



*Interim Secretariat provided by the Australian Government*

## **First Meeting of the Parties**

*Hobart, Australia, 10-12 November 2004*

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*Agenda Item No. 6*  
ACAP/MOP1/Doc.14 Rev 2  
**Interim Secretariat**

## **Financial Arrangements**



## **Background**

Article VIII (11b) requires that the first Meeting of the Parties shall determine the financial arrangements by consensus.

The precise determination of financial arrangements for ACAP will be dependent upon the status of the Agreement Secretariat, as discussed in ACAP/MOP1/Doc. 8 (Agenda 4.1). If the Secretariat is established as a legal entity, it will be able to set up a bank account or accounts and manage funds directly. If the Secretariat is hosted by a Party to the agreement, then a Trust Fund will need to be established. In this case the management of funds will take place through the Government of the host State.

Establishment of a hosted Secretariat with a Trust Fund may also be required as an interim measure depending on the time taken for any required process to establish a legal identity for the Agreement Secretariat.

This paper includes a set of general guidelines for the financial procedures relating to ACAP. It is proposed that these procedures should apply whether or not the Agreement Secretariat is established as a legal entity.

Should the Parties decide to establish a Trust Fund, the fund referred to under Regulation 6 (Attachment A) will be a Trust Fund administered by the Executive Secretary. The administration of this Trust Fund shall be governed by the financial regulations and rules of the Host Country.

The financial rules in Attachment A are based on those of the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR) and the African-Eurasian Migratory Water Bird Agreement (AEWA). Attachment B outlines the proposed guidelines for accepting voluntary financial contributions.

## **Action Required**

The Meeting of the Parties is invited to:

1. Provide comments on the proposed financial arrangements and guidelines for accepting voluntary financial contributions; and
2. Agree to the financial arrangements and guidelines for accepting voluntary financial contributions.

## **Attachment A - Financial regulations**

### **FINANCIAL REGULATIONS FOR THE AGREEMENT ON THE CONSERVATION OF ALBATROSSES AND PETRELS**

#### **REGULATION 1 – APPLICABILITY**

1.1 These regulations shall govern the financial administration of the Secretariat of the Agreement for the Conservation of the Albatrosses and Petrels ('the Secretariat') and the Advisory Committee to the Agreement on the Conservation of Albatrosses and Petrels ('the Advisory Committee') established under Articles VIII (11c) and VIII (11d) of the Agreement on the Conservation of Albatrosses and Petrels ('ACAP'). The Executive Secretary is the head of the Secretariat.

#### **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 Secretariat and of expenditures by the Secretariat and the Advisory Committee and any subsidiary bodies shall be prepared by the Executive Secretary for the ensuing financial period. This period shall comprise three financial years apportioned into three annual budgets.

3.2 The Executive Secretary shall submit the draft budget to all Parties to the Agreement by the first of September each year or 60 days before a session of the Meeting of Parties in years where such a meeting takes place.

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

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

3.5 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 Parties to the Agreement or deemed necessary or desirable by the Executive Secretary. The precise form in which the draft budget is to be presented shall be prescribed by the Parties.

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

3.7 The Parties shall adopt the budget by consensus on an annual basis. This adoption shall comprise approval of the budget for the ensuing financial year and approval in principle for the budget for the following two financial years.

3.8 In years where a session of the Meeting of the Parties takes place, the budget shall be adopted at the meeting. In years where there is no session of the Meeting of the Parties, the Parties shall agree the budget using the procedures for intersessional decision making (ACAP Rules of Procedure 24).

#### **REGULATION 4 – APPROPRIATIONS**

4.1 The appropriations adopted by the Parties shall constitute an authorisation for the Executive Secretary to incur obligations and make payments for the purposes for which the appropriations were adopted.

4.2 Unless the Parties decide to restrict this power, the Executive Secretary may also incur obligations against future years before appropriations are adopted when such obligations are necessary for the continued effective functioning of the Agreement, provided such obligations are restricted to administrative requirements of a continuing nature not exceeding the scale of such requirements as authorised in the budget of the current financial year. In other circumstances the Executive Secretary may incur obligations against future years only as authorised by the Parties.

4.3 Appropriations shall be available for the financial year to which they relate. At the end of the financial year all appropriations for that financial year shall lapse. Commitments remaining undischarged against previous appropriations at the end of a financial year shall be carried over and be included in the budget for the next financial year, unless the Parties decide otherwise.

4.4 The Executive Secretary may make transfers of up to 10 per cent of appropriations between items. All transfers must be reported by the Executive Secretary on an annual basis to the next meeting of the Parties.

4.5 Should the Executive Secretary anticipate a shortfall in resources over the financial period as a whole, the Executive Secretary shall consult the Parties as to its priorities for expenditure.

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

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

5.1 Each Party to the Agreement shall contribute to the budget in accordance with the scale of contributions agreed by the Meeting of the Parties.

5.2 On approval of the budget for a financial year, the Executive Secretary shall send a copy thereof to all Parties to the Agreement notifying them of their contributions and requesting them to remit their contributions due.

5.3 All contributions shall be made in US dollars.

5.4 When a new Party joins the Agreement, a revised scale of contributions for all Parties shall be produced by the Secretariat for agreement by the Parties according to

the principles agreed by the Meeting of Parties. This shall be produced by 1 November of the year preceding that to which the new scale of contributions applies.

5.5 A new Party to the Agreement shall be liable to pay annual contributions pro rated in proportion to the time lapsed within the financial year in question from the beginning of the financial year after the one during which membership becomes effective.

A new Party may make a voluntary contribution during the financial year in which its membership becomes effective.

5.6 In the first financial year of the Agreement, contributions shall be paid within 90 days of the end of the first Meeting of the Parties, or at such time as a fund for the Agreement is established if this takes longer than 90 days.

5.7 Thereafter contributions shall be due for payment on the first day of the financial year and shall be paid not later than 60 days after that date. The Parties have the authority to permit extensions to the due date of up to 60 days for individual Parties who are unable to comply with this regulation due to the timing of the financial years of their governments.

5.8 A Party to the Agreement that is 1 year behind in paying budget contributions, shall not, during the period of its default, have the right to participate in the taking of decisions of the Parties, unless other Parties to the Agreement are satisfied that the delay in payment arises from exceptional and unavoidable circumstances.

5.9 The Executive Secretary shall report to the Parties on the positions of any arrears and any decisions taken in response to this.

#### **REGULATION 6 – FUNDS**

6.1(a) A General Fund shall be established for the purpose of accounting for the income and expenditure of the Secretariat and the Advisory Committee and any subsidiary bodies established pursuant to the Agreement;

(b) Contributions paid by Parties under Regulation 5.1 and miscellaneous income to finance general expenditure shall be credited to the General Fund;

6.2 Other Special Funds may be established for the purpose of receiving funds and making payments for purposes not covered by the regular budget of the Secretariat and Advisory Committee.

#### **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 Parties' budget contributions 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 Parties. Voluntary

contributions offered by other bodies may be accepted, subject to agreement by the Parties that the purposes of the contribution are consistent with the policies, aims and activities of the Agreement.

7.3 Voluntary contributions shall be treated as Special Funds under Regulation 6.2.

#### **REGULATION 8 – CUSTODY OF FUNDS**

8.1 The Executive Secretary shall designate a bank or banks in the country in which the Secretariat is located in which the funds of the Agreement shall be kept and shall report the identity of the bank or banks so designated to the Parties.

8.2(a) The Executive Secretary may make short-term investments of moneys not needed for the immediate requirements of the Agreement. Such investments shall be restricted to securities and other investments issued by “host country” institutions or Government bodies with current ratings, provided by a rating body approved by the auditor, indicating a strong capacity to pay. The details of investment transactions and income derived shall be reported in the documents supporting the budget.

(b) With regard to moneys held in Special Funds for which use is not required for at least 12 months, longer-term investments may be authorised by the Parties provided such action is consistent with the terms under which the moneys were lodged with the Secretariat. Such investments shall be restricted to securities and other investments issued by “host country” institutions or Government bodies with current rating, provided by a rating body approved by the auditor, indicating a strong capacity to pay.

8.3 Income derived from investments shall be credited to the Fund from which the investment was made.

#### **REGULATION 9 – INTERNAL CONTROL**

9.1 The Executive Secretary shall:

- (a) establish detailed financial rules and procedures after consultation with an external auditor (Regulation 11) 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 been previously made;
- (c) designate officers who may receive moneys, incur obligations and make payments on behalf of the Secretariat; and
- (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 Secretariat and Advisory Committee;
  - (ii) the conformity of obligations and expenditures with the appropriations adopted by the Meeting of Parties; and
  - (iii) the economic use of the resources of the Secretariat and the Advisory Committee.

9.2 No obligations shall be incurred until the annual budget has been approved.

9.3 The Executive Secretary may propose to the Meeting of Parties the writing off of losses of assets, provided that the external auditor so recommends. Such losses shall be included in the annual accounts.

9.4 For purchases or contracts exceeding \$5,000 (US dollars), written tenders 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. For amounts exceeding \$500, but less than \$5,000, 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 Secretary;
- (b) in case of emergency, or where, for any other reason, these rules would not be in the best financial interests of the Agreement, and that fact is so certified by the Executive Secretary.
- (c) The Executive Secretary shall report in writing the circumstances of such exceptions to the Parties on an annual basis.

#### **REGULATION 10 – THE ACCOUNTS**

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

10.2 The Executive Secretary shall submit to the Parties to the Agreement, not later than 31 March each year, annual financial statements showing, for the previous financial year:

- (a) the income and expenditure relating to all funds and accounts;
- (b) the situation with regard to budget provisions, including:
  - (i) the original budget provisions;
  - (ii) the approved expenditure in excess of the original budget provisions;
  - (iii) any other income;
  - (iv) the amounts charged against these provisions and other income;
- (c) the financial assets and liabilities of the Secretariat and Advisory Committee;
- (d) details of investments;
- (e) losses of assets proposed in accordance with Regulation 9.3.

10.3 The Executive Secretary shall also give such other information as may be appropriate to indicate the financial position of the Agreement. These financial statements shall be prepared in a form approved by the Parties after consultation with the external auditor.

10.34 The accounting transactions of the Secretariat and Advisory Committee shall be recorded in the currency in which they took place but the annual financial statements shall record all transactions in US dollars.



10.54 Appropriate separate accounts shall be kept for all Special Funds.

10.65 The annual financial statements shall be submitted by the Executive Secretary to the external auditor at the same time as they are submitted to the Parties to the Agreement under paragraph 2 of this Regulation.

#### **REGULATION 11 – EXTERNAL AUDIT**

11.1 The Parties shall appoint an external auditor at each session of the Meeting of the Parties. The Secretariat will ensure respect for the external auditor's independence of the Secretariat, the Advisory Committee, their subsidiary bodies and the Secretariat's staff; fix the terms of contract; appropriate funds to the external auditor; and provide them with the facilities they may require for the purposes of the audit..

11.2 The Executive Secretary may consult an external auditor on the introduction or amendment of any financial regulations or detailed accounting methods as well as on all matters affecting auditing procedures and methodology.

11.3 The Executive Secretary shall provide to the Parties to the Agreement a copy of any audit report and the audited financial statements within 60 days of their receipt. He/she shall also report to the Parties on the outcome of consultations pursued in accordance with regulation 11.2.

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

12.1 The Parties shall, following consideration of financial statements and any audit report submitted to the Parties under Regulation 11, and within 60 days signify their acceptance of the annual financial statements and audit report or take such other action as they may consider appropriate.

#### **REGULATION 13 – INSURANCE**

13.1 The Secretariat should ensure may take out suitable insurances with a reputable financial institution against normal risks to the assets of the Agreement Secretariat and Advisory Committee is in place.

#### **REGULATION 14 – GENERAL PROVISION**

14.1 Subject to the provisions of the Agreement, these Regulations may be amended as required by decisions of the Meeting.

14.2 Where the Meeting of Parties or the Advisory Committee 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 Secretary.

## **Attachment B - Guidelines for accepting voluntary financial contributions**

### **1. General Principle**

No voluntary contribution, gift or donation for any specific purpose may be accepted if incompatible with the policies and aims of the Agreement.

### **2. Acceptance of extraordinary contributions**

2.1 No voluntary contributions shall have an immediate or ultimate financial liability for the Agreement Trust Fund without the prior consent of the Meeting of the Parties or the Secretariat.

2.2 All monetary contributions shall be paid in freely convertible currency; exceptions may, however, be made for special projects if the currency in question can effectively be used.

2.3 Voluntary contributions in kind may be accepted, provided that they are used to cover activities approved by the Meeting of the Parties. These may include *inter alia*, direct or indirect involvement in a joint project, free office accommodation, equipment, or the secondment of staff.