

**The North Atlantic Salmon  
Conservation Organization**

**Report of the Twenty-Ninth Annual Meeting of  
the Finance and Administration Committee  
4 and 6 June 2012, Edinburgh, Scotland**

**Chair:** Ms Sonja Feldthaus (Denmark (in respect of the  
Faroe Islands and Greenland))

**Vice-Chair:** Mr Raoul Bierach (Norway)

**Secretary:** Dr Malcolm Windsor

**CNL(12)5**



## **CNL(12)5**

### ***Report of the Meeting of the Finance and Administration Committee of the North Atlantic Salmon Conservation Organization George Hotel, Edinburgh, Scotland, UK Monday 4 and Wednesday 6 June 2012***

#### **1. Opening of the Meeting**

- 1.1 In the absence of the Chair, Ms Sonja Feldthaus (Denmark (in respect of the Faroe Islands and Greenland), the Vice-Chairman, Mr Raoul Bierach (Norway) opened the meeting and welcomed members of the Committee to Edinburgh.
- 1.2 A list of participants is contained in Annex 1.

#### **2. Adoption of the Agenda**

- 2.1 The Committee adopted its agenda, FAC(12)9 (Annex 2). The Secretary indicated that he had two items that he wished to raise under 'Any Other Business'.

#### **3. Election of Officers**

- 3.1 The Committee elected Mr Raoul Bierach (Norway) as its Chairman and Mr Doug Twining (Canada) as its Vice-Chairman for a two year period commencing at the close of the Twenty-Ninth Annual Meeting.

#### **4. 2011 Audited Accounts**

- 4.1 The Secretary introduced the audited accounts for 2011, FAC(12)2. There was a surplus which had been paid into the Contractual Obligation Fund in accordance with the Financial Rules. As requested by the Committee in 2011, the auditors had annotated the accounts to explain the elements that are included in the General Fund Capital and to indicate on the balance sheet that the net current assets include resources held in the Working Capital and Contractual Obligation Funds.
- 4.2 The Committee recommended to the Council the adoption of the 2011 audited accounts.

#### **5. Relationship with ICES**

- 5.1 In 2007, the Council had entered into a new Memorandum of Understanding (MoU) with ICES that is subject to review every three years. In 2010, the Council had agreed to continue with the MoU for a further period of three years on the understanding that there was no increase in costs during this period above the rate of inflation in Denmark. The MoU will next be subject to review in 2013.
- 5.2 The Secretary advised the Committee that, in recent years, ICES has made considerable progress in addressing NASCO's concerns about the timeliness and

quality of presentation of the advice. The Committee welcomed the progress made by ICES but asked the Secretary to liaise with ICES on the possibilities of receiving the advice earlier so as to allow longer for consultations prior to the NASCO Annual Meeting.

- 5.2 The Chairman noted that under the MoU, there could be significant cost savings if multi-annual measures were agreed in both Commissions. While this may not affect the budget, because of the possibility that the Framework of Indicators would require reassessment of the catch advice in any year, any surplus in a year if advice was not required could be used to rebuild the Organization's funds.

## **6. Consideration of the 2013 Draft Budget, Schedule of Contributions and five-year Budgeting Plan**

- 6.1 The Secretary introduced the draft 2013 budget, FAC(12)3. He referred to the very favourable assessment of NASCO's financial management in the external performance review. He indicated that there was some uncertainty in staff-related costs related to the appointment of a new Secretary and potential relocation costs.

- 6.2 The FAC asked that in future budget proposals, a more detailed breakdown of the planned expenditure be shown within budget heads and that details of staff salaries be provided to the Committee. The Secretary indicated that he would do so but that it was not possible to predict up to one and a half years ahead as to what precise demands would be made on many of the budget heads. However, the Secretariat was committed to returning surplus funds whenever possible and had always done so.

- 6.3 The Committee recommended the inclusion of a sum of £5,000 in the budget as a contribution to allow filming at West Greenland as part of the film 'Atlantic salmon – lost at sea!' The Committee also recommended that in future there be no mailings by post of documents for NASCO meetings, all such distributions in future to be done electronically.

- 6.4 The Committee agreed to recommend to the Council the adoption of the 2013 draft budget and 2014 forecast budget, FAC(12)7. A five-year spending plan (2013 - 2017) was also provided for information. The budget as adopted by the Council and the five-year spending plan are contained in Annex 3.

## **7. Appointment of Auditors**

- 7.1 In 2009, the Committee had reviewed the pros and cons of changing auditors but had decided to continue to use PricewaterhouseCoopers (PWC). It was noted, at that time, that the PWC personnel involved in conducting the audit were changed every three years and that none of the other international auditing companies approached had been willing to quote for conducting NASCO's audit because of the time of year when the work is undertaken and PWC's highly competitive charges. Last year, the Secretary was again asked to seek quotes for the 2012 audit and report back at the Committee's 2012 meeting.

- 7.2 The Secretary introduced paper FAC(12)4 (Annex 4). As requested by the Committee, quotes for the 2012 audit had been sought from the other three international auditing companies: KPMG, Ernst and Young, and Deloitte and Touche. Only Ernst and

Young had submitted a quote. While this was £600 below that provided by PWC it was recognised that there would be an additional workload on the Secretariat from this change and that there was no guarantee that the cost would not be increased in future years.

- 7.3 The Committee considered the pros and cons of changing the NASCO Auditors and recommended that it is time for a change of Auditor. The Secretary was asked to obtain quotes for a minimum of three years work from auditing firms. The Secretary would circulate the information received to the Committee and seek agreement on the appointment.

### **Any Other Business**

- 8.1 The Secretary indicated that the Council had previously authorised changes to be made to the Staff Fund Rules, CNL(02)42. Following consultations with NASCO's advisors some changes to the way in which the fund is managed had been made but they have no financial implications. The Committee recommends that the Council adopt the revised rules, CNL(12)17 (Annex 5).
- 8.2 The Secretary indicated that at the last Annual Meeting he had informed the Council that the OSPAR Commission had proposed that an MoU be agreed between OSPAR and NASCO. Following consultations, a draft MoU, FAC(12)5 had been developed. It was noted that a similar MoU had been agreed between OSPAR and NEAFC. The Secretary noted that the draft MoU provided for an exchange of information between NASCO and OSPAR and that this was important because in the past OSPAR had listed the Atlantic salmon as endangered without consultation. The Committee considered a new, simplified text, FAC(12)10 (Annex 6) and agreed to resolve this inter-sessionally.

## **9. Report of the Meeting**

- 9.1 The Committee agreed a report of its meeting.
- 9.2 The Chair 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 7.



***List of Participants***

**Canada**

Richard Nadeau

Doug Twining

**Denmark (in respect of the Faroe Islands and Greenland)**

Kristina Guldbaek

Elin Mortensen

**European Union**

Marco D'Ambrosio

**Norway**

Raoul Bierach (Acting Chairman)

Arne Eggereide

Steinar Hermansen

**Russian Federation**

Svetlana Krylova

Boris Prischepa

Elena Samoylova

**US**

Kim Blankenbeker

Nicole Ricci

**Secretariat**

Peter Hutchinson

Malcolm Windsor





**FAC(12)9**

***Agenda***

1. Opening of the Meeting
2. Adoption of the Agenda
3. Election of Officers
4. 2011 Audited Accounts
5. Relationship with ICES
6. Consideration of the 2013 Draft Budget, Schedule of Contributions and five-year budgeting plan
7. Appointment of Auditors
8. Any Other Business
9. Report of the Meeting



## CNL(12)40

***North Atlantic Salmon Conservation Organization  
2013 Budget and 2014 Forecast Budget (Pounds Sterling)***

Section	Description	Expenditure	
		Budget 2013	Forecast 2014
1	Staff-related costs	265,890	351,079
2	Travel and subsistence	143,000	28,000
3	Research and advice	63,630	65,000
4	Contribution to Working Capital Fund	12,000	50,000
5	Meetings	8,000	8,000
6	Office supplies, printing and translation	25,000	25,500
7	Communications	15,000	15,000
8	Headquarters Property	38,500	39,500
9	Office furniture and equipment	6,500	6,500
10	Audit and other expenses	10,100	9,800
11	Tag Return Incentive Scheme	4,700	4,800
12	International Atlantic Salmon Research Fund	0	11,719
13	Contribution to Contractual Obligation Fund	83,000	66,000
14	Contribution to Recruitment Fund	0	15,000
	<b>Total</b>	<b>675,320</b>	<b>695,898</b>

Section	Description	Income	
		Budget 2013	Forecast 2014
15	Contributions - Contracting Parties	616,320	634,898
16	General Fund - Interest	2,000	4,000
17	Income from Headquarters Property	57,000	57,000
18	Surplus or Deficit (-) from 2011	0	0
	<b>Total</b>	<b>675,320</b>	<b>695,898</b>

Section 1	<b>Staff-related costs</b>	Budget 2013	Forecast 2014
1.1	Secretariat members	177,486	232,647
1.2	Support staff	30,938	31,754
1.3	Staff Fund contributions, allowances, public liability, insurances and other staff-related costs	57,466	86,678
	Total	265,890	351,079

Section 2	<b>Travel and subsistence</b>	Budget 2013	Forecast 2014
2.1	Travel to post and Annual Meeting	115,000	0
2.2	Official travel and subsistence	28,000	28,000
	Total	143,000	28,000

Section 3	<b>Research and advice</b>	Budget 2013	Forecast 2014
3.1	Annual contribution to ICES	63,630	65,000

Section 4	<b>Contribution to Working Capital Fund</b>	Budget 2013	Forecast 2014
4.1	Working Capital	0	50,000

Section 5	<b>Meetings</b>	Budget 2013	Forecast 2014
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	<b>Office supplies, printing and translation</b>	Budget 2013	Forecast 2014
6.1	Office supplies	19,000	19,500
6.2	Printing	4,000	4,000
6.3	Translations	2,000	2,000
	Total	25,000	25,500

Section 7	<b>Communications</b>	Budget 2013	Forecast 2014
7.1	Telecommunications	4,000	7,000
7.2	Postage and courier services	1,000	1,000
7.3	Website	5,000	7,000
7.4	Communications, professional support and design	5,000	0
	Total	15,000	15,000

Section 8	<b>Headquarters Property</b>	Budget 2013	Forecast 2014
8.1	Capital and interest payments	0	0
8.2	Maintenance, services and other building-related costs	38,500	39,500
	Total	38,500	39,500

Section 9	<b>Office furniture and equipment</b>	Budget 2013	Forecast 2014
9.1	Furniture	1,500	1,500
9.2	Equipment	5,000	5,000
	Total	6,500	6,500

Section 10	<b>Audit and other expenses</b>	Budget 2013	Forecast 2014
10.1	Audit and accountancy fees	6,600	7,000
10.2	Bank charges and insurances	1,000	1,000
10.3	Miscellaneous	2,500	1,800
	Total	10,100	9,800

Section 11	<b>Tag Return Incentive Scheme</b>	Budget 2013	Forecast 2014
11.1	Prize money	4,700	4,800

Section 12	<b>Contribution to International Atlantic Salmon Research Fund</b>	Budget 2013	Forecast 2014
12.1	IASR Fund	0	11,719

Section 13	<b>Contribution to Contractual Obligation Fund</b>	Budget 2013	Forecast 2014
13.1	Contribution to Contractual Obligation Fund	83,000	66,000

Section 14	<b>Contribution to Recruitment Fund</b>	Budget 2013	Forecast 2014
13.1	Contribution to Recruitment Fund	0	15,000

**Adjustments to 2012 contributions (Pounds Sterling)  
to take into account confirmed 2010 Catch Statistics**

Party	2010 Provisional catch	2010 Confirmed catch	2012 Contribution based on provisional catch	2012 Contribution based on confirmed catch	Adjustment to 2013 contribution
Canada	146	153	71,420	73,717	+2297
Denmark (Faroe Islands and Greenland)	40	38	40,876	40,369	-507
European Union	510	496	176,306	173,179	-3126
Norway	642	642	214,341	215,516	+1175
Russian Federation	88	88	54,707	54,868	+161
USA	0	0	29,350	29,350	0
<b>TOTAL</b>	<b>1,426</b>	<b>1,417</b>	<b>587,000</b>	<b>587,000</b>	<b>0</b>

Note: A positive adjustment represents an underpayment in 2011.

**NASCO Budget Contributions for 2013 and Forecast  
Budget Contributions for 2014 (Pounds Sterling)**

Party	2011 Provisional catch (tonnes)	Contribution for 2013	Adjustment from 2012	Adjusted contribution for 2013	Forecast contribution for 2014
Canada	179	82,368	+2297	84,665	84,851
Denmark (Faroe Islands and Greenland)	28	38,880	-507	38,373	40,052
European Union	512	178,272	-3126	175,146	183,646
Norway	696	231,264	+1175	232,439	238,235
Russian Federation	83	54,720	+161	54,881	56,369
USA	0	30,816	0	30,816	31,745
<b>TOTAL</b>	<b>1,498</b>	<b>616,320</b>	<b>0</b>	<b>616,320</b>	<b>634,898</b>

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

**Five-year NASCO Budget Projections 2013 – 2017**

Budget Head	Description	2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
		Expenditure				
1	Staff related costs	265,890	351,079	361,611	372,460	383,634
2	Travel & Subsistence	143,000	28,000	28,000	28,000	29,000
3	Research & advice	63,630	65,000	67,000	69,000	71,000
4	Contribution to Working Capital	12,000	50,000	50,000	37,000	0
5	Meetings	8,000	8,000	8,000	9,000	39,000
6	Office supplies, printing and translations	25,000	25,500	27,000	27,000	30,000
7	Communications	15,000	15,000	16,000	17,000	17,500
8	Headquarters Property	38,500	39,500	41,000	43,000	45,000
9	Office furniture & equipment	6,500	6,500	6,500	7,000	7,000
10	Audit & other expenses	10,100	9,800	10,200	11,000	12,000
11	Tag return incentive scheme	4,700	4,800	4,800	4,800	4,800
12	International Cooperative Research	0	11,719	13,281	0	0
13	Contribution to Contractual Obligation Fund	83,000	66,000	66,500	94,000	103,000
14	Contribution to Recruitment Fund	0	15,000	15,000	15,000	15,000
	<b>Total</b>	<b>675,320</b>	<b>695,898</b>	<b>714,892</b>	<b>734,260</b>	<b>756,934</b>



<b>Budget Head</b>	<b>Description</b>	<b>2013</b>	<b>Forecast 2014</b>	<b>Forecast 2015</b>	<b>Forecast 2016</b>	<b>Forecast 2017</b>
		<b>Revenue</b>				
15	Contributions of Contracting Parties	616,321	634,898	653,892	673,260	695,936
16	Interest Received on General Fund	2,000	4,000	4,000	4,000	4,000
17	Income from HQ property	57,000	57,000	57,000	57,000	57,000
	<b>Total</b>	<b>675,320</b>	<b>695,898</b>	<b>714,892</b>	<b>734,260</b>	<b>756,934</b>



## FAC(12)4

### *Review of the pros and cons of changing NASCO's Auditors*

1. In 2009, the Committee had reviewed the pros and cons of changing auditors and had decided to continue to use PricewaterhouseCoopers LLP. This company was formed in 1998 following the merger of two companies, Price Waterhouse and Coopers and Lybrand. Coopers and Lybrand were NASCO's original auditors. None of the other three international auditing companies approached at that time had been willing to quote for NASCO's work, we assumed because of the time of year it is undertaken and PWC's competitive charges. Last year the Secretary was again asked to seek quotes for the 2012 audit and report back to the Committee.
2. On the assumption that the Committee would wish to use a major international firm of auditors we again invited the other three of the 'big four' companies (Deloitte and Touche, KPMG, and Ernst and Young) to quote for the 2012 audit. Under NASCO's Financial Rules the auditors' report is to be issued to the Parties no later than 15 February each year and this means that the audit work has to be completed in January. This is an extremely busy time of year for audit companies and this factor together with the competitiveness of PWC meant that only one of these companies, Ernst and Young, quoted for the work, despite the prestige of having the only inter-governmental organization based in Scotland as a client. Their quote is £600 less (£5,900) than the 2012 audit charge as advised by PWC (£6,500).
3. The Committee may feel that it is undesirable to remain with the same audit company for so long. However, this has some advantages in that PWC are familiar with our unusual status and Financial Rules. It should be noted that, while Coopers and Lybrand (to 1998 and PricewaterhouseCoopers since 1998) have been NASCO's auditors since its establishment (i.e. for 25 years), during this time the personnel responsible for the audit (Partner or Director and Senior Manager) have changed approximately every three to four years and the actual audit work usually involves a different member of the PWC staff each year. There would understandably be a learning curve with a new company, and implications in terms of workload for the Secretariat, if the decision was made to change auditors. Given the situation for the Secretariat in 2012/2013 this would not be desirable. It is also possible that Ernst and Young have quoted on the low side for the first year to obtain the business and would then increase the fee, particularly as the work is required at the peak of the audit year. We are advised that if PWC were quoting for this as a new job the sum would be in the region of £10,000.
3. If the Committee so wished we could formally approach smaller UK national or Edinburgh based companies with regard to obtaining quotes for future work. We believe that by doing so there might be a cost saving in terms of the audit fee of around £1,000 - £2,000. It is unlikely that there would be any saving in the cost of the IASRB audit work. However, 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 there will be the same additional demands on the Secretariat.

4. The Committee is asked to consider if it wishes to change NASCO's (and the IASRB's) auditor for the 2012 accounts or if it is content to remain with PWC. While there could be a small saving, at least for the 2012 accounts by switching to Ernst and Young, there is no guarantee that they would maintain this reduced price in future years and the likely additional workload for the Secretariat from this change is undesirable at the present time. The current wording used by the Committee in recommending the reappointment of the auditors is as follows: "The Committee recommends the reappointment of PricewaterhouseCoopers of Queen Street, Edinburgh, as auditors for the 2012 audited accounts, or such other company as may be agreed by the Secretary in consultation with the Chairman of the Finance and Administration Committee". This wording allows the FAC Chairman and Secretary flexibility in appointing the auditors should they feel that a change would be in the best interests of the organization and is also helpful in ensuring PWC restrict any increase in charges.

**CNL(12)17**

***NASCO Staff Fund Rules***

**1. Application**

- 1.1 These Rules apply to the NASCO Staff Fund and govern the operation of the Deferred Salary Scheme established by the decision of the Council, CNL(01)49.

**2. Membership**

- 2.1 Any Secretariat Member may become a Member of the Scheme and may remain so while in employment with NASCO. However, the Council has decided, CNL(04)52, that Members of the Secretariat, as at 11 June 2004, shall retain Secretariat Member status while in receipt of benefits from the Scheme and shall be responsible for and manage their own funds during this time.

**3. Contributions**

- 3.1 Contributions to the Scheme by NASCO and by the Members of the Scheme shall be held in the NASCO Staff Fund, established in accordance with NASCO Financial Rule 6.1, and sub-divided into a separate deferred salary account for each Member.
- 3.2 The Organization will defer 15.8% of the gross salary of each Member of the Scheme to the Fund or such other amount as is determined by the Council from time to time. Each Member of the Scheme shall defer a minimum of 7.9% of gross salary or such other minimum amount as is determined by the Council from time to time. Members of the Scheme may request that additional contributions be deferred from salary and paid into the Fund. Contributions made to the Fund shall be enhanced by 5% by NASCO as a contribution to investment charges.
- 3.3 The tax imposed on the salary of Secretariat Members for the benefit of the Organization shall be calculated on the sum remaining after deduction of their contributions to the Fund.

**4. Management of the Fund**

- 4.1 Contributions retained by NASCO over the deferred period and thereafter may be held on deposit or, should the Member of the Scheme concerned so decide, be otherwise invested.

**5. Benefits**

- 5.1 Each Member of the Scheme shall at all times be fully vested and have entitlement to give notice requesting payment in whole or in part of their individual deferred salary account at any time whilst remaining a Secretariat Member. Such benefits are considered as tax-paid deferred salary payments.

- 5.2 In the event of death of a Member of the Scheme the Secretary shall return the full value of that Member's deferred salary account to that Member's spouse or such other beneficiary as may have been advised by written notice to the Secretary.

FAC(12)10

***Revised Draft Memorandum of Understanding between the North Atlantic Salmon Conservation Organisation and the OSPAR Commission***  
(Agreement 2012- X)

***The North Atlantic Salmon Conservation Organisation (hereinafter “NASCO”) and the Commission established by the 1992 Convention for the protection of the marine environment of the North-East Atlantic (hereinafter “OSPAR Commission”) have complementary competences, for the conservation and rational management of Atlantic salmon and for environmental protection, respectively, in the North-East Atlantic, including in areas beyond national jurisdiction,***

***RECOGNISING*** that among the objectives of NASCO is to contribute to the conservation, restoration, enhancement and rational management of salmon stocks in the North Atlantic Ocean, through consultation and cooperation, taking into account the best scientific evidence available to it;

***ALSO RECOGNISING*** that NASCO seeks to promote the acquisition, analysis and dissemination of scientific information pertaining to salmon stocks in the North Atlantic Ocean;

***FURTHER RECOGNISING*** that one of OSPAR’s objectives is to take necessary measures to protect the maritime area against adverse effects of human activities so as to safeguard human health and to conserve marine ecosystems and the biological diversity of the maritime area and, when practicable, restore marine areas which have been adversely affected;

***ACKNOWLEDGING*** that OSPAR applies, as an overarching principle to its work, an ecosystem approach to the management of all human activities that have an impact on the marine environment in order to safeguard ecosystems and to achieve sustainable use of their goods and services; and

***NOTING*** that both OSPAR and NASCO have entered into a Memorandum of Understanding with ICES for scientific information and advice;

**NASCO and OSPAR have reached the following understanding:**

1. The Secretariats of NASCO and OSPAR are encouraged to invite each other to participate as observers in meetings of common interest that they each may organize.
2. The Secretariats are encouraged to communicate, as necessary, to share information, including annual reports and data and, where appropriate, coordinate on matters concerning the conservation and rational management of Atlantic salmon and the protection of marine ecosystems in the North-East Atlantic.
3. The NASCO Secretariat is encouraged to provide the OSPAR Commission with information to give OSPAR Parties a better understanding of NASCO’s role in the conservation and management of North Atlantic Salmon.
4. NASCO Secretariat and the OSPAR Commission are encouraged to exchange information and facilitate communication, collaboration, and information exchange among national representatives to NASCO and OSPAR, as appropriate.

5. The Secretariats of both organizations are to report, to their respective organizations, the actions each has taken pursuant to this memorandum of understanding.
6. Cooperation on specific issues within the scope of this Memorandum of Understanding may, if necessary, be specified in further detail through the development of separate sub-arrangements between NASCO and the OSPAR Commission.
7. This memorandum of understanding will commence on the date of adoption by both OSPAR and NASCO and will continue unless discontinued at any time by written notice served by one upon the other, or replaced by another arrangement. This memorandum may be modified by written, mutual consent, subject to approval by NASCO and OSPAR.

This Memorandum of Understanding will commence *[date]*.

Signed on behalf of the OSPAR Commission:

Signed on behalf of NASCO:

OSPAR Commission Authority TBN

NASCO Authority TBN

Date:

Date:



***List of Finance and Administration Committee Papers***

FAC(12)1	Draft Agenda
FAC(12)2	2011 Audited Accounts
FAC(12)3	2013 Draft Budget and 2014 Forecast Budget
FAC(12)4	Review of the Pros and Cons of changing NASCO's Auditors
FAC(12)5	Draft MoU with OSPAR
FAC(12)6	Draft Report of the Finance and Administration Committee
FAC(12)7	2013 Draft Budget and 2014 Forecast Budget
FAC(12)8	Report of the Finance and Administration Committee
FAC(12)9	Agenda
FAC(12)10	Revised Draft MoU with OSPAR