

**NORTH PACIFIC FISHERIES COMMISSION**

**FINANCIAL REGULATIONS**



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### **APPLICABILITY**

1. These regulations shall govern the financial administration of the North Pacific Fisheries Commission.

### **THE FINANCIAL YEAR**

2. The financial year shall be the period from 1 April through 31 March, both dates inclusive.

### **THE BUDGET**

3. The Executive Secretary shall prepare draft annual budget estimates for each of the ensuing two financial years (years 1 and 2) and a budget forecast for each of the following two financial years (years 3 and 4) that shall be submitted to the Commission at its regular meetings. The budget estimates and forecasts shall be transmitted to all of the members of the Commission at least sixty (60) days prior to the opening of the Commission meeting where they are to be discussed.
4. The budget estimates and forecasts shall cover income and expenditures for the financial years to which they relate. They shall be presented in the currency of the country where the Secretariat is located.
5. The budget estimates shall be divided into categories. It shall be accompanied by such information, annexes and explanatory statements as may be requested by the Commission, including a statement on the main changes in comparison with the budget of the previous year, and such further annexes or statements as the Executive Secretary may deem necessary and useful. The Commission may establish guidelines as to the format in which the draft budget is to be presented.
6. The budget estimates shall be accompanied by details of the appropriations made for the previous year and the expenditure against those appropriations.
7. The budget estimates shall include a statement of the significant financial implications for subsequent financial years in respect of any proposed work programs presented in terms of administrative, recurrent and capital expenditures.
8. Should the Commission establish a subsidiary body to consider financial and administrative matters, the budget estimates and budget forecasts shall be referred to that body for examination and recommendation. The Commission, or such subsidiary body if established, shall also consider the effects of recommendations from other subsidiary bodies on the Commission's budget.
9. At the regular meeting, the Commission shall adopt an annual budget for each of the following two financial years, after consideration of the recommendations of any relevant subsidiary bodies. If a regular meeting is held every year, the latter of the two financial years may be subject to review and modification by the Commission.

10. The annual budget forecasts for the following third and fourth financial years shall be considered by the Commission but not adopted until the following regular meeting.
11. After consultation with the Chairperson of the Commission (hereinafter referred to as “the Chairperson”), the Executive Secretary may submit to each member of the Commission supplementary estimates in a form consistent with the budget estimates and forecasts for intersessional approval, when and as such supplementary estimates are deemed necessary. Approval by each member of the Commission constitutes adoption by the Commission. Supplementary estimates shall be for expenses related to unforeseen and extraordinary activities not included in the regularly adopted program and budget.

### **CONTRIBUTIONS**

12. Each member of the Commission shall make annual contributions in accordance with the following formula:
  - (a) 35 percent of the budget shall be divided equally among members of the Commission;
  - (b) 55 percent of the budget shall be divided proportionally among members of the Commission based on the three-year average, ending one year before the year of the annual dues, of the total catches by weight in the Convention Area of the species covered by the Convention; and
  - (c) 10 percent of the budget shall be divided proportionally among members of the Commission based on each member’s Gross Domestic Product (GDP) per capita.
13. As soon as the Commission has approved the annual budgets, the Executive Secretary shall calculate each member’s contribution in accordance with the above formula and send it to each member.
14. In case that a member has not paid its contribution in full for a certain year by the end of the financial year, this shall be regarded as not paying its contribution in full for that year even if that member later makes the remaining contribution. Any future contribution by that member shall be first appropriated for the unpaid contribution.
15. Annual budget contributions shall be paid in not more than two equal installments considered due as of the first day of the financial year to which it relates and as of the first day of the second half of that same financial year.
16. The Executive Secretary shall include in the Annual Report of the Commission and shall submit to each regular meeting of the Commission a report on the status of collection of contributions.

### **AVAILABILITY OF APPROPRIATIONS**

17. Appropriations shall be available for obligation during the financial year to which they relate.
18. Appropriations shall remain available for twelve months following the end of the financial year to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial year and to liquidate any other outstanding legal obligation of the financial year. The uncommitted balance shall be transferred to the Working Capital Fund, or designated for a specific purpose as determined by the Commission.

## **TRANSFERS**

19. Transfer within the same category of the budget may be made by the Executive Secretary, who shall report thereon to the Commission. No transfer between budget categories amounting to more than ten (10) percent of the budget of the category from which transfer is made may be made without prior authorization of the Chairperson. Any such transfer shall also be reported to the Commission. Transfers from any budget category shall not exceed twenty (20) percent of the funds committed to that category.

## **ACCOUNTING POLICIES AND FUNDS**

20. Accounting policies will include the following:
  - (a) The annual financial statements and budget estimate and forecast shall be prepared in conformity with these financial regulations using the accrual basis of accounting for assets, liabilities, income and expenditures, except that vacation pay shall be expensed in the period it is paid. Capital assets acquired or leased by the Commission are to be recorded as expenditures in the year of acquisition, without capitalization and amortization in the accounts.
  - (b) For the purpose of accounting for the expenditures of the Commission there shall be a General Fund, the source of monies therein being contributions from the members of the Commission for the current financial year, bank interest and other miscellaneous income during that financial year and amounts transferred from the Working Capital Fund as provided in paragraph 24.
21. For purposes to be determined by the Commission from time to time there shall be a Working Capital Fund, the source of monies therein being amounts transferred from the General Fund at the end of a financial year as provided in paragraph 18. The Working Capital Fund may be divided into special reserve funds as determined by the Commission.
22. Transfers to the Working Capital Fund shall be capped at an amount equivalent to the funds required to sustain the Commission's operation for a set number of months. The Executive Secretary shall require, as part of the observations of the external auditors referred to in paragraph 37, that the external auditors provide a specific recommendation regarding the number of months of operation that is consistent with generally accepted accounting practices for similar funds. After consideration of the external auditors' recommendations and taking into account the experiences of other regional fisheries management organizations, the Commission shall determine the number of months to be used to establish the cap.
23. The Executive Secretary is authorized to advance from the Working Capital Fund such sums as may be necessary to finance budgetary appropriations pending receipt of contributions. Sums so advanced shall be reimbursed as soon as contributions are available for the purpose.
24. The Commission may transfer amounts of the Working Capital Fund to the General Fund from time to time as it deems necessary in order to offset expenditures in any financial year or to finance unforeseen and extraordinary expenses.
25. If the Working Capital Fund exceeds the cap established pursuant to paragraph 22, the Commission may refund to the members of the Commission the excess amount accrued in the Working Capital Fund, when such refund is deemed advisable. Refunds shall be provided to

members in shares proportional to each member's contribution in the financial year in question, and shall be applied as a credit to each member's contribution in the subsequent financial year.

26. The Commission may establish a Special Purpose Fund to account for specific non-recurring projects and agreements. This fund shall not be used to fund general operations of the Commission, except for recovery of administrative expenses associated with these projects, and shall be used only for those revenues and expenses not considered to meet the definitions under other funds as described in paragraphs 20-25. The source of the monies in the Fund would be voluntary contributions from members of the Commission and other donors, with the following restrictions:
  - (a) Voluntary contributions above and beyond budget contributions by members of the Commission may be accepted by the Executive Secretary, provided that the purposes for which the contributions are made are consistent with the policies, aims, and activities of the Commission; and
  - (b) Voluntary contributions offered by other than members of the Commission may be accepted, subject to agreement by the members of the Commission that the purposes of the contributions are consistent with the policies, aims, and activities of the Commission.
27. In addition to the Special Purpose Fund cited in paragraph 26, the Commission may establish separate trust funds to cover voluntary contributions from members of the Commission or from other sources. The Executive Secretary may accept voluntary contributions to such trust funds on behalf of the Commission provided that the purposes for which such voluntary contributions have been established are consistent with the policies, aims and activities of the Commission. The Executive Secretary shall report to the Commission on the establishment of any such trust funds and the use of any monies contributed to such funds.
28. The Executive Secretary shall deposit and maintain the funds of the Commission in accounts in appropriate financial institutions in the name of the Commission. When investing funds, the Executive Secretary shall minimize risk to the funds invested while ensuring the liquidity necessary to meet the cash flow requirements of the organization.

#### **AUTHORITY AND RESPONSIBILITY OF THE EXECUTIVE SECRETARY**

29. The Executive Secretary is authorized to incur obligations and make payments up to the amounts appropriated in the Commission's budget as adopted by the Commission.
30. The Executive Secretary shall:
  - (a) Ensure effective financial administration and the exercise of economy;
  - (b) Cause all payments to be made on the basis of supporting vouchers and other documents that ensure that the services or goods have been received, and that payment therefore has not been made previously;
  - (c) Designate any permanent staff members of the Secretariat who may receive monies, incur obligations and make payments on behalf of the Commission; and
  - (d) Maintain an internal financial control that shall provide for an effective current examination and review of financial transactions in order to ensure the regularity of the receipt, custody and disposal of all funds and other financial resources of the Commission; the conformity of obligations and expenditures with the appropriations or other financial

provisions adopted by the Commission; and the economic use of the resources of the Commission.

31. No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Executive Secretary.
32. The Executive Secretary may, after full investigation and in consultation with the Chairperson, 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 Auditor with the accounts together with the justifications attached thereto. Such losses shall be included in the annual accounts.
33. Purchases of equipment, supplies and other requirements more than the value equivalent to 10,000 US dollars shall normally be by tender, except:
  - (a) Where it has been ascertained that only a single supplier exists and that fact is so certified by the Executive Secretary;
  - (b) In case of emergency, or where, for any other reason, these regulations would not be in the best financial interests of the Commission and that fact is so certified by the Executive Secretary.
34. The Executive Secretary shall maintain such accounting records as are necessary and shall prepare for the Commission annual statements for the financial year to which the statement relates:
  - (a) The assets and liabilities of the Commission;
  - (b) The income and expenditure;
  - (c) The status of appropriations, including:
    - (i) The original budget appropriations
    - (ii) The appropriations as modified by transfers; and
  - (d) The receipts and disbursements.

The Executive Secretary shall also give such other information as may be appropriate to indicate the current financial position of the Commission.

### **AUDIT**

35. The annual statements and accounting records of the Commission shall be presented in the currency of the country in which the Secretariat is located.
36. Annual financial statements and accounting records of the Commission shall be submitted by the Executive Secretary to external auditors for an annual audit as prescribed in Article 12, paragraph 6 of the Convention not later than thirty (30) days following the end of the financial year.
37. The auditors, in addition to certifying the annual statements and accounting records, 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 the administrative practices.

38. The auditors shall submit their report to the Commission not later than three months following the end of the financial year to which the accounts relate. The Executive Secretary shall circulate the auditor's report to all Commission members within fifteen (15) days of receipt.

### **GENERAL PROVISIONS**

39. The Executive Secretary may delegate to other Secretariat staff such duties set out under these Financial Regulations as may be desirable.
40. These Financial Regulations shall be effective as of the date of their approval by the Commission and may be amended by the Commission from time to time provided such amendment is not inconsistent with the provisions of the Convention.