

ANNEX C

Draft Financial Regulations – SPRFMO PrepCon-02-WP-02

Financial Regulations

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 be accompanied by details of the appropriations made for the previous financial year and the expenditures made against those appropriations.
- 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

Reg. 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 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 authorize the Executive Secretary to transfer appropriations between categories above this limit.

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 Organization, including a General Account, an Accumulated Surplus Account, a fund as 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 the Regulation 4.7 and any other incomes accruing to the Organisation (other than that prescribed in Regulation 4.3) 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 Organization.
- 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 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 for the good conduct of the business of the Organization.
- 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 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, or equivalent institution available; 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 1.]
- 4.8 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.
- 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 or the first day of the financial year, the 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 who are unable to comply with this regulation. Annual contributions shall be assessed in New Zealand dollars.
- 4.10 New Members shall pay their annual contribution within 90 days of depositing an instrument of accession with the Depository Government for that financial year.

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 shall be established and administered in accordance with the Annex 2 to these Regulations.

BOOKS OF ACCOUNT

Reg. 6

- 6.1 The Executive Secretary shall establish detailed procedures in order to ensure the sound and economical administration of the Organisation's finances. , He/she shall also ensure that all payments out of Organisation's moneys 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.
- 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, 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.

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 moneys 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 documents supporting the budget.
 - b) With regard to moneys 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 moneys 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 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 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 Organization;
 - 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 Commission and the Executive Secretary for appropriate action any transaction concerning which they entertain doubt as to legality or propriety.
- 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, 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.

AMENDMENTS

Reg. 12

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

Annex 1 to the Financial Regulations –
Pursuant to
Reg. 4.7 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

Annex 2 to the Financial Regulations –
Pursuant to
Reg. 5 of the Financial Regulations

FUND TO FACILITATE THE EFFECTIVE PARTICIPATION OF DEVELOPING STATE CONTRACTING
PARTIES