

# *International Organisation of Vine and Wine*



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## **INTERNAL RULES**

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### Title II: Financial regulations

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Adopted by the Extraordinary General Assembly of 14 October 2005

Amended by the General Assembly of 23 November 2018

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References to the articles of the Agreement of 3<sup>rd</sup> April 2001 are indicated in the margin between square brackets as follows: [Ag. Article .....]

**Article 29**      **Reserved**

**Article 30**      **Reserved**

**Title II**            **Financial regulations**

**Article 31**      **The objectives of the Financial regulations**

31.1 –The financial regulations shall regulate the financial management of the International Organisation of Vine and Wine.

31.2 - The financial year shall extend over one calendar year, from the 1<sup>st</sup> of January to the 31<sup>st</sup> of December.

**Article 32**      **Budget:**

32.1 - The Director General shall prepare a draft budget for expenditure and revenue for the next budget year so that the budget may be put to a vote at the General Assembly before the beginning of each budget year.

32.2 –The budget shall be divided into chapters and sections. It shall be accompanied by such annexes and explanatory statements as may be requested by the General Assembly, including a statement on the main changes in comparison with the budget of the previous financial year and such further annexes or statements as the Director General deems necessary.

Forecast expenditure and revenue shall be expressed in the currency which is legal tender in France.

[Ag. Article 5.5]      32.3 – The Director General shall make all necessary arrangements in order that the members of the Executive Committee may have at their disposal all elements necessary to form an opinion one month before the date of the meeting during which the Executive Committee is to express an opinion on the draft budget of the Director General and the consequent amount of the members' financial contributions and, if necessary, shall modify that amount before submission to the General Assembly.

32.4 - The Director General shall make all necessary arrangements in order that the heads of delegation representing each member at the General Assembly may have at their disposal all elements necessary to form an opinion at least two weeks before the General Assembly at which the budget is to be adopted and the amount of the members' financial contributions is to be set.

[Ag. Article 5.1, 5.5 and 6.1]      32.5 - The General Assembly shall, by a weighted qualified majority vote, adopt the budget and set the amount of the members' financial contributions based on the draft submitted by the Director General and taking into account the proposals of the Executive Committee. The budget shall include forecast expenditure and revenue which balance out.

32.6.1 – Forecast expenditure shall include fixed and variable costs, to be found, in particular, in the following budget sections:

- a) administration and management expenses,
- b) technical expenses,
- c) expenses related to various publications and other activities,

Amd 2018/11      d) headquarter office accommodation costs and related costs,

- e) allocations for amortisation and for provisions,
- f) other specific expenses.

32.6.2 Forecast revenue of the O.I.V, of any nature, shall be clearly indicated in the budget proposal drawn up by the Director General and shall include:

- [Ag. Article 6.2] a) The compulsory annual financial contribution of each member and observer;

The Director General shall notify, at the end of the General Assembly, each of the members of the amount of their financial contribution as set by the General Assembly for each financial year. He/she shall do the same for each observer.

The compulsory financial contributions shall be calculated in the currency which is legal tender in France and shall be paid in that currency or in another currency accepted by the Director General. The entire contribution is due at the beginning of each year. As of the 1<sup>st</sup> of January of the following calendar year, the unpaid financial contribution or its debit balance shall be considered as in arrears for one year.

New members must pay a contribution for the year during which they become members; it shall be calculated pro rata temporis, based on the actual date of membership. The same shall apply to new observers.

The Director General shall regularly present the status of collection of the compulsory annual financial contributions to the Executive Committee and to the General Assembly.

- b) Revenue from O.I.V activities,

- Amd 2018/11 c) Voluntary contributions of the French republic to be used to cover costs of the OIV headquarters accommodation and related expenses,

- d) Return on investments.

32.6.3 Also to be taken into account as revenue shall be:

- a) Other voluntary contributions by its members,

- [Ag. Article 6.3] b) Donations, allocations, subsidies, or financing of any nature coming from international or national organisations, of public, semi-public or private nature.

As concerns revenue provided for in letters a) and b), the Steering Committee shall draw up a report evaluating the conformity of such financing with the functions of the O.I.V, its scientific, technical, legal and economic activities and its intergovernmental nature in addition to any possible direct or indirect financial implications that their acceptance could have on the budget.

This report shall be submitted to the Executive Committee which shall make a decision in accordance with Article 7.10 of Title 1 of these rules.

The total amount of this revenue shall not exceed 20% of the total amount of the annual compulsory financial contributions. Above this percentage, acceptance of such financing shall be subject to the decision of the General Assembly, in accordance with Article 6.10 of Title I of these rules.

32.7 On an exceptional basis, the Director General may present supplementary budget proposals to the Executive Committee, which shall subsequently be submitted to the General Assembly. The provisions of these rules shall also apply to

any supplementary budget.

32.8 At the close of the financial year, any residual balance made up of the difference between revenue on the one hand, and expenditure and provisions on the other hand, shall be posted as a cash surplus.

The Director General may propose that the Executive Committee:

- a) deposit the surplus into the Working Capital Fund
- b) record the surplus as revenue in the second financial year following the financial year in which the surplus was registered and allocation to each of the Members and observers having paid their contribution for the year in question in relative proportion to that contribution. This amount may otherwise be counted towards future compulsory contributions or towards compensation for possible contribution arrears.
- c) use the surplus for any other purpose

On the basis of these proposals, the Executive Committee shall make a recommendation to the General Assembly.

### **Article 33**     **Financial management**

33.1 - In adopting the budget for the financial year, the General Assembly authorises the Director General to incur expenses and make payments within the approved limits.

33.2 - The Director General may transfer within a same budget chapter, or, with the approval of the Steering Committee, from one budget section to another.

33.3 – The management accounts for each financial year shall specify:

- a) as revenue: the amount corresponding to revenue as provided for in Article 32.6.2 a, b, c, d, and 32.6.3 a and b.
- b) as expenditure: the amount corresponding to expenditure, as provided for in Article 32.6.1 a, b, c, d, e and f.

33.4- The objective of a Working Capital Fund is to ensure the continuation of the functioning of the O.I.V. It shall be made up of the cash surplus from the International Vine and Wine Office in compliance with Resolution AG/2004 related to the transfer of assets and liabilities.

The level of this fund shall be set every year during budget discussions and adopted by the General Assembly.

- a) When considering the budget, the Executive Committee may authorise the Director General to draw on the Working Capital Funds as a cash advance: any necessary sums to implement the budget until sufficient contributions have been collected;
- b) The Director General may also be authorised to draw on the Working Capital Funds any necessary sums to finance extraordinary expenses due to unforeseen circumstances, subject to the prior agreement of the Steering Committee and the approval of the Executive Committee.

33.5 - The Director General may set up specific accounts within the budget framework which shall be subject to audits of the O.I.V. He/she must, in such cases, inform the Executive Committee and precisely define the objectives and the conditions for the establishment of each specific account. He/she shall report on any such accounts to the Executive Committee.

33.6 - The Director General shall choose the bank(s) where the funds of the O.I.V are to be deposited. He/she shall be authorised to invest such funds as are not necessary for the immediate running needs of the O.I.V, on the condition that he/she take due care in making investments and in selecting establishments in which he/she has no vested interest. The same shall apply to use of the Reserve Fund. The Director General shall account for the results of any such investments during the presentation of the annual management accounts.

33.7 - The Director General shall establish rules and methods to ensure the discipline and efficiency of management. He/she shall, in particular:

- a) set rules for the incurring of expenses;
- b) prescribe that all payments be made upon the presentation of supporting documentation and proof that the services or products have actually been provided and have not previously been paid for;
- c) authorise members of staff, responsible to the Director General, to receive funds, incur expenses and carry out payments in the name of the OIV;
- d) establish an internal financial audit providing either constant monitoring, *a posteriori* checking of financial transactions, or both in order to ensure:
  - the regularity of banking operations, deposit and use of funds and other financial resources;
  - the conformity of undertakings and expenses with appropriations and other financial arrangements as decided by the General Assembly;
  - the rational use of OIV resources.

33.8 - The Director General shall set rules for the acquisition of equipment, goods, facilities and supplies as well as for the implementation of works or external services. A tender process shall be instituted each time that it appears necessary to do so in order to guarantee transparency and the best possible use of resources.

#### **Article 34      General accounting**

34.1 - The Director General shall manage the general accounting for each financial year, monitoring:

- a) revenue and expenditure;
- b) the use of voted appropriations;
- c) the financial situation, in the form of a balance sheet, including:
  - assets: fixed assets, securities, disposable assets and funds to be collected;
  - liabilities: the amount of the statutory reserve funds, provision accounts, outstanding debts and accrual liability accounts.

34.2 - The accounting system shall be expressed in the currency which is legal tender in France.

## **Article 35 Auditing of accounts**

[Ag. Articles 5.5] 35.1 - The General Assembly, by a weighted qualified majority vote, shall appoint a financial auditor, upon the joint proposal of the Director General and the O.I.V Steering Committee, with the approval of the Executive Committee. The auditor shall be appointed for a term of three successive financial years, renewable once. The auditor may be removed from office under the same conditions as those of appointment.

35.2 - The auditor must have all titles and qualifications required for the carrying out of necessary duties, which shall consist of the annual auditing of the accounts and ensuring that the provisions of the Financial Regulations are abided by.

35.3 - The auditing of accounts shall include the implementation of controls deemed useful by the financial auditor, over the course of year and then at the end of the year, both on and off site, such as checking the balance of the accounts for the general accounting, the consistency between the accounting entries and the bank statements, the reconciliation of entries and revenue and expenditure supporting documents.

35.4 - The financial auditor shall present a report on each financial year certifying as a minimum that:

- the management accounts submitted are correct and consistent with the books and accounting records;
- the financial operations recorded in these documents were done in compliance with the provisions of the Financial Regulations and the budgetary appropriations were thus respected;
- the financial standing submitted correctly shows non current assets and cash in hand or deposited in the bank(s), which must correspond to the amounts mentioned on statements received from the depositaries;
- the value taken into account in the financial statement of materials, furniture and other equipment is consistent with the inventories.

The report shall also register all observations and comments deemed necessary to be brought to the attention of the Director General, the Steering Committee, the Executive Committee or the General Assembly on the establishment and presentation of accounts.

35.5 - The financial auditor's report shall be delivered to the Director General at the latest three months after the close of the corresponding budget year. To this end, the management accounts, the financial position, and the general accounts shall be submitted to the auditor, at the latest, by the 15<sup>th</sup> of March following the end of the corresponding financial year.

## **Article 36 Approval of the accounts**

[Ag. Article 10] 36.1 - The members of the Executive Committee shall have available to them the financial auditor's report, explanatory documents and any further background information, insofar as possible, one month before the date of the meeting at which the Executive Committee must make a determination on the management in the preceding financial year.

36.2 - Based on the report of the financial auditor and any additional information supplied by the Director General, the Executive Committee shall make a

[Ag. Article 5.3.b] determination, at the close of each financial year, on the management accounts, the  
 or [Ag. Article balance sheet, the Working Capital Fund, the assignment of any surplus and the  
 5.4.b] final discharge (quietus) of the Director General for the management of the said  
 financial year. The Executive Committee shall make such determination in  
 accordance with Articles 7.10 and 7.11 of Title 1 "General Provisions" of these Rules.

[Ag. Article 10] 36.3 - The heads of delegation representing each member at the General Assembly  
 shall be provided with the financial auditor's report, explanatory documents and any  
 further background information, insofar as possible, one month before the General  
 Assembly at which the management accounts of the previous financial year and the  
 budget for the following financial year are to be submitted for approval.

[Ag. Article 5.3.b] 36.4 - Based on the report of the financial auditor and any additional information,  
 or [Ag. Article instructions or recommendations from the Executive Committee, the General  
 5.4.b] Assembly, in accordance with Articles 6.10 and 6.11 of Title 1 "General Provisions"  
 of these Rules, shall decide whether to approve the management accounts, the  
 balance sheet, the Working Capital Fund, the proposals for the appropriation of any  
 surplus and whether to discharge (give quietus to) the Director General, before  
 voting on the budget for the following financial year.

### **Article 37 Special provisions**

37.1 - The Director General may delegate in his/her discretion, all or part of his/her  
 duties, to O.I.V staff members if he/she considers this necessary for the  
 implementation of the Financial Regulations. However, such staff members cannot  
 sub-delegate the duties entrusted to them by the Director General. The Executive  
 Committee must be informed of any delegation of duties.

37.2 - In the event of appointment of a new Director General, and to ensure  
 continuity of the financial management of the O.I.V, the transfer of related  
 instructions between the exiting Director General and the new Director General shall  
 be carried out. A provisional status of the management accounts and balance sheet  
 shall be established from the date at which the Director General assumes his/her  
 duties when this does not take place at the end of the financial year. This statement  
 shall be co-signed by each party and is addressed for information purposes to the  
 Steering Committee of the O.I.V and kept in the accounting files of the O.I.V.

### **Article 38 Modification or adaptation of the Financial regulations**

The Financial regulations may be modified or adapted according to Article 28 of Title  
 1 "General Provisions" of these Rules.

**Article 39** The present Title II "Financial Regulations" shall enter into force in the first financial  
 year following its adoption.