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**FINANCIAL REGULATIONS
FOR
THE STANDARDS AND METROLOGY
INSTITUTE FOR ISLAMIC COUNTRIES
(SMIIC)**

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GENERAL

Clause 1

- 1.1 The General Secretariat shall operate on a budget, accounting and auditing system on an annual basis with financial projection for the subsequent year.
- 1.2 When the General Assembly or the Board of Directors are considering questions involving expenditure by the General Secretariat, the Secretary General shall report on the financial implications involved.
- 1.3 The accounting year shall follow the calendar year starting from the first day of January up to the last day of December.

PREPARATION AND APPROVAL OF THE BUDGET

Clause 2

- 2.1 The annual budget estimates of the Institute shall be prepared by Secretary General in US Dollars. The draft budget shall be available for examination by the Board of Directors prior to its admission to the General Assembly for approval.
- 2.2 The budget proposals shall be drawn up in accordance with the budget format comprising of necessary sub-headings that enable the smooth functioning and administration of the daily activities of the Institute.
- 2.3 The draft budget shall be reviewed and adopted by the Board of Directors and recommended for the final approval of the General Assembly. In case the meeting of the General Assembly is not expected to be held within three months after the adoption of the Institute's budget by the Board of Directors, the latter shall have the authority to provisionally approve the budget on behalf of the General Assembly.
- 2.4 If the General Assembly or the Board of Directors is unable to meet or adopt the budget before the beginning of the new financial year, the Secretary General shall be authorized to make payments to sustain Institute's essential functioning on provisional basis for a maximum period of three months on the basis of the budget approved for the previous financial year.

APPLICATION OF THE BUDGET, INTERNAL AND EXTERNAL CONTROLS

Clause 3

- 3.1** All transfers of money, cheques, financial commitments, agreements, payment orders and any other document related to the expenditure of the budget less than 1.000 US Dollars shall only be signed by Assistant Secretary General while those between 1.000 US Dollars and 50.000 US Dollars shall only be signed by Secretary General while those more than 50.000 US Dollars shall be signed by Secretary General upon the approval of Chairman of Board of Directors of SMIIC. In case of the organization of SMIIC BOD and GA Meetings and other approved events, Secretary General shall be empowered to pay the total amount accrued. The signature of the staff in charge for accounting is required on the vouchers pertaining to all expenditures.
- 3.2** The Secretary General may transfer funds between sub-headings of the budget, up to 10 percent in the last quarter of the financial year. All such transfers shall be shown in the financial statements explaining the reasons for unforeseen expenses.
- 3.3** The Secretary General shall hold and administer the funds and property of the Institute.
- 3.4** To this end, the Secretary General shall set up such internal controls as may be necessary to maintain a continuous check on all financial transactions, prevent any misappropriations of funds, and ensure the utmost economy compatible with the proper functioning of the General Secretariat.
- 3.5** The funds of the Institute shall be kept in a regularly scheduled bank excluding any private investment, finance or trading companies.
- 3.6** Accounts shall be kept to show amounts authorized, commitments undertaken, payment made, and available balances.
- 3.7** The Financial accounts of the Institute shall be subject to an external auditing on annual basis. According to the Article 9.4 of the Statute, General Secretariat will submit three candidates to be appointed as external auditor to the General Assembly via Board of Directors and General Assembly appoints the external auditor to perform the financial audit. Appointed external auditor shall perform the financial audit for the three consecutive years. The appointed external auditor can be changed depending on its performance.

3.8 External auditor shall submit the report of ended accounting year to the General Secretariat by 01 February each year. The report shall meet the requirements of International Financial Reporting Standards (IFRS) and/or related resources as well as the mandates requested by Member States as stated in the Board of Directors and General Assembly resolutions.

3.9 General Secretariat shall submit the external auditors' report to the Board of Directors meeting. The external auditor shall present the report to the Board of Directors for the evaluation and further information. After the consideration of the Board of Directors, the external auditors' report shall be submitted to the General Assembly for approval.

PROVISION OF FUNDS AND SCALE OF CONTRIBUTIONS

Clause 4

4.1 The budget appropriations approved by the General Assembly shall be financed by contributions of Member States and as defined in Article 9.1 of the Statute.

4.2 After the approval of the budget, the General Secretariat shall, within one month, circulate official letters to the Member States stating their assessed contribution and request them to remit funds.

4.3 Contributions shall be considered due and payable in US Dollars in full, within 30 days of the receipt of the letters of assessment.

4.4 The scale of assessment of Member States to the annual budget of the Institute will be based on the proportionate to the national incomes of Member States, taking into account the experiences of other regional organizations.

4.5 The General Assembly shall adopt the formula for the scale of contributions. Calculation method of Member States' mandatory contribution to SMIC budget is given as Annex I of this regulation.

WRITE OFF, RESERVE AND FINANCIAL STATEMENT

Clause 5

5.1 The Secretary General may authorize the write offs on losses of cash, stores and other assets up to 1000 US Dollars/in each case. The report of such write offs will be submitted to the Board of Directors for consideration. Cases involving sums in excess of 1000 US Dollars will be referred to the Board of Directors for its considerations and decisions.

- 5.2 A statement of the balances, incomes and expenditure from the Institute's accounts shall be provided and reported to the General Assembly annually.
- 5.3 The Balance of unutilized funds in the budget at the end of financial year shall be transferred to a general reserve fund. Expenditure from the reserve fund shall only be made with the authorization of the General Assembly.
- 5.4 The accounts and financial statements shall be completed not later than four months after the end of the financial year and shall be submitted to the Board of Directors for auditing and consideration.
- 5.5 The General Assembly shall examine the report of the General Secretariat on the auditing of the Institute's accounts along with the observations of the Secretary General. Approval of the report by the General Assembly shall authorize the closing of the accounts of the Institute for the financial year in question.

ENTRY INTO FORCE, IMPLEMENTATION AND AMENDMENTS

Clause 6

- 6.1 The present Financial Regulations will enter into force as of the date of its adoption by the General Assembly of the Institute.
- 6.2 The Secretary General shall be responsible for implementation of the Financial Regulations.
- 6.3 Amendments to the Financial Regulations, proposed by the General Assembly, the Board of Directors, General Secretariat or at least ten Member States shall require the approval of the General Assembly.

ANNEX I

The Calculation Method of Member States' Mandatory Contributions to SMIIC Budget

SMIIC Scale:

SMIIC scale is to be calculated according to the following indicators received from the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) which is a subsidiary organ of Organization of Islamic Cooperation (OIC). <http://sesric.org/baseind-step1.php>

- Gross National Income (GNI) US \$

GNI is GDP less net taxes on production and imports, less compensation of employees and property income payable to the rest of the world plus the corresponding items receivable from the rest of the world (in other words, GDP less primary incomes payable to non-resident units plus primary incomes receivable from non-resident units).

- Gross Domestic Product (GDP)

Gross domestic product (GDP₃ at current prices is GDP at prices of the current reporting period. Also known as nominal GDP.

It is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

The Calculation of SMIIC Scale:

- The last three year average for Gross National Income (GNI) values of each SMIIC member is calculated.

- The last three year average for Gross Domestic Product (GDP) values of each SMIIC member is calculated.

- The GNI values calculated above of each member are summed up to get the **TOTAL GNI** value.

- The GDP values calculated above of each member are summed up to get the **TOTAL GDP** value.

- **The formula “(GNI / TOTAL GNI)*100”** gives the GNI percentage of each SMIIC member over the TOTAL GNI.

- **The formula “(GDP / TOTAL GDP)*100”** gives the GDP percentage of each SMIIC member over the TOTAL GDP.

$$\text{SMIIC Scale} = (\text{GNI member state percentage} + \text{GDP member state Percentage}) / 2$$

The **allocation** of mandatory contributions to SMIIC Member States shall be follows:

- **The Host Country** shall cover the **40%** of the SMIIC Budget.
- **Each Member of the Board of Directors** shall cover **0,5%** of the SMIIC Budget resulting a total of **6,5%**.
- The remaining **53,5%** of contribution shall be distributed to the all SMIIC Member States except the host country according the **SMIIC Scale** formulation.

The Host Country Support	40%
BOD Membership (% 0,5 for each 13 member of the BOD)	6,5%
Remaining Contribution according to SMIIC Scale except the host country	53,5%
TOTAL	100%