

Financial Regulations of the Commission

FINANCIAL YEAR

Reg. 1

The financial year shall be the period from 1 July to 30 June.

BUDGET

Reg.2

- 2.1 The draft budget shall be prepared in accordance with Article 15 paragraph 4 of the Convention. The draft budget shall be made in New Zealand dollars and include income and expenditure of the Organisation, as described in Article 6, paragraph 2 of the Convention.
- 2.2 The estimates and forecast shall be divided into categories, and shall be accompanied by such information as the Commission may specify from time to time, and as the Executive Secretary may deem useful.
- 2.3 The draft budget shall include an item specifying the costs required to finance the travel and subsistence for one representative from each developing State Contracting Party in the region, in particular the least developed among them and small island developing States and, where appropriate, territories and possessions, to each meeting of the Commission and to meetings of relevant subsidiary bodies of the Commission.
- 2.4 The draft budget shall be accompanied by details of the appropriations made for the previous financial year and the expenditures made against those appropriations.
- 2.5 The Finance and Administration Committee shall meet during each annual meeting of the Commission to examine the draft of the annual budget and shall report thereon to the Commission, including recommendations to the Commission. After consideration of the report, and after any necessary adjustments or revisions have been made, the Commission shall adopt the budget.

APPROPRIATIONS

Reg. 3

- 3.1 The appropriations adopted by the Commission in the budgets shall constitute an authorisation to the Executive Secretary to incur obligations and make payments for the purposes and up to the amounts so adopted.
- 3.2 Appropriations shall remain available for 12 months following the end of the financial year to which they relate to the extent that they are required to discharge obligations incurred during that financial year. At the end of the 12-month period, any unliquidated prior year obligations shall be cancelled, or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.
- 3.3 The Executive Secretary may transfer appropriations between categories in the budget adopted by the Commission provided that these categories are not altered by more than 10% of the amounts in the adopted budget and that a statement of all such transfers shall be submitted to the Commission and the auditors with the annual financial statements. The Chairperson of the Commission may however authorise the Executive Secretary to transfer appropriations between categories above this limit.
- 3.4 The Executive Secretary may also enter into obligations for future financial periods when such obligations are for program activities which have been approved by the Commission and will continue beyond the end of the current financial year.

INCOME AND EXPENDITURES

Reg. 4

- 4.1 There shall be established proper books of account for the purpose of accounting for the receipts and expenditures of the Organisation, including a General Account, an Accumulated Surplus Account, an account for the fund described in Article 19 of the Convention and any such other account as the Commission may decide to establish.
- 4.2 Annual contributions paid under Regulation 4.7 and any other incomes accruing to the Organisation (other than those prescribed in Regulation 4.3 and voluntary contributions to the fund described in Article 19 of the Convention) shall be credited to the General Account.
- 4.3 The income credited to the Accumulated Surplus Account shall include:
 - a) excess of receipts over expenditures at the end of the financial year;
 - b) the balance of any unexpended appropriations at the end of the 12-month period specified in Regulation 3.2;

- c) refunds, from any source, of prior year's expenditures of the Organisation.
- 4.4 Monies available in the Accumulated Surplus Account may be used temporarily to the extent necessary to finance appropriations pending receipt of annual payments by members of the Commission.
- 4.5 The Commission shall, on the basis of advice from the Finance and Administration Committee, prescribe conditions under which the Chairperson may authorise expenditures from the Accumulated Surplus Account to meet unforeseen and extraordinary expenses.
- 4.6 The Finance and Administration Committee and the Commission shall review the amount available in the Accumulated Surplus Account during each annual meeting. Insofar as possible, the Commission shall anticipate unforeseen expenditures during the succeeding three years and shall attempt to maintain the Accumulated Surplus Account at a level sufficient to finance operations during the first three months of the financial year plus an amount up to a maximum of 10% of the annual budget for the current financial year for use in an emergency in accordance with Regulation 4.5.
- 4.7 Each Member of the Commission shall contribute to the annual budget, in accordance with the following formula determined according to Article 15 paragraph 2 of the Convention:
- (a) a base fee of 10% divided in equal shares between all Members of the Commission except that any developing country Member of the Commission that was not engaged in fishing for fishery resources in the previous financial year shall have its notional share reduced by 25% with the consequent shortfall apportioned equally among the other Members of the Commission;
- (b) a national wealth component of 30%, 15% of which shall be divided among the Members of the Commission according to their respective Gross National Income (as defined by the World Bank, or equivalent institution available), and 15% divided among Members according to their Gross National Income per capita (as defined by the World bank, or equivalent institution available); and
- (c) a catch component of 60%, 45% of which shall be divided among the Members of the Commission fishing for pelagic fishery resources and 15% divided among Members fishing for demersal fishery resources, in each case on the basis of a three year average of their total reported catches of the relevant fishery resources;

(d) However, the following formula will apply to the catch component until 30 June 2014: 40% of the catch component shall be divided among the Members of the Commission fishing for pelagic fishery resources (excluding squid), 5% divided among Members fishing for squid and 15% divided among Members fishing for demersal fishery resources, in each case on the basis of a three year average of their total reported catches of the relevant fishery resources.¹

- 4.8 In accordance with Article 15 paragraph 6 of the Convention, the Executive Secretary shall inform each member of the Commission of the annual contribution following the annual meeting.
- 4.9 Annual contributions shall be due and payable in full within 90 days of receipt of the information from the Executive Secretary referred to in Regulation 4.8. After that date, any unpaid balance shall be considered to be in arrears. The Commission has the authority to permit extensions to the due date of up to 90 days for individual members of the Commission who are unable to comply with this regulation. Annual contributions shall be assessed in New Zealand dollars.
- 4.10 New members of the Commission shall pay their annual contribution within 90 days of depositing an instrument of accession with the Depositary Government for that financial year. The Executive Secretary shall inform new members of the Commission of this requirement upon receipt of their instrument of accession.
- 4.11 The Executive Secretary shall submit to each annual meeting of the Commission a report on the collection of annual contributions from members of the Commission, any voluntary contributions received, and any investment and other income received.

FUND TO FACILITATE THE EFFECTIVE PARTICIPATION OF DEVELOPING STATE CONTRACTING PARTIES

Reg. 5

The fund referred to in Article 19, paragraph 5 of the Convention is hereby established and shall be administered in accordance with the guidelines set out in Annex 1 to these Regulations.

¹ Paragraph (d) is a transitional arrangement that will cease to have effect on 30 June 2014.

BOOKS OF ACCOUNT

Reg. 6

- 6.1 The Executive Secretary shall ensure that appropriate records and accounts are kept of the financial transactions and affairs of the Organisation. He/she shall also ensure that all payments out of Organisation's monies are correctly made and properly authorised, and that adequate control is maintained over the assets of, or in the custody of, the Organisation and over incurring of liabilities by the Organisation.
- 6.2 The Executive Secretary shall maintain such accounting records as are necessary for each financial year, including:
- a) income and expenditures;
 - b) the status of appropriations, including:
 - i) the original budget appropriations;
 - ii) transfers between appropriation categories;
 - iii) amounts charged against appropriation categories;
 - c) the status of the fund established in accordance with Article 19 paragraph 5 of the Convention;
 - d) the status of the Accumulated Surplus Account and other accounts;
 - e) funds held in currencies other than New Zealand dollars, and
 - f) the status of investments, and any other financial assets or liabilities of the Organisation.
- 6.3 Annual financial statements shall be submitted by the Executive Secretary to the auditors no later than 60 days following the end of the financial year.
- 6.4 The Executive Secretary may, after full investigation, authorise the writing off of losses of cash, stores, and other assets, provided that a statement of all such amounts written off shall be submitted to the Commission and the auditors with the annual financial statements.

CUSTODY AND INVESTMENT OF FUNDS

Reg. 7

- 7.1 The Executive Secretary shall designate the bank or banks in which the funds of the Commission shall be kept and shall report the identity of the bank or banks so designated to the Commission.
- 7.2
- a) The Executive Secretary may make short-term investments of monies not needed for the immediate requirements of the Commission. Such investments shall be restricted to securities and other investments issued under Government guarantee. The details of investment transactions and income derived shall be reported in the annual financial statement.
 - b) With regard to monies held in trust or special funds for which use is not required for at least 12 months, longer-term investments may be authorized by the Commission provided such action is consistent with the terms and conditions under which the monies were lodged with the Commission.

SALARIES

Reg. 8

- 8.1 The Commission shall adopt, as necessary, a salary scale for the Executive Secretary and other employees of the Organisation.
- 8.2 The Executive Secretary shall make arrangements to ensure that any employee of the Organisation who is subject to national income tax can be reimbursed tax paid on his/her salary. Such arrangements shall be made only on the basis that the direct costs of reimbursement are paid by the employee's home country.

EXTERNAL AUDIT

Reg. 9

- 9.1 Having regard to the budgetary provisions for the audit, the auditors, appointed in accordance with Article 15 paragraph 10, of the Convention, shall perform such an audit as they deem necessary to certify:
- a) that the financial statements are in accord with the books and records of the Organisation;
 - b) that the financial transactions reflected in the statements have been in accordance with the relevant rules and regulations, the budgetary provisions, and other applicable directives;

- c) that the monies on deposit and on hand have been verified by a statement from relevant financial institutions.
- 9.2 Subject to the directions of the Commission, the auditors shall be the sole judge as to the acceptance in whole or part of the certifications by the Executive Secretary and may proceed to such detailed examination and verifications as they choose of all financial records, including those related to supplies and equipment if considered necessary.
- 9.3 The auditors may affirm by test the reliability of the system of control, as described in Regulation 6.1 and may make such reports with respect thereto as they may deem necessary.
- 9.4 The auditors and their staff shall have free access at all convenient times to all books of account and records which are, in the opinion of the auditors, necessary for the performance of the audit. Information classified in the records of the Executive Secretary as confidential, and which is required for the purposes of the audit, shall be made available on application to the Executive Secretary.
- 9.5 The auditors, in addition to certifying the financial statements, may make such observations as they deem necessary with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices. In no case, however, shall the auditors include criticism in their audit report without first affording the Executive Secretary an opportunity of explanation to the auditors of the matter under observation. Audit objections to any item in the financial statements shall be immediately communicated to the Executive Secretary.
- 9.6 The auditors shall have no power to remove items in the accounts, but shall draw to the attention of the Chairperson of the Finance and Administration Committee and the Executive Secretary any transaction concerning which they entertain doubt as to legality or propriety. The Chairperson of the Finance and Administration Committee shall inform the Commission of these concerns.
- 9.7 The auditors shall prepare a report on the accounts certified, and on any matters on which the Commission by resolution thereon may from time to time give specific instructions.
- 9.8 The auditors shall submit their report to the Commission through the Executive Secretary not later than 90 days after having received the year's financial statements from the Executive Secretary.
- 9.9 The Finance and Administration Committee shall forward to the Commission its comments, if any, on the audit report.
- 9.10 Following consideration of the audited financial statements and the auditor's report,

and any comments from the Finance and Administration Committee, the Commission shall signify its acceptance of the audited financial statements or take such action as it may consider appropriate.

- 9.11 The auditors shall serve for a maximum term of three (3) years and may be reappointed.

DELEGATION OF AUTHORITY

Reg. 10

The Executive Secretary may delegate to other employees of the Organisation such of his/her powers as he/she considers necessary for the effective implementation of these Regulations.

INTERPRETATION

Reg. 11

The Chairperson of the Commission shall rule, in cases of doubt as to the interpretation and application of any of these Regulations. Such rulings shall be forwarded to the Finance and Administration Committee for information purposes.

ANNEX 1

GUIDELINES FOR THE ADMINISTRATION OF THE SPECIAL REQUIREMENTS FUND (hereafter "the Fund") *(as provided by Article 19 of the Convention, and Regulation 5 of these Regulations)*

Purpose

1. The purpose of the Fund is to facilitate the effective participation of developing State Contracting Parties of the region, in particular the least developed among them, and small island developing States, and as appropriate, territories and possessions in the work of the Commission and its subsidiary bodies, including assistance directed towards:
 - (a) improved conservation and management of the fishery resources and the development of fisheries for such resources; and
 - (b) building capacity in key areas such as monitoring, control and surveillance, compliance and enforcement, data collection, verification and analysis, stock assessment and scientific research.
2. The use of the Fund shall be underpinned by the principles of transparency and accountability.

Resourcing

3. By 31st January each year, the Executive Secretary will write to members of the Commission, cooperating non Contracting Parties and other sources of support, seeking voluntary contributions to the Fund for the subsequent financial year.

Procedure for technical assistance and capacity-building

4. Applications by those eligible to access the Fund shall be submitted to the Executive Secretary in the form contained in **Schedule A** at least 45 days before the annual meeting of the Commission. The Executive Secretary shall promptly circulate any such applications.
5. An application may also be submitted by an appropriate subregional or regional organisation or arrangement on behalf of one or more of those eligible.
6. The Finance and Administration Committee shall undertake an initial assessment of applications received and transmit any recommendations to the Commission.
7. In assessing applications received, the Commission shall take into account any recommendations from the Finance and Administration Committee, and the criteria for selection and evaluation as contained in **Schedule B** and be guided by the purpose of the Fund, the provisions of the Convention, the financial needs of the applicant and the availability of funds, with priority given to small island developing States and, where appropriate, territories and possessions.

Accounting and reporting

8. Appropriate records and accounts shall be maintained for the Fund, and the Executive Secretary shall report the status of the Fund, the amount used to provide assistance for the development of technical capacity and details of such assistance, together with the level of available funds, during the annual session of the Commission.

Results

9. Project monitoring and evaluation shall include:
 - (a) written and verbal communication as necessary with the Commission during the implementation of the project;
 - (b) submission to the Commission of quarterly narrative and financial reports by the beneficiary; and
 - (c) submission to the Commission of a final narrative and financial report at the end of the project.
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SCHEDULE A

APPLICATION FOR ASSISTANCE FROM THE FUND

I. Project Summary (250 words maximum)

A Project Summary shall be submitted with the application.

II. Proposal Narrative (6 pages maximum)

A. Introduction

1. Situation, need, and previous efforts – gaps in knowledge or capabilities, why the proposed project should be performed, review significant work related and how the project is relevant to the purpose of the Fund.
2. Objective(s) –The anticipated outcome(s).
3. Applications, benefits, and importance - How the anticipated results relate to the purpose/objectives of the Convention and the expected benefits.

B. Method and approach

1. Description of major tasks- Describe the tasks that must be performed to accomplish the objective(s).
2. Environmental Impact - Any possible impact that your project will have on the environment and fishery resources in the Convention Area.
3. Follow-up action – identify follow-up action after completion of the project.

C. Project management

1. Administration - The administrative responsibilities and authority of those involved in the execution of the Proposal - particularly those of the overall project manager (including full contact details).
2. Roles/Assignments and participation time - The team composition and estimate of the duration of the project.

D. Support requirements and conditions

1. Government approvals - If a clearance or permit(s) from any government agency is required for execution of the project, the name of the agency, the method of obtaining the clearance or permit, and the time required.
2. Data or facility access - If access is required to data or facilities held by another entity.

E. Literature Cited

References used in the proposal narrative.

F. Budget and Audit

1. General information – Has the applicant previously benefited from assistance from the Fund.
2. An itemised budget including co-financing and funding in-kind – attach a detailed budget identifying all sources of funding and items of anticipated expenditure shall be provided.
3. A cash flow summary that includes a schedule of anticipated disbursement of funds from the Fund shall be provided.
4. Audit – When, and by whom, the audit of funds received will be conducted and the submission date for the audit to the Commission shall be detailed.

G. Biographies and qualifications

A brief biography for each team member that highlights education, experience, and publications related to the proposed project shall be provided.

SCHEDULE B

SELECTION AND EVALUATION CRITERIA TO BE USED BY THE COMMISSION

- Has a clear need for the project been identified?
- Who will benefit from the project?
- Will the project improve the capacity of the beneficiary to assist in fulfilling its obligations under the Convention, and participate effectively in the work of the Organisation?
- Does capacity-building target the maximum number of individuals, across various interested parties, including Government, the private sector and NGOs? In particular, does it involve a broad range of stakeholders from the fishery sector?
- Is maximum use made of other existing organisations, either at regional or national level, to coordinate and assist with capacity development?
- Are the outcomes and objectives clearly set out?
- Does the project clearly seek to complement or improve existing fisheries conservation and management tools or capabilities in a way that will improve the ability of one or more developing member States, or territories or possessions, to implement their obligations under the Convention?
- Will the project benefit more than just the beneficiary (i.e. can the activity be extended to other stakeholders or countries)?
- Are the proposed costs of the activity reasonable and in proportion to the likely benefits?
- Is there an appropriate financial contribution from the national government?
- Has the applicant received prior support from the Fund? If so, was the activity successful?
- Are the approach and methods well described?
- Does the applicant have the demonstrated capacity to benefit fully from the project and ensure the outputs are fully utilised?
- Is there provision for disseminating information on the project's activities and results to an appropriate range of stakeholders or the general public?
- How will the success of the intervention be measured?
- Who is responsible for ensuring the success of the intervention?