TAFISA
Financial Rules and Regulations

1. Scope of Application

1.1. These Financial Rules and Regulations shall govern the financial management of TAFISA in accordance with Chapter XII of the Statutes.

1.2. The Statutes take precedence over the Financial Rules and Regulations where any conflict exists.

2. Principle

TAFISA funds are to be used efficiently and sparingly.

3. Budget

3.1. The budget shall form the basis for the financial management of TAFISA.

3.2. The Secretary General shall draw up the annual draft budget according to the Statutes.

3.3. The approved budget shall be binding for the bodies and the Executive Office of TAFISA.

4. Membership Fee

4.1. The General Assembly shall set the amount of the membership fee according to the Statutes (Chapter IX (4 j)).

5. Design of the Budget

5.1. The budget is to be prepared for the period of one (1) fiscal year. The fiscal year shall be the calendar year.

5.2. The budget must contain all expected incoming receipts and disbursements to be paid in the fiscal year to perform the tasks of TAFISA.

5.3. The receipts and disbursements are to be estimated in the full amount separately from one another. No disbursements may be deducted in advance from the receipts; no receipts may be credited to disbursements in advance.

5.4. The disbursements are to be assessed so that they are covered by the estimated receipts; in particular, a balance between receipts and disbursements is to be ensured.

6. Budget Supplement

6.1. The Executive Office has to prepare a supplement to the budget to be approved first by the Executive Board (President, Treasurer and SG) and finally by the Board of Directors, if:

a. It appears that there is going to be a considerable deficit, despite utilizing every possibility to save money;

b. Unbudgeted disbursements and disbursements in excess of the budget will have to be paid to a considerable degree in relationship to the total disbursements.

6.2. A considerable deficit or a considerable degree shall mean a sum that exceeds the volume of the budget by 10 percent.

7. Commitments

7.1. Commitments at the expense of TAFISA may only be made in principle by persons having the authority to represent TAFISA in accordance with Chapter X (Article 3) of the Statutes.

7.2. Moreover, the following transactions shall require the approval of the Executive Board:

a. Award of individual contracts over €5,000.00 per year;

b. Appointment/revocation of registered German commercial powers of attorney;

c. Acquisition/disposal/encumbrance of real estate;

d. Acquisition/sale of equity interests;

e. Declaration of sureties/guarantees/assumptions of debt as individual cases;

f. Contracts with business partners, agencies, etc. with a volume of more than €5,000.00;

8. Implementation of the Approved Budget

8.1. The Secretary General shall be responsible for implementing the approved budget.

8.2. The valuations may be reported as being reciprocally or unilaterally eligible for coverage in the budget.

8.3. Unbudgeted costs and costs in excess of the budget are permissible if they are covered. Coverage exists, if:

a. A reciprocal or unilateral transfer of coverage is possible in the budget and the coverage is noted there,

b. Additional earmarked revenues from third-party funds are received, which lead to more disbursements in the same amount, or

c. Reserves in the corresponding amount exist.

8.4. The following parties are authorized to make unbudgeted disbursements or disbursements in excess of the budget:

a. up to €50,000.00 – the Executive Board,

b. for an amount over €50,000.00. – the Board of Directors.

c. Disbursements in excess of the budget, but which are covered by additional earmarked receipts (see Section 8.3. b) above) are to be excepted from the foregoing rule, do not require any separate authorization, and shall be implemented by the Secretary General.

8.5. The Secretary General has to give the Treasurer and the Board of Directors a regular report on the implementation of the budget and the estimated development of the finances after the expiration of the first half of the calendar year.

8.6. The Secretary General has to give a report to the Board of Directors without undue delay if the financing of the budget is at risk.

9. Proof of the Use of Funds

9.1. Proof of the use of funds shall be prepared annually in the form of annual financial statements in conformity with the German Commercial Code (HGB) and in compliance with the tax regulations by a German public auditor or a German auditing company appointed by the Board of Directors.

9.2 . The final report of the public auditor or the auditing company will be furnished to the members of the General Assembly.

10. Payment Transactions

10.1. Payments must be transacted through the TAFISA bank accounts as a matter of principle. There must be a cash voucher or a bookkeeping voucher for every receipt and disbursement.

10.2. All vouchers leading to a disbursement, e.g., incoming invoices, travel expense statements, and notices of subsidies granted, will be examined by the competent employee/Secretary General with respect to the accuracy of the calculation. Furthermore, an audit will be conducted according to the tax regulations. Content shall be reviewed by the competent employee or the person authorized to do so by the Secretary General. To make such reviews easier, all documents related to the purchase, such as order slips, confirmations of orders, or proof of activity (time sheets) will be attached.

10.3. All disbursement vouchers will be approved for entry into the books and payment as follows:

a. For an amount of up to € 5,000.00 - by the Secretary General

b. For an amount over € 5,000.00 – by the Treasurer and the Secretary General.

Payments will be approved as paper-based and paperless payment transactions through the TAFISA bank accounts by two persons authorized to make deposits and withdrawals ("four eyes principle"). These two persons are the Secretary General and one other authorized person. The Secretary General will finally approve the bank transfer prepared by the other authorized person.

11. Petty Cash

11.1. Petty cash will be managed in accordance with the generally accepted accounting principles. The petty cash on hand at the Executive office may not exceed the amount of €500.00 as a matter of principle.

11.2. An employee will be responsible for managing the petty cash at the Executive Office. The petty cash amounts will be settled monthly.

11.3. Furthermore, the petty cash will be audited by the elected auditors at irregular intervals.

12. Annual Financial Statements

12.1. The annual financial statements will be drawn up in accordance with the generally accepted German accounting principles in conformity with the German Commercial Code (HGB) by the Qualified External Auditor appointed by the Board of Directors in consultation with the Secretary General and presented to the Board of Directors for their inspection by August 31 of the following fiscal year. After the audit [by the auditors], the annual financial statements shall be forwarded to the General Assembly for approval.

12.2. Any significant variances of the annual result from the budget values (see Section 8 of these Rules and Regulations) are to be reported to the General Assembly or to other competent bodies together with the reasons for such variances. This shall apply in particular, but is not limited to unbudgeted expenses and/or disbursements.

13. Voluntary, General Auditors

13.1. In addition, the annual financial statements shall be audited by voluntary, general auditors, insofar as the General Assembly has passed a corresponding resolution (Statutes chapter IX (4i)). These voluntary, general auditors should be experienced in business and accounting issues and it is recommended that they do not have the same nationality as president, treasurer or secretary general.

13.2. The voluntary, general auditors are independent in their activities and only responsible to the General Assembly, from whom they may also receive special tasks. The Board of Directors may also assign certain auditing tasks.

13.3. The voluntary, general auditors are free to choose the focal points of their audit. Focal points of the audit may be, among other things, both the audit of the funds, proper handling and accuracy of the cash and bookkeeping records as well as compliance with the provisions of these Rules and Regulations and with any resolutions passed by the bodies that have a financial impact.

13.4. The voluntary, general auditors are subject to duty of confidentiality. They may not provide any knowledge arising from their activities to unauthorized third parties. Only the delegates of the General Assembly, the Board of Directors of TAFISA and the Secretary General shall have claim to information.

13.5. The voluntary, general auditors shall prepare an audit report that must contain the result of their findings as well as a proposal to discharge the Board of Directors with respect to their financial management or not.

13.6. If there is an occasion to review the financial management or parts thereof outside of the regular audit, the voluntary, general auditors may perform an extraordinary audit unannounced on their own or at the request of the Board of Directors. A report of the result is to be made to the Board of Directions without undue delay; the General Assembly is to be informed at its next meeting. If there is any imminent danger, the President shall receive the report instead of the Board of Directors.

13.7. If the member of the Board of Directors responsible for finances leaves the Board within a fiscal year, an extraordinary audit is to be performed prior to the handover of operations to the new member responsible, if the Board of Directors so requests.

14. Reimbursement of Outlays and Travel Expenses

14.1. Board of Directors

The following principles shall apply to the Board of Directors:

a. Pursuant to the commitment signed as part of the application documents for election to the Board of Directors, the organization delegating the member of the Board of Directors shall pay his/her travel expenses to the meetings of the Board of Directors.

b. Trips arising from activities as a member of the Board of Directors shall be approved by the Treasurer on suggestion of the Secretary General on a case-by-case basis and the costs incurred will be absorbed.

c. The rules valid for the budget as part of specific projects financed by third parties such as the European Commission (EU) shall apply to trips.

d. As a matter of principle, only the costs of economy class tickets for plane trips or the costs of second-class tickets for train trips will be refunded. These principles do not apply in the event that the travel expenses are being refunded by the organization or agency issuing the invitation.

e. The Executive Board/Treasurer shall decide on justified exceptions for members of the Board of Directors on the basis of the financial possibilities.

14.2. Executive Office

The following principles shall apply to the employees of the Executive Office:

a. Proven and approved outlays related to their work by employees will be refunded.

b. With respect to the reimbursement of travel expenses for approved business trips by employees, the costs will be refunded in accordance with the regulations of the Federal Travel Expenses Act, as amended.

c. The rules valid for the specific project shall apply to trips as part of projects financed by third parties, such as the EU.

d. Only the costs of second-class tickets will be reimbursed for train trips, only the costs of an economy-class ticket will be reimbursed for plane trips, as a matter of principle.

e. The Secretary General shall decide on justified exceptions for employees; the Treasurer shall decide on justified exceptions for the Secretary General.

f. Granting allowances towards the travel expenses with public transport to and from work is possible, as a matter of principle, but requires a separate regulation in the contract of employment.

14.3. Others

The following principles shall apply to all other persons/bodies:

a. Special Advisor/Commissioner/Members of Commissions:

i. Travel expenses will be absorbed by TAFISA for invitations to Board of Directors meetings and approved trips that occur as part of the performance of their tasks.

ii. The Executive Board can allocate a budget for Commissions if the TAFISA budget allows.

b. TAFISA Programs/Events

i. Travel expenses, fees and honoraria for external speakers and experts who are deployed as part of TAFISA programs/events, may be absorbed by TAFISA, if they have been incorporated into the project budget and no absorption of these costs by the organizer of the event can be expected. The rules valid for the individual project are binding here.

15. Expense Allowance

The General Assembly may stipulate the grant of an expense allowance for their performance of the tasks of members of the Board of Directors pursuant to Section 4.2 above and regulate the details.

16. Directors and Officers Liability Insurance

D & O liability insurance shall be concluded for the members of the TAFISA Board of Director and Executive Office.

17. Unregulated Finance and Cash issues

Within the intention of these Financial Rules and Regulations, the Board of Directors shall decide finance and cash issues that are not regulated in these Rules and Regulations as part of its responsibility pursuant to the Statutes.

18. Entry into Force

These Financial Rules and Regulations entered into force with the passing of a resolution by the Board of Directors on November 15th, 2017 and were approved by the TAFISA General Assembly on November 16th, 2017 in Seoul, Korea.