

**The North Atlantic Salmon
Conservation Organization**

**Report of the Twenty-Sixth Annual Meeting of
the Finance and Administration Committee
1 June 2009, Molde, Norway**

Chairman: Dr Boris Prischepa (Russian Federation)

Vice-Chairman: Mr Arni Isaksson (Iceland)

Secretary: Dr Malcolm Windsor

CNL(09)5

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Report of the Meeting of the Finance and Administration Committee of the North Atlantic Salmon Conservation Organization Rica Seilet Hotel, Molde, Norway Monday 1 June 2009

1. Opening of the Meeting

- 1.1 The Chairman, Dr Boris Prischepa (Russian Federation) opened the meeting and welcomed members of the Committee to Molde.
- 1.2 A list of participants is contained in Annex 1.

2. Adoption of the Agenda

- 2.1 The Committee adopted its agenda, FAC(09)5 after including a new item 6 'Funding of the West Greenland Sampling Programme' (Annex 2).

3. 2008 Audited Accounts

- 3.1 The Secretary introduced the audited accounts for 2008, FAC(09)2. For 2008, there was a surplus of approximately £26,000 which was paid into the Working Capital and Contractual Obligation Funds in accordance with the Financial Rules. Clarification was sought on the reason for the large variance in interest received and the difference between the Contractual Obligation and Staff Funds. The Secretary indicated that the Organization had received higher interest than anticipated during 2008 but interest rates have fallen over the last twelve months and are now close to zero. Part of the variance is due to interest received on the Contractual Obligation Fund which accrues to that fund but is shown in the accounts under Interest Received. He explained that the Contractual Obligation Fund and the Staff Fund are effectively the same thing.
- 3.2 The Committee recommended to the Council the adoption of the 2008 audited accounts.

4. Relationship with ICES

- 4.1 In 2007, the Council had entered into a new Memorandum of Understanding (MoU) with ICES that is subject to review every three years and is therefore due for review in June 2010. The Secretary reported that he had attended a meeting between the ICES' Management Committee on the Advisory Process (MCAP) and the client Commissions that receive advice from ICES. He noted that in recent years, ICES has made considerable progress in addressing NASCO's concerns about the timeliness and quality of presentation of the advice and about the need for financial stability, although the current weakness of the pound sterling against the Danish Kroner had resulted in large increases in the payment to ICES. ICES had indicated that it was ready to continue the MoU for a further three year period. However, ICES had also

advised that there was a possibility that they would be seeking to increase their charges to client Commissions. The Secretary noted that if ICES confirmed that it wished to increase its costs above the rate of inflation in Denmark he would inform the Committee but if not he suggested that the MoU might be continued for a further three year period. The Committee agreed that the relationship with ICES appeared to be working well. There were no proposals for revision to the MoU but the Committee indicated that it would be concerned about any proposal from ICES to increase the payment due from NASCO above the rate of inflation in Denmark. In the event that this was proposed, the Committee asked that the Secretary obtain from ICES a detailed explanation of the reasons for the increase and report back to the Committee.

5. Appointment of Auditors

- 5.1 Last year, at the request of the European Union, the Committee had agreed to review the desirability of changing auditors and the Secretary was asked to provide information on the cost and other implications of such a change. The Secretary introduced document FAC(09)3 which outlined the pros and cons of such a change. NASCO's auditors are PricewaterhouseCoopers LLP (PWC). On the assumption that the Committee would wish to use a major international firm of auditors, the other three of the 'big four' companies (Deloitte and Touche, KPMG, and Ernst and Young) had been invited to quote for the 2008 audit. However, because of the requirement for accounts to be prepared by 15 February (at the peak of the audit year) and the competitiveness of PWC's charges, none of these companies wished to quote for the work. The Secretary indicated that while PWC have been NASCO's auditors since its establishment, the personnel responsible for the audit (Partner and Senior Manager) have changed approximately every three to four years and the actual audit work usually involves a different member of PWC's staff each year. He indicated that there might be a cost saving in terms of the audit fee of up to £1,000 associated with moving to an Edinburgh-based company, although it is unlikely that there would be any saving in the cost of the IASRB audit work. It is also unlikely that a smaller firm would have the same level of expertise to address any more complex financial issues that might arise and it is possible that a new company would quote on the low side for the first year to obtain the business.
- 5.2 The representative of the European Union indicated that its financial authorities seek a change of auditors on a regular basis and the European Union would, therefore, prefer to see NASCO use an auditor other than PWC in future. He did not have concerns about using a smaller, local company provided that it was recognised and accredited by the appropriate financial authorities. He asked if it might be possible to enter into, for example, a three year contract with such a company to guard against cost increases. The other Parties indicated that they were content to continue using PWC given their long service to NASCO and their competitiveness. It was noted that there might be additional work initially if a new company was involved but there appeared to be no benefit from such a change. It was noted that if the work was placed with a smaller company, and this turned out to be unsatisfactory, it would be unlikely that NASCO could return to PWC in the future and, if it was possible, there would almost certainly be cost increases.

- 5.3 The Committee, therefore, decided to recommend to the Council the appointment of PricewaterhouseCoopers of Queen Street, Edinburgh, as auditors for the 2009 audited accounts, or such other company as may be agreed by the Secretary in consultation with the Chairman of the Finance and Administration Committee.

6. Funding of the West Greenland Sampling Programme

- 6.1 The Secretary referred to concerns that had been raised at NASCO's International Atlantic Salmon Research Board meeting about actions which had impeded the implementation of the internationally endorsed extended sampling programme. This sampling is an important component of the SALSEA Programme. A number of possible options for ensuring that the sampling programme could proceed in 2009 had been discussed but a mechanism to allow the payments to be made directly to the fishermen involved in supplying whole, fresh fish to the samplers is required. One suggestion was that the funds could be allocated from NASCO's Working Capital Fund and made available to the samplers participating in the programme. A total of US\$48,000 (about \$8,000 to each of six samplers) or approximately £32,000 would be required. The samplers would receive the funds from NASCO and pay the fishermen direct. Receipts would be obtained and NASCO would then claim the funds back from the Greenland Nature Institute which will receive funds for the sampling programme under a contract with the US government. This arrangement would apply only to the 2009 sampling programme and the funds would need to be reimbursed within 2 – 3 months and before the end of NASCO's financial year. Any proposal to repeat the arrangement in 2010 would be raised with the Committee at the Twenty-Seventh Annual Meeting.
- 6.2 The Committee recognised the importance of the sampling programme at West Greenland and agreed to recommend to the Council that the sterling equivalent of \$48,000 be made available from the Working Capital Fund to enable the samplers at West Greenland to purchase the fish required for the extended sampling programme. If this turned out to be the preferred option for processing the funding of the work, the Secretary was asked to make appropriate arrangements.

7. Consideration of the 2010 Draft Budget, Schedule of Contributions and 2011 Forecast Budget

- 7.1 The Secretary introduced the draft 2010 budget, FAC(09)4. He indicated that the Secretariat is aware of the need to reduce costs in the present economic climate and the draft 2010 budget represents a reduction of about 3.1% (or almost 6% in real terms) compared to the 2009 budget, while allowing for continuing investment in the Organization's reserves. In seven of the budget expenditure heads there were either no increases or reductions in real terms were proposed. He noted that due to the decline in the value of the pound sterling against most major currencies the contributions of most of the Parties will also be reduced.
- 7.2 The US representative referred to the sum of £4,000 budgeted to cover the President's travel to NASCO meetings. She noted that this sum had been included to cover a special situation that had arisen with a previous NASCO President and had been retained. She indicated that in other Commissions these funds are usually only

available to office bearers from developing countries. She questioned if this element needed to be retained and indicated that the US did not regard this as a precedent for other organizations. The Committee decided that, given current global economic circumstances, the funds should be retained in the budget on the understanding that they would be used only when the President indicated it was necessary and that the issue should be revisited in the future as necessary. The President noted that Iceland's contribution to NASCO has increased markedly as a result of increased catches in recent years.

- 7.4 The Committee agreed to recommend to the Council the adoption of the draft budget in Annex 3. It was noted that in the event that the Council decides to hold further consultation meetings in 2010 there might be a need for the Council to reopen section 5 of the budget.

8. Any Other Business

- 8.1 The representative of the European Union referred to NASCO's policy of meeting in communities close to the salmon, away from major airport hubs. Some members of his delegation had referred to increased costs and time commitments associated with travel to these communities compared to meeting in cities with direct international travel links. The Secretary indicated that for some years it had been the Council's policy to meet in smaller communities, to meet stakeholders and to learn about local salmon issues. It raised the profile of salmon conservation in those areas and there were benefits in terms of promoting NASCO's work. While there might be additional travel costs involved, the cost of hotels, often a major cost component, is often lower than in major cities.

- 8.2 There was no other business.

9. Report of the Meeting

- 9.1 The Committee agreed a report of its meeting.
- 9.2 The Chairman thanked the members of the Committee for their contributions and closed the meeting.
- 9.3 A list of Finance and Administration Committee papers is given in Annex 4.

Note: The budget contained in Annex 3 was adopted unchanged by the Council. However, following the decision by Iceland to withdraw from NASCO on financial grounds, the Schedule of Contributions was revised following consultations among Heads of Delegations. The revised Schedule of Contributions has been annexed.

List of Participants

Canada

Chantal Lamadeleine

Denmark (in respect of Faroe Islands and Greenland)

Julius Peedah

European Union

Alan Gray

Iceland

Arni Isaksson (President of NASCO)

Norway

Oyvind Walso

Russian Federation

Boris Prischepa, (Chairman)

Elena Samoylova

Svetlana Krylova

USA

Kim Blankenbecker

Nicole Ricci

Secretariat

Dr Peter Hutchinson

Dr Malcolm Windsor

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Agenda

1. Opening of the Meeting
2. Adoption of the Agenda
3. 2008 Audited Accounts
4. Relationship with ICES
5. Appointment of Auditors
6. Funding of the West Greenland Sampling Programme
7. Consideration of the 2010 Draft Budget, Schedule of Contributions and 2011 Forecast Budget
8. Any Other Business
9. Report of the Meeting

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**North Atlantic Salmon Conservation Organization
2010 Budget and 2011 Forecast Budget (Pounds Sterling)**

Section	Description	Expenditure	
		Budget 2010	Forecast 2011
1	Staff-related costs	365,330	376,200
2	Travel and subsistence	45,500	45,400
3	Research and advice	61,870	63,700
4	Contribution to Working Capital Fund	0	0
5	Meetings	8,000	8,000
6	Office supplies, printing and translation	21,000	21,500
7	Communications	24,500	24,900
8	Headquarters Property	35,800	36,800
9	Office furniture and equipment	6,500	6,500
10	Audit and other expenses	11,000	11,200
11	Tag Return Incentive Scheme	4,800	4,800
12	International Atlantic Salmon Research Fund	0	0
13	Contribution to Contractual Obligation Fund	37,000	38,000
	Total	621,300	637,000

	Description	Income	
		Budget 2010	Forecast 2011
14	Contributions - Contracting Parties	562,300	574,000
15	General Fund - Interest	2,000	8,000
16	Income from Headquarters Property	57,000	55,000
17	Surplus or Deficit (-) from 2008	0	0
	Total	621,300	637,000

Section 1	Staff-related costs	Budget 2010	Forecast 2011
1.1	Secretariat members	234,890	241,900
1.2	Support staff	26,910	27,700
1.3	Staff Fund contributions, allowances, public liability, insurances and other staff-related costs	103,530	106,600
	Total	365,330	376,200

Section 2	Travel and subsistence	Budget 2010	Forecast 2011
2.1	Travel to post and Annual Meeting	9,500	8,500
2.2	Official travel and subsistence	32,000	32,900
2.3	President's travel to represent NASCO	4,000	4,000
	Total	45,500	45,400

Section 3	Research and advice	Budget 2010	Forecast 2011
3.1	Annual contribution to ICES	61,870	63,700

Section 4	Contribution to Working Capital Fund	Budget 2010	Forecast 2011
4.1	Working Capital	0	0

Section 5	Meetings	Budget 2010	Forecast 2011
5.1	Costs of Annual Meeting	4,000	4,000
5.2	Costs of other meetings	4,000	4,000
	Total	8,000	8,000

Section 6	Office supplies, printing and translation	Budget 2010	Forecast 2011
6.1	Office supplies	17,000	17,500
6.2	Printing	2,000	2,000
6.3	Translations	2,000	2,000
	Total	21,000	21,500

Section 7	Communications	Budget 2010	Forecast 2011
7.1	Telecommunications	6,000	6,100
7.2	Postage and courier services	5,000	5,100
7.3	Website	7,500	7,700
7.4	Communications, professional support and design	6,000	6,000
	Total	24,500	24,900

Section 8	Headquarters Property	Budget 2010	Forecast 2011
8.1	Capital and interest payments	0	0
8.2	Maintenance, services and other building-related costs	35,800	36,800
	Total	35,800	36,800

Section 9	Office furniture and equipment	Budget 2010	Forecast 2011
9.1	Furniture	1,500	1,500
9.2	Equipment	5,000	5,000
	Total	6,500	6,500

Section 10	Audit and other expenses	Budget 2010	Forecast 2011
10.1	Audit and accountancy fees	8,000	8,200
10.2	Bank charges and insurances	1,000	1,000
10.3	Miscellaneous	2,000	2,000
	Total	11,000	11,200

Section 11	Tag Return Incentive Scheme	Budget 2010	Forecast 2011
11.1	Prize money	4,800	4,800

Section 12	Contribution to International Atlantic Salmon Research Fund	Budget 2010	Forecast 2011
12.1	IASR Fund	0	0

Section 13	Contribution to Contractual Obligation Fund	Budget 2010	Forecast 2011
13.1	Contribution to Contractual Obligation Fund	37,000	38,000

**Revised Adjustments to 2009 contributions (Pounds Sterling)
to take into account confirmed 2007 Catch Statistics**

Party	2007 Provisional catch	2007 Confirmed catch	2009 Revised Contribution based on provisional catch	2009 Revised Contribution based on confirmed catch	Revised Adjustment to 2009 contribution
Canada	112	112	61,299	61,026	-273
Denmark (Faroe Islands and Greenland)	25	25	36,211	36,150	-61
European Union	441	453	156,171	158,528	+2,356
Norway	767	767	250,179	248,310	-1,869
Russian Federation	63	63	47,169	47,015	-154
USA	0	0	29,002	29,002	0
TOTAL	1,408	1,420	580,030	580,030	0

Note: A positive adjustment represents an underpayment in 2009.

**Revised NASCO Budget Contributions for 2010 and Forecast
Budget Contributions for 2011 (Pounds Sterling)**

Party	2008 Provisional catch (tonnes)	Revised Contribution for 2010	Revised Adjustment from 2009	Revised Adjusted contribution for 2010	Revised Forecast contribution for 2011
Canada	148	67,003	-273	66,730	68,397
Denmark (Faroe Islands and Greenland)	26	34,947	-61	34,886	35,674
European Union	444	144,779	+2,356	147,136	147,792
Norway	807	240,160	-1,869	238,291	245,157
Russian Federation	73	47,296	-154	47,143	48,280
USA	0	28,115	0	28,115	28,700
TOTAL	1,498	562,300	0	562,300	574,000

Contributions are based on the official catch returns by the Parties. Column totals can be in error by a few pounds due to rounding.

List of Finance and Administration Committee Papers

FAC(09)1	Draft Agenda
FAC(09)2	2008 Audited Accounts
FAC(09)3	Review of the Pros and Cons of changing NASCO's Auditors
FAC(09)4	2010 Draft Budget and 2011 Forecast Budget
FAC(09)5	Agenda
FAC(09)6	Draft Report of the Finance and Administration Committee