Implementation of the Commission Financial Rules

Origin: Chief Financial Officer

**Action requested:**
The Finance and Audit Committee is requested to TAKE NOTE of the progress on the implementation of the Commission Financial Rules and ADVISE on the measures that could be undertaken to improve compliance in the future.

**Background**

The current version of the Commission Financial Rules (hereafter “the Rules”) were approved by the Bureau of the IUCN Council on 6 June 2017 (Annex 2).

The Rules comprise eight sections:

1. Purpose
2. Scope
3. Commission Operating Funds
4. Project income and expenditure received / incurred by the Secretariat for Commission activities
5. Cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions
6. In-kind contributions from other organisations to Commission activities
7. Partnership arrangements
8. Financial reporting requirements

Sections 1 to 4 were first approved by Council in April 2016. Sections 5-8 were subsequently added and the updated version approved by Bureau in June 2017.

The purpose of these financial rules was to provide guidance to Commissions on the management of income raised and expenditure incurred for Commission activities. This includes both income and expenditure passing through the IUCN Secretariat and recorded in its books and that received/incurred by other entities on behalf of Commissions.

The Chair of each Commission had the responsibility to ensure that all Commission members and in particular the ones to which s/he may have delegated specific responsibilities in accordance with Reg. 78 (a) were aware of these rules and adhered to them.

When the Commission Financial Rules were adopted, there was no mechanism put in place to monitor the level of implementation by the Commissions.

Reg. 78 (a): Each Chair, assisted by the Steering Committee, shall lead the activities of the Commission. The Chair is entitled to act in the name of the Commission and may delegate specified responsibilities to the Deputy Chair, to members of the Steering Committee or to other members of the Commission.
This paper provides a review of the level of compliance with the Commission Financial Rules two years after their adoption and presents recommendations to improve compliance where specific gaps are identified.

The assessment has been made by the Secretariat from its perspective and without the participation of the Commission Chairs. Future reviews could include a self-assessment from the Commission Chairs, or other mechanisms to enable the FAC to have a full overview of compliance.

The review aims to help the Finance and Audit Committee assess the level of compliance and advise on potential improvements that would enable a better assessment of the level of compliance by the Commissions in the future, including content, format and periodicity of the compliance report.

In addition to the compliance review, updates on the following will be presented at the meeting of the FAC:

- Proposal to have a specific travel policy for Commission members’ travel funded by Commission Operating Funds (COF)
- Development of Policy and procedure on awarding paid contracts to IUCN Commission Members

**Compliance Review**

A complete assessment of the level of compliance from the perspective of the Secretariat is presented in Annex 1. A rating of high, medium or low has been used. Assessment has only been made where the Secretariat is either involved in the process under consideration or has access to relevant information. Many of the rules are under the direct responsibility of the Commission chairs and there is no requirement to share information with the Secretariat. In these cases, an assessment of “unknown” has been made.

A summary of the review is presented below. Please refer to the rules themselves, attached as Annex 2, for detailed requirements.

### 3. Commission Operating Funds

There is generally a high level of compliance with the use of Commission Operating Funds. Eligible use criteria are, in general, respected, budgets are well managed and expenditures appropriately justified.

Questions have arisen over whether the eligible use criteria are too restrictive. For example, requests have been received to fund programmatic activities (seed funding) or contributions to events not directly related to Commission management and administration. FAC may wish to reconsider the criteria (section 3b of the Rules).

### 4. Project income and expenditure received / incurred by the Secretariat for Commission activities

The level of compliance is high. Income and expenditure follows standard Secretariat procedures.
5. Cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions

This section was new in June 2017. It put in place new requirements to manage risk, improve governance and to increase transparency. It was recognised that it would take time to embed the procedures into the day-to-day work of Commissions and consequently a one-year transition period was envisaged.

Compliance is either low or not known in the following areas:

*Requirement to have a Letter of agreement between the donor and the entity receiving the funds on behalf of the Commission for single donations of CHF 10,000 – 100,000.*

There is no requirement for these letters to be copied to the Secretariat; therefore, the level of compliance is not known.

*Advice to be sought from the Secretariat for single donations over 100,000.*

Advice has not been sought from the Secretariat; therefore, either there have not been donations over 100,000 or there has not been compliance with the requirement.

*Requirement to put in place a hosting agreement between the Secretariat and hosting entity when annual donations are expected to exceed CHF 100k.*

With the exception of one potential hosting arrangement, the Secretariat has not been asked to advise on or enter into any hosting agreements. Since several cases of hosting are known, compliance is low.

6. In-kind contributions from other organisations to Commission activities

*Requirement for a MoU detailing the roles and responsibilities of the parties for the provision of in-kind services that exceed CHF 25k. Copy to be provided to the Secretariat.*

No MoUs have been received by the Secretariat, therefore either there have not been in-kind services that exceed CHF 25k or there has not been compliance with the requirement.

7. Partnership arrangements

*Requirement for a formal agreement between the Secretariat and partners*

Agreements exist for the partnerships where the Secretariat is involved / where there is a cooperation between the Secretariat and the Commission, e.g. Red List and KBA partnerships.

8. Financial reporting requirements

*Requirement for Host organisations, to provide annual reports of income and expenditure received/incurred on behalf of the Commission.*

Compliance level not known. No reports have been received by the Secretariat.
Requirement for Commission Chair to provide an annual consolidated financial report to the IUCN Secretariat and Council in line with IUCN Regulations 78bis\(^2\). This should include:

a. All single cash donations of CHF 10,000 and above;

b. All income and expenditure received/incurred through a hosting arrangement

To date, no reports have been received.

Recommendations

The following recommendations are made by the Secretariat. The FAC may wish to make additional recommendations.

The following compliance gaps should be addressed by Commissions with the support of the Secretariat:

1. Host agreements should be put in place where income and expenditure managed by other entities exceeds CHF 100k.
2. Letters of agreement should be entered into for all donations exceeding CHF 10k. Although not stated in the Commission Financial Rules, it is recommended that a copy of such letters be shared with the Commission Support Unit.
3. MoUs should be put in place for the provision of in-kind services where these exceed CHF 25k.
4. A consolidated financial report should be provided to the FAC as part of their annual reporting.
5. Commissions are also encouraged to report in-kind contributions as part of their consolidated financial report.

Questions for the FAC

1. Does FAC support the above recommendations?
2. Does the FAC wish to make additional recommendations?
3. For which years should Commissions provide a consolidated financial report? 2018 and 2019? When should it be presented?
4. How should compliance be monitored in the future?

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\(^2\) The Commissions are accountable to the Council between sessions of the Congress. In line with Article 77 of the Statutes, the Commissions through the Chairs present an annual report to the Council on outputs, outcomes, impact and resources raised against the Commission’s work plan approved by Council at the beginning of each term.
### Annex 1 Commission Financial Rules – Compliance Review

<table>
<thead>
<tr>
<th>Section</th>
<th>Summary of requirement</th>
<th>Assessment of compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3. Commission Operating Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3b Eligible use</td>
<td>Description of the intended use of the COF in relation with the effective functioning of the Commission network</td>
<td>High</td>
<td>Commissions sometimes request to use funds for programmatic activities while the COF is not intended for this purpose</td>
</tr>
<tr>
<td>3c Accountability</td>
<td>Statement of Chair’s accountability for the proper use of the funds</td>
<td>N/A</td>
<td>The Secretariat is not aware of how the Chairs concretely ensures that the funds are used in accordance with their intended purpose and the Rules</td>
</tr>
<tr>
<td>3d Budget</td>
<td>Requirement to prepare a budget in line with the eligible use criteria</td>
<td>High</td>
<td>COF budgets are respected.</td>
</tr>
<tr>
<td>3e Expenditure processes</td>
<td>• All expenses to be justified with receipts • All expenses to be approved by the Chair • Contracts and agreements to be signed by the Secretariat (and not by the Chair)</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>3f Requirement to comply with IUCN procedures</td>
<td>• All contracts signed by a member of Secretariat’s staff in accordance with IUCN DOA • Procurement policy • Travel policy • Anti-fraud policy • Code of Conduct for Commissions • Operational guidelines for business engagement</td>
<td>To be determined</td>
<td>The Secretariat is able to confirm compliance with the procurement and travel policies as expenditure follows standard Secretariat procedures. For anti-fraud and Code of Conduct no cases with issues have been brought to the attention of the Secretariat. The Secretariat is not aware of any issues of non-compliance with the guidelines for business engagement.</td>
</tr>
<tr>
<td>3g Supporting documentation</td>
<td>All expenses to be appropriately supported</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>3f Accounting and reporting</td>
<td>Requirement of the Secretariat to account for the use of funds and provide expenditure reports to the Commission Chairs</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>3h Audit and oversight</td>
<td>Inclusion of use of COFs in audit and oversight programmes</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td><strong>4. Project income and expenditure received / incurred by the Secretariat for Commission activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4a Purpose</td>
<td>Use of restricted funds to funds Commission activities</td>
<td>N/A</td>
<td>Project funds received for the benefit of Commission activities follow the same processes and are subject to the same controls as any other project funding managed by the Secretariat.</td>
</tr>
<tr>
<td>Section</td>
<td>Summary of requirement</td>
<td>Assessment of compliance</td>
<td>Comments</td>
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<tr>
<td>4b</td>
<td>Eligible use</td>
<td>Donor conditions to be respected</td>
<td>High</td>
</tr>
<tr>
<td>4c</td>
<td>Accountability</td>
<td>Secretariat to be accountable for the use of the funds</td>
<td></td>
</tr>
<tr>
<td>4d</td>
<td>Budget</td>
<td>Funds should be used in accordance with a budget agreed with the donor with the support of a project manager in the Secretariat responsible to manage such budget</td>
<td>High</td>
</tr>
<tr>
<td>Approval of expenditure</td>
<td>Expenditures to approved by the project manager in the Secretariat in line with the Delegation of Authority policy</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>4f</td>
<td>Requirement to comply with IUCN procedures</td>
<td>All expenditures to be incurred in compliance with IUCN policies and procedures</td>
<td>High</td>
</tr>
<tr>
<td>4g</td>
<td>Supporting documentation</td>
<td>All expenses to be appropriately supported</td>
<td>High</td>
</tr>
<tr>
<td>4h</td>
<td>Accounting and reporting</td>
<td>Requirement of the Secretariat to account for the use of funds and provide reports to donor</td>
<td>High</td>
</tr>
</tbody>
</table>

### 5. Cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions

<table>
<thead>
<tr>
<th>5b</th>
<th>Single donations of CHF 10,000 – 100,000</th>
<th>Letter of agreement between the donor and the entity receiving the funds on behalf of the Commission</th>
<th>Unknown</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single donations over CHF 100,000</td>
<td>Advice to be sought from the Secretariat</td>
<td>Unknown</td>
</tr>
<tr>
<td>5c</td>
<td>Hosting of a Commission or sub-group</td>
<td>Hosting agreement with the Secretariat when annual donations are expected to exceed CHF 100k (see 6. ii. for amount under CHF 100k)</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>The Host Organisation should provide the</td>
<td>Unknown</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>It is the responsibility of the Commission Chair to ensure that letters of agreement are in place and that record is kept of all such letters (see point 8 below: reporting obligations). The Secretariat cannot therefore evaluate the degree of compliance with this rule</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>A more precise process could be developed by the Secretariat with input from the Commission chairs.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Secretariat has not been informed of any such situation. There is no central repository where such information would be captured.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Secretariat is rarely asked to advise on or enter into any hosting agreements.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>It is the responsibility of the Commission Chair to ensure that</td>
<td></td>
</tr>
<tr>
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</tr>
<tr>
<td>5 d.</td>
<td>Direct receipt of donations by Commission members</td>
<td>This can happen only in exceptional circumstances. The Commission member should provide a receipt to the donor and is required to transfer the funds for administration to the IUCN Secretariat or Host Organisation at his/her earliest convenience.</td>
<td>Unknown</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>It is the Commission Chairs responsibility to ensure that Commission members are well informed about this rule and the fact that any breach of this rule is a breach of the Commissions’ code of conduct and can be perceived as a fraudulent act.</td>
</tr>
</tbody>
</table>

### 6. In-kind contributions from other organisations to Commission activities

| 6.II   | Provision of in-kind services exceeding CHF 25k and up to CHF 100k (see 5.c. if above CHF 100k) | MoU detailing the roles and responsibilities of the parties. Copy to be provided to the Secretariat | Unknown |
|        |                                                      |                          | It is the Commission Chair’s responsibility to keep track of all MoUs and provide a copy of each MoU to the Secretariat (see point 8 below about the encouragement to report). No MoUs have been received by the Secretariat |

| 6.III  | Support provided by organisations to Commission events and meetings | Exchange of letters between the Commission Chair and organisation if value exceeds CHF 10k | Unknown |
|        |                                                      |                          | No requirement to share the letters with the Secretariat (see point 8 below about the encouragement to report). |
|        |                                                      | Advice to be sought from the Secretariat for the provision of in-kind services, for single events (e.g. conferences) where combined in-kind donations are expected to exceed CHF 100,000 (See also 5b in respect of cash donations to Commission events). | Unknown |
|        |                                                      |                          | Advice sought for major events such as WCEL Congress, SSC Leaders Meeting |

### 7. Partnership arrangements

<table>
<thead>
<tr>
<th></th>
<th>Formal agreements between the Secretariat and partners</th>
<th>Exist for RL and KBA partnerships</th>
<th>Secretariat standard procedures apply. High level of compliance assumed.</th>
</tr>
</thead>
</table>

### 8. Financial reporting requirements

<table>
<thead>
<tr>
<th></th>
<th>Record and report of all donations of CHF 10,000 and above</th>
<th>Unknown</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Host organisations, to provide annual reports of income and expenditure received/incurred on behalf of the Commission to the Commission Chair in</td>
<td>Unknown</td>
</tr>
<tr>
<td>Section</td>
<td>Summary of requirement</td>
<td>Assessment of compliance</td>
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<tr>
<td>---------</td>
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<td>--------------------------</td>
</tr>
<tr>
<td></td>
<td>accordance with the Hosting Agreement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commission Chair to provide an annual consolidated financial report to the IUCN Secretariat and Council in line with IUCN Regulations 78bis. This should include: a. All single cash donations of CHF 10,000 and above; b. All income and expenditure received/incurred through a hosting arrangement</td>
<td>No reports were provided for 2018 which was the first full year of implementation</td>
</tr>
<tr>
<td></td>
<td>Commissions are encouraged to report on in-kind contributions, including: a. A listing of MoUs for the provision of office services, technical and administrative support (see 6b.ii). b. Significant in-kind support provided by organisations to Commission events and meetings either through descriptive reporting or with estimated values where these can be reasonably determined (see 6b. iii). c. Significant in-kind contributions to a Commission workplan by organisations acting in their own name either through descriptive reporting or with estimated values where these can be reasonably determined (see 6b. iv).</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Commission Financial Rules
Release 2 v 30 May 2017

Approved by the Bureau of the IUCN Council on 6 June 2017

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Commission Financial Rules

1. Purpose

The purpose of these financial rules is to provide guidance to Commissions on the management of income raised and expenditure incurred for Commission activities. This includes both income and expenditure passing through the IUCN Secretariat and recorded in its books and that received/incurred by other entities on behalf of Commissions.

2. Scope

These financial rules cover:

1. The use of Commission Operating Funds
2. Project income and expenditure received / incurred by the Secretariat for Commission activities
3. Cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions
4. In-kind contributions from other organisations to Commission activities
5. Partnership arrangements

3. Commission Operating Funds

a. Purpose

Commissions Operating Funds (COF) provides support for Commission networks to function effectively. The COF is intended primarily to support Commission governance and management.

b. Eligible use

The COF is intended for the following purposes:

- Commission Steering Committee meetings (travel and accommodation of Steering Committee members; meeting venue and related costs)
- Support to Chair including:
  - Local staff support (non IUCN), if necessary
  - Office support (office rent, fax, phone, email, photocopying, etc.)
  - Travel to Commission meetings
  - Travel to key policy meetings (e.g. COPS of CBD, CITES)
  - Travel to IUCN and other meetings relevant to the work of the Commission
- Travel support to the Deputy Chair, Other Steering Committee members, or other Commission members appointed by the Commission chair when representing the Commission at IUCN governance meetings, IUCN management meetings or key external meetings.
- Meeting and administration costs to support subsidiary Commission structures
- Costs of internal Commission communications such as newsletters, website development and maintenance
- Cost of participation in IUCN external reviews and evaluations

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1. Taken from Council decision made at the 58th meeting of Council, June 2003 (see appendix) with minor edits.
c. Accountability

The Commission Chair is accountable for the proper use of the COF, including ensuring that the funds are used for their intended purpose, in accordance with applicable IUCN policies and procedures, and that all expenditure is supported by appropriate, auditable evidence.

Commission Operating Funds are funded from IUCN core income. Consequently, COF expenditures are subject to the same level of oversight and fiduciary control as any other IUCN expenditure.

d. Budget

The Commission Chair will submit a budget for the use of the COF on an annual basis, working with the Commission Focal Point to ensure that it is consistent with the joint Commission-Secretariat workplan. It should be submitted ahead of the year to which it relates to the Chief Financial Officer at the Secretariat in accordance with budget instructions issued by the Secretariat.

The Chief Financial Officer will review the budget and check that it is in compliance with the eligible use criteria detailed in section 3. b.

Allocations to the COFs will be proposed by the Director General, following consultation with the Commission Chairs, as part of her/his submission of a draft consolidated budget to Council. Allocations will be deemed to be approved at the point Council approves the consolidated budget.

Any funds unspent at the year-end will be transferred to IUCN reserves, it being understood that the purpose of the annual allocation is to fund the current year’s operating expenditure.

In the event of a budget deficit, the excess of expenditure will also be transferred to reserves.

e. Expenditure processes

Expenditure may be incurred by a Commission by:

- Requesting the Secretariat (through the Commission Focal Point or his/her delegated representative) to incur the expenditure on behalf of the Commission, e.g. entering into a consultancy contract on behalf of the Commission, purchasing an air ticket for a Commission member.

- Submitting an expense claim to the Secretariat for expenses incurred by the Commission Chair or other Commission Member which are eligible for reimbursement from the COF.

- Requesting an advance from the Secretariat for planned expenditure, the use of which is justified at a later date by the submission of receipts and other evidence of expenditure to the Secretariat.

All expenditures must be supported by receipts or other evidence of expenditure.

The Commission Chair is responsible for approving all expenditure in relation to the COF prior to submitting disbursement requests to the Secretariat. Disbursements are approved by the Secretariat in accordance with the IUCN Delegation of Authority policy.

f. Contracting

In view of the fact that Commissions are not distinct legal entities they are not able to enter into contracts with other parties. Contracts must therefore be entered into in the name of IUCN.
All contracts and agreements must be signed by a member of the Secretariat staff in accordance with the IUCN Delegation of Authority policy. Commission members are not allowed to sign contracts on behalf of IUCN as they are not employees of the Swiss IUCN legal entity and have no authority to commit IUCN.

g. Requirement to comply with IUCN procedures

The Commission Chair must ensure that all expenditure from the COF is incurred in compliance with IUCN Secretariat policies and procedures. In particular:

- The IUCN Procurement Policy
- The IUCN Travel Policy
- IUCN Anti-Fraud Policy
- Code of Conduct of the Members of the IUCN Commissions
- Operational guidelines for business engagement

IUCN operational policies and procedures can be found on the Union Portal at: Documents: Policies, Procedures, Guidelines, Templates and Tools | Union.

h. Supporting documentation

All expenditures must be supported by auditable evidence, e.g. invoices, contracts, receipts, all of which should be maintained by the Secretariat.

In the event that a Commission Chair or other Commission members uses his/her own facilities or assets (e.g. house, internet connection, telephone) to support the operations of the Commission, he/she may claim for the cost of use of those facilities to the extent that they are used for Commission operations, e.g. if a Commission Chair uses part of his/her house from which to run Commission activities he/she may claim the cost of the space used. The cost must be supported by a rental agreement with a 3rd party together with a calculation of the cost of the space used for Commission activities.

i. Accounting and reporting

The Secretariat is responsible for maintaining the accounts of each COF in the Secretariat finance system.

Following the closure of the month in the Secretariat financial system the Secretariat will distribute an income and expenditure report to the Commission Chair showing expenditure against budget and details of all transactions.

j. Audit and oversight

Expenditure in relation to the COFs is subject to the same level of audit and oversight as any other funds managed by the Secretariat. COF income and expenditure is covered in the annual statutory audit of the IUCN Financial Statements and may be subject to internal audit at the discretion of the Head of Oversight and Director General.

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2 The Delegation of Authority (DOA) is the mechanism by which the Director General authorizes relevant functions or positions – and consequently IUCN staff appointed to fill them - to act for and on behalf of IUCN, to protect the rights of IUCN and to incur obligations and liabilities in the name of IUCN. The DOA defines the limits of authority designated to specified functions or positions within the IUCN Secretariat and establishes the types and maximum financial amount of obligations that may be approved.

3 approved by the IUCN Council, Decision C 89 3 of 17 August 2016
4. Project income and expenditure received / incurred by the Secretariat for Commission activities

a. Purpose

The Secretariat may receive restricted funds to fund work by Commissions which forms part of the annual workplan approved by Council.

Where the work is to be performed by a Commission, the Secretariat will, with the agreement of the Commission Chair in question, enter into contracts with Commission members, Commission hosts, or other 3rd parties for the performance of such work.

b. Eligible use

Funds may only be used for their intended purpose, taking into consideration any donor restrictions.

c. Accountability

Since the donor contract is with the Secretariat, the Secretariat is ultimately accountable to the donor for the correct use of the funds. Should any dispute arise between the Secretariat and the Commission Chair on the use of such funds, the matter will be referred to the Director General to resolve with the Commission Chair in question.

For sub-contracts between the Secretariat and other parties, e.g. Commission members, the recipient of the funds is legally accountable to the Secretariat.

The IUCN Secretariat has authority to take management decisions regarding the use of the funds that are necessary to ensure compliance with IUCN’s policies and procedures and the contract with the donor and, ultimately, to protect IUCN’s financial, legal and reputational integrity. However, in a normal situation all decisions would be taken jointly with the Commission Chair in question, and the Secretariat would only exert its legal authority if no other option exists.

d. Budget

Funds should be used in accordance with a budget agreed with the donor. The funds should be credited to a project in the Secretariat financial system and a Secretariat project manager appointed to manage the budget. A separate project may be opened up for an individual donation, or funds may be pooled if they are for a similar purpose and provided that such pooling does not conflict with any donor imposed conditions.

e. Approval of expenditure

Expenditure must be approved in accordance with the IUCN Secretariat Delegation of Authority policy and associated approval rules. These require that all project related expenditures are approved by the appointed project manager. In view of the joint nature of the project, the project manager will seek the agreement of the Commission Chair or his appointed representative prior to approving the expenditure.

f. Requirement to comply with IUCN procedures, e.g. procurement, travel, DoA

All expenditure from funds received by the Secretariat must be made in accordance with IUCN Secretariat policies and procedures. Procurement must follow the Secretariat procurement policy.

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4 A Commission host is an organisation or other legal entity, separate to IUCN, which agrees to provide services to the Commission. This may include in-kind services, e.g. the provision of office space, but also financial services such as receiving income and making payments on behalf of the Commission.
In particular, IUCN competition rules must be respected before entering into contracts with Commission members for the supply of services, noting the exception to competition provided in paragraph 13(f) of the Procurement Policy relating to contracts to individuals by virtue of the Commission position that they hold.

**g. Supporting documentation**

All expenditures must be supported by auditable evidence, e.g. invoices, contracts, receipts, all of which should be maintained by the Secretariat.

**h. Accounting and reporting**

The Secretariat is responsible for the proper accounting of all donations received and expenditures incurred and for providing both financial and technical reports to the donor. Technical reports may include submissions from Commissions or be wholly written by a Commission, depending on the nature of the project.
5. Cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions

a. Overview

An IUCN Commission may raise funds in the name of the Commission which would then be received and managed by an entity independent of IUCN on its behalf and according to its instructions.

The independent entity is accountable to IUCN for the proper management of the funds entrusted to it, while the Commission on whose behalf these funds are managed remains accountable to donors for the proper use of the funds, which means ultimately IUCN as the IUCN Commissions have no legal personality of their own. It is therefore in the interest of IUCN as a whole to ensure that there are controls in place to ensure good custodianship of the funds.

Funds raised may be 1) single donations for one-off events and time-bound activities, or 2) longer commitments covering periods of one year or more, as is the case, e.g., of several Specialist Groups of the SSC. In the first case the entity receiving the funds would therefore agree to act as a simple "Trustee" in accordance with the instructions of the Commission Chair. In the second case it would agree to "host" the activities of the Commission Specialist Group and provide different types of hosting services under specific terms and conditions, so acting as a "Host Organisation".

The funds may be given in support of the general objectives and work of the Commission (unrestricted), or in support of a specific activity of a Commission (restricted).

b. Single donations for single events or time bound activities

For donations of CHF 10,000 and up to CHF 100,000 a letter of agreement between the donor and the Trustee should be entered into, clearly stating that the purpose of the funds is to support an IUCN Commission activity. The letter must be copied to the Commission Chair and, in addition, when the donation relates to the activity of a Commission Specialist Group, to the Chair of the Specialist Group.

It is the responsibility of the Commission Chair to ensure that letters of agreement are in place, and that a record is kept of all such letters.

For single donations over CHF 100,000 advice should be sought from the Secretariat before entering into any contractual arrangements.

Similarly, for single events or time bound activities (e.g. conferences) where no individual donation exceeds CHF 100,000 but the combined cash donations exceed CHF 100,000, the Secretariat should be informed in writing of the amount raised for such event and the donors with their respective amounts listed (as above, letters of agreement will be required for donations of CHF 10,000 and up to 100,000).

In parallel to the receipt of funds, the Trustee may have to enter into contracts with Commission members or other 3rd parties for the performance of the work of the Commission. All expenditures incurred by the Trustee on behalf of a Commission must be authorised by a Commission representative.

c. Hosting

Where another entity independent from IUCN agrees to manage the operations of a Commission sub-group, and the annual amount of cash contributions is expected to exceed CHF 100,000, a hosting agreement between IUCN (through the Secretariat) and the Host Organization is required.

Since Commissions are not distinct legal entities they cannot receive income or incur expenditure in their own name. Therefore they must operate within the legal framework of another entity ("host"). Where feasible and where it makes operational sense a Commission should work within the framework of the IUCN Secretariat (See section 4). However, a Commission may also operate under a Host Organisation or other legal entity separate from IUCN where this is advantageous, e.g. where
the Host Organisation has specific expertise that would benefit the Commission.

Before entering into a hosting agreement, the Secretariat will undertake a due diligence review of the proposed Host to ensure that the hosting arrangement would not give rise to any undue reputational, legal or financial risk to IUCN. Ideally, the Host should be an IUCN Member.

The hosting agreement should include, amongst others:

- Objectives of the agreement
- Hosting services
- Responsibilities of the parties
- Hosting fees, if applicable
- Modalities for the receipt of funds and payment of expenditures
- Reporting obligations
- Audit requirements
- Intellectual property rights
- IUCN representative

The Host Organisation may charge a fee for its services or provide them free of charge. In the latter case the organisation is making a contribution to the IUCN Commission in the form of in-kind services.

It is the responsibility of the Commission Chair to ensure that hosting agreements are in place, that a record is kept of all hosting agreements, and that they are renewed, amended or terminated as necessary.

A template hosting agreement can be found here

In consideration of the importance and the potential risks related to this type of agreements, the agreement should go through the standard contract review and clearance process of the Secretariat as defined in the IUCN Contract Review Procedure.

The following operational aspects shall be considered in the hosting agreement (if relevant):

1. Receipt of donations in cash by a Host Organisation

A Host may receive unrestricted or restricted donations on behalf of a Commission. Donations are unrestricted when they are given in support of the general objectives and work of the Commission, and restricted when given for a specific activity, e.g., for a workshop.

For both unrestricted and restricted donations the intended purpose of the donation must be evidenced in writing by the donor.

2. Donations from the Host to the Commission

Where the Host makes a cash donation to the Commission, the donation should be accounted for in the same way as a cash donation from any other donor.

3. On-line giving

The Host Organisation may agree to host a website for the Commission. This may include a page for on-line giving. Donations received through on-line giving will be received by the Host Organisation. It should be made clear on the Commission website that the donations will be received by another entity on behalf of the Commission.

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5 The websites of SSC Specialist Groups are often hosted by partner organisations.
iv. **Provision of services**

The hosting agreement shall specify the kinds of services that the Host Organisation will provide and the types of expenditures that it will incur in the execution of Commission activities.

a. **Staff time**

If the Host dedicates a proportion of the time of its staff to Commission activities, and wishes to recover the cost of the staff concerned from the funds that it manages on behalf of the Commission, a suitable charging mechanism shall be agreed that fairly reflects the employment cost of the staff concerned.

b. **Consultancy contracts**

If the Host contracts a consultant to perform Commission activities the consultancy contracts must be between the Host Organisation and the consultant and shall specify the tasks to be performed for the Commission. The consultant may or may not be a Commission member.

c. **Other expenditure**

Other Commission expenditure, e.g. travel, workshops, meetings should be paid by the Host and charged against the funds held on behalf of the Commission.

v. **Advances**

The Host may give an advance to a Commission member who then clears the advance by providing the Host with receipts and other justification of expenditure once the expenditure has been incurred.

vi. **Authorisation of expenditure**

All expenditures incurred by a Host Organisation on behalf of a Commission must be authorised by a Commission representative (Regulation 82). The Chair may act in the name of the Commission or may delegate authority for the approval of Commission expenditures to other Commission members in accordance with Regulation 78 (a).

vii. **Compliance with IUCN procedures**

The operational policies and procedures of the Host will normally apply to transactions undertaken in the name of the Host on behalf of the Commission. Key policies will be reviewed as part of the due diligence undertaken by the Secretariat, prior to signing a hosting agreement, to ensure that they are consistent with the principles in IUCN Secretariat policies.

In the event that significant weaknesses in the host policies are identified the Secretariat will request that IUCN rules be applied by the host in those specific areas of weakness. This requirement will be included in the hosting agreement.

viii. **Accounting**

The host should account for income and expenditure received on behalf of the Commission separately from its own funds.
ix. Documentation

Supporting documents for income and expenditure accounted for in the books of the Host Organisation should rest with the Host. The Commission should be given access to documents or be provided with copies on request.

x. Reporting

The Host Organisation should provide the Commission with an annual report of all income and expenditure received/incurred on behalf of the Commission. More frequent reports may be requested by the Commission, depending on the value of transactions.

d. Direct receipt of donations by Commission members

Commission members should avoid the direct receipt of donations in support of a particular Commission. In the event that a Commission member is approached by a donor he/she should request the donor to give the funds through an official channel such as the IUCN Secretariat or a Host Organisation. In the event that personal receipt is unavoidable the Commission member should satisfy himself/herself that the donation comes from a known source and that receipt of the donation would not contravene any local laws or ethical principles of IUCN (in particular the Code of Conduct of the Members of IUCN Commissions). The Commission member should provide a receipt to the donor and is required to transfer the funds for administration to the IUCN Secretariat or Host Organisation at his/her earliest convenience.

6. In-kind contributions from other organisations to Commission activities

a. Overview

Commissions receive support from organisations (3rd parties independent from IUCN) through a variety of in-kind arrangements not involving the Secretariat. The main arrangements are:

1) An organisation provides in-kind support through the provision of office facilities and/or the time of technical and administrative staff. This may be in the form of ongoing support to a Commission sub-group or support for specific meetings or events.
2) An organisation provides support to Commission meetings and events through the direct provision of a service or by paying for a service.
3) An organisation undertakes Commission activities as part of its normal activities or agrees to undertake additional activities to support a Commission. Two mechanisms are possible:
   i. The activities undertaken by the organisation are aligned with the objectives or workplan of the Commission and the results of the activities are made available to the Commission; or
   ii. The organisation actively raises funds in its own name to fund and carry out a Commission activity.

In these situations the donor to the IUCN Commission is the organisation providing the services. The services are funded from funds raised in the name of the organisation as opposed to in the name of the IUCN Commission which is the situation described in section 5 of these financial rules.

b. Requirements

i. General principles

In deciding what needs to be tracked and reported the following elements need to be considered:

1) The financial value and scale of the benefits being received
   - High value / Large-scale (e.g. IUCN wide) benefits should be reported to the Secretariat.
Low value / Small-scale benefits (e.g. at the level of a Specialist Group) do not need to be reported to the Secretariat, e.g. the value of office space provided to a Specialist Group member to enable him/her to undertake Commission activities.

2) The relevance of the work being performed

- Significant pieces of work undertaken by another organisation that form part of a Commission workplan should be reported to the Secretariat to allow tracking and reporting against the workplan.
- Work not closely related to a Commission workplan or of relatively low scope and value does not need to be formally reported.

3) The risk to IUCN

- Where the risk to IUCN, reputational or otherwise, is significant, arrangements need to be formalised.

ii. Provision of office services, technical and administrative support

For the provision of office services, technical and administrative support that is expected to extend over a period of one year or more, and its monetary value is estimated to exceed CHF 25,000 a Memorandum of Understanding (MoU) detailing the roles and responsibilities of the parties should be entered into by the Commission Chair and the entity providing the in-kind services. The MoU does not require clearance from the Secretariat.

In addition to covering the provision of in-kind services, the MoU can also be used to cover the receipt and use of funds up to an annual maximum of CHF 100,000. In the event that cash contributions are expected to exceed CHF 100,000 a hosting agreement should be put in place (See section 5 c).

The Commission should keep track of all MoUs for its own administrative and management purposes and provide a copy of each MoU to the Secretariat.

A template MoU can be found here.

iii. Support provided by organisations to Commission events and meetings

An organisation or other 3rd party independent from IUCN may provide in-kind services or pay for services themselves for Commission events and meetings, e.g. meetings of the Commission Steering Committee, Colloquiums or Conferences. Those services may include, but not be limited to, provision of venues and related facilities, hotel accommodation and transportation.

The Commission Chair should formalise these arrangements through an exchange of letters for all significant amounts. (As a guide, a value of CHF 10,000 would be considered significant in this context.)

For the provision of in-kind services, for single events (e.g. conferences) where combined in-kind donations are expected to exceed CHF 100,000, advice should be sought from the Secretariat. (See also 5b in respect of cash donations to Commission events).

iv. Contribution to a Commission workplan by an organisation acting in its own name

An organisation may undertake Commission activities as part of its normal activities or agree to undertake additional activities to support a Commission. There is no requirement to enter into an MoU between the Commission Chair and the entity undertaking the work, nor is there a formal reporting requirement. However, depending on the significance of the activities and their relevance to the Commission workplan, the Commission may wish to enter into an agreement with the

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6 Applicable to all new arrangements and renewals. For existing arrangements where no MOU is in place, they are required to be put in place on a best efforts basis over the course of the 2017-2020 Programme.
organisation to detail the scope of work and reporting requirements. This would allow IUCN to track contributions to the workplan and acknowledge the work undertaken by the organisation.

It is not necessary to attribute a monetary value to in-kind contributions, though the Commission may choose to do so. This could be based on an estimate provided by the organisation undertaking the work or by the Commission itself.

In the event that the funds are being raised in the name of IUCN as opposed to the name of the organisation then the procedure outlined in section 5b applies.

7. Partnership arrangements

An organisation may enter into a partnership with the IUCN Secretariat and relevant Commission for specific deliverables, e.g. Red List Partnership, KBA (Key Biodiversity Areas) Partnership. In these situations resources are pooled for the common interest of the partners.

For partnership arrangements, a formal agreement is required between the IUCN Secretariat and the organisation(s) concerned.

The agreement should cover, amongst others, the work to be performed, timelines, the estimated monetary value of the work, reporting obligations and intellectual property rights.

The agreement will be tailor-made and should go through the standard IUCN contract review and clearance process.

It is understood that these agreements may include both cash and in-kind elements.

8. Financial reporting requirements

Commissions are required to maintain records of income and expenditure received/incurred in cash that are not recorded in the books of the Secretariat. At a minimum, all donations of CHF 10,000 and above should be recorded and reported.

Host organisations, i.e. those organisation receiving CHF 100,000 or more per annum on behalf of an IUCN Commission are required to provide annual reports of income and expenditure received/incurred on behalf of the Commission to the Commission Chair in accordance with the Hosting Agreement.

An annual consolidated financial report of Commission income and expenditure should be provided to the IUCN Secretariat and Council in line with IUCN Regulations 78bis. This should include:

a. All single cash donations of CHF 10,000 and above and related expenditure or activity funded. Lower amounts may also be reported if the information is readily available (see 5b).

b. All income and expenditure received/incurred through a hosting arrangement (see 5c).

In addition, Commissions are encouraged to report on in-kind contributions, including:

a. A listing of MoUs for the provision of office services, technical and administrative support (see 6b.ii).

b. Significant in-kind support provided by organisations to Commission events and meetings either through descriptive reporting or with estimated values where these can be reasonably determined (see 6b. iii).

c. Significant in-kind contributions to a Commission workplan by organisations acting in their own name either through descriptive reporting or with estimated values where these can be reasonably determined (see 6b. iv).
Annex 1

Council Decision (58th meeting of the IUCN Council, June 2003)

Upon the recommendation of the Finance and Audit Committee, the Council APPROVES the following budget principles to be applied for the submission by the Commission Chairs for the Commission Operating Funds:

1. The Commissions Operations Fund (COF) provides some of the support necessary for Commission networks to function effectively. Commission Chairs understand the COF is intended for Commission governance and management and thus, those activities necessary for a functioning Commission network should be supported by the COF.

2. Governance and management activities include:
   a. Commission Steering Committee meetings (travel and accommodation support, logistics)
   b. Support to Chair including:
      i. Local staff support (non IUCN), if necessary
      ii. Office support (fax, phone, email, photocopying, etc.)
      iii. Travel to Commission meetings
      iv. Travel to key external meetings (e.g. COPS of CBD, CITES)
      v. Travel to IUCN governance meetings (global and regional)
   c. Travel support to Deputy Chair (or other Commission members appointed by the Commission chair) when representing the Commission at Commissions meetings, IUCN governance meetings or key external meetings.
   d. Other meeting and Office support (as needed) to support subsidiary commission structures.
   e. Newsletter/main communications organ (production and delivery, either electronic or hard copy); basic communication tools, including via the internet and Commission website development.
   f. Support to the statutory external review.

3. Programme activities are not funded by the Commission Operating Fund, but included in the Programme budget.