



## Assembly Council

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**Fifteenth session**  
Kingston, Jamaica  
25 May-5 June 2009

### **Report of the Finance Committee**

1. During the fifteenth session of the International Seabed Authority, the Finance Committee held four meetings, on 26 and 27 May 2009. The Committee re-elected Hasjim Djalal as Chairman.

#### **I. Agenda**

2. The Committee discussed and modified its agenda contained in document ISBA/15/FC/1, by adding the item entitled "Budget implementation".

#### **II. Status of the International Seabed Authority Endowment Fund**

3. The Committee took note of the balance of the Endowment Fund in the amount of US\$ 2,915,057, as at 20 May 2009, including the balance of US\$ 225,440, as funds to be utilized to support the participation of scientists from developing countries in approved programmes.

4. The Committee recommended that the Secretary-General and the Advisory Panel ensure that grants be given on the basis of detailed technical evaluations of applications, in order to achieve vital research results that are of benefit to scientists and technicians from developing countries, as well as the Authority, and requested the Secretary-General to exercise financial control over the disbursements of the funds.

5. The Committee expressed its appreciation to the Government of Norway, following the announcement that it would contribute US\$ 250,000 to the Fund. The Committee appealed to other members to contribute to the Endowment Fund.

#### **III. Status of the Voluntary Trust Fund**

6. The Committee took note of the balance of the Voluntary Trust Fund in the amount of US\$ 16,871, as at 20 May 2009.

7. The Committee also expressed its gratitude to the Government of Norway, following the announcement that it would further contribute US\$ 50,000 to the Voluntary Trust Fund. The Committee appealed to other members to contribute to the Voluntary Trust Fund.

8. The Committee noted that it had approved the transfer of US\$ 60,000 from the Endowment Fund to the Voluntary Trust Fund in 2008, and recommended that, in view of the Norwegian contribution, the Secretary-General should suspend the transfer of the balance of US\$ 40,000 until such time as it became necessary (ISBA/14/A/7).

#### **IV. Budget implementation**

9. The Committee expressed its appreciation to the Secretary-General for the report on implementation of the budget presented for the first time to the Committee, and requested that, in future, such a report be prepared for each of its meetings.

10. The Committee also expressed its satisfaction with the budget implementation results as at 30 April 2009.

#### **V. Cost-saving measures**

11. The Committee expressed its gratitude to the Secretary-General for the efforts being made to effect savings in the budget of the Authority during the 2009/10 financial period. It welcomed the report on cost-saving measures presented by the Secretary-General and expressed its full support for the measures outlined in that document.

12. The Committee requested the Secretary-General to provide it with a report on the outcome of the measures proposed at its next meeting. The Committee took note of the intention of the Secretary-General to reflect the results of cost-saving measures in the proposed budget for the financial period 2011-2012.

13. The Committee requested the Secretary-General to enquire from the Department for General Assembly Affairs and Conference Management of the United Nations the possibility of disaggregating the current package offered to the Authority for conference servicing, which consists of interpretation, documentation and translation. Based on the Secretary-General's report, the Committee recommended that, should disaggregation be possible, the Secretary-General should incorporate alternative interpretation services in the Authority's budget proposal for 2011-2012.

#### **VI. Audit report on the finances of the International Seabed Authority for 2008**

14. The Committee considered the report of Deloitte & Touche on the audit of the accounts of the Authority for the year 2008. The Committee took note of the report and the opinion of the auditors that the financial statements of the Authority presented fairly, in all material aspects, the financial position of the Authority, as at

31 December 2008, and of its financial performance, and the cash flows for that year in accordance with the United Nations system accounting standards.

15. The Committee requested the Secretary-General to circulate a copy of the report to members of the Committee at least one week in advance of each of its meetings.

16. The Committee commented that the audit report did not contain observations with respect to the efficiency of the financial procedures and the administration and management of the Authority as required by the Financial Regulations of the Authority and its annex. In that regard, and in accordance with financial regulation 10.1(a), the Committee requested the Secretary-General to make available the detailed financial rules and procedures for the effective financial administration and the exercise of economy at the sixteenth session.

## VII. Appointment of an independent auditor

17. In considering the appointment of an auditor for the financial period 2009-2010, the Committee examined the bids from KPMG, Deloitte & Touche and PricewaterhouseCoopers to undertake the audit for 2009 and 2010. After discussions about the merits of the three bids, the Committee decided to recommend to the Assembly that PricewaterhouseCoopers be appointed for two years to audit the 2009 and 2010 financial statements of the Authority.

## VIII. Other matters

18. The Committee considered document ISBA/15/FC/4, entitled “New members for 2009”. The Committee recommended that the Congo, Liberia and Switzerland, which had become members of the Authority during 2008 and 2009, pay the amounts shown below as their contributions to the general administrative budget of the Authority for 2008, 2009 and 2010, as well as advances to the Working Capital Fund. Such contributions should be credited as miscellaneous income, in accordance with regulation 7.1 of the Authority’s Financial Regulations.

<i>New member State</i>	<i>Date of membership</i>	<i>United Nations scale of assessments</i>			<i>Adjusted International Seabed Authority scale</i>			<i>Contributions to the General Administrative Fund</i>			<i>Advances to the Working Capital Fund</i>
		<i>(Percentage)</i>						<i>(United States dollars)</i>			
		<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	
Congo	08/08/08	0.001	0.001	0.001	0.001	0.001	0.001	214	572	572	4
Liberia	25/10/08	0.001	0.001	0.001	0.001	0.001	0.001	145	572	572	4
Switzerland	31/05/09		1.22	1.22		1.59	1.59		53 595	90 987	6 964
<b>Total</b>								<b>359</b>	<b>54 739</b>	<b>92 131</b>	<b>6 972</b>

19. The Committee recalled its observation made at the fourteenth session regarding the Working Capital Fund and its recommendation that the level of the

Fund be updated. It recommended that the total amount of the advances of the three new members be added to the Working Capital Fund.

20. The Committee expressed its concern at the outstanding contributions from members for prior periods (1998-2008) in the amount of US\$ 272,422 and requested the Secretary-General, at his discretion, to continue his efforts to recover those amounts.

21. The Committee recommended that the Assembly should encourage observers attending and participating in the meetings of the Authority to make voluntary contributions to the budget and/or the Endowment and Voluntary Trust Funds of the Authority.

22. The Committee requested the Secretary-General to provide it with responses to the requests it had made in paragraphs 12 and 15 of the 2008 Finance Committee report (ISBA/14/A/7).

## **IX. Recommendations of the Finance Committee**

23. In the light of the foregoing, the Committee recommends that the Council and the Assembly of the International Seabed Authority:

(a) *Urge* the members of the Authority to pay their assessed contributions to the budget on time and in full;

(b) *Appeal* to the members of the Authority to pay outstanding contributions to the budget of the Authority from previous years as soon as possible and to request the Secretary-General, at his discretion, to continue his efforts to recover these amounts;

(c) *Encourage* observers attending and participating in the meetings of the Authority to make voluntary contributions to the budget and/or the Endowment and Voluntary Trust Funds of the Authority;

(d) *Take note* with appreciation of the efforts being made by the Secretary-General to effect savings in the budget of the Authority during the financial period 2009-2010;

(e) *Appoint* PricewaterhouseCoopers as independent auditor for 2009 and 2010;

(f) *Recommend* an increase in the Working Capital Fund, as set out in paragraph 19 of the present report;

(g) *Request* the Finance Committee at its next meeting to make recommendations as to the appropriate level of the Working Capital Fund.