

PrepCon-01-INF-03

Draft Financial Regulations – SPRFMO

Financial Regulations

FINANCIAL YEAR

Rule 1

The financial year shall be the period from 1 January to 31 December.

BUDGET

Rule 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 expenditures of the Commission, the Scientific Committee, and the Secretariat.
- 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 Executive Secretary shall report to the Finance and Administration Committee on anticipated costs necessary for the conduct of the business of the Commission and the Scientific Committee, at least 30 days in advance of the meeting of the Finance and Administration Committee.
- 2.4 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

Rule 3

- 3.1 The appropriations adopted by the Commission in the budgets shall constitute an authorization 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 in 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 authorize the Executive Secretary to transfer appropriations between categories above this limit.

INCOME AND EXPENDITURES

Rule 4

- 4.1 There shall be established proper books of account for the purpose of accounting for the receipts and expenditures of the Organization.
- 4.2 Within the books of account, there shall be established an accumulated surplus account to which shall be credited:
- a) excess of receipts over expenditures at the end of the financial year;
 - b) unexpended balances at the end of the 12-month period specified in Rule 3.2 for prior year obligations, but not disbursed;
 - c) refunds, from any source, of prior year's expenditures of the Organization.
- 4.3 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.
- 4.4 The Chairperson of the Commission, in consultation with the Chairperson of the Finance and Administration Committee and the Members of the Commission, may authorize expenditures from the accumulated surplus account for unforeseen and extraordinary expenses to the good conduct of the business of the Organization.
- 4.5 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 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 Rule 4.4.

- 4.6 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 10% base fee divided in equal shares between all Members of the Commission;
 - (b) a 40% national wealth component divided among the Members according to their respective Gross National Income per capita, as defined by the World Bank, and
 - (c) a 50% total reported catches of fishery resources in the Convention Area component based upon a three-year average of the total reported catches of the fishery resources listed in Annex.
- 4.7 In accordance with Article 15 paragraph 6 of the Convention, the Executive Secretary shall inform each Member of the annual contribution following the Annual Meeting. In calculating the contributions, the Executive Secretary shall reduce the amount appropriated in the budget by the amount of staff assessments for the preceding year, if any, and by the amount determined by the Commission to be in excess of the needs of the accumulated surplus account.
- 4.8 Annual contributions shall be due and payable in full within 60 days of receipt of the information from the Executive Secretary referred to in Rule 4.7 or the first day of the financial year, the unpaid balance shall be considered to be in arrears.
- 4.9 In accordance with Article 15 paragraph 8 of the Convention, a Member that becomes party to the Convention during the course of financial year shall contribute in respect of that financial year a part of the contribution calculated in accordance with Rule 4.5 that is proportionate to the number of complete months remaining in the year from the date that the Convention enters into force for that party. New Members shall pay their annual contribution within 90 days of depositing an instrument of accession with the Depositary Government for that financial year.

BOOKS OF ACCOUNT

Rule 5

- 5.1 The Executive Secretary shall establish detailed financial procedures in order to ensure financial administration and the exercise of economy.
- 5.2 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 accumulated surplus account;
 - d) funds held in currencies other than New Zealand dollars.
- 5.3 The annual financial statements shall be submitted by the Executive Secretary to the Auditors no later than 30 days following the end of the financial year.
- 5.4 The Executive Secretary may, after full investigation, authorize 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.

SALARIES

Rule 6

- 6.1 The Commission shall adopt from time to time a salary scale for the Executive Secretary and the staff.
- 6.2 The Executive Secretary shall make arrangements to ensure that any staff member who is subject to national income tax is 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 staff member's home country.

EXTERNAL AUDIT

Rule 7

- 7.1 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 Organization;
 - b) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives;
 - c) that the monies on deposit and on hand have been verified by certificate received direct from the Organization depositories or by actual count.

- 7.2 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.
- 7.3 The Auditors may affirm by test the reliability of the system of internal control and may make such reports with respect thereto as they may deem necessary.
- 7.4 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.
- 7.5 The Auditors, in addition to certifying the financial statement, 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.
- 7.6 The Auditors shall have no power to remove items in the accounts, but shall draw to the attention of the Executive Secretary for appropriate action any transaction concerning which they entertain doubt as to legality or propriety.
- 7.7 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.
- 7.8 The Auditors shall submit their report to the Commission, not later than 90 days after having received the year's financial statements from the Executive Secretary.
- 7.9 The Finance and Administration Committee shall forward to the Commission its comments, if any, on the audit report.
- 7.10 The Auditors shall serve for a maximum term of three (3) years.

BONDING

Rule 8

The Executive Secretary and such staff as he/she deems necessary shall be bonded in New Zealand currency by any reputable bonding company in such amount as may be determined by the Commission from time to time. The cost of the premium for bonding shall be assumed by the Organization.

DELEGATION OF AUTHORITY

Rule 9

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

INTERPRETATION

Rule 10

The Chairperson of the Commission shall rule, in cases of doubt as to the interpretation and application of any of these Rules.

APPLICATION

Rule 11

11.1 These Rules shall become effective 90 days following their approval by the Commission.

11.2 These Rules may be amended only by the Commission by consensus, in accordance with Article 8 (n) of the Convention.

Annex to the Financial Regulations –
Pursuant to
Rule 4.6 of the Financial Regulations

Trachurus murphyi

Scomber japonicus

Hoplostethus atlanticus

Beryx splendens

Hyperoglyphe antarctica

Oreosomatidae

Epigonus telescopus

Dissostichus eleginoides

Polyprion spp.

Pseudopentaceros richardsoni

Dosidicus gigas

Sthenoteuthis oualaniensis

Ommastrephes bartrami

Jasus caveorum

Projasus parkeri