

**FOR ACTION**

**Refinement of Rules of Procedure and Financial Regulations**

**Purpose**

To discuss and adopt the revised Rules of Procedure for the Executive Board and Financial Regulations for the Global Crop Diversity Trust.

**Background**

At its first meeting (3-4 April 2007) the Executive Board considered draft Rules of Procedure and Financial Regulations drawn up by the IPEE at its Fourth Meeting. The Board agreed that both the draft Rules of Procedure and the Financial Regulations were excellent working documents but should be further refined to best meet the needs of the Trust and the Executive Board.

During the intercessional period, the draft Rules of Procedure and Financial Regulations were reviewed and refined. The process of review and refinement was guided by the following principles:

- Avoid unnecessary repetition of provisions already contained in the Constitution. Where repetition is considered necessary, the wording should be consistent with that of the Constitution;
- Ensure the proper division of functions and responsibilities between Governance (the Board) and the Executive (the Executive Secretary) to ensure proper governance and accountability while avoiding micromanagement by the Board;
- Ensure sufficient flexibility while ensuring clarity.

***Constitutional basis***

Article 9(4) of the Constitution of the Trust provides that “The Executive Board shall adopt its own Rules of Procedure, which shall be consistent with this Constitution”. Articles 5 (The Executive Board), 6 (Functions and Powers of the Executive Board); 8 (Voting by the Executive Board); and 9 (Procedure of the Executive Board) are relevant.

Article 6(3)(e) of the Constitution of the Trust empowers the Executive Board to adopt the Financial Regulations of the Trust. Article 16 (Financing) is relevant.

**Issues**

The revised draft Rules of Procedure and Financial Regulations are consistent with the Constitution of the Trust and are set out in Annex A and Annex B.

## **Rules of Procedure**

### ***Specific issues to which the attention of the Board is drawn***

Of the five issues highlighted by the Secretariat during the 1<sup>st</sup> Executive Board meeting, one, the signature of the written commitment, was resolved during the meeting. The Board may wish to consider whether it is necessary for members to sign a revised written commitment in light of the changes suggested to Rule 6.06.

Of the four remaining issues, only one (Rule 9.04 on Agenda Transparency) called for possible reconsideration of the text originally proposed to the 1<sup>st</sup> Executive Board meeting. The remaining three issues call only for follow-up action on the part of the Secretariat/Board.

### ***Revisions to the original draft text:***

#### *1. Performance review by the Board (Original Rule 2.04 - new Rule 7)*

The provision requiring that the Board shall periodically review its own performance has been moved from Rule 2.04 to become a new Rule 7.

#### *2. Agenda transparency (Original Rule 9.04 Revised - Rule 11)*

It is always difficult to establish the proper balance between transparency and efficiency. In this particular case, posting non-confidential papers on the website would require a decision by the Board as to what papers should be considered confidential and what non-confidential. Classifying papers as confidential is likely to raise additional questions regarding their content. Questions related to proposed grants are likely to be particularly sensitive. In the end the Secretariat considers that it may be more appropriate to remove the requirement altogether, in line with the practice of other similar organizations.

In the revised draft Rules of Procedure, the obligation to post all non-confidential papers considered by the meeting on the website has been deleted.

Article 11.01 (ii) has also been amended. Article (15.02(iv) Records – preparation and adoption) states that the summary record of the meeting shall be submitted to the Board for approval at the subsequent meeting. This could be up to one year away. In the interests of ensuring transparency, Article 11.01 has been amended to refer to a summary of the meeting, rather than constraining it to **the summary record** of the meeting. It is proposed that a summary be drafted from the Minutes and posted on the website as soon as Members have provided comments.

Rule 9.04.(ii) has now become a new stand-alone rule (Rule 11) and reads “*A summary of the meeting is posted on the website of the Trust as soon as possible after the meeting*”.

As a consequential change, Rule 9.05 has also been deleted.

#### *3. Conduct of business (Original Rule 10.01 - Revised Rule 12.01)*

This Rule has been revised to bring it into consistency with Article 9.3 of the Constitution. The Board may wish to consider whether or not to include the suggested new provision in revised Rule 12.02 providing that decisions of a substantive nature will

not normally be taken unless at least two members appointed by the Governing Body of the Treaty and at least two members appointed by the Donors' Council are present.

***Follow-up actions on the part of the Secretariat/Board:***

*1. Non-liability of Members of the Board (Rule 3)*

We believe that the text here is appropriate and does not require any further modification or amplification. However the matter of potential liability of Board Members remains an issue for the Board to consider further. The Secretariat undertakes to identify and purchase a suitable liability insurance policy for Board Members. The Secretariat will provide further information on this and the need for, and desirability of, deeds of indemnity between the Trust and individual Board Members at the Second Meeting of the Board. To a certain extent the situation could be ameliorated by the developments concerning the negotiation of a headquarters agreement for the Trust with the Italian Government (see Agenda Item 4). The draft Headquarters Agreement contains provisions ensuring the immunity of Board Members from judicial process in respect of acts performed in the performance of their official functions (Section 21).

*2. Establishing a Board Policies and Procedures Manual (Rule 9v)*

Using the current Bioversity International (IPGRI January 2005) Board Policies and Procedures Manual as a guide, the Secretariat is currently establishing such a manual for the Trust Executive Board. It will likely consist of 3 parts:

- Part I – Rules of Procedure and Financial Regulations. Also included will be Annexes that include the Travel and Honorarium Policy and ToRs of any subsidiary bodies such as the Finance and Investment Committee.
- Part II – Biographical details of current Board Members
- Part III – Annexes of relevant documents pertaining to the Governance of the Trust such as:
  - The Constitution
  - Establishment Agreement
  - Relationship agreement with the Governing Body of the Treaty
  - MOU with FAO and IPGRI

*3. Travel and honorarium to Members of the Board (Rule 15.05)*

As requested at the last meeting, and recognizing the desire of Members to streamline the policy for travel and payment of honoraria, a model for the Trust has been developed and submitted to Members for out-of-session approval. (Out-of-session Paper 1)

Members requested the system be based on that used by the CGIAR Centers. As each Centre seems to have its own model, two CGIAR Centre policies were reviewed as possible models – Bioversity and ICARDA.

*4. Frequency and timing of Board meetings (Rule 4)*

Bearing in mind the need for flexibility in the actual text of the Rules of Procedure, the Board may wish to consider in general terms the timing of Board meetings and whether they should be held, where possible and appropriate, back to back with meetings of the Donors' Council. For discussion on the frequency of meetings, refer to Agenda Item 14.

## 5. Terms of Reference of Finance and Investment Committee (Rule 14.04)

Article 14.04 of the draft Rules of Procedure states that the Terms of Reference for any permanent subsidiary body established by the Board shall be annexed to the Rules of Procedures. Agenda Item 8 addresses the establishment and Terms of Reference of a permanent Finance and Investment Committee. Once these have been established by the Board, they will be annexed to the Rules of Procedure.

### **Financial Regulations**

The formatting error has been rectified: the original 11 Regulations had been duplicated in the paper presented to the 1<sup>st</sup> Executive Board meeting.

#### **Revisions to the original draft text:**

1. *Strategic Plan and Budget submissions (Regulation 3)*

The Board may wish to consider whether the multi-year strategic plan and annual budget submissions should be routed through the Finance and Investment Committee before being considered by the full Board. The revised draft Financial Regulations provide for this.

2. *Accounts (Regulation 4.01)*

The Secretariat is happy to undertake quarterly statement of accounts reporting, but would like to omit parts v (statement of profit and loss and change in financial position) and vi (assets and liabilities). In line with other international organizations, these are either obligatory annual exercises, or considered unnecessary to a non-profit organization. The revised draft Financial Regulations provide for this.

3. *Approval of Grants (old Regulation 8.03)*

The original Article 8.03 is unclear and difficult to translate into implementation. It was considered not to add value and has been removed. The removed text stated: *The grant preparation and approval procedures shall take into account the need to ensure full participation of all stakeholders, transparency, inclusiveness, accountability and effectiveness in facilitating the development of a rational system of ex situ germplasm collections.*

#### **Follow-up action on the part of the Secretariat/Board:**

1. *Designation of officers (Regulation 7.01iii)*

The Executive Secretary has designated officers who may receive monies, incur commitments or obligations and make payments and on behalf of the Trust.

2. *Auditor (Appointment of Independent Regulation 9.01)*

The Board is invited to confirm the decisions of the IPEE regarding the appointment of Deloitte & Touche S.p.A. as Independent Auditor for 2007 or to appoint a new Independent Auditor.

**Action**

That the revised Rules of Procedure and draft Financial Regulations (Annexure A and B) be considered by the Executive Board with a view to their adoption and implementation.

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<u>Annex A</u>	Revised Rules of Procedure of the Executive Board of the Global Crop Diversity Trust (10 pages)
<u>Annex B</u>	Revised Draft Financial Regulations of the Global Crop Diversity Trust (5 pages)

## Revised Draft Rules of Procedure of the Executive Board of the Global Crop Diversity Trust

### 1. Scope of the Rules of Procedure and definitions

- 1.01. These Rules of Procedure are subject to, and shall be construed in conformity with, the provisions of Article 6 (Functions and Powers of the Executive Board) of the Constitution of the Global Crop Diversity Trust.
- 1.02. In these Rules of Procedure –
  - “Trust” means the Global Crop Diversity Trust;
  - “Board” means the Executive Board of the Trust;
  - “Chairperson” means the Chairperson of the Board;
  - “Vice-Chairperson” means the Vice-Chairperson of the Board.

### 2. Appointment and terms of office of Members of the Board

- 2.01. Subject to Article 5(5) of the Constitution, Members of the Board appointed by the Governing Body of the International Treaty, by the Donors’ Council or by the Board shall be appointed for terms expiring at the end of the third annual meeting following the Member’s appointment.

### 3. Non-liability of Members of the Board

- 3.01. No Member of the Board shall be personally liable for the debts, liabilities, or obligations of the Trust.
- 3.02. The Board shall ensure that adequate provision is made for the indemnification by the Trust of Members of the Board against liability for acts carried out by them in the performance of their functions as Members, other than acts of gross negligence or criminal intent.

### 4. Meetings of the Board

- 4.01. **Regular meetings.** Regular meetings shall be held at such times as the Board shall determine, provided that the Board shall hold at least one regular meeting a year, including a designated Annual Meeting.
- 4.02. **Special meetings.** Special meetings shall be held:
  - (i) by decision of the Board;
  - (ii) by decision of the Chairperson of the Board after consultation with the Executive Secretary; or

(iii) upon the request of any five members of the Board.

4.03. **Place of meetings.** The meetings of the Board shall be held at the Headquarters of the Trust, unless otherwise decided by the Board.

4.04. **Date of Opening:**

- (i) Each regular meeting normally shall be held on a date fixed by the Board at the previous meeting.
- (ii) Unless otherwise determined by the Chairperson after consultation with the Board, special meetings of the Board shall normally be convened within eight weeks of the receipt by the Secretary of the Board of a valid request for such a meeting, at a date and place fixed by the Chairperson of the Board in consultation with the Executive Secretary.

4.05. **Notification of date of opening:**

- (i) The Secretary of the Board shall communicate the date fixed for the opening of each meeting to the members of the Board and further participants referred to in paragraph 5.02 of these Rules.
- (ii) Such notification shall be sent:
  - in the case of a regular meeting, at least six weeks in advance;
  - In the case of a special meeting at least two weeks in advance.

## **5. Representation and Attendance**

5.01. **Members of the Board:**

- (i) The members of the Board (other than the Executive Secretary and the members appointed by the Director-General of the Food and Agriculture Organization of the United Nations, hereinafter referred to as “FAO” and the Chair of the Consultative Group on International Agricultural Research, hereinafter referred to as the “CGIAR”), serve in a personal capacity and are not considered, nor do they act as, official representatives of governments or organizations.
- (ii) Subject to paragraph (iii) below, no individual member may be represented by a substitute at meetings. Members attending meetings may not be accompanied by advisers or assistants.
- (iii) The Executive Secretary is an *ex officio* member with full voting rights. If the Executive Secretary is unable to participate in a meeting of the Board, he or she may appoint a senior staff member of the Trust as his/her representative. Any such representative shall not have the right to vote.
- (iv) The members appointed by the Director-General of FAO and the Chair of the CGIAR are non-voting members of the Board.

5.02. **Observers:**

The Chairperson on behalf of the Board and acting in accordance with the policy established by the Board may invite observers, individuals or representatives of pertinent or interested organizations to attend and, as appropriate, participate, fully or temporarily in meetings of the Board without the right to vote or to formulate proposals for action. The Chairperson will determine when Board meetings should be held in closed session or when attendance should be otherwise restricted.

**6. Standards of performance of Members of the Board**

- 6.01. Each Member of the Board shall, on taking office,
- (i) make a written commitment to act on all matters concerning the Trust and the functioning of the Board with the proper interests of, and loyalty to, the Trust in mind;
  - (ii) disclose in writing his or her membership of other bodies relevant to the operation of the Trust.
- 6.02. Each Member of the Board shall, in the performance of his/her functions as a Member, conduct himself/herself with due care and diligence and shall abstain from any acts of fraud, negligence or criminal intent.
- 6.03. Each Member of the Board shall preserve the confidentiality of information of a confidential nature to which he or she has had access during the performance of his/her duties.
- 6.04. No Member of the Board shall use any confidential information to which he or she has had access during the performance of his/her duties for his or her financial gain or other direct or indirect advantage.
- 6.05. No Member of the Board shall take part in any decision of the Board on a matter in which he or she, or any member of his or her family, has a personal financial interest. A Member of the Board shall declare any such financial interest to the Chairperson wherever possible before the meeting at which the matter is to be discussed.
- 6.06. Should a Member of the Board have an interest, other than a financial interest, relative to any business before the Board that he or she considers may pose a potential conflict of interest, he or she shall declare it to the Chairperson who will decide on the extent of the member's allowable participation in the Board's deliberation on that business.

## **7. Performance review by the Board**

- 7.01. The Board shall review periodically its own performance and shall take such action as may be necessary to improve it.

## **8. Chairperson of the Executive Board**

### **8.01. Elections and term of office:**

- (i) The Chairperson shall normally be elected for a three-year term from among the voting Members other than the Executive Secretary. The Board shall aim to accommodate this three-year term as Chairperson within the two terms of three years each as a Board member.
- (ii) The Board may re-elect the Chairperson for a second term of not more than an additional three years.
- (iii) The Board shall, where possible, identify and elect its future Chairperson at a meeting of the Board approximately one year in advance of the date that the person shall assume office as Chairperson of the Board.
- (iv) The Vice-Chairperson shall be elected annually by the Board.
- (v) The Chairperson and Vice-Chairperson shall hold office until their successors are elected.

### **8.02. Functions of the Chairperson:**

- (i) The Chairperson shall perform the functions assigned to her or him by the Constitution, by these rules and by the Board.
- (ii) The Chairperson shall preside over all meetings of the Board and shall supervise all matters with which the Board is concerned. He or she shall provide leadership to the Board and ensure its proper performance.

### **8.03. Functions of the Vice-Chairperson of the Executive Board:**

- (i) The Vice-Chairperson shall perform the functions assigned to her or him by these rules or by the Board, as well as those delegated to her or him by the Chairperson.
- (ii) The Vice-Chairperson shall preside at meetings of the Board in the event that the Chairperson cannot be present or is otherwise unable to act as Chairperson, and in such an event shall have the same powers and responsibilities as the Chairperson.

### **8.04. Acting Chairperson of the Executive Board:**

If both the Chairperson and the Vice-Chairperson of the Board cannot be present at a meeting of the Board or are otherwise unable to act, the Board shall elect an Acting Chairperson, who shall preside over

the meeting and shall exercise the same powers and responsibilities as the Chairperson at that meeting.

## **9. Secretary of the Board**

- 9.01. The Executive Secretary shall appoint a staff member of the Trust to act as Secretary of the Board.
- 9.02. The Executive Secretary shall act as Secretary of the Board until such time as he or she has appointed another staff member of the Trust to act as Secretary of the Board.
- 9.03. The main responsibilities of the Secretary of the Board include:
  - (i) maintaining a full set of official documents pertaining to the Board, including the official records of meetings of the Board and subsidiary bodies established by the Board;
  - (ii) serving as secretary at meetings of the Board and subsidiary bodies of the Board;
  - (iii) in coordination with the Chairperson and the Executive Secretary, notifying Board members of meetings of the Board and its subsidiary bodies;
  - (iv) coordinating and distributing papers and other relevant documentation for meetings of the Board and subsidiary bodies;
  - (v) maintaining the Board Policies and Procedures Manual; and
  - (vi) assisting the Chairperson and members and the Chairpersons and members of subsidiary bodies of the Board in logistical arrangements.

## **10. Agenda**

- 10.01. **Provisional agenda:**
  - (i) The Secretary to the Board, in consultation with the Chairperson and the Executive Secretary, shall draw up the provisional agenda for each meeting of the Board.
  - (ii) The provisional agenda for each regular meeting shall include all items required by these rules or proposed, not later than six weeks before the commencement of the session, by:
    - (a) the Board;
    - (b) the Chairperson and any other member of the Board;
    - (c) a subsidiary organ of the Board; or
    - (d) the Executive Secretary.
- 10.02. **Supplementary items.** Any member of the Board may, in writing or by electronic means of communication not later than five weeks before the commencement of the session, propose supplementary items to be included in the provisional agenda for a regular meeting.

- 10.03. **Communication of provisional agenda.** The Secretary to the Board shall communicate the provisional agenda including the supplementary items for each meeting and the documentation relating to items thereon to the members of the Board and other participants at least four weeks before the commencement of a regular meeting and at least two weeks before a special meeting.
- 10.04. **Adoption of the agenda:**
- (i) At the beginning of each meeting the Board shall adopt the agenda for that meeting on the basis of the provisional agenda.
  - (ii) During a meeting the Board may revise the agenda by adding, deleting, deferring or amending items.

## **11. Transparency.**

- 11.01. The Secretary to the Board shall ensure that:
- (i) The provisional agenda of each meeting of the Board is posted on the website of the Trust in advance of the meeting;
  - (ii) A summary of the meeting is posted on the website of the Trust as soon as possible after the meeting.

## **12. Conduct of Business**

- 12.01. **Quorum.** A majority of the voting members shall constitute a quorum for Board Meetings.
- 12.02. **Without prejudice to the rule set out in the preceding paragraph, the Board will not normally take decisions of a substantive nature at a Board Meeting unless** at least two members appointed by the Governing Body of the International Treaty and at least two members appointed by the Donors' Council are present at the meeting.
- 12.03. **General powers of the Chairperson of the Executive Board:**
- (i) In addition to exercising the powers conferred upon her or him by the Constitution and Rules of Procedure, the Chairperson shall declare the opening and closing of each meeting of the Board, direct the discussion, ensure observance of these rules, accord the right to speak, put questions to the vote and announce decisions. The Chairperson, subject to these rules, shall have complete control of the proceedings of the Board and over the maintenance of order at its meetings. He or she shall rule on points of order and may propose to the Board the adjournment of a meeting.
  - (ii) The Chairperson, in the exercise of her or his functions, remains under the authority of the Board.
- 12.04. **Points of order:**
- (i) A member may at any time raise a point of order, which shall be immediately decided by the Chairperson in accordance

with these rules. A member may appeal against the ruling of the Chairperson. The appeal shall be immediately put to the vote, and the ruling of the Chairperson shall stand unless overruled by a majority of those members casting an affirmative or negative vote.

- (ii) A member may not, in raising a point of order, speak on the substance of the matter under discussion.

12.05. **Motions.** A member may present any of the following motions, which the Chairperson may put to the vote with or without debate and which shall have precedence in the indicated order over all proposals and other motions before the meeting:

- (a) to suspend the meeting;
- (b) to adjourn the meeting;
- (c) to adjourn the debate on the item under discussion; or
- (d) to close the debate on the item under discussion.

12.06. **Reconsideration of proposals.** When a proposal has been adopted or rejected, it may not be reconsidered at the same session unless the Board, by a three-fourths majority of those voting members casting an affirmative or negative vote, so decides.

### **13. Voting**

13.01. **Majority required:**

- (i) All decisions shall normally be reached by consensus. If all efforts to reach a consensus on a particular matter have been exhausted and no agreement has been reached, the Chairperson may either adjourn the debate on the matter or put the proposal to a vote.
- (ii) Where the Chairperson of the Board puts a proposal to a vote, the majority required shall be a two-thirds majority of those voting members casting an affirmative or negative vote. Members who abstain from voting are considered as not voting.

13.02. **Method of voting:**

- (i) Subject to paragraph (ii) of this Section, the Board shall normally vote by show of hands, but any member may request a roll call.
- (ii) Voting in the case of elections shall be by secret ballot.

13.03. **Conduct during voting.** The Chairperson shall announce the commencement of voting, after which no member shall be permitted to intervene until the result of the vote has been announced, except on a point of order in connection with the process of voting.

- 13.04. **Voting without meeting.** Whenever the Chairperson, after consultation with the Vice-Chairperson, considers that a decision on a particular question should not be postponed until the next regular meeting of the Board and does not warrant the calling of a special meeting, the Secretary to the Board shall transmit to each member, by any rapid means of communication, a motion embodying the proposed decision with a request for a vote. Votes shall be cast during such period as the Chairperson prescribes. At the expiration of the established period, or of any extended period the Chairperson may prescribe, the Secretary to the Board shall record the results and notify the members. The motion shall be considered adopted by the Board only if it receives the positive vote of all members of the Board entitled to vote.

#### **14. Subsidiary Bodies**

- 14.01. The Board shall establish a Finance and Investment Committee composed of a Chairperson and such other members as it may appoint. The Executive Secretary may attend meetings of the Finance and Investment Committee, but shall not have a vote in such meetings.
- 14.02. The Board may establish on a permanent or ad hoc basis such other committees, working groups or other subsidiary bodies as it deems necessary for the performance of its functions.
- 14.03. The Board shall specify the terms of reference and appoint the Chairpersons of any such committees, working groups or other subsidiary bodies . The Board may also assign particular items for further study and reporting back to the Board.
- 14.04. The terms of reference and membership of any permanent subsidiary body established by the Board shall be annexed to these Rules of Procedure.
- 14.05. The provisions of these Rules of Procedures shall apply to the procedure of any committee, working group or other subsidiary body established by the Board, as appropriate, subject to such modifications as the Board may decide.
- 14.06. The Chairperson may attend meetings of all committees, working groups or other subsidiary bodies of the Board, but shall not have a vote in such meetings.

#### **15. Miscellaneous Provisions**

- 15.01. **Records:**  
Summary records of the meetings of the Board shall be made and kept by the Secretary to the Board. Records may also be made and kept of the meetings of committees, working groups or other subsidiary bodies of the Board if the Board so decides. There shall be no verbatim records of meetings.
- 15.02. **Records - preparation and adoption:**

- (i) The Secretary to the Board shall prepare a draft summary record on the work of each meeting of the Board, setting out, inter alia, any recommendations and decisions adopted as well as the principal reasons therefore.
- (ii) The draft summary record shall be submitted as soon as possible to the Chairperson and the Executive Secretary who may, within three weeks of their receipt, submit suggestions for additions and amendments.
- (iii) The draft summary record, with any such addition or amendment incorporated, shall be distributed promptly to the members of the Board for their comments, which should reach the Secretary to the Board within two weeks. Having incorporated the final Board comments, the Board Secretary will distribute the draft record to all participants in the meeting.
- (iv) The draft record, as revised in accordance with paragraph (iii) of this Section, shall be submitted to the Board for approval at the subsequent meeting.

15.03. **Language:** English shall be the official language of the Board.

15.04. **Privacy of meetings:**

- (i) Meetings of the Board and of its subsidiary bodies shall be held in open or closed sessions.
- (ii) Participation in closed sessions is normally restricted to members of the Board. As may be necessary, however, the Chairperson may invite other relevant persons to attend closed sessions.
- (iii) The Chairperson will determine when Board meetings shall be held in closed session. Closed sessions shall be announced in advance and shall be indicated, whenever possible, on the agenda of the meeting. In determining closed sessions, the Chairperson of the Board will make a distinction between closed sessions for outsiders and for staff of the Trust.

15.05. **Travel, honorarium and other payments to members for Board business.**

The Board shall adopt and periodically review regulations governing the mode of travel, the reimbursement of costs incurred in connections with Board members' attendance at meetings of the Board and its subsidiary bodies, and the payment of an honorarium to Board members for attendance at meetings of the Board and its subsidiary bodies or, as approved by the Chairperson, for undertaking Board business. Such regulations shall be annexed to these Rules of Procedure.

## **16. Amendment and Suspension of Rules of Procedure**

16.01. These Rules may be amended or suspended by the affirmative vote of at least two-thirds of all members entitled to vote, provided that

the amendment or suspension is in conformity with the Constitution of the Trust and that 24 hours notice of the proposal for amendment or suspension has been given. The requirement of 24 hours notice may be waived if no member objects

## **Revised Draft Financial Regulations of the Global Crop Diversity Trust**

### **1. Applicability**

- 1.01. These regulations shall govern the financial administration of the Global Crop Diversity Trust.
- 1.02. These regulations are subject to, and shall be construed in conformity with, the provisions of the Constitution of the Trust.
- 1.03. In implementing these regulations and in its general financial management, the Trust shall apply generally accepted international accounting standards.
- 1.04. In these regulations –  
“Trust” means the Global Crop Diversity Trust;  
“Board” means the Executive Board of the Trust.

### **2. The Financial Period**

- 2.01. The financial period of the Trust shall be the calendar year.

### **3. The Budget**

- 3.01. The Executive Secretary shall be responsible to the Board for the financial management of the Trust.
- 3.02. The Executive Secretary shall prepare and submit through the Finance and Investment Committee to the Annual Meeting of the Board for its approval a multi-year strategic plan, and annual budget submissions for the ensuing financial period consistent with that plan.
- 3.03. The annual budget submissions shall cover income, donations, expenses and capital expenditures for the financial period to which they relate, and shall be presented in United States dollars.
- 3.04. The annual budget submissions shall be accompanied by such information, annexes or explanatory statements as may be requested by the Board, and such further annexes or statements as the Executive Secretary deems appropriate.
- 3.05. The Executive Secretary shall, no later than sixty days before the close of the financial period, dispatch the annual budget submissions for the ensuing financial period to Members of the Board.

#### **4. Accounts**

- 4.01. The Executive Secretary shall maintain such accounts as are necessary and shall prepare a statement of accounts at the end of each quarter of the financial period, which shall show, in United States Dollars:
- (i) The income of the Trust including income from investments and from new funds raised;
  - (ii) The status of the endowment funds;
  - (iii) The status of non-endowment funds;
  - (iv) A statement of investments currently held and the investment returns achieved;
  - (v) An analysis of variance to budget.
- 4.02. The Executive Secretary shall submit the statement of accounts and other financial statements for each year to the auditors not later than ninety days following the end of the financial period to which they relate.
- 4.03. The Executive Secretary shall submit to the Annual Meeting of the Board the audited statement of accounts and other financial statements for the preceding financial period.

#### **5. Custody of Funds**

- 5.01. The Executive Secretary shall designate the bank or banks in which funds in the custody of the Trust shall be kept.

#### **6. Investment of Funds**

- 6.01. The Executive Secretary shall invest moneys not needed for current requirements in accordance with Article 16.3 of the Constitution and any investment policy approved by the under Article 6.3(i) of the Constitution, seeking, wherever practicable, the advice of the Finance & Investment Committee or other competent subsidiary body established under Article 6.4 of the Constitution for the purpose of advising on financial and investment matters.

#### **7. Internal Control**

- 7.01. The Executive Secretary shall :
- (i) establish detailed financial rules and procedures in order to ensure:
    - (a) effective financial administration and the exercise of economy; and
    - (b) effective custody of the funds and other physical assets of the Trust;
  - (ii) except where advance or progress payments are specifically provided for in the contract, as may be required by normal

commercial practice and the interests of the Trust, ensure that all payments are made on the basis of supporting vouchers and other documents which show that services or goods have been received and have not previously been paid for;

- (iii) designate the officers, and other persons as appropriate, who may receive moneys, incur commitments or obligations and make payments on behalf of the Trust;
- (iv) maintain an internal financial control, which shall provide an effective current examination and/or review of financial transactions in order to ensure:
  - (a) the regularity of the receipt, custody, and disbursement of all funds and other resources of the Trust;
  - (b) the conformity of disbursements with the budget approved by the Board; and
  - (c) the effective use of the resources of the Trust.

- 7.02. Commitments or obligations shall not be incurred and disbursements shall not be made unless an appropriate authorization has been made in writing under the authority of the Executive Secretary.
- 7.03. The Executive Secretary may make such *ex gratia* payments as he or she deems to be necessary. A statement of such payments shall be submitted with the statement of accounts. Any *ex gratia* payments over a limit to be established by the Board shall require the prior approval of the Chairperson of the Finance and Investment Committee.
- 7.04. The Executive Secretary may, after full investigation, authorize the writing off of losses of cash, supplies, equipment and other assets, or the establishment of a reserve in respect of such losses. A statement of all such losses written off or reserves established during the financial period shall be submitted to the independent auditor with the statement of accounts.
- 7.05. The Executive Secretary shall establish rules for the procurement of equipment, supplies and other requirements, including rules governing the invitation of tenders.

## **8. Approval of Grants**

- 8.01. The Executive Secretary shall prepare submissions to the Board for the approval of grants in accordance with the fund disbursement strategy and eligibility principles and implementing criteria adopted by the Board.
- 8.02. Grant submissions shall be prepared in accordance with procedures to be approved by the Board.
- 8.03. Subject to section 8.05, all grants shall be approved by the Board.
- 8.04. The Board may delegate authority to the Executive Secretary to approve grants up to an amount determined by the Board, subject

to such conditions as the Board may determine. Any such delegation of authority shall be in writing.

## **9. External Audit**

- 9.01. The Board, on the advice of the Finance and Investment Committee, shall appoint an independent auditor from among competent international accounting firms, and shall approve the independent auditor's annual audit plan.
- 9.02. The independent auditor shall perform such audit on an annual basis as he or she deems necessary to certify:
- (i) That the statement of accounts and other financial statements are in accord with the books and records of the Trust;
  - (ii) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions and other applicable directives;
  - (iii) that the securities and moneys on deposit and on hand have been verified by certificate received direct from the Trust's depositaries or by actual count;
  - (iv) that the internal controls are adequate in the light of the extent of reliance placed thereon;
  - (v) that procedures satisfactory to the independent auditor have been applied to the recording of all assets, liabilities, surpluses and deficits.
- 9.03. The audit shall be conducted in conformity with generally accepted auditing standards and, subject to any special directions of the Board.
- 9.04. The independent 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 Trust
- 9.05. The independent auditor shall be completely independent and solely responsible for the conduct of the audit.
- 9.06. The Board may request the independent auditor to perform certain specific examinations and issue separate reports on the results.
- 9.07. The Executive Secretary shall provide the independent auditor with the facilities he or she may require in the performance of the audit.
- 9.08. The independent auditor and his or her staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the independent auditor, necessary for the performance of the audit.

- 9.09. The independent auditor shall express and sign an opinion on the financial statements.
- 9.10. The independent auditor shall prepare a report on the audit of the annual statement of account and other financial statements and on any matters on which a specific examination has been requested by the Board under section 9.06.
- 9.11. The Executive Secretary shall make the independent auditor's reports available to the Board through the Finance and Investment Committee, to the Donors' Council and to the Governing Body of the International Treaty.

#### **10. Delegation of Authority**

- 10.01. The Executive Secretary may delegate to other officers of the Trust such authority as he or she considers necessary for the effective implementation of these Regulations.

#### **11. Amendment and Suspension of Financial Regulations**

- 11.01. These Financial Regulations may be amended or suspended by the affirmative vote of at least two-thirds of all members entitled to vote, provided that the amendment or suspension is in conformity with the Constitution of the Trust and that 24 hours notice of the proposal for amendment or suspension has been given. The requirement of 24 hours notice may be waived if no member objects.