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INTERNATIONAL SOCIAL SECURITY ASSOCIATION

Financial Regulations



International Social Security Association

Financial Regulations

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CHAPTER 1 | GENERAL PROVISIONS

Article 1. **Fiscal Year**

The fiscal year of the Association shall start on 1 January of each calendar year and shall end on 31 December of that calendar year.

Article 2. **Operating Currency**

The operating currency of the Association shall be the Swiss franc. Accordingly, the budget of the Association prescribed in *Articles 16.(2)(a), 22.(1) and 37.(1)* of the Constitution and *Article 8* of these Financial Regulations, and the reports of the Treasurer prescribed in *Articles 16.(2)(b), 37.(3), and 37.(4)* of the Constitution and *Article 12* of these Financial Regulations, shall be presented in Swiss francs. As well, the regular annual contributions of the affiliate and associate members of the Association, determined in accordance with *Articles 5 and 6* of these Financial Regulations, shall be payable in Swiss francs.

CHAPTER 2 | FINANCIAL RESOURCES

Article 3. **Budgetary Sources**

In accordance with *Article 53.(1)* of the Constitution, the financial resources required by the Association to carry out the programme of activities approved by the Council shall be derived from:

- (a) income from the regular annual contributions of the affiliate and associate members, determined in accordance with *Articles 5 and 6* of these Financial Regulations;
- (b) income from other sources approved by the Council or Bureau.

Article 4. Extra-budgetary Sources

With the approval of the Council or Bureau, financial resources to carry out projects or activities which are compatible with the objective of the Association stated in *Article 2* of the Constitution may also be derived from:

- (a) income from voluntary contributions of affiliate and associate members which are in addition to the regular annual contributions referred to in *Article 3.(a)* of these Financial Regulations;
- (b) income from grants, donations, gifts, bequests or similar payments to the Association by organizations other than affiliate and associate members.

Article 5. Annual Contributions of Affiliate Members

(1) In accordance with *Article 53.(2)* of the Constitution, the regular annual contribution payable to the Association by an affiliate member for a fiscal year shall be calculated by multiplying:

- (a) the number of points assessed to that member, as determined in accordance with paragraphs (2) to (4) of this Article

by
- (b) the value of the point (rate of contributions) determined by the Council for that fiscal year, pursuant to *Article 16.(2)(a)* of the Constitution.

(2) Subject to paragraphs (3) and (4) of this Article, the number of points assessed to an affiliate member for a fiscal year shall be calculated according to the branches of social security administered by that member and the number of persons insured or covered by each branch, as follows:

- (a) in the case of the sickness and unemployment branches, one point shall be assessed for every 300,000 persons insured or covered;
- (b) in the case of the accident, pensions, family allowances and other branches, one point shall be assessed for every 200,000 persons insured or covered;
- (c) a minimum of 10 points shall be assessed to each affiliate member, and a maximum of 300 points to all of a country's affiliate members taken together.

(3) In no case shall more than three branches of social security be taken into account in determining the number of points assessed to an affiliate member. If an affiliate member administers more than three branches, the three having the largest number of persons insured or covered shall be taken into account. If the rule given in the preceding sentence is not sufficient to determine which three branches will be taken into account, the Treasurer shall make the determination.

(4) In a case in which the affiliate members from a country are assessed contribution points which, when added together, reach the maximum of 300 points prescribed in sub-paragraph (2)(c) of this Article, the members concerned shall decide among themselves the allocation of points to each affiliate member, provided that the total remains 300 points. The affiliate members may alter the allocation, as they deem necessary, in the course of a three-year period. The titular delegate of the country shall inform the Secretary General of the decision of the affiliate members regarding the allocation of points among them.

Article 6. **Annual Contributions of Associate Members**

In accordance with *Article 53.(3)* of the Constitution, the regular annual contribution payable to the Association by an associate member for a fiscal year shall be in an amount determined by the Council for that fiscal year, pursuant to *Article 16.(2)(a)* of the Constitution.

Article 7. **Collection of Contributions**

(1) At least five months before the start of a fiscal year, the Treasurer shall inform each affiliate and associate member in writing of the amount of the regular annual contribution payable to the Association by that member for that fiscal year.

(2) The regular annual contribution of an affiliate or associate member, other than a member which is admitted to the Association in the course of a fiscal year in accordance with *Article 7* of the Constitution, shall become payable on the first day of the fiscal year. Except in unusual circumstances, the contribution shall be paid no later than the last day of the third month of the fiscal year. However, in the case of a member whose fiscal year starts on a date other than 1 January, the regular annual contribution of that member shall be paid no later than the last day of the third month following the start of the fiscal year of that member. In a case in which the preceding sentence applies, the member concerned shall inform the Secretary General in writing.

(3) In regard to an organization which is admitted to the Association in the course of a fiscal year in accordance with *Article 7* of the Constitution, the first contribution of that organization shall be paid within six months of the date of approval of its membership by the Bureau, unless, in exceptional circumstances, a different time limit is decided by the Treasurer on the recommendation of the Secretary General. Pursuant to *Article 8.(1)* of the Constitution, the membership of the organization concerned shall commence only when that organization pays its first contribution to the Association. If the organization fails to pay the first contribution by the time limit

prescribed in the first sentence of this paragraph, it shall be considered that the admission never took place and that the organization did not become a member of the Association.

(4) If an affiliate or associate member has not paid its regular annual contribution in full for a previous fiscal year or years, any payment of regular annual contributions by that member shall be credited against the earliest in date of the contributions in arrears, notwithstanding any expression of intention to the contrary by that member.

(5) In the financial reports prescribed in *Article 12.(1)* of these Financial Regulations, the Treasurer shall include a statement of contributions outstanding for the previous fiscal year, together with any explanations or other documents the Treasurer considers appropriate.

CHAPTER 3 | BUDGET

Article 8. **Preparation of the Budget**

(1) The budget of the Association for the upcoming three-year period, to which reference is made in *Articles 16.(2)(a), 22.(1)* and *37.(1)* of the Constitution, shall take into account only the financial resources of the Association derived from the budgetary sources described in *Article 3* of these Financial Regulations and the expenditures related to the use of those financial resources.

(2) The budget shall be based on estimates provided by the Treasurer regarding the amount of income likely to be derived from each of the budgetary sources.

CHAPTER 4 | EXPENDITURES

Article 9. Use of the Financial Resources of the Association

(1) Unless decided otherwise by the Bureau in accordance with *Articles 22.(1)(d) and (8)* of the Constitution, the financial resources of the Association derived from the budgetary sources described in *Article 3* of these Financial Regulations shall be used solely for the purpose of carrying out the programme of activities approved by the Council, in accordance with *Article 16.(2)(a)* of the Constitution.

(2) The financial resources of the Association derived from the extra-budgetary sources described in *Article 4* of these Financial Regulations shall be used for projects and activities which are approved by the Council or Bureau and which are compatible with the objective of the Association stated in *Article 2* of the Constitution.

Article 10. Commitment of Expenditures

(1) In accordance with *Article 37.(2)* of the Constitution, the Treasurer shall oversee the financial management of the Association, including expenditures.

(2) In accordance with *Article 39.(1)* of the Constitution, and subject to paragraphs (3) to (5) of this Article, the Secretary General shall be responsible for the commitment of expenditures for the Association. The Secretary General may delegate his or her authority to the officials of the General Secretariat responsible for the Association's financial services, and to other staff of the General Secretariat whose names shall be approved in advance by the Treasurer. The names of any officials or staff to whom such a delegation is made shall be communicated to the Bureau and Control Commission.

(3) Any commitment or payment order exceeding fifty thousand Swiss francs shall be signed jointly either by the Treasurer and the

Secretary General, or by the Treasurer or the Secretary General together with one official or staff of the General Secretariat designated in accordance with the second sentence of paragraph (2) of this Article.

(4) No signatures other than those of the Treasurer, Secretary General, and officials and staff of the General Secretariat designated in accordance with the second sentence of paragraph (2) of this Article shall constitute a financial commitment on the part of the Association.

(5) Except with the prior approval of the Bureau, no commitment may be made which would result in expenditures for a three-year period exceeding the financial resources derived from budgetary and extra-budgetary sources during that period.

CHAPTER 5 | ACCOUNTING AND REPORTING

Article 11. Accounts

(1) The Treasurer, in consultation with the Secretary General, shall determine the table of accounts which will be used in each three-year period. The financial services of the General Secretariat shall keep the books of the Association in accordance with that table of accounts.

(2) The books and supporting documentation shall be kept at the headquarters of the Association. They shall be available for inspection by the Treasurer and the Control Commission at any time.

(3) The financial services of the General Secretariat shall provide the Treasurer with periodic statements summarizing the financial position of the Association. The Treasurer, in consultation with the Secretary General, shall establish the schedule for such statements and their contents. The Treasurer shall regularly examine the financial accounts in order to satisfy him- or herself that all matters are in order, and

shall promptly take the steps required to resolve any doubt in this regard or to correct any irregularities which may come to his or her attention.

Article 12. Financial Reports

(1) The reports which the Treasurer must submit to the Council and Bureau in accordance with *Articles 16.(2)(b), 37.(3) and 37.(4)* of the Constitution shall contain:

- (a) a summary of the income and expenditures for the period in question, the corresponding balance sheet, and a statement regarding the Reserve and Working Capital Funds of the Association. The income shall include all the financial resources derived from the budgetary sources described in *Article 3* of these Financial Regulations;
- (b) explanations of significant differences between amounts budgeted and actual experience in the period in question.

(2) The Treasurer shall also periodically provide reports to the Council and Bureau on the financial resources derived from the extra-budgetary sources described in *Article 4* of these Financial Regulations.

(3) In conjunction with the reports of the Treasurer described in paragraphs (1) and (2) of this Article, the Secretary General shall report on the programme accomplishments realised during the period in question, and the linkages between those accomplishments and the resources expended.

CHAPTER 6 | FUNDS

Article 13. Working Capital Fund

- (1) The Treasurer may establish a Working Capital Fund whose total value shall not exceed five percent of the total budget for the three-year period approved by the Council, in accordance with *Article 16.(2)(a)* of the Constitution.
- (2) The Working Capital Fund shall be used exclusively for the purpose of ensuring the ongoing functioning of the Association in periods in which there are short-term differences between the income received by the Association and the expenditures incurred.

Article 14. Reserve Fund

- (1) The financial assets of the Association, other than those required for its day-to-day functioning and those in the Working Capital Fund, shall be held in the Reserve Fund.
- (2) Each year the Bureau, on the recommendation of the Treasurer, shall establish guidelines for the investment of the assets in the Reserve Fund during the following year.
- (3) The Treasurer shall be responsible for the investment of the assets in the Reserve Fund. He or she shall report annually to the Bureau on the composition of the investment portfolio and the performance of the Reserve Fund.
- (4) If a surplus of income over expenditure is realised over a three-year period, that surplus shall be allocated in the first instance to the coverage of any deficits incurred in the previous two three-year periods. If any surplus remains, it shall be allocated to the Working Capital Fund, established pursuant to *Article 13* of these Financial Regulations. If any surplus still remains, it shall be allocated to the Reserve Fund, unless decided otherwise by the Bureau.

CHAPTER 7 | MISCELLANEOUS PROVISIONS

Article 15. Roles and Accountability

(1) In carrying out the duties specified in *Article 37.(2)* of the Constitution, and subject to these Financial Regulations, the Treasurer, after consultation with the Secretary General, shall establish any additional procedures, safeguards and controls which may be necessary to ensure that all income of the Association is properly recorded and that all expenditures are justified and properly documented.

(2) In carrying out the duties specified in *Article 39.(1)* of the Constitution, the Secretary General shall ensure that all the provisions of these Financial Regulations regarding the Secretary General or the General Secretariat, and any additional procedures, safeguards and controls referred to in paragraph (1) of this Article, are adhered to fully. In accordance with *Article 39.(2)* of the Constitution, the Secretary General shall report immediately to the Treasurer any instances in which there has been a failure to adhere to these Financial Regulations and those procedures, safeguards and controls.

(3) In carrying out the duties specified in *Article 29* of the Constitution, the Control Commission shall review these Financial Regulations and any additional procedures, safeguards and controls referred to in paragraph (1) of this Article to assess their adequacy and to verify that those provisions, procedures, safeguards and controls are being adhered to fully by the General Secretariat. The Control Commission may also review any other procedures and systems which, in its opinion, are required to ensure the effective and efficient use of the resources of the Association and full adherence to the principles of probity and accountability in the use of those resources. The Control Commission shall report its findings and recommendations to the Council or Bureau, as the case may require.

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