

Pursuant to Article 16 paragraph 1(c) of the Framework Agreement on the Sava River Basin, Article 4 paragraph 2(b) of the Statute of the International Sava River Basin Commission, the International Sava River Basin Commission adopted on its 1st Regular Session held on June 27 – 29, 2005, in Zagreb and amended on the 5th Regular Session, held on January 27-28, 2009, in Zagreb and the 12th Special Session held on May 6-7, 2009, in Zagreb, following

FINANCIAL RULES of the Sava Commission

(Consolidated text)

I GENERAL PROVISIONS

Article 1 Scope

These Financial Rules regulate the budget for financial management of the Sava Commission.

Article 2 Definitions

For the purpose of these Regulations, the following definitions shall apply:

The FASRB means the Framework Agreement on the Sava River Basin, signed at Kranjska Gora, Slovenia, on 3 December 2002, including changes and amendments stipulated within the Agreement on Amendments to the Framework Agreement on the Sava River Basin and Protocol on Navigation Regime to the Framework Agreement on the Sava River Basin, signed in Ljubljana on 2 April, 2004.

The Sava Commission means the International Sava River Basin Commission established by Article 15 of the FASRB.

Representative of the Sava Commission means a member and deputy member of the Sava Commission as defined by the FASRB, Article 1 (1) of the Statute.

The Secretariat means the Secretariat of the Sava Commission, established by Article 19 of the FASRB.

Article 3 The Financial year

The financial year of the Sava Commission shall be from April 1 till March 31.

II BUDGET

Article 4 Preparation and adoption of the budget

1) A proposal of budget for each ensuing financial year shall be prepared by the Secretary. The proposal of budget shall be divided by chapters according to

purpose, and shall include explanation for proposed Sava Commission activities and for the Secretariat to respond to contingencies. The form of the budget is prescribed by the Commission as a template, which forms integral part of this document as Annex I. The budget shall consist of income and expenditures. The proposed budget shall be accompanied by a written form of statement of the significant financial implications for subsequent financial years in respect of any proposed work programs presented in terms of administrative, recurrent and capital expenditure and such additional information and explanations as the Parties may request or as the Secretary may deem useful.

- 2) The proposal of budget shall be circulated by the Secretary to the representatives of the Sava Commission not less than 30 days before the opening of the meeting at which the budget is to be adopted.
- 3) The Sava Commission shall adopt the budget which shall contain all planned expenditures and all estimated income, the receipt of which can be estimated with confidence, for the financial year to which it relates.
- 4) The budget shall be adopted not less than 30 days before the beginning of the new financial year.
- 5) The Budget may take into account correction factors, such as the inflation in the host country and the variations in exchange rate between the currency of the host country and Euro.
- 6) If the budget for the ensuing year has not been adopted according to Paragraph 4 of this Article, the Secretary, until such time as the budget is adopted, shall be authorized to collect contributions and incur expenditure up to the contributions and chapters of the budget provided for in the current year.
- 7) A non-binding outline budget of estimated expenditures for the 2 subsequent years shall be circulated to the representatives of the Sava Commission at the same time as the proposal of budget.
- 8) The Budget shall be established in Euros.

Article 5

Contributions for ensuing financial year

- 1) The contributions agreed by the Sava Commission for the ensuing financial year shall constitute an authorization to the Secretary to incur obligations and make payments for the execution of the budget up to the amount of such contributions, unless the Sava Commission decides otherwise.
Contributions shall be available for obligations during the financial period to which they relate.
- 2) Unless the Sava Commission decides otherwise, the Secretary may also incur obligations against future years before appropriations are adopted when such obligations are necessary for the continued effective functioning of the Sava Commission, provided such obligations are restricted to administrative requirements of a continuing nature not exceeding the scale of such requirements as authorized in the budget of the current financial year. In other circumstances the Secretary may incur obligations against future years only as authorized by the Commission.

Article 6

Reallocation of the Budgetary Amounts

- 1) Reallocation within the same chapter of the budget may be effected by the

Secretary with written explanation for the Sava Commission, and, thereof, the Secretary shall report to the Sava Commission.

- 2) In cases where non-planned necessity arises, the Secretary may, upon written approval of the Chairman of the Sava Commission, effect the reallocation of the assets from one chapter of the budget to another. Changes of (reduction or increase) total amount of the budget chapter from which the reallocation is to be effected, or to which the assets are transferred, cannot exceed 20% of the total amount of any concerned budget chapter approved under the budget. The Secretary shall report the Sava Commission on executed reallocation of the assets.

Article 7 Amending Budget

- 1) When arises a non-planned necessity, which is not stipulated under the budget and exceeds the total amount of the General Fund and Reserve Fund, the Secretary shall consult the Chairman of the Sava Commission and prepare the proposal of amending budget.
The Secretary shall send a proposal of this amending budget to the representatives of the Sava Commission.
- 2) In this case, the amending budget shall be adopted in the same manner as an ordinary budget.

Article 8 Budgetary Funds

- 1) The Sava Commission shall dispose of the following budgetary funds:
 - General fund;
 - Reserve fund; and
 - Special and trust funds.
- 2) A General Fund shall be established for the purpose of accounting for the expenditures of the Sava Commission made within realization of the regular activities of the Sava Commission. The following incomes shall be credited to the General Fund:
 - Mandatory contributions received from the Parties on the ground of the Article 17 of the FASRB; and
 - Miscellaneous Income.
- 3) All income other than mandatory contributions to the budget under this Article shall be classified as Miscellaneous Income. The use of Miscellaneous Income shall be subject to the same financial controls as activities financed from regular budget appropriations.
- 4) Excess of income over expenditure in the current financial year shall be allocated to the Reserve Fund.
- 5) The Reserve Fund shall provide funds to maintain the budget balance. Its purpose is to eliminate temporary financial difficulties and to ensure the settlement of the financial obligations of the Commission. It is also possible to use the Reserve fund for covering outstanding obligation incurred in the prior financial year as well as unexpected expenditures, necessary for the effective functioning of the Commission, not envisaged in the budget for the respective year.
- 6) The Reserve fund shall be maintained at level of at least 15% of the amount of the General fund, which are to be treated as the mandatory minimum used for covering basic expenditures for sustainability of the Secretariat of the Sava

Commission. The Secretary is entitled to dispose with the mandatory minimum assets for the purposes from this paragraph and obliged to, hereof inform the Sava Commission.

- 7) In case of use of assets from the Reserve fund, other than the amount of the mandatory minimum, for purposes stipulated under Paragraph 5 of this Article, the Secretary shall, after consultation with the Chairman of the Sava Commission, propose the reallocation of the assets to the Sava Commission for approval.
- 8) Special and Trust Funds could be established by the Sava Commission for the purpose of receiving funds and making payments for purposes not covered by the regular budget of the Sava Commission and they will be kept in separate accounts.

III APPROPRIATIONS

Article 9

Contribution of the Parties

- 1) The Parties shall contribute to the financing of the Sava Commission in accordance with the relevant provisions of the FASRB.
- 2) As soon as the Sava Commission has approved the budget for a financial year, the Secretary shall send a notification thereof to all Parties, together with an amount of their contribution due for that financial year.
Contributions to the budget shall be due in Euros within 30 days as of the date of notification.
- 3) The Parties shall bear the expenses related to the participation in the Sava Commission of their representatives, experts and advisers.
- 4) Parties shall bear any bank charges arising from the transfer of funds.

Article 10

Reporting on financial follow-up

- 1) The Secretary shall report to each session of the Sava Commission on the receipt of the contributions and outstanding debts. The Sava Commission shall consider, before approving the budget, what action to take in respect of payment of contributions or debt still owing from any Party.
- 2) The proposal of Report on realization of the budget, after expiry of financial year, shall be prepared by the Secretary. Form of the Report on realization of the budget is prescribed by the Sava Commission, and the prescribed form is integral part of this document as Annex II. The proposal of the Report on realization of the budget shall be accompanied by written explanation for each item of the Report, as well as by any other additional information and explanation that the Parties may require or for which the Secretary finds of significance. The Secretary shall send the proposal of Report on realization of the budget to representatives of the Sava Commission at least 30 days prior to opening of the session on which the Report on realization of the budget is to be adopted.
- 3) The Report on realization of the budget shall be adopted by the Sava Commission 60 days after expiry of financial year at latest.

Article 11

Additional funding or in-kind contributions

- 1) The Commission may receive funding or in-kind contributions in excess of the annual budget to support or enhance programs approved by the Commission, within the human resources capacities of the Secretariat, which would be allocated in the Trust and Special Funds.
- 2) The Secretary shall notify the representatives of the Sava Commission of any plan to accept funding over Euro 25,000 at least 15 working days prior to its acceptance. At a minimum, the notification to the representatives of the Sava Commission will include the following information: (a) the amount; (b) the source; and (c) the intended use. The Secretariat shall similarly notify representatives of the Sava Commission of any plan to accept an in-kind contribution with a monetary value greater than euro 40,000 provided by a contributor for a particular event, program, or administrative function of the Sava Commission, at least 15 working days prior to its acceptance. At a minimum, the notification to members of the Sava Commission will include the following information: (a) the estimated value of the in-kind contribution; (b) the source; and (c) the intended use.
- 3) Any representative of the Sava Commission may obtain an extension of the 15-working day notification period to allow the necessary time to duly examine the nature and scope of the funding or in-kind contribution. Any representative of the Sava Commission may decide to object to the Sava Commission accepting the funding or in-kind contribution. Any such decision shall be conveyed to the Secretary which shall inform the proposed contributor that the contribution will not be accepted. If no opposition is expressed by representatives of the Sava Commission, the Secretary may accept the funding or in-kind contribution at the end of the notification period.
- 4) Funding of Euro 25,000 or less and in-kind contributions with a monetary value of Euro 40,000 or less, provided by a contributor for a particular event, program, or administrative function of the Sava Commission, shall be handled at the discretion of the Secretary, on a case-by-case basis, in compliance with the scope and the objectives of the FASRB.
- 5) For the purpose of this article, "in-kind contribution" means any contribution in furtherance of the programs approved by the Sava Commission, other than direct financial support. Such in-kind contributions may be made in the form of resources, goods, or services, including personnel, equipment, facilities, or supplies.

IV AUTHORITY AND RESPONSIBILITY

Article 12

Authority in Financial matters

The Secretary shall be responsible to the Sava Commission and shall have authority in all financial matters of the Sava Commission, including authority to receive money, incur obligations and make payments on behalf of the Commission.

Article 13

Responsibility for Accounts and Financial Control

The Secretary shall maintain proper accounts and effective financial control to ensure:

- (a) that all payments are supported by vouchers, invoices and other documents which ensure that the services, goods or works have been received and that invoice has not been already paid for the same purchase;
- (b) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Sava Commission;
- (c) the conformity of obligations and expenditures with the approved budget; and
- (d) the economic use of the resources of the Sava Commission.

V GUIDELINES ON FINANCIAL RESPONSIBILITIES

Article 14

Detailed Financial Regulations and Procedure

The Secretary, exercising his/her financial responsibilities, shall:

- (a) establish, as required, detailed financial regulations and procedures in order to ensure effective financial administration and efficiency;
- (b) designate, in written, the officers who may receive money, incur obligations, and make payments on behalf of the Sava Commission; the Secretary may delegate to other officials of the Secretariat such of his powers as he considers necessary for the effective implementation of these Financial Regulations;
- (c) maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions.

Article 15

Authorization of Staff Members

No staff member of the Secretariat shall incur any liability for expenditure without written authorization from the Secretary.

Article 16

Protection against Loss on Account

The Secretary shall make suitable arrangements under which the Sava Commission will be protected against loss on account of the conduct of officials who may be entrusted by him/her with the custody and disbursement of funds of the Sava Commission.

VI AUDIT

Article 17

Auditors

- 1) Audit of the financial management of the Sava Commission shall be performed annually after the financial year is concluded and representatives of the Sava Commission have adopted the Report on realization of the budget. The Audit of financial management is performed by financial experts of two

Parties, which shall be rotated following the English alphabetical order of the Parties.

- 2) To ensure continuity, experts each Party shall perform audit for two consecutive years, except first rotation.
- 3) Costs for auditors work shall be born by the Parties.

Article 18

Access to Documentation

- 1) The Secretary shall on request enable access to all relevant documentation to the auditors, not later than 90 days following the end of the financial year to which the accounts relate.
- 2) The Secretary shall provide the auditors with the facilities they may require in the performance of the audit.

Article 19

Auditors' Report

The auditors shall submit their report to the Sava Commission members and the Secretary not later than 120 days following the end of the examined financial year.

VII SALARIES AND FEES

Article 20

Staff Salary Levels

- 1) Salary levels for the staff shall be decided by the Sava Commission and implemented by the Secretary in accordance with the Staff Regulations.
- 2) The Secretary shall determine the actual remuneration for local staff within levels approved by the Sava Commission.
- 3) The Sava Commission shall, from time to time, review the relative levels of the salaries and allowances.
- 4) The contract for consultant work where the cost is in excess of EURO 10,000 shall be previously approved by the Sava Commission.

VIII MISCELLANEOUS

Article 21

Decisions Involving Expenditure

- 1) The Sava Commission shall take no decision involving expenditure unless it has before it a report from the Secretary on the administrative and financial implications of the proposal.
- 2) Where in the opinion of the Secretary the proposed expenditure cannot be met from the existing budgetary provisions it shall not be incurred until the Sava Commission has made the necessary budgetary provisions in accordance with Article 4 of these Financial Rules.

Article 22
Assets Register

- 1) The Secretary shall keep a register of fixed assets with a purchase price per item, at the moment of purchase, of more than 250 Euros and/or whose duration deadline is longer than one year.
- 2) The Secretary may trade or sell worn-out items of furniture and office equipment on the open market for the best price reasonably attainable. Income of such trade or sale shall incur to the benefit of the Sava Commission.

Article 23
Archives

- 1) Accountancy records, other financial and property records, and all supporting documents shall be retained for the period which shall not be less than 10 years.
- 2) Once this period has elapsed, the records and supporting documents may be destroyed on the authority of the Secretary.
- 3) Where appropriate, such records and supporting documents shall be preserved by electronic means.

Article 24
Insurance

The Sava Commission may take out suitable insurance with a reputable financial institution against normal risks to its assets.

Article 25
Interpretation

- 1) In the event of any inconsistency between these Rules and the FASRB, the FASRB shall prevail to the extent of the inconsistency.
- 2) Any uncertainty or dispute as to the interpretation or applicability of any of these Rules shall be resolved by the Sava Commission.

Article 26
Amendments

These Rules may be amended by the Sava Commission in accordance with its Rules of Procedure.

Annex 1 - Form of the Proposal of the budget*

Proposal of the budget for FY xxxx (from 1st April xxxx to 31st March xxxx+1)				in EUR
	Realization FY xxxx-2	Approved FY xxxx-1	Approved non- binding FY xxxx	Proposal FY xxxx
I. GENERAL FUND				
A. GENERAL FUND INCOME				
1. Mandatory contributions from the Parties				
2. Miscellaneous				
3. Transfer from Reserve fund				
TOTAL GENERAL FUND INCOME (A.1+A.2+A.3)	0,00	0,00	0,00	0,00
B. GENERAL FUND EXPENDITURES				
1. Staff salaries and allowances				
1.1. Salaries of officials(incl. medical, social insurance and pension scheme)				
1.2. Support staff salaries				
1.3. Education allowance				
1.4. Settlement/Repatriation grant				
1.5. Rent of flats				
1.6. Professional insurance				
Sub-total	0,00	0,00	0,00	0,00
2. Current costs				
2.1. Maintenance of the offices (cleaning)				
2.2. Public services (electricity, water, sewage, gas, waste collection)				
2.3. Communication means (telephones, fax, internet, postal services)				
2.4. Office material, translation, literature and external copying				
2.5. Insurance and maintenance of the equipment				
2.6. Fuel costs				
2.7. Maintenance of the vehicle				
2.8. Representation, promotion activities and other				
2.9. Bank and transaction costs, exchange discrepancies and other				
Sub-total	0,00	0,00	0,00	0,00
3. Travel expenses				
3.1. Hotel accommodation				
3.2. Travel costs				
3.3. Per diems				
3.4. Other related costs				
Sub-total	0,00	0,00	0,00	0,00
4. Operational Costs				
4.1. Working meetings				

4.2. External services				
4.3. Publishing				
4.4. Development of internal organization and activities				
Sub-total	0,00	0,00	0,00	0,00
5. Long-term assets				
5.1. Equipment				
5.2. Intangible assets				
Sub-total	0,00	0,00	0,00	0,00
TOTAL GENERAL FUND EXPENDITURES (B.1+B.2+B.3+B.4+B.5)	0,00	0,00	0,00	0,00
II. RESERVE FUND				
A. RESERVE FUND INCOME	0,00	0,00	0,00	0,00
B. RESERVE FUND TRANSFERS	0,00	0,00	0,00	0,00
III. SPECIAL AND TRUST FUND				
C. Projects			Transfer from previous year	Planned inflow
Project 1			0,00	0,00
Project 2			0,00	0,00
...				

* Upon adoption of the proposed budget, the adopted budget shall only contain the column related to the ensuing year.

Annex 2 – Form of the Report on realization of the budget

Report on realization of the budget for FY xxxx				in EUR
Balance of payment	Realization FY xxxx-1	Approved FY xxxx	Approved, with reallocation FY xxxx	Realization FY xxxx
I. GENERAL FUND				
A. GENERAL FUND INCOME				
1. Mandatory contributions from the Parties				
2. Miscellaneous				
3. Transfer from Reserve fund				
TOTAL GENERAL FUND INCOME (A.1+A.2+A.3)	0,00	0,00	0,00	0,00
B. GENERAL FUND EXPENDITURES				
1. Staff salaries and allowances				
1.1. Salaries of officials (incl. medical, social insurance and pension scheme)				
1.2. Support staff salaries				
1.3. Education allowance				
1.4. Settlement/Repatriation grant				
1.5. Rent of flats				
1.6. Professional insurance				
1.7. Reimbursement of income taxes				
Sub-total	0,00	0,00	0,00	0,00
2. Current costs				
2.1. Maintenance of the offices (cleaning)				
2.2. Public services (electricity, water, sewage, gas, waste collection)				
2.3. Communication means (telephones, fax, internet, postal services)				
2.4. Office material, translation, literature and external copying				
2.5. Insurance and maintenance of the equipment				
2.6. Fuel costs				
2.7. Maintenance of the vehicle				
2.8. Representation, promotion activities and other				
2.9. Bank and transaction costs, exchange discrepancies and other				
Sub-total	0,00	0,00	0,00	0,00
3. Travel expenses				
3.1. Hotel accommodation				
3.2. Travel costs				
3.3. Per diems				
3.4. Other related costs				
Sub-total	0,00	0,00	0,00	0,00
4. Operational Costs				
4.1. Working meetings				

4.2. External services				
4.3. Publishing				
4.4. Development of internal organization and activities				
Sub-total	0,00	0,00	0,00	0,00
5. Equipment				
5.1. Equipment				
5.2. Intangible assets				
Sub-total	0,00	0,00	0,00	0,00
TOTAL GENERAL FUND EXPENDITURES (B.1+B.2+B.3+B.4+B.5)	0,00	0,00	0,00	0,00
II. RESERVE FUND				
A. RESERVE FUND INCOME	0,00	0,00	0,00	0,00
1. Transferred Reserve Fund assets from previous FY	0,00	0,00	0,00	0,00
2. Reserve Fund income for FY xxxx	0,00	0,00	0,00	0,00
B. RESERVE FUND TRANSFERS	0,00	0,00	0,00	0,00
TOTAL INCOME (I.A1.+I.A.2.+II.A)	0,00	0,00	0,00	0,00
TOTAL EXPENDITURES (I.B+II.B)	0,00	0,00	0,00	0,00
REST OF FUNDS (TOTAL INCOME – TOTAL EXPENDITURES)	0,00	0,00	0,00	0,00
III. SPECIAL AND TRUST FUND				
C. Projects		Inflow	Outflow	Balance
Project 1		0,00	0,00	0,00
Project 2		0,00	0,00	0,00
...				
TOTAL SPECIAL AND TRUST FUND		0,00	0,00	0,00