted common auditing standards were applied on a basis consistent with that of the preceding financial period;
- (f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;
- (g) the date of the opinion;
- (h) the External Auditor's name and position;
- (i) should it be necessary, a reference to the report of the External Auditor on the financial statements.

6. The Report of the External Auditor on the financial statements should mention :-

- (a) the type and scope of his 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 which 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;
  - (v) whether proper books of accounts have been kept. Where, in the presentation of statements, there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed.
- (c) other matters which should be brought to the notice of the Management Committee such as :-
  - (i) cases of fraud or presumptive fraud;
  - (ii) wasteful or improper expenditure of the Telecommunity's money or other assets (notwithstanding that the accounting for the transaction may be correct) ;
  - (iii) expenditure likely to commit the Organization to further outlay on a large scale;
  - (iv) any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;
  - (v) expenditure not in accordance with the intention of the Management Committee after making allowance for duly authorized transfers within the budget;
  - (vi) expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
  - (vii) 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 examination of the records

In addition, the reports may contain reference to :-

- (e) 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 Management Committee should have early knowledge.
- 7. The External Auditor may make such observations with respect to his findings resulting from the audit and such comments on the Secretary General's financial report as he deems appropriate to the Management Committee.
- 8. Whenever the External Auditor's scope of audit is restricted, or is unable to obtain sufficient evidence, the External Auditor shall refer to the matter in his report, making clear the reasons for his comments and the effect on the financial position and the financial transactions as recorded.
- 9. In no case shall the External Auditor include objections in his Report without first affording the Secretary General an adequate opportunity of explanation on the matter under observation.



## **ANNEX II**

### **PROCEDURES AND FINANCIAL ARRANGEMENTS FOR EXTRA-BUDGETARY CONTRIBUTIONS (EBCS) SOLELY INTENDED FOR THE WORK PROGRAMME OF THE TELECOMMUNITY**

#### **1. Applicability**

The procedures and financial arrangements in this Annex shall apply to the EBCs which are voluntarily made by Members, Associate Members, Affiliate Members and other sources, and which are solely intended for specific activities in the Work Programme of the Telecommunity.

#### **2. Acceptance of EBCs**

1. The Secretary General may accept EBCs in cash and/or in kind provided that the conditions attached to such contributions are consistent with the objectives of the Telecommunity and in conformity with these regulations, as well as relevant decisions of the Management Committee of the APT.
2. When accepting the EBCs, the Secretary General must bear in mind that the Budget of the Telecommunity which is stipulated in Article 2 of these regulations may not include the cost for follow-up of any activities executed under the present Annex.
3. Contributions in cash or in kind may include funding of meetings and seminars, as well as expert missions, training courses, study visits, research, pilot projects, equipment or any other similar services.
4. EBCs must not be used in place of the income in the budget of the Telecommunity as enumerated in Article 6 of these regulations, with the exception of the income foreseen to cover wholly or partly the support costs related to the implementation of programmes. This exception includes the enlargement of the scope of the activities concerned which are already covered by the budget of the Telecommunity.
5. EBCs in cash shall be paid in convertible currencies. They shall be shown in the relevant accounts.

#### **3. Relations between contributors and Telecommunity**

6. Potential contributors of EBCs shall inform the Secretary General of their intention to do so.
7. The precise terms and conditions (the arrangement) governing EBCs shall be arranged between the contributors and the Telecommunity.
8. Any such arrangement may take the form of a contract or an exchange of letters, and shall be signed by the parties concerned.

#### **4. Execution of Activities**

9. The Telecommunity shall not assume any commitments for, or continue the execution of, any activity, unless its full financing has been secured (apart from exceptional and duly documented cases, subject to prior written approval by the Secretary General) and the funds have been deposited in accordance with the payment schedule laid down in the arrangement (see paragraph 8 above).
10. Any arrangement as referred to in paragraph 8 above may contain provisions relating to the case of late payment or non-payment of a contribution or part thereof. In such a case, the Secretary General is also authorized to stop immediately any further execution of the programme, with any damages to the Telecommunity to be borne by the party in default.
11. The decision on implementing any activity under an EBC rests with the Secretary General.
12. When an activity falling within the framework of the present Annex requires administrative and operational services to be provided by the Telecommunity, the cost of these necessary support services shall, as provided in the arrangement, form part of the programme expenditure. The arrangement shall specify that part, if any, of the contribution which the parties agree shall be used to defray support costs. This amount shall be credited to the accounts of the Telecommunity in accordance with Article 6 of these regulations.

#### **5. Accounts for EBC**

13. A separate account for each EBC shall be opened in a special account of the Telecommunity, showing:
  - a) as income: cash contributions from all sources, as well as miscellaneous income such as interest accrued from contributions advanced or the sale of items purchased under such funding;
  - b) as expenditure: programme implementation expenditure, costs for support services foreseen in the respective arrangement as well as any interest charged for payments overdue.
14. Any separate account shall be kept in United States dollars in accordance with Article 19 of these regulations.
15. Any fund remaining unused when an activity is terminated may be used by the decision of the Secretary General himself for other purposes unless otherwise stipulated in the respective arrangement.
16. Accounts kept in conformity with the present Annex shall be audited in accordance with the relevant provisions in Section V and in Annex I of these regulations.
17. If so stipulated in the respective arrangement, the Telecommunity shall provide a statement of accounts certified by its External Auditor.