

**DRAFT FINANCIAL REGULATIONS OF THE COMMISSION FOR THE  
CONSERVATION AND MANAGEMENT OF HIGHLY MIGRATORY FISH STOCKS  
IN THE WESTERN AND CENTRAL PACIFIC OCEAN**

Prepared by the Secretariat

1. The draft financial regulations for the Commission contained in the present document have been prepared by the Secretariat on the basis of the financial regulations of international organizations and fisheries management organizations world wide, taking into account the considerations identified in document WCPFC/PrepCon/BP.4.
2. The draft regulations cover all matters related to the financial management of an intergovernmental organization in accordance with generally accepted practices and would allow for the establishment of trust or special funds as necessary. Such trust or special funds could include the fund to facilitate the effective participation of developing States referred to in article 30, paragraph 3, of the Convention. It should be noted, however, that no specific provision has been included in the current draft for the implementation of article 30, paragraph 3, of the Convention concerning guidelines for the administration of such a fund.

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**REGULATION 1  
APPLICABILITY**

1.1 These Regulations shall govern the financial administration of the Commission for the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (hereinafter referred to as “the Commission”) established under article 9 of the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (hereinafter referred to as “the Convention”).

**REGULATION 2  
FINANCIAL YEAR**

2.1 The financial year shall be for 12 months, commencing 1 January and ending 31 December, both dates inclusive.

**REGULATION 3  
THE BUDGET**

3.1 A draft budget comprising estimates of receipts by the Commission and of expenditures by the Commission and any subsidiary body of the Commission established pursuant to article 11 of the Convention shall be prepared by the Executive Director for the ensuing year.

3.2 The draft budget shall include a statement of the significant financial implications for subsequent financial years in respect of any proposed work programmes presented in terms of administrative, recurrent and capital expenditure.

3.3 The draft budget shall be divided by functions into items and, where necessary or appropriate, into sub-items.

3.4 The draft budget shall be accompanied by details both of the appropriations made for the previous year and estimated expenditure against those appropriations, together with such information annexes as may be required by the Commission or deemed necessary or desirable by the Executive Director. The precise form in which the draft budget is to be presented shall be prescribed by the Commission.

3.5 The Executive Director shall submit the draft budget to all members of the Commission at least 60 days prior to the annual meeting of the Commission. At the same time, and in the same form as the draft budget, the Executive Director shall prepare and submit to all members of the Commission a forecast budget for the subsequent financial year.

3.6 The draft budget and the forecast budget shall be presented in United States dollars.

3.7 At each annual meeting, the Commission shall decide upon its annual budget and the budget of any subsidiary bodies.

3.8 Supplementary budget proposals shall be prepared in a form consistent with the approved budget. The provisions of these Regulations shall be applicable to the proposed supplementary budget to the extent possible.

#### **REGULATION 4 APPROPRIATIONS**

4.1 The appropriations adopted by the Commission shall constitute an authorization for the Executive Director to incur obligations and make payments for the purposes for which the appropriations were adopted and up to the amounts so voted.

4.2 Unless the Commission decides otherwise, the Executive Director may also incur obligations against future financial years before appropriations are adopted when such obligations are necessary for the continued effective functioning of the Commission, provided such obligations are restricted to administrative requirements of a continuing nature not exceeding the scale of such requirements as authorized in the budget of the current financial year. In other circumstances the Executive Director may incur obligations against future financial years only as authorized by the Commission.

4.3 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 balance of the appropriations shall be surrendered.

4.4 At the end of the twelve-month period provided in regulation 4.3 above, the then remaining balance of any appropriations retained will be surrendered. Any unliquidated obligations of the financial year in question shall, at that time, be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.

4.5 The Chairman of the Commission may authorize the Executive Director to make transfers of up to 10 per cent of appropriations between items. The Executive Director may authorize the transfer of up to 10 per cent of appropriations between sub-items of an item. All such transfers must be reported by the Executive Director to the next annual meeting of the Commission.

4.6 The Commission shall prescribe the conditions under which unforeseen and extraordinary expenses may be incurred.

4.7 The Executive Director shall prudently manage the appropriations voted for a financial year, taking into account the availability of cash balances.

#### **REGULATION 5 PROVISION OF FUNDS**

5.1 The funds of the Commission shall include:

- (a) assessed contributions made by members of the Commission;
- (b) funds received by the Commission pursuant to article 30, paragraph 3, of the Convention;

- (c) voluntary contributions made by members or other entities; and
- (d) such other funds to which the Authority may become entitled or may receive, including income from investment.

5.2 Each member of the Commission shall contribute to the budget in accordance with article 18, paragraph 2, of the Convention. Pending the receipt of such contributions, the appropriations may be financed from the working capital fund.

5.3 On approval of the budget for a financial year, the Executive Director shall send a copy thereof to all members of the Commission informing them of their contributions and requesting them to remit their contributions due.

5.4 Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Executive Director referred to in regulation 5.3 above, or as of the first day of the calendar year to which they relate, whichever is the later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.

5.5 Annual contributions and advances to the working capital fund shall be assessed and paid in United States dollars.

5.6 Payments made by a member of the Commission shall be credited first to the working capital fund and then to the contributions due, in the order in which the member was assessed.

5.7 The Executive Director shall submit to each regular session of the Commission a report on the collection of contributions and advances to the working capital fund.

5.8 (a) Except in the first financial year, a new member of the Commission whose membership becomes effective during the first six months of the financial year shall be liable to pay the full amount of the annual contribution which would have been payable had it been a member of the Commission when assessments were made under article 18, paragraph 2, of the Convention. A new member whose membership becomes effective during the last six months of the financial year, shall be liable to pay half of the amount of the annual contribution referred to above. In the first financial year all members whose membership becomes effective during the first nine months of the year shall be liable to pay the full amount of the annual contributions. A member whose membership becomes effective during the last three months of the first financial year shall be liable to pay half the amount of the first financial contribution.

(b) Where contributions are received from new members the contributions of existing members shall be adjusted in accordance with Regulation 6.1(d).

## **REGULATION 6 FUNDS**

6.1 (a) There shall be established a General Fund for the purpose of accounting for the income and expenditure of the Commission and any subsidiary bodies established pursuant to the Convention;

- (b) Contributions paid under Regulation 5.2, miscellaneous income and any advances made from the working capital fund to finance general administrative expenditure shall be credited to the General Fund;
- (c) Any cash surplus in the General Fund at the close of a financial year that is not required to meet undischarged commitments in terms of Regulations 4.3 and 4.4 shall be divided in proportion to the contributions made by existing members under Regulation 5.2 in the current financial year and used to offset such members' contributions for the ensuing financial year. This provision shall not apply at the end of the first financial year when surplus funds other than those resulting from contributions by new members may be carried over into the following financial year;
- (d) Where contributions are received from new members after the commencement of the financial year and such funds have not been taken into account in formulating the budget, appropriate adjustment shall be made to the level of the assessed contributions of existing members and such adjustments recorded as advances made by such members;
- (e) Advances made by members shall be carried over to the credit of the members which have made such advances.

6.2 There shall be established a working capital fund in an amount and for purposes to be determined from time to time by the Commission. The source of moneys of the working capital fund shall be advances from members of the Commission and these advances shall be carried to the credit of members which have made such advances.

6.3 Advances made from the working capital fund to finance budgetary appropriations shall be reimbursed to the fund as soon as income is available for that purpose.

6.4 Income derived from investments of the working capital fund shall be credited to miscellaneous income.

6.5 Trust funds, reserve and special accounts may be established by the Executive Director and shall be reported to the Commission.

6.6 The purpose and limits of each trust fund, reserve and special account shall be clearly defined by the Commission. Unless otherwise provided by the Commission, such funds and accounts shall be administered in accordance with the present Regulations.

## **REGULATION 7 OTHER INCOME**

7.1 All income other than contributions to the budget under Regulation 5 and that referred to in Regulation 7.3 below, shall be classified as miscellaneous income and credited to the General Fund. The use of miscellaneous income shall be subject to the same financial controls as activities financed from regular budget appropriations.

7.2 Voluntary contributions above and beyond assessed contributions may be accepted by the Executive Director provided that the purposes for which the contributions are made are consistent

with the policies, aims and activities of the Commission. Voluntary contributions offered by non-members may be accepted, subject to agreement by the Commission that the purposes of the contribution are consistent with the policies, aims and activities of the Commission.

7.3 Voluntary contributions accepted for purposes specified by the donor shall be treated as trust or special funds under Regulation 6.5.

7.4 Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as “gifts” in the accounts of the financial period.

## **REGULATION 8 CUSTODY AND INVESTMENT OF FUNDS**

8.1 The Executive Director 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.

8.2 (a) The Executive Director 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.

## **REGULATION 9 INTERNAL CONTROL**

9.1 The Executive Director shall:

(a) establish detailed financial rules and procedures after consultation with the Auditor to ensure effective financial administration and the exercise of economy in the use of funds;

(b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the goods or services have been received and that payment has not previously been made;

(c) designate the officers who may receive moneys, incur obligations and make payments on behalf of the Commission;

(d) maintain and be responsible for internal financial control to ensure:

(i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Commission;

(ii) the conformity of obligations and expenditures with the appropriations adopted by the Commission, or with the purposes and rules relating to trust and special funds; and

(iii) the economic use of the resources of the Commission.

9.2 No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Executive Director.

9.3 The Executive Director may make such ex gratia payments as he or she deems to be necessary in the interest of the Commission, provided that a statement of such payments shall be submitted to the Commission with the accounts.

9.4 The Executive Director 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 Auditor with the accounts together with the justifications attached thereto. Such losses shall be included in the annual accounts.

9.5 Tenders in writing for equipment, supplies and other requirements shall be invited by advertisement, or by direct requests for quotation from at least three persons or firms able to supply the equipment, supplies or other requirements, if such exist, in connection with all purchases or contracts, the amounts of which exceed US\$1,000. For amounts exceeding US\$500 but up to US\$1,000, competition shall be obtained either by the above means or by telephone or personal enquiry. The foregoing rules shall, however, not apply in the following cases:

- (a) where it has been ascertained that only a single supplier exists and that fact is so certified by the Executive Director;
- (b) in case of emergency, or where, for any other reason, these rules would not be in the best financial interests of the Commission and that fact is so certified by the Executive Director.

## **REGULATION 10 THE ACCOUNTS**

10.1 The Executive Director shall ensure that appropriate records and accounts are kept of the transactions and affairs of the Commission and shall do all things necessary to ensure that all payments out of the Commission's moneys are correctly made and properly authorized and that adequate control is maintained over the assets of, or in the custody of, the Commission and over the incurring of liabilities by the Commission.

10.2 The Executive Director shall submit to the Commission, not later than 31 March immediately following the end of the financial year, annual financial statements showing, for the financial year to which they relate:

- (a) the income and expenditure relating to all funds and accounts;
- (b) the situation with regard to budget appropriations, including:
  - (i) the original budget appropriations;
  - (ii) the approved expenditure in excess of the original budget appropriations;
  - (iii) any other income;
  - (iv) the amounts charged against these appropriations and other income;
- (c) the financial assets and liabilities of the Commission;

- (d) details of investments;
- (e) losses of assets proposed in accordance with Regulation 9.3.

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

10.3 The accounts of the Commission shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Executive Director may deem necessary.

10.4 Appropriate separate accounts shall be kept for all special, reserve and trust funds.

10.5 The annual financial statements shall be submitted by the Executive Director to the Auditor at the same time as they are submitted to the Commission under paragraph 2 of this Regulation.

## **REGULATION 11 EXTERNAL AUDIT**

11.1 The Commission shall appoint an external auditor who shall be the Auditor-General or equivalent statutory authority from a member of the Commission or an internationally recognized independent auditor with experience in the audit of international organizations. The Auditor shall be appointed for a period of two years and may be reappointed. The Commission will ensure respect for the Auditor's independence of the Commission, any subsidiary bodies established under the Convention and the Commission's staff and shall make provision for appropriate funds to the Auditor.

11.2 The Auditor shall be completely independent and solely responsible for the conduct of the audit.

11.3 The Auditor or a person or persons authorized by him or her shall be entitled at all reasonable times to full and free access to all accounts and records of the Commission relating directly or indirectly to the receipt or payment of moneys by the Commission or to the acquisition, receipt, custody or disposal of assets by the Commission and may make copies of or take extracts from any such accounts or records.

11.4 If required by the Commission to perform a full audit, the Auditor shall conduct his or her examination of the financial statements in conformity with generally accepted auditing standards and shall report to the Commission on all relevant matters, including:

- (a) whether, in his or her opinion, the statements are based on proper accounts and records;
- (b) whether the statements are in agreement with the accounts and the records;
- (c) whether, in his or her opinion, the income, expenditure and investment of moneys and the acquisition and disposal of assets by the Commission during the year have been in accordance with these Regulations; and

- (d) observations with respect to the efficiency and economy of the financial procedures and conduct of business, the accounting system, internal financial controls and the administration and management of the Commission.

11.5 If required by the Commission to perform a review audit, the Auditor shall review the statements and accounting controls in operation. He or she shall report to the Commission whether anything has come to his or her attention which would cause him or her to doubt whether:

- (a) the statements are based on proper accounts and records;
- (b) the statements are in agreement with the accounts and the records; or
- (c) the income, expenditure and investment of moneys and the acquisition and disposal of assets by the Commission during the year have been in accordance with these Regulations.

11.6 The Executive Director shall provide the Auditor with the facilities he or she may require in the performance of the audit.

11.7 The Auditor shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Auditor deems necessary with regard to matters referred to in Regulations 11.5 and 11.6, as appropriate. The Executive Director shall provide to the Commission a copy of the audit report and the audited financial statements within 30 days of their receipt.

11.8 The Commission may request the Auditor to perform certain specific examinations and issue separate reports on the results.

## **REGULATION 12 ACCEPTANCE OF ANNUAL FINANCIAL STATEMENTS**

12.1 The Commission shall, following consideration of the audited annual financial statements and audit report submitted to it under Regulation 11.5 of these Regulations, signify its acceptance of the audited annual financial statements or take such other action as it may consider appropriate.

## **REGULATION 13 INSURANCE**

13.1 The Commission may take out suitable insurance with a reputable financial institution against normal risks to its assets.

## **REGULATION 14 GENERAL PROVISION**

14.1 These Regulations shall become effective on the date they are approved by the Commission and shall apply to the financial year 200.. and to subsequent financial periods. Subject to the provisions of the Convention, these Regulations may be amended by the Commission in accordance with the Rules of Procedure.

14.2 Where the Commission or any of its subsidiary bodies is considering matters which may lead to a decision which has financial or administrative implications, it shall have before it an evaluation of those implications from the Executive Director.

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