

FAC(19)10rev
(Adopted by Council as CNL(19)05rev)

***Report of the Meeting of the Finance and Administration Committee of the
North Atlantic Salmon Conservation Organization***

Scandic Ishavshotel, Tromsø, Norway

Tuesday 4 and Thursday 6 June 2019

1. Opening of the Meeting

- 1.1 The Chair, Kim Blankenkemper (USA), opened the meeting and welcomed members of the Committee to Tromsø.
- 1.2 The Chair expressed the gratitude of the Committee to the Secretary for improving access to FAC documents by posting them on the website prior to the meeting, as requested by the FAC in 2018.
- 1.3 A list of participants is contained in Annex 1.

2. Adoption of the Agenda

- 2.1 The Committee adopted its Agenda, FAC(19)08 (Annex 2).

3. 2018 Audited Accounts

- 3.1 The Secretary introduced the Audited Accounts for 2018, FAC(19)02. She reported that the year-end accounts indicate that the Working Capital Fund, which had been almost entirely utilised in 2012, remained at its ceiling of £200,000. The Contractual Obligation Fund had been utilised in 2017 and reduced to £3,557. However, with the incorporation of the 2018 year-end surplus it now stands at approximately £156,000. The maximum level of the Contractual Obligation Fund as specified in Financial Rule 6.3 is £250,000; this fund will need to be further rebuilt over the coming years. The Recruitment Fund balance, which had been reduced from its standing level of £60,000 to around £45,000 due to the recruitment of a new Secretary and Assistant Secretary, now stands at approximately £52,000. At the end of 2018, the International Year of the Salmon (IYS) Fund stood at about £215,000, which included £41,983 as a voluntary contribution from Canada and £38,650 as a voluntary contribution from the United States. For information, the Secretary confirmed that the current level of the IYS fund is £143,348 due to expenditures incurred during the first half of 2019.
- 3.2 The representative of the United States indicated that the relationship between IYS income, expenditures and allocation is hard to track and monitor, in particular due to the inclusion of voluntary contributions. He noted the time-consuming nature of searching through a number of past communications from the Secretariat to confirm the voluntary contributions received by the Organization. He requested that in future years the Secretariat should provide clearer reporting to the FAC about voluntary contributions received and their purpose – if not as part of the Audited Accounts then in some other document.
- 3.3 The Committee agreed to recommend to the Council that it adopt the 2018 Audited Accounts.

4. Relationship with ICES

- 4.1 The Chair recalled that NASCO signed a Memorandum of Understanding (MoU) with ICES on 8 June 2007 (2007 NASCO-ICES MoU), which outlines the provision of Scientific and Advisory information by ICES to NASCO. The MoU specifies recurrent requests for advice and procedures for *ad hoc* requests for advice, as well as key administrative procedures and financial aspects. The MoU has been extended three times since adoption and the current extension ends in 2019.
- 4.2 As requested at the 2018 FAC meeting, the Secretary liaised with ICES inter-sessionally to discuss a further extension of the MoU. She explained that given recent developments in ICES' advisory work as a whole related to the interface between data, science and advice, some of which is still ongoing with other entities, ICES has suggested that a revision of the NASCO-ICES MoU be initiated in 2020.
- 4.3 Specifically, ICES has indicated that the review of the NASCO-ICES MoU be aligned with the new and revised agreements and MoUs that ICES has concluded with other advice requesters, including:
- a new four-year Framework Partnership Agreement with the European Commission, providing the basis for annual agreements;
 - a review of the 2017 MoU between Norway and ICES; as well as
 - MoU negotiations with the United Kingdom and Iceland.
- 4.4 The Chair noted that the 2007 NASCO-ICES MoU, as extended through 2019, specifies in paragraph 16 that a triennial full review of operations and terms under the MoU should be carried out; thus, the ICES request is in line with the terms of the current MoU.
- 4.5 The Chair indicated that the review and possible revision of the NASCO-ICES MoU would occur preferably prior to the 2020 NASCO Annual Meeting so that it could be considered for adoption at that meeting. In the meantime, the current MoU would need to be extended for one year to ensure the provision of scientific advice in 2020. The Secretary noted that recurrent advice provided by ICES in 2020, as outlined in the MoU, will be at a cost roughly equivalent to 2019, i.e. a lump sum of DKK 560,000.
- 4.6 Pending a review and possible revision to the current NASCO-ICES MoU to take into account relevant developments, the Committee agreed to recommend to the Council that the current MoU be extended for one additional year (i.e. through 2020). Pending agreement by the Council, the Secretary was asked to confirm this arrangement with ICES through appropriate means.
- 4.7 The FAC also asked the Secretary to continue to liaise with ICES during the 2019 – 2020 inter-sessional period to develop a longer term MoU that fully protects NASCO's interests. Ideally, a new MoU would be adopted in 2020 and become effective in 2021. In that regard, the FAC requested that the Secretary keep it informed of the progress of MoU discussions with ICES, in particular to highlight and seek feedback on any proposed significant revisions to the MoU so that NASCO will be in the best position possible to approve a longer-term MoU at the 2020 Annual Meeting.

5. MoU with the OSPAR Commission

- 5.1 The Chair reported on the operation of the MoU between NASCO and the OSPAR Commission which came into effect on 5 August 2013, FAC(19)05. The MoU continues to work well, with improved exchanges of information in the last few years.
- 5.2 The Committee had previously been informed that Contracting Parties of the OSPAR Commission are to report on the implementation of OSPAR Recommendation 2016/3 on furthering the protection and conservation of the Atlantic salmon (*Salmo salar*), in Regions I, II, III and IV of the OSPAR maritime area (as previously discussed by the Committee) by 31 December 2019 and every six years thereafter. Once the Contracting Parties to OSPAR make their reports to the OSPAR Secretariat, NASCO will receive any relevant information from OSPAR, which is likely to occur prior to the 2020 NASCO Annual Meeting.
- 5.3 In 2018, the FAC had been advised of discussions within OSPAR on the possible establishment of a Marine Protected Area (MPA) in the central Atlantic Ocean, part of which occurs in the North-East Atlantic Fisheries Commission area. The FAC had asked the NASCO Secretary to continue to liaise with the OSPAR Executive Secretary with respect to the proposed Marine Protected Area (MPA) in the central Atlantic Ocean and, if needed, provide or direct OSPAR to any relevant information on distribution and fishing activities for salmon in the Atlantic Ocean, given the distribution of Atlantic salmon and the potential limitations on fishing and / or other activities in any MPA that might be established.
- 5.4 The Committee was advised that further details on the proposal are now available. The proposed MPA is called the 'North Atlantic Current and Evlanov Seamount Marine Protected Area' (NACES MPA). The site is located in Areas Beyond National Jurisdiction (ABNJ) of the OSPAR Maritime Area. It has been identified as an important foraging area for many species of seabirds in the OSPAR Maritime Area. Some of the seabird species identified as using the proposed site are wide ranging and also occur in waters of non-OSPAR States, and such States may be able to provide information not readily available to OSPAR. OSPAR has indicated there is a need to increase information on which human activities occur at the site and how they may impact the seabirds' use of the site.
- 5.5 OSPAR's proposal went out to consultation between July and October 2018, to seek information on human activities that would assist OSPAR to improve the decision basis for any designation from competent authorities regulating human activities in ABNJ. NASCO responded to the three questions in the consultation (See Annex 1 of FAC(19)05 for further details).
- 5.6 In March 2019 the annual OSPAR Biodiversity Committee meeting recognised that the information on human activities would benefit from further input from competent authorities and this was to be included during the 5th meeting under the Collective Arrangement between OSPAR and the North-East Atlantic Fisheries Commission in Gothenburg on 28 and 29 May 2019. The NASCO Secretariat was invited to attend but was unable to do so given the timing of the 2019 NASCO Annual Meeting. It is expected that OSPAR's proposal will be put forward for consideration at the OSPAR Commission's Annual Meeting from 24 – 28 June 2019.
- 5.7 The Chair thanked the Secretary for continuing to track OSPAR's activities that are of relevance to NASCO, including the effort to develop an MPA, and to provide relevant information. The FAC agreed that the Secretary should continue to liaise with OSPAR

on issues of mutual interest and bring relevant information and developments to its attention.

6. Consideration of the 2020 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan

- 6.1 The Chair noted that there were two documents related to this agenda item, FAC(19)04 (a document looking at contribution scenarios in light of Brexit) and FAC(19)05 (a document presenting the Draft 2020 Budget and Forecast Budgets). She asked the Secretary to introduce FAC(19)04 first as it was for information and would not affect the budget decisions being faced in 2019.
- 6.2 The Secretary introduced document FAC(19)04, presenting illustrative budget contribution scenarios for 2019, 2020 and 2021 associated with Brexit, as follows: (1) status quo; (2) UK as independent Party to NASCO; and (3) UK not an independent Party and removed from the EU. This information was provided in response to a request from the FAC in 2018 to understand better the potential future financial implications of the UK leaving the EU.
- 6.3 The Chair thanked the Secretary for providing the requested information. While helpful to understand the potential future impacts of Brexit on contributions from the Parties, the Chair reiterated that the information provided is only illustrative and does not impact decisions to be taken this week with respect to the 2020 NASCO Budget. Notwithstanding, she noted that the UK has already indicated that it intends to seek accession to the NASCO Convention in its own right with effect from the point of its withdrawal from the EU (in the event that it does so without a withdrawal agreement).
- 6.4 The FAC recognised that, depending on the timing and outcome of the Brexit process and the UK joining NASCO, there could be effects on the budget contributions of the Parties in the future but that any such effects will need to be determined in light of the specifics of the situation and the terms of NASCO's financial rules.
- 6.5 The representative of the European Union informed the FAC that the UK communications with NASCO about possible future accession did not follow correct procedure. He noted that the UK remains a Member State of the EU and, therefore, such communications should only happen through the EU as it is the NASCO Party.
- 6.6 The Secretary introduced document FAC(19)03. She noted that the proposed 2020 budget expenditure (£636,630) represents no significant change compared to that in the 2019 Budget (£636,000) and is 3.5% lower (5.5% in real terms) than that anticipated in the 2019 – 2023 Budgeting Plan for 2020 (£659,350). She noted that, consistent with past forecast budgets, no new monies have been included in the 2020 Budget for the International Year of the Salmon (IYS) Fund.
- 6.7 The Chair thanked the Secretary for her presentation and noted the strong financial situation of the Organization, a view shared by the Committee. She also clarified that the reason no monies had been included in past forecast budgets for 2020 and beyond with regard to the IYS Fund was because the overall level of financial support for IYS was not clear in the early days of the initiative. In light of that, some IYS funding support was included in the 2017, 2018 and 2019 Budgets with the understanding that funding needs would be reconsidered in the future once the initiative progressed and any additional needs became clear.
- 6.8 The representative of the United States agreed with the Chair's comments and further noted that the explanation in the budget commentary providing the rationale for the lack

of additional IYS funding was not quite correct. He stressed that while 2019 is the focal year for IYS, IYS continues until 2022. He indicated that the United States was not seeking inclusion of additional IYS monies in the 2020 Budget, but, nevertheless, other voluntary contributions or available monies could still be directed to the IYS fund.

- 6.9 With regard to the 2021 forecast budget, the representative of the United States sought confirmation that the large increase proposed in the ‘Audit and Other Expenses – Miscellaneous’ budget heading reflected funds to support the next NASCO performance review. The Secretary confirmed this, indicating in response to a question from the representative of Canada that the level reflected was in line with the cost of the 2012 performance review and took into consideration information available from FAO on the relative costs of performance reviews across RFMOs. The Chair noted that the actual amount that would be needed for the performance review would depend on the approach to be taken. Thus, once Terms of Reference for the review had been developed, the FAC could return to this matter in 2020 when it considered the 2021 NASCO Budget.
- 6.10 Notwithstanding the need to budget for the next NASCO performance review, the representative of the Russian Federation expressed some concern about the overall projected increase reflected in the 2021 forecast budget. He indicated that, during budget discussions at next year’s meeting, the FAC should find ways to ensure the size of the 2021 Budget was more in line with the level of the 2020 budget.
- 6.11 The representative of the United States suggested that future draft budget documents should present expenditures associated with the previous year’s Budget alongside the proposed budget figures for the next year. He noted that this is common practice in other organizations and facilitates review and consideration of draft budgets by the Parties. The FAC took note of this helpful suggestion.
- 6.12 The representative of the European Union also questioned whether the level of the ‘Travel and Subsistence’ budget line was sufficient. In particular, it was not clear if it provided for the possibility of travel by the Secretary to meet with the various Heads of Delegation. The Secretary noted that travel demands in 2020 were not expected to be as intense as 2019 and indicated that all travel that could be anticipated for next year was included, such as to visit the Annual Meeting venue, support planned for NASCO inter-sessional meetings, or to attend relevant UN, RFMO or other meetings, but that this did not include specific funds to support travel to meet with each Head of Delegation in 2020. She further indicated that room could likely be found in the Budget to allow for some unanticipated travel, if needed.
- 6.13 A discussion ensued about when travel by the Secretary to visit Heads of Delegation might be appropriate and how such travel would be planned to be representative of all the Parties. The representative of the United States noted that, in his experience, it was unusual to expect an RFMO Secretary to visit all Parties each year and that a more fiscally responsible approach would be for Parties that wish to meet with the Secretary to travel to Edinburgh. The Chair noted that past NASCO Secretaries have sometimes travelled to meet with certain Heads of Delegation to address identified needs or issues but that she was not aware of a standing expectation in the past that they do so. She also noted that, to save money while still meeting the needs of the Organization, it is common practice for Secretaries and other RFMO staff to look for opportunities to meet with Parties on the side of other meetings where both are in attendance or, as appropriate, add an additional stop to a planned trip.

- 6.14 The representative of the United States noted that the Council would be considering the question of holding a Theme-based Special Session at the 2020 NASCO Annual Meeting and that this could require making funds available to bring speakers to the Faroe Islands. He asked if there were enough funds already in the proposed 2020 Budget to cover potential costs. The Secretary indicated that the budget did not necessarily anticipate the costs of invitational travel to the Special Session, but at least some of this travel could likely be accommodated under the 'Travel and Subsistence' heading of the budget. The Chair further noted that there was flexibility to move funds around on a limited basis within the Budget and that this might also offer some flexibility to cover some costs. In addition, she noted that the Working Capital Fund was at its £200,000 maximum and the FAC could recommend to the Council that, if needed, it could be used to make ends meet. Given the foregoing, the FAC agreed to recommend to the Council that, should NASCO need to fund the travel of speakers to any agreed Theme-based Special Session in 2020, the Secretary should be authorised to find money in the Budget.
- 6.15 Following these discussions and clarifications, the Chair asked each member in attendance if they could support the 2020 Draft Budget. Canada, Denmark (in respect of the Faroe Islands and Greenland), the European Union, the Russian Federation, and the United States confirmed their support and agreed to recommend to the Council the adoption of the 2020 Draft Budget and 2021 Forecast Budget, FAC(19)03. The Budget as adopted by the Council, CNL(19)54, is included in Annex 3 together with a Five-year Budgeting Plan (2020 – 2024), which is provided for information.

7. Consideration of the Need for Clarification of, or Amendment to, NASCO's Rules Relating to Finance and Administration Matters

- 7.1 The Chair introduced document FAC(19)07, a discussion paper on the lump sum payment to retiring full-time NASCO staff. She reminded the FAC of the discussions held in 2017 when it considered and advised the Council on a number of issues related to providing lump sum payments exceeding the level required under Staff Rule 8.2(b) to two retiring staff members. She noted that the question of providing an extra lump sum had also arisen in 2012 upon the retirement of the first NASCO Secretary. The 2017 discussion related to the retirement of the second NASCO Secretary and the Personal Assistant to the Secretary. At neither time was there clear guidance on which to base a decision, and NASCO struggled to find a way forward. In the end, the two retiring NASCO Secretaries received a lump sum payment of about one-eighth (rather than one-twelfth) of their final years' gross salary and allowances for each year of service with NASCO and the Personal Assistant to the Secretary received about one-sixth.
- 7.2 Following the 2017 discussion of the lump sum issue, the FAC agreed on the need to consider, beginning at its 2018 meeting, whether or not clarification or amendment to NASCO's rules relating to financial and administrative matters might be needed. The Parties briefly discussed the pros and cons related to the discretion in the Staff Rules that allowed for an increase in the lump sum payment. Some Parties noted that, given the difficult decision-making regarding the discretionary lump sum payments in both 2012 and 2017, establishing a transparent, consistent and repeatable process would have value. In particular, it would bring predictability and certainty with regard to the lump sum issue that would allow for appropriate budgeting by NASCO and more effective retirement planning for Secretariat staff. The members of the FAC had noted that they were not prepared to recommend a way forward on this matter in 2018 but agreed that

the issue should be considered further. In that regard, the Secretariat was asked to prepare a discussion paper in time for the 2019 meeting of the Committee. In support of that effort, several potential alternative approaches that could be included in a discussion paper were identified, as follows: (1) changing Staff Rule 8.2(b) to increase the lump sum required for payment to a full-time Secretariat staff member upon retirement, from one-twelfth after tax of the final year's gross salary and allowances for each year of service with NASCO to some higher proportion and eliminate the possibility for an additional, discretionary lump sum payment above that amount; (2) changing Staff Rule 8.2(b) to a higher proportion but still allowing a discretionary additional lump sum payment based on strict criteria that would be implemented as a bonus system; (3) retaining the current lump sum proportion but developing clear criteria to guide decision-making on providing an additional lump sum payment above one-twelfth; (4) considering the establishment of a pension programme for Secretariat staff as the lack of such a programme has contributed to the need to provide an additional lump sum payment to retiring full-time staff.

- 7.3 The Chair explained that she and the Secretary had consulted earlier in the year and determined that an analysis looking at the possible financial aspects of changing the lump sum payment set out in Staff Rule 8.2 (b) to a higher proportion using different assumptions would be an appropriate first step in supporting FAC discussion of the staff remuneration issues identified in 2018. Toward that end, a number of calculations were presented in FAC(19)07 that looked at building the Contractual Obligation Fund to various levels under different scenarios – initially the level of annual pay rise accorded to staff and the fractions of the lump sum payment to be made into the Secretariat members' Staff Funds.
- 7.4 The Chair noted that the different fractions of lump sum evaluated were one-twelfth, one-tenth, one-eighth and one-sixth, which encompass the known range of lump sums paid out to retiring Secretariat staff thus far, as well as the fraction provided for in Staff Rule 8.2(b). The salary increases used in the analysis are 3% (based on the current median % increase for 2019 earnings forecast by HM Treasury in the June 2018 figures 'Forecasts for the UK economy') and 5%. For the purpose of the exercise, the calculations incorporate salaries from 1 October 2017, the start date for the current NASCO Secretary, and run until the latest date the current NASCO Secretary could be employed by the Organization under current rules and after which separation would occur. The calculations assume that no full-time Secretariat staff will leave NASCO's employment before the current Secretary's maximum potential employment timeframe expires. If any of the staff were to leave before then, the maximum sums required in the Contractual Obligation Fund would be lower than those in the illustration provided. Finally, it was noted that the calculations have been developed in conjunction with accountants at Saffery Champness in Edinburgh, the firm used currently to audit NASCO's accounts and deliver payroll for the one part-time NASCO staff member.
- 7.5 The Chair highlighted that the calculations presented necessarily required that a number of assumptions be made and are, therefore, illustrative and not definitive. She noted that the analyses underscore that there are the important financial and other considerations underlying any decision to change NASCO's rules, such as Rule 8.2(b) related to staff remuneration. In that regard, the Chair noted that some of the scenarios presented in FAC(19)07 would, if adopted, require a substantial increase in the standing level of the Contractual Obligation Fund, the maximum of which is currently set at £250,000. She stressed, however, that document FAC(19)07 should not be seen as a proposal to change the Staff Rule 8.2(b) but rather as information to facilitate a considered discussion of

the potential implications of doing so. The Chair also noted that, depending on the direction the FAC wanted to take this matter, additional information on staff remuneration could be provided, possibly including a comparison of the approaches in place in other RFMOs.

- 7.6 The FAC thanked the Secretary for providing the discussion paper on the lump sum payment for retiring staff, which would facilitate discussion of the issues and implications related to possibly changing NASCO's rules related to staff remuneration upon retirement.
- 7.7 The representative of Canada noted Canada's interest in seeing a comparison of staff retirement benefits across relevant RFMOs to support further consideration of this important issue. She indicated that Canada would like any system to be clear, transparent and predictable. She also noted that she had already collected some relevant information from NEAFC that she would be willing to share. The Secretary welcomed this information.
- 7.8 The representative of the United States noted support for developing a transparent, consistent process that would help guide the Council in making decisions concerning benefits for Secretariat staff so that outcomes are as predictable and cost-effective as possible – while being objective and fair to the staff. He indicated that a key threshold question for the Organization is whether we want to continue with the somewhat unique lump sum payment model, and merely adjust the amount, or move to a more sophisticated system of retirement accounts. He stressed that the United States wants to avoid subjective, unpredictable decisions around discretionary payments if possible to solve this issue once and for all. In that regard, of the options discussed in 2018 by the FAC, he stated that the United States is most interested in considering an approach that (1) increases the lump sum payment and ends discretionary payments or (2) establishes a more viable alternative pension scheme. He agreed with Canada on the utility of reviewing the approaches in place in other relevant RFMOs. Finally, he noted that the Western and Central Pacific Fisheries Commission has explored options for a pension plan or retirement accounts for local staff at its 2018 Annual Meeting and that information might be illustrative for NASCO.
- 7.9 The representative of Norway asked how the calculations could show that such a large increase in the Contractual Obligation Fund would be needed to meet obligations under some scenarios when less money was needed to extend a one-eighth lump sum to two retiring Secretaries who had been employed with NASCO for over 30 years. She stressed that such large increases in budget outlays would impact Norway substantially. The Secretary explained that the assumptions underlying the calculations presented a worst-case scenario where all Secretariat staff members are employed with NASCO for eight years apiece, the current maximum potential employment timeframe of the Secretary, and then all leave the Organization at the same time. She also noted that the 5% annual salary increases are likely an over-estimate. The Chair further noted that any decision to raise the level of the Contractual Obligation Fund did not imply immediate large increases in the Budget. Rather, the Contractual Obligation Fund is generally built gradually over a few years with a combination of modest direct budget contributions (£35,000 in 2020) and any budget surpluses that may remain at the end of the year. The representative of Norway thanked the Secretary and the Chair for these helpful clarifications and noted that more study of the issue was needed. She supported the suggestion that the Secretary gather additional information on approaches taken by other relevant RFMOs to provide staff retirement benefits.

- 7.10 The representative of the European Union underscored that an exhaustive review of all RFMO staff benefits packages is not needed. Rather, information should be gathered on those RFMOs that have the most in common with NASCO.
- 7.11 In light of this discussion, the FAC requested the Secretary to liaise with other relevant RFMOs to seek information on their approaches to retirement benefits for their staff, such as pensions, lump sum payments, etc. and prepare a paper comparing and contrasting those approaches to NASCO's retirement benefits package. The FAC noted that this is an important but potentially complex discussion, and it requested the paper well in advance of the 2020 Annual Meeting. The Chair indicated that she would work with the Secretary as needed to prepare the requested information for circulation to the FAC. She also suggested that the Secretary could explore establishing a cloud-based share point for use by FAC members to facilitate access to and sharing of relevant information, views and ideas. The FAC welcomed this idea. The FAC also noted that, if feasible and appropriate, a conference call in advance of the 2020 Annual Meeting could be considered to discuss the issue. The challenges posed by the differing time zones of the FAC members were acknowledged, however.

8. Appointment of Auditors

- 8.1 The Committee noted that Saffery Champness, Edinburgh Quay, Edinburgh, Scotland, had been appointed to conduct the 2018, 2019 and 2020 audits. The Committee agreed to recommend to the Council that there be no change to this arrangement for the audit of the 2019 and 2020 accounts.
- 8.2 The Secretary introduced document FAC(19)06, providing information to inform a discussion on the frequency of NASCO's audit cycle. The NASCO auditors, Saffery Champness, have indicated that the current NASCO audit cycle of three years is quite short and have asked NASCO to consider the benefits of extending that cycle. They provided NASCO with a document from the Institute of Chartered Accountants intended to guide inter-governmental and other organizations on matters related to selecting an auditor. This document suggests that a common appointment period for auditors of public sector organizations is five years.
- 8.3 The Chair thanked the Secretary for bringing this matter to the FAC's attention. She welcomed discussion on whether or not to extend NASCO's audit cycle but noted that there was no pressing need to make a decision on this matter this year given that Saffery Champness was engaged to audit NASCO's accounts through the 2020 budget year. Thus, the FAC could wait to decide this question until it next considers the question of appointing an auditor.
- 8.4 The FAC discussed the pros and cons of extending the auditing cycle. It was noted that further information to justify changing from three years to five years was needed to address this question effectively given the importance of having the option to change auditors within a reasonable timeframe. In particular, the FAC questioned what the actual benefits to the Organization would be from changing to a five-year cycle. It was suggested that one possible benefit could be lower costs given the familiarity the auditor would develop with the Organization and the greater contractual stability.
- 8.5 The FAC asked the Secretary to liaise with Saffery Champness on the question of costs, if possible before its 2020 meeting, and report back. The Committee agreed that this would help inform future discussions on whether or not to change from the current three-year auditing cycle to something longer.

9. Other Business

- 9.1 The Chair informed the FAC that NASCO had received a request to sponsor a March 2020 workshop (hosted by the University of Iceland) of PhD and Post-Doctoral fellows from across the North Atlantic working on anadromous salmonids. The Secretary explained that the workshop aims to build and maintain an international network of young scientists working on salmonids, including Atlantic salmon. Several such workshops have been held in the past and, because they are free to young scientists to encourage participation, the workshop relies on external funding. Various funding levels have been identified and all offer different benefits. The highest level, £2,500 or more, results in NASCO having its name on all audio visuals, handouts and website, social media announcements, potential ability to send a participant to the meeting, have NASCO's name associated with activities and NASCO's name and logo included on profile photos of social media accounts and on the workshop programme. The total cost of the workshop is £20,000.
- 9.2 The FAC expressed general support for this request, noting its modest nature and the potential value of supporting young scientists working on salmonids. Nevertheless, the FAC did not consider that it was in a position to include new funds in the proposed 2020 Budget to support this request at this time. The FAC noted, however, that monies from other NASCO funds, such as the IYS Fund or the Working Capital Fund, could be used to provide sponsorship of this workshop should the Council wish to do so.

10. Report of the Meeting

- 10.1 The Committee agreed a report of its meeting.

11. Close of the Meeting

- 11.1 The Chair thanked participants for their contributions to the work of the Committee and closed the meeting of the Finance and Administration Committee.
- 11.2 A list of Finance and Administration Committee papers is given in Annex 4.

2019 FAC – List of Participants

Canada

Serge Doucet
Lis Sondergaard

Denmark (in respect of the Faroe Islands and Greenland)

John Biilmann

European Union

Arnaud Peyronnet
Dennis Ensing
Ignacio Granell

Norway

Heidi Hansen

Russian Federation

Alexander Khatuntsov
Kristina Belogurova
Ivan Kolobanov

USA

Kim Damon-Randall
Kim Blankenbeker (Chair)
Michael Brakke

Secretariat

Emma Hatfield

FAC(19)08

Meeting of the Finance and Administration Committee

Scandic Ishavshotel, Tromsø, Norway

Tuesday 4 June 2019

Agenda

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5. MoU with the OSPAR Commission
6. Consideration of the 2020 Draft Budget, Schedule of Contributions and Five-year Budgeting Plan
7. Consideration of the Need for Clarification of, or Amendment to, NASCO's Rules Relating to Finance and Administration Matters
8. Appointment of Auditors
9. Other Business
10. Report of the Meeting
11. Close of the Meeting

CNL(19)54

**North Atlantic Salmon Conservation Organization
2020 Draft Budget and 2021 Forecast Budget (Pounds Sterling)**

		Budget 2020	Forecast 2021
Expenditure			
1.	Staff-related costs	353,180	360,600
2.	Travel and subsistence	39,500	40,330
3.	Research and advice	65,700	67,080
4.	Contribution to Working Capital Fund	0	0
5.	Meetings	12,750	13,250
6.	Office supplies, printing and translation	26,500	26,500
7.	Communications	19,750	19,750
8.	Headquarters Property	44,250	44,250
9.	Office furniture and equipment	17,000	17,000
10.	Audit and other expenses	13,500	64,000
11.	Tag Return Incentive Scheme	4,500	4,500
12.	International Atlantic Salmon Research Fund	0	0
13.	Contribution to Contractual Obligation Fund	35,000	35,000
14.	Contribution to Recruitment Fund	5,000	5,000
15.	Contribution to IYS Fund	0	0
Total Expenditure		636,630	697,259
Income			
16.	Contributions - Contracting Parties	583,630	646,259
17.	General Fund – Interest	1,000	1,000
18.	Income from Headquarters Property	52,000	50,000
19.	Surplus or Deficit (-) from 2018	0	0
Total Income		636,630	697,259

2020 Budget & 2021 Forecast Budget (Pounds Sterling) - Expenditure by Sub-section

	2020	Forecast 2021
1. Staff related costs		
1.1 Secretariat members	233,270	238,200
1.2 Temporary and part-time staff costs	33,800	34,500
1.3 Staff Fund, allowances, insurances and other costs	86,110	87,900
Total	353,180	360,600
2. Travel & subsistence		
2.1 Travel to Annual Meeting	11,500	11,742
2.2 Official travel and subsistence	28,000	28,588
Total	39,500	40,330
3. Research and advice		
3.1 Contribution to ICES	65,700	67,080
3.2 Other research & advice	0	0
Total	65,700	67,080
4. Contribution to Working Capital Fund	0	0
5. Meetings		
5.1 Costs of annual meeting	5,000	5,500
5.2 Costs of other meetings	7,750	7,750
Total	12,750	13,250
6. Office supplies, printing and translation		
6.1 Office supplies	16,000	16,000
6.2 Printing	8,000	8,000
6.3 Translations	2,500	2,500
Total	26,500	26,500
7. Communications		
7.1 Telecommunications	4,750	4,750
7.2 Postage and courier services	3,500	3,500
7.3 IT Support & Website	11,500	11,500
7.4 Communications, professional support and design	0	0
Total	19,750	19,750
8. Headquarters Property		
8.1 Capital and interest payments	0	0
8.2 Maintenance, services and other building related costs	44,250	44,250
Total	44,250	44,250
9. Office furniture and equipment		
9.1 Furniture	0	1,500
9.2 Equipment	17,000	17,000
Total	17,000	17,000
10. Audit and other expenses		
10.1 Audit and accountancy fees	8,000	8,000
10.2 Bank charges and insurances	1,000	1,000
10.3 Miscellaneous	4,500	55,000
Total	13,500	64,000
11. Tag Return Incentive Scheme	4,500	4,500
12. Contribution to IASRF	0	0
13. Contribution to Contractual Obligation Fund	35,000	35,000
14. Contribution to Recruitment Fund	5,000	5,000
15. Contribution to IYS Fund	0	0
Total Expenditure	636,630	697,259

2019 Budget Contributions (Pounds Sterling) Adjusted for Confirmed rather than Provisional 2017 Catches (tonnes)

Party	2017 catch (provisional)	2017 catch (confirmed)	2019 contribution (provisional)	2019 contribution (confirmed)	Adjustment
Canada	112	110	71,954	71,075	-879
Denmark (Faroe Islands and Greenland)	28	28	39,926	39,896	-30
European Union	223	225	114,277	114,800	524
Norway	664	667	282,423	282,859	435
Russian Federation	47	47	47,170	47,120	-50
USA	0	0	29,250	29,250	0
Total	1,074	1,077	585,000	585,000	0

Note. A positive adjustment represents an underpayment in 2019.

NASCO Budget Contributions for 2020 and Forecast Budget Contributions for 2021 (Pounds Sterling)

Party	2018 catch (provisional)	2020 contribution	Adjustment from 2019	2020 adjusted contribution	2021 forecast contribution
Canada	90	66,061	-879	65,181	73,150
Denmark (Faroe Islands and Greenland)	40	45,572	-30	45,543	50,463
European Union	192	107,857	524	108,381	119,432
Norway	595	272,995	435	273,430	302,290
Russian Federation	80	61,963	-50	61,913	68,612
USA	0	29,182	0	29,182	32,313
Total	997	583,630	0	583,630	646,259

Contributions are based on the official returns.

Column totals in both tables can be in error by a few pounds due to rounding.

Five-year NASCO Budgeted Expenditure and Income Projections 2020 – 2024

		2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Expenditure						
1.	Staff related costs	353,180	360,600	371,418	382,561	394,037
2.	Travel & Subsistence	39,500	40,330	30,500	40,750	41,000
3.	Research & advice	65,700	67,080	68,500	69,000	70,000
4.	Contribution to Working Capital	0	0	0	0	0
5.	Meetings	12,750	13,250	48,500	13,500	13,750
6.	Office supplies, printing and translations	26,500	29,500	27,000	27,500	27,500
7.	Communications	19,750	19,750	20,000	20,250	20,500
8.	Headquarters Property	44,250	44,250	45,000	45,500	46,000
9.	Office furniture & equipment	17,000	17,000	6,500	6,500	6,500
10.	Audit & other expenses	13,500	64,000	13,750	13,750	14,000
11.	Tag return incentive scheme	4,500	4,500	4,500	4,500	4,500
12.	International Cooperative Research	0	0	0	0	0
13.	Contribution to Contractual Obligation Fund	35,000	35,000	30,000	30,000	30,000
14.	Contribution to Recruitment Fund	5,000	5,000	0	0	0
15.	Contribution to IYS Fund	0	0	0	0	0
	Total	636,630	697,259	665,668	653,811	667,787
Income						
16.	Contributions of Contracting Parties	583,630	646,259	614,668	603,447	617,997
17.	Interest Received on General Fund	1,000	1,000	1,000	1,000	1,000
18.	Income from HQ property	52,000	50,000	50,000	50,000	50,000
	Total	636,630	697,259	665,668	654,447	668,997

List of Papers

FAC(19)01	Draft Agenda
FAC(19)02	2018 Audited Accounts
FAC(19)03	2020 Draft Budget, 2021 Forecast Budget and Five-Year (2020 – 2024) Budgeting Plan
FAC(19)04	Illustrative Budget Contributions for 2019, 2020 and 2021 Under Different Scenarios for the United Kingdom’s Membership of NASCO
FAC(19)05	MoU with the OSPAR Commission
FAC(19)06	Information to Inform a Discussion on the Frequency of NASCO’s Audit Cycle
FAC(19)07	Discussion Paper on the Lump Sum Payment to Retiring Full-time NASCO Staff
FAC(19)08	Agenda
FAC(19)09	Draft Report
FAC(19)10	Report of the Finance and Administration Committee