

INTER-AMERICAN TROPICAL TUNA COMMISSION
COMMITTEE ON ADMINISTRATION AND FINANCE
11TH MEETING

Panama, Panama
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DOCUMENT CAF-11 INF-A
DRAFT FINANCIAL REGULATIONS

BACKGROUND

In October 1982, at the 40th meeting of the Commission, the Director of Investigations (to use the terminology of the 1949 Convention), Dr. James Joseph, drew the attention of the participants to *"the current Financial Regulations, stating that the Commission has operated under these regulations for approximately 25 years. However, no record could be found for our new auditors that these financial regulations had ever been formally approved."* (see *IATTC 40 Minutes*, p. 21) To correct this situation, as recommended by the auditors and proposed by the Director, the IATTC adopted the following resolution:

"Whereas the business affairs of the Commission have been conducted for the past 23 years in accord with financial regulations drawn up by the Commission, and

Whereas formal approval of these financial regulations cannot be found in the minutes of the Commission meetings,

Therefore the Commission hereby formally approves said regulations in their present form with the exception that the financial year as defined in this Section II shall be defined here after as the period from October 1 to the following September 30, both dates inclusive."

These regulations remained into force afterwards with only slight changes through amendments adopted in 1998, 2003 and 2008, in only three of the 14 sections of the document:

- **Section 5 Appropriations**, par. 2, on carrying *"forward unobligated funds from one fiscal year to the next"*;
- **Section 6 Provision of funds**, through the adoption by the IATTC at its 70th meeting (see *IATTC 70 Minutes* p. 5) of the following provisions within the text of Resolution C-03-06 on Financing:

"10. To amend the Commission's Financial Regulations to incorporate the following points:

a. Contributions shall be payable by the Contracting Parties as of the first day of the financial year to which they relate and should be paid within 30 days, by 1 November of each financial year.

b. If a member of the Commission is in arrears in the payment of its contributions by an amount equal to or greater than the total of the

contributions due from it for the preceding twenty-four (24) months, that member shall not be considered to be in good standing, unless otherwise decided by the Commission.”

- **Section 2 Financial year and Section 6 Provision of funds**, par.5, as described in the Minutes of the IATTC 78th meeting, p. 7: *“The Commission approved a change in the financial regulations to establish the financial year as the period of 1 January to 31 December, and that contributions to the budget should be paid by 1 March of each financial year.”*

It may be appreciated that all these changes, although important, were relatively limited in their nature and scope and did not affect substantially the existing financial regulations overall, which are now more than 65 years old and are still implemented 14 years after the entry into force of the 2003 Antigua Convention.

In response to an increased awareness of Members and of the Secretariat of the need to revise and overhaul these regulations, this document has been prepared with the sole purpose of stimulating and facilitating this process of revision, in compliance with the Antigua Convention, which expressly stipulates that one of the functions that Commission shall perform is to:

*“(s) adopt or amend its own rules and procedures, **financial regulations** and other internal administrative regulations as may be necessary to carry out its functions;”* (see Article VII, Functions of the Commission, par. 1)

This document does not prejudice in any way the process that the Committee on Administration and Finance may decide to recommend to the Commission to carry out this work nor the results of that process.

DRAFT FINANCIAL REGULATIONS

SECTION ONE: GENERAL PROVISIONS

Article 1. Applicability

These rules shall govern the financial administration of the Inter-American Tropical Tuna Commission (hereinafter referred to as "the Commission") in accordance with the CONVENTION FOR THE STRENGTHENING OF THE INTER-AMERICAN TROPICAL TUNA COMMISSION ESTABLISHED BY THE 1949 CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF COSTA RICA (hereinafter referred to as "the Convention").

Article 2. Fiscal Year

The Commission's financial year corresponds to the fiscal year from January 1 to the following December 31, inclusive of both dates.

Article 3. Currency

The accounting and financial system of the Commission shall be presented and executed in dollars, currency of the United States of America.

Article 4. Accounting Policy and Accounting System

4.1 In order to meet the Commission's financial reality information requirements under criteria of responsibility, reasonableness, accuracy and due disclosure, the policies contained in IAS 8 of the International Accounting Standards are adopted.

4.2 The accounting system shall comply with the rigor of the International Financial Reporting Standards (IFRS).

4.3 The Director shall ensure that the financial statements produced respond in each of their components to the manual of accounts implemented for this purpose, facilitating the comparative standardization of the relevant financial ratios.

4.5 The financial statements, in accordance with IFRS, shall present the necessary comparative data to show the evolution of the main accounts over time.

Article 5. Responsibility of the Director:

The Director, among other functions, may:

(a) establish detailed financial operating rules and procedures to ensure effective financial administration and the exercise of economy in the use of funds; the rules and procedures shall be reported to the Commission at each annual meeting;

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

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

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

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

(ii) the conformity of obligations and expenditures with the appropriations approved by the annual meeting; and

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

(e) Enter into written obligations upon approval of appropriations or other relevant budgetary authorizations.

(f) propose to the Commission, after a thorough investigation on its part, the cancellation of asset losses, provided that the external auditor so recommends. Such losses shall be included in the annual accounts.

SECTION TWO: PREPARATION AND EXECUTION OF THE BUDGET

Article 6. Budget

6.1 The Commission shall adopt each year its budget for the following year, in accordance with Article IX, paragraph 3, of this Convention. In determining the amount of the budget, the Commission shall give due consideration to the cost-benefit principle.

6.2. At each regular session, the Director shall submit for consideration by the Commission a detailed annual budget proposal identifying disbursements from contributions referred to in Article XV, paragraph 1, and those referred to in Article XV, paragraph 3, of this Convention.

6.3. The Director shall prepare a proposed budget including estimates of the income of the Commission and the expenses of the Commission, the Scientific Committee, the Committee for the Implementation of Measures Adopted by the Commission and any subsidiary bodies established in accordance with the Convention for the following financial period.

6.4 The proposed budget shall include a statement of the significant financial implications for subsequent fiscal years in relation to any proposed program of work presented in terms of administrative, recurrent and capital expenditures. The proposed budget shall include income and expenditure for the fiscal year to which it relates and the figures shall be expressed in United States dollars.

6.5. The proposed budget shall be submitted by the Director to the members of the Commission at least 60 days prior to the date fixed for the opening of the regular meeting of the Commission at which it is to be considered. The proposed budget shall be accompanied by such information and explanatory statements as may be requested by the Commission or deemed necessary by the Director. In conjunction with the budget for the following year, the Director shall, to the extent possible, submit the Financial Statements for the previous year and a report on the current status of execution of the current budget and its projected execution.

6.6 The proposed budget shall be divided by function into line items and, when necessary or appropriate, into sub-items.

6.7 The Administration and Finance Committee shall meet during each annual meeting of the Commission to review the proposed annual budget and report thereon, including recommendations thereon, to the Commission. Upon consideration of the report, and after any modifications or recommendations have been made, the Commission shall adopt the budget.

Article 7 - Allocation of Funds

7.1 The budget lines approved by the Commission shall constitute an authorization to the Director to incur obligations and make payments for the purposes for which they were approved.

7.2 Unless otherwise decided by the Commission, the Director may also incur obligations for future financial periods before appropriations are approved, when such obligations are essential for the effective and continuous functioning of the Commission, provided that such obligations are limited to administrative requirements of a continuing nature and do not exceed the scale of such requirements authorized in the budget for the current financial period. When this occurs, the Director shall so inform the members of the Commission. In other circumstances, the Director may incur obligations for future years only if authorized by the Commission.

7.3 Appropriations shall be available for the fiscal year to which they relate. At the end of the fiscal year, the approved appropriations shall cease to be effective, with the exception of those whose obligations duly contracted have not been liquidated during the fiscal year. When this occurs, the items pending liquidation shall generate reserve funds to be executed in the following fiscal year, unless otherwise decided by the Commission.

7.4 The Director is authorized to make transfers of up to 20% of budget allocations between line items and sub-items in extremely qualified cases, which shall be recorded and provided that they are not used to expand discretionary spending margins. All such transfers shall be

reported by the Director to the next annual meeting of the Commission in the revised budget submitted to the Commission each year.

Article 8 - Contributions

8.1 Contributions from members and cooperating non-members, as appropriate, constitute the principal source of funds of the Commission. The agreed contributions shall permit the functioning of the Commission and cover in a timely manner the annual budget adopted in accordance with Article XIV, paragraph 1, of the Convention.

8.2 The amount of the contribution to be paid to the budget of the Commission by each member and each cooperating non-member shall be determined in accordance with the schedule adopted by the Commission pursuant to Article IX, paragraph 3, of the Convention.

8.3 The following elements shall be used for members and cooperating non-members in determining contributions to the IATTC budget:

8.3.1. The contribution of each member and cooperating non-members shall be calculated as follows:

- a. 10% of the total budget, less any special contribution, shall be divided equally among all members (base contribution);
- b. The remaining 90% shall be distributed among the members, weighted by their Gross National Income (GNI) category, as follows:
 - a. an operational component (10%);
 - b. catches of its flag vessels (65%);
 - c. its utilization of tuna from the eastern Pacific Ocean (15%).

Category	GNI Range (US\$)
0,5	< 1.499
1	1.500 - 3.499
2	3.500 - 6.499
3	6.500 - 10.999
4	11.000 - 15.999
5	16.000 >

GNI categories used to allocate contributions. The categories are subject to review by the Commission in 2024.

8.3.2. The weighting factors used in the calculation of the contributions shall be equal to the GNI categories.

8.3.3. Each member's catch contribution shall be based on the annual average of the catches of its flag vessels in the three most recent years for which catch data are available.

8.3.4. In determining a member's utilization, 50% of the tuna loins included in the calculation shall be attributed to the member that exported the loins and 50% to the member that imported them.

8.3.5. In the case of a member that is also a member of the Western and Central Pacific Fisheries Commission (WCPFC), only 50% of the catches made by its flag vessels in the

common area of the two Commissions shall be included in the calculation of that member's catch-based contribution.

8.4 The Commission shall establish a fund to receive voluntary contributions for the conduct of research and conservation activities for the fish stocks covered by this Convention and, as appropriate, associated or dependent species, and for the conservation of the marine environment.

8.5 At the beginning of each meeting of the Commission, the Director shall report on the status of contributions for the purposes of Article XV, paragraph 4 of the Convention.

8.6 Each member of the Commission shall cover the expenses derived from its participation in the meetings of the Commission and its subsidiary bodies. The provisions of paragraph 5 of Resolution 14-03, on the Creation of a Special Fund for the Sustainable Development of Fisheries for Highly Migratory Species for the strengthening of the institutional capacities of developing countries and territories, shall not apply.

8.7 . As soon as the Commission has approved the budget for a fiscal year, the Director shall send a copy to all members of the Commission, notifying them of their annual dues for the fiscal year and inviting them to deposit the corresponding amount.

8.8. Contributions to the budget shall be payable in U.S. dollars, by bank transfer to the account provided by the Commission for such purpose.

8.9. New members of the Commission whose membership becomes effective during the first six months of a year shall be required to pay the full amount of the annual contribution that they would have been required to pay if they had been members of the Commission at the time such contribution was assessed in accordance with Article XV of the Convention.

8.10 New members of the Commission whose membership becomes effective during the last six months of a year shall be required to pay half the amount of the annual contribution referred to in the preceding paragraph.

8.11 The appropriations for a fiscal year may also be financed by voluntary contributions from the members of the Commission or from other sources and from any income of the Commission.

8.12. Members must pay contributions for the current period, from the first day of the fiscal year to which they refer until March 1 of each fiscal year.

SECTION THREE: ADMINISTRATION OF FUNDS:

Article 9. Administration and destination

To meet the expenses of the Commission, there is established (a) a General Fund; (b) an accumulated surplus fund; and (c) such Trust Funds as the Commission may decide to establish. The Commission may also receive voluntary contributions for specific purposes to cover programs or activities duly approved by the Commission.

Article 10. Miscellaneous funds

10.1 General Fund

The General Fund shall be credited with the following:

(a) The annual contributions of the members of the Commission.

(b) Any other income of the Commission, other than trust funds and earmarked voluntary contributions.

10.2 Accumulated surplus fund.

10.2.1 Income credited to the Accumulated Surplus Account shall include:

- a. Excess of income over expenses at the end of the fiscal year that have been authorized for this purpose;
- b. Delinquent contributions received in the current fiscal year
- c. The positive balance of unspent appropriations from the previous year's budget.
- d. Reimbursement, from any source, of the Organization's expenses from previous years.
- e. The remainder of any research budget from externally sourced funds.

10.2.2 Funds available in the Accumulated Surplus Account may be used temporarily to the extent necessary to finance approved items for which funds are not available due to delinquent annual contributions from members of the Commission.

10.2.3 If so stated in the previous year's approved budget, the Director is authorized to carry over funds from the accumulated surplus from one fiscal year to another up to the sum of 25% of the total, to meet contingencies. When the sum of these uncommitted funds exceeds 25%, the Director may initiate the inter-sessional decision-making procedure for the approval of the use of the surplus funds to finance special research projects or make the difference part of the budget for the immediate fiscal year.

10.3 Trust Funds and Voluntary Contributions

The Director shall establish trust funds to which such voluntary contributions shall be credited and shall report thereon to the Commission. The Director may accept on behalf of the Commission voluntary contributions, in cash or otherwise, from members of the Commission or from other sources, provided that the purposes for which such contributions are made are consistent with the standards, purposes and activities of the Commission.

Article 10 - Accounting

The Commission shall maintain an efficient computerized system for accounting records, management and accounting review. Also all information for the preparation of financial statements, audits and financial reviews. The accounting records include records of assets and liabilities, monetary transactions, ledgers, journals and any supporting documents such as checks and invoices. The Director shall ensure that this system is kept up to date by trained personnel and the implementation of appropriate control mechanisms.

Article 11 - Custody of funds

The Director shall designate the bank or banks in which the funds of the Commission shall be deposited and shall provide such information to the Commission. The Director shall designate the person or persons who may digitally access the Commission's accounts. No savings, deposit, checking or investment account may be opened or closed without the authorization of the Director.

Article 12- Investment of funds

12.1. The Director may make short-term investments of funds not required for immediate needs. The Director may also make long-term investments of assets held in trust funds in such manner as may be authorized by the Commission. Such investments shall be limited to securities and other investments issued by governmental institutions or agencies with current ratings, provided by a rating agency approved by the Commission, which indicate a sound ability to pay. Details of investment transactions and income earned shall be set forth in the budget documents;

Interest earned on investments of assets held in trust funds shall be credited to such funds.

12.2. The Director shall periodically report to the Commission on short-term and long-term investments.

Article 13. Funds from the Agreement on the International Dolphin Conservation Program (AIDCP):

13.1. The Commission shall maintain in administration the funds derived from contributions and other sources approved by the Meeting of the Parties to the AIDCP, the use of which shall be governed by the provisions authorized by that Meeting of the Parties.

The Commission shall maintain separate accounts for the activities carried out by the AIDCP.

13.3 The services to be provided to the AIDCP and the corresponding estimated costs shall be detailed in an annex to the Commission's budget.

13.4 The Director shall provide to the Meeting of the Parties to the AIDCP for its approval, and prior to the year in which they are to be provided, estimates of the services and costs corresponding to the tasks carried out within the framework of this Agreement.

13.5 The rules of budgetary execution applicable to the Commission shall be extended, mutatis mutandis, to AIDCP funds, safeguarding the principles of sound administration, considering the independence of sources and distinction of destinations. The Commission may not use AIDCP funds to cover its own expenses.

SECTION FOUR: AUDIT

Article 14 - External Audit

14.1. The Commission shall have, in addition to the internal controls established by the Commission or the Director, the services of an auditing firm of recognized experience (The Auditor) for the exercise of its functions with respect to intergovernmental organizations.

14.2 The Commission shall be responsible for appointing the external audit firm, which shall only be replaced in its functions by its revocation.

14.2. The appointment of the auditor shall be for a period of 3 years, which may be extended by agreement of the Commission.

14.3. The auditors shall perform their work in accordance with the audit requirements for international organizations and shall thoroughly carry out such auditing operations as they deem necessary to certify in their final report:

(a) That the financial statements are consistent with the books and records of the Commission.

- (b) That the financial transactions reflected in the financial statements are in accordance with the provisions of and other applicable provisions.
- (c) That the cash on deposit or on hand has been verified by certificates issued directly by the Commission's depositaries or by direct count.
- (d) Report any findings or limitations encountered in the course of the audit.

14.4. Subject to the provisions of the Commission, the Auditor shall be the sole authority to decide on the acceptance in whole or in part of the Director's certifications and may make such detailed analyses and audits of all accounting entries, including those relating to supplies and equipment, as she deems appropriate.

14.5 The designated audit firm shall accredit to the Director the audit team in charge of the corresponding operations, including the determination of the coordinator in charge of the team and who will be the immediate counterpart during the review work.

14.6 . The duly accredited audit team shall have access to all books and records, physical or digital, representing the accounts and vouchers, to the extent the auditor deems necessary to carry out the audit of accounts directly or indirectly related to the receipt or payment of funds by the Commission or to the acquisition, receipt, custody or disposal of assets by the Commission. The audit team may take copies or extracts of such accounts or records, safeguarding the confidentiality of the information to third parties, for which purpose it may obtain such information classified as confidential in the Director's files as it may require for the purpose of the audit, upon request to the Director.

14.7. In addition to certifying the accounts, the Auditor shall make such observations as she deems pertinent concerning the efficiency of the financial procedures, the accounting system, the internal financial control operations and, in general, the financial consequences of administrative practices.

14.8 The audit team shall keep the Director informed of any findings it considers relevant and, prior to the conclusion of the audit, shall set out its preliminary conclusions, giving the Director an opportunity to explain its explanations, which shall be considered when issuing the final report. In no case shall findings, limitations or observations be included in the final audit report without giving the Director an opportunity to explain the matter to the audit team.

14.9. The audit team shall prepare a report on the certified accounts and on any other matter on which the Commission, by virtue of a resolution to that effect, may from time to time give precise instructions. Requests for information to the Director shall be in writing and the audit working papers shall be kept in the custody of the auditing firm, which may be subject to analysis if the Commission deems it necessary.

The audit team shall have the right, at all reasonable times, to full and free access to all accounts and records of the Commission.

14.10. The auditor shall submit its report to the Commission no later than six months after the end of the calendar year to which the accounts relate. The Director shall provide the Members of the Commission with a copy of the audit report and the audited financial statements within 30 days of receipt.

SECTION SIXTH: Final Provisions

Article 15- Salaries

1. The Commission shall, if necessary, adopt a salary scale for the Director and other employees of the Organization, preferably, in view of its character as an international organization, the United Nations salary scale.
2. The Director shall make arrangements to ensure that any employee of the Organization who is subject to national income tax may receive reimbursement of taxes paid on his salary. Such arrangements shall only be made if the direct costs of reimbursement are borne by the domicile of the employee's country.

Article 16. Insurance

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

Article 17: Validity: These Rules and Regulations shall be in force from the date of their approval by the Commission.

Transitory I: The Director shall have one calendar year to implement the necessary mechanisms to adjust the accounting and financial system to the conditions of these Regulations.

Transitory II: At the [2025]annual meeting, the Commission shall designate the auditing firm for successive periods.