

## REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE



The Committee met on Oct. 20 and 21 under the Chairmanship of Dr. John L. McGruder, and Drs. W. Doug McKone and Alexander Bychkov acted as rapporteurs (See Endnote 1 for list of participants).

### **Agenda Item 1. Opening by the Chairman**

The Chairman called the meeting to order and welcomed the participants, stressing that the job of the Committee was to review financial and administrative matters in keeping with the Rules of the Organization and to provide a report to Governing Council for consideration and adoption.

### **Agenda Item 2. Adoption of agenda**

The Committee reviewed the agenda. Dr. John C. Davis proposed adoption of the agenda without change; seconded by Ms. Dorothy Bergamaschi.

### **Agenda Item 3. Appointment of Executive Secretary**

A procedure for appointing the Executive Secretary was reviewed by the Committee. A minor change in timing was added and the procedure was approved and recommended to Council.

The position description for advertisement of the Executive Secretary position was reviewed. The Committee discussed the salary level and recommends to Council that it be set at CDN \$63,300 - 93,200. Further, the Committee recommends that the successful candidate should be invited to stay for the Annual Meeting at the expense of PICES and the desirable starting date should be December 1, 1998.

The U.S.A. proposed that a review of the level of the Executive Secretary job should be undertaken. Canada agreed to work with the

Executive Secretary to complete the task before the interviews are carried out at next year's Annual Meeting.

The Executive Secretary was asked if he would be prepared to overlap his replacement by one month at the end of his contract in order to ensure an orderly transfer of authority. He said "he would be happy to help in any way that he could to minimize any difficulties caused by the change".

### **Agenda Item 4. Proposed change to Financial Regulation 6**

The Committee reviewed the proposed Financial Regulation 6 change to establish a procedure to provide annual contributions to the Trust Fund. The Russian Federation and the U.S.A. were prepared to support the proposal. Canada, Japan and Korea were prepared to support a modified proposal if the total contributions remained at the 1997 level. The People's Republic of China was prepared to support the Trust Fund only if the contributions were voluntary. They also stated that they will make a voluntary contribution to the Trust Fund of CDN \$5,000 in 1998 in appreciation for the support provided in 1997. After much discussion, the Parties agreed to reject the proposal to annually budget for contributions to the Trust Fund.

### **Agenda Item 5. Audited Accounts for Financial Year 1996**

The Auditor's Report was reviewed by the Committee (Endnote 2). The People's Republic of China was concerned that some of the budget line item expenditures exceeded the allotments and suggested that future expenditures should be held within the levels provided. It was pointed out the Executive Secretary has discretion to exceed the allotments by 10% and in consultation with the Chairman by 20% (Financial Regulation 4 (iii)). The Committee

Chairman remarked that the total expenditures did not exceed the total annual allotment; there was a small surplus in the 1996 audited accounts. The Chairman also pointed out that the Executive Secretary must be given flexibility to manage the funds within line items in order to meet the requirements as they develop over the year.

The Committee recommends that Council approve the Auditor's Report and on the endorsement of the Executive Secretary recommends that Flader and Greene be retained as auditor for another year.

## **Agenda Item 6. Budget**

### **a. Estimated Accounts for Fiscal Year 1997**

The Committee reviewed the estimated accounts for 1997 and a question was raised as to why there was a significant surplus in the Special Meeting line. The Executive Secretary indicated that there were problems with receiving clearance from the People's Republic of China to hold the proposed Workshop, resulting in an estimated surplus of CDN \$25,000.

The Committee would like to bring to the attention of Council that financial requirements of the Science Board (Rule 17 (v)) are not available for the Committee to review and provide recommendations before presenting the F&A Report to Council. The Committee recommends that Council consider this problem with the view to allowing F&A time to consider their proposals in relation to recommending a total annual budget for the year.

### **b. Budget for Financial Year 1998**

A line by line review of the draft 1998 budget was conducted with much discussion amongst the participants. Adjustments were made to a number of line items resulting in a total agreed budget of CDN \$521,000. The Committee also agreed that the contribution level should remain at CDN \$84,800, the same as 1997. To maintain the same contribution level, the Committee

recommended a transfer of CDN \$12,000 from the Working Capital Fund to the General Fund. The Committee recommends that Council accept the proposed budget, holding the fees to the same level as in 1997.

### **c. Forecast Budget for Financial Year 1999**

This item was examined by the Committee and is recommended for information to Governing Council without need to adopt the forecast budget.

### **d. Working Capital Fund**

The Executive Secretary reported the Working Capital Fund is estimated to have a surplus of CDN \$53,624 at the end of 1997. The Committee discussed various proposals for distributing these funds and recommends to Council that CDN \$12,000 be used to keep each Party's 1998 contribution level the same as in 1997. The Committee recommends that Council instruct the Executive Secretary hold the residual surplus of CDN \$41,624 in a separate account for review by the Finance and Administration Committee during next year's Annual Meeting.

### **e. Trust Fund**

The Executive Secretary reported that the Trust Fund is estimated to be CDN \$99,296 by December 31, 1997.

### **f. Home Leave Relocation Fund**

The Executive Secretary reported that this fund reached the maximum CDN \$110,000 allowed on June 30 as a result of the levy funds to top up the short fall. The People's Republic of China requested that the Executive Secretary contact the Government of Canada to obtain the rules for paying removal expenses of employees and make it available at next year's Annual Meeting.

## **Agenda Item 7. Space, facilities and equipment**

The Executive Secretary reported the Canadian Government made a change to the facilities by splitting the storage area into an office and a storage facility. The Executive Secretary thanked the Canadian Government and indicated the facilities should be sufficient for needs over the next few years.

The Executive Secretary reported that the main office printer and one of the office computers have been replaced due to breakdown and obsolescence. The Executive Secretary explored last year's F&A recommendation to rent a portable laptop for meetings. This service is not available and a laptop was purchased to replace one that was damaged beyond repair when loaned during the previous Annual Meeting.

The People's Republic of China requested that the Secretariat provide an itemized inventory list of existing equipment and a capital assets plan at the next annual meeting.

## **Agenda Item 8. Future meetings of the Organization and subsidiary bodies, including time and place for the Seventh and Eighth Annual Meetings**

The Committee reviewed possible dates for the Seventh Annual Meeting in Alaska in 1998 and recommends to Council that the meeting be held October 14-25. The Committee recommends that Council approve the Russian Federation offer to host the Eighth Annual Meeting.

## **Agenda Item 9. Other business**

U.S.A. proposed to lengthen the Assistant Executive Secretary contract by one year to allow continuity with replacement of the Executive Secretary and to be available to plan the Annual Meeting in Vladivostok as the Assistant's contract ends April 30, 1999. The Committee recommends that Council instruct the Executive Secretary to extend the contract by one year, to April 30, 2000.

## **Appendix 1**

### **NORTH PACIFIC MARINE SCIENCE ORGANIZATION - PICES**

#### **Executive Secretary Position**

Applications are invited for a five-year appointment to the position of Executive Secretary of the North Pacific Marine Science Organization (PICES).

The purpose of the Organization is to promote and coordinate marine scientific research in order to advance scientific knowledge of the area concerned (i.e. the northern North Pacific and adjacent seas especially northward from 30 degrees North Latitude) and of its living resources, including but not necessarily limited to research with respect to the ocean environment and its interactions with land and atmosphere, its role in and response to global weather and climate change, its flora, fauna and ecosystems, its uses and resources, and impact upon it from human activities; and to promote the collection and exchange of information and data related to marine scientific research in the area concerned.

The Organization's main bodies - the Governing Council and Science Board - meet annually, and more often if necessary. Member States currently are Canada, the People's Republic of China, Japan, the Republic of Korea, the Russian Federation, and the United States of America. English is the working and official language of the Organization.

The Secretariat is located at the Institute of Ocean Sciences, Sidney, British Columbia and provides services to the Organization in the exercise of its duties and functions.

#### **Description of the Position and Duties**

The Executive Secretary is the Organization's chief administrative officer and must be

impartial in promoting and coordinating the interests of all Contracting Parties. The Executive Secretary is responsible for the management of the Organization's office, staff and funds, which are presently at the level of CDN\$500,000 - \$600,000 contributed equally by the Member States; conducts business on behalf of the Organization; arranges annual and other meetings of the Organization and its constituent bodies and committees; prepares annual budget estimates and forecasts; annual financial statements, and other documents as required; invests funds that are surplus to immediate needs; handles correspondence; prepares minutes of Governing Council, Science Board, and Finance and Administration Committee; prepares an Annual Report of the Organization for distribution to the Member States; and publishes the annual report and other scientific publications as required by the Organization. The successful candidate must be self-motivated and be responsible for administration and staff of the Organization; work with the Chairman of Council, Science Board, Scientific Committees, Working Groups, and other bodies.

The Executive Secretary is assisted by an Assistant Executive Secretary, Administrative Assistant, and a Secretary.

The term of office is a minimum of five years and may be renewed at the discretion of Council.

### **Qualifications and Essential Experience**

Applicants must be a citizen of a Member State of PICES at the time of assuming office. Preference will be given to a Ph.D. or equivalent experience in one of the marine science disciplines from a recognized university. The applicant must have significant experience in conducting and managing scientific research or significant administrative experience with international cooperative scientific programs and with scientists from a number of countries. This experience relates particularly to marine scientific research and marine scientists.

Applicants should also have experience in or detailed knowledge of the operations of intergovernmental organizations, including demonstrated experience in the selection and supervision of staff, and experience in the preparation of financial budgets and management of funds.

Applicants should have experience in the organization of large and small meetings and the provision of secretarial support, especially to scientific committees and groups, must submit examples of their writing, and be prepared to provide further examples if interviewed.

Applicants must be fluent in both spoken and written English and will be asked to write a paragraph or two if interviewed for the job. Fluency in another language of a member country would be a benefit. A knowledge of marine science activities in the northern North Pacific region is desirable.

### **Salary and Benefits**

The annual salary and benefits of the staff of the Organization are guided by but not limited to the host state (Canada) public service salaries for equivalent responsibilities. The salary is negotiable, in the range of CDN\$ 63,300-93,200, commensurate with qualifications and experience. The salary is subject to the equivalent of Canadian income tax.

The Organization participates in:

1. Group Pension Plan with spouse and survivor benefits,
2. Canada Pension Plan,
3. Employment Insurance Plan,
4. British Columbia Medical Plan,
5. Group Extended Health Benefits Plan,
6. Group Dental Insurance Plan,
7. Group Long-Term Disability Plan, and
8. Group Term-Life Insurance Plan.

Non-Canadian applicants can be exempt from membership in some of the plans depending on

circumstances. Cost to the successful applicant would vary depending on the exemptions.

Payment will be made for moving expenses for the employee and family to the headquarters at the start of employment and return at the end of employment, in accordance with the host state public service guidelines.

Each year annual vacation leave and holidays traditionally celebrated by the host state public service are provided, as well as sick leave. Internationally recruited staff and their dependents are entitled to two paid calendar weeks home leave every two years.

### **Application Procedure**

An application should include a covering letter, and resume written by the applicant. At least three references from persons with a knowledge of the applicant's qualifications and experience are required; it is desirable that at least one reference be from a country other than that of the applicant. Applicants should indicate in their letter a suitable starting date and acceptable salary level. A desirable starting date would be December 1 1998.

### **Endnote 1**

#### Canada

John C. Davis

#### China

Han-Di Guo  
Qian-Fei Liu  
Yong Li

#### Japan

Satsuki Matsumura  
Kazumi Hagino  
Kyoichi Tamai

### **Deadline for applications is June 1, 1998**

Applicants placed on a short list should expect to be interviewed at the PICES Annual Meeting in Alaska in October 1998. The successful candidate should be prepared to stay to the end of the Annual Meeting at the expense of PICES.

The applicant and writers of references should send their submissions marked Personal and Confidential directly to either:

Dr. William G. Doubleday, Chairman  
Director General, Fisheries Science Directorate  
Department of Fisheries and Ocean  
200 Kent Street,  
Ottawa, Ont.,  
Canada. K1A 0E6  
Phone: (613) 990-0271  
Fax: (613) 954-0807  
E-mail: doubledb@dfo-mpo.gc.ca

Dr. W.D. McKone, Executive Secretary  
North Pacific Marine Science Organization  
c/o Institute of Ocean Sciences  
P.O. Box 6000,  
Sidney, British Columbia,  
Canada. V8L 4B2  
Phone: (250) 363-6366  
Fax: (250) 363-6827  
e-mail: mckone@ios.bc.ca

### **Participants and Observers**

#### Republic of Korea

Chan-Hyun Yoo  
Seong-Ho Song

#### Russia

Lev N. Bocharov  
Igor Shevchenko

#### U.S.A.

Dorothy Bergamashi  
Mark Wildman

Other

William G. Doubleday (Chairman, PICES)  
John L. McGruder (Chairman, F&A  
Committee)  
Warren S. Wooster (Former Chairman  
PICES)

W. Doug McKone (Executive Secretary)  
(Rapporteur)  
Alexander Bychkov (Assistant Executive  
Secretary) (Rapporteur)

**Endnote 2**

**Auditor's Report to the Organization**

Flader and Greene  
Chartered Accountants  
9768 Third Street,  
Sidney, B.C.  
V8L 3A4

We have audited the statement of financial position of the North Pacific Marine Science Organization as at December 31, 1996, and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 1996, and the results of its operations and the changes in financial position for the year then ended in accordance with generally accepted accounting principles.

Sidney, B.C. Canada  
February 14, 1997

Flader and Greene  
Chartered Accountants

**Statement of Assets and Liabilities  
December 31, 1996**

	<u>1996</u>	<u>1995</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and term deposits	\$ 388,666	\$ 384,330
	=====	
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 20,561	\$ 10,228
Funds held for contracting parties - Note 6	<u>\$ 50,000</u>	<u>\$ 184,800</u>
	\$70,561	\$195,028
<b>Fund Balances</b>		
Working Capital Fund	\$ 110,014	\$ 130,418
Trust Fund	\$ 107,608	\$ 58,884
Home Leave Relocation Fund	<u>\$ 100,483</u>	<u>-</u>
	<u>\$ 318,105</u>	<u>\$ 189,302</u>
	<u>\$ 388,666</u>	<u>\$ 384,330</u>

**Statement of Operations and Changes in Fund Balances  
For the Year Ended December 31, 1996**

	General Fund	Working Capital Fund	Trust Fund	Home Leave Relocation Total	1996 Total	1995 Total
<b>Fund Balances, beginning of year</b>	\$ -	\$ 130,418	\$58,884	\$ -	\$ 189,302	\$ 233,382
<b>Sources of Funds</b>						
Contributions from Contracting Parties	448,800	-	50,000	60,000	558,800	495,716
Transfers from Working Capital Fund	-	(30,418)	-	30,418	-	(100,000)
Interest and other income – Note 5	-	6,472	7,817	27,312	41,601	34,139
<b>Fund Balances, before expenditures</b>	<u>448,800</u>	<u>106,472</u>	<u>116,701</u>	<u>117,730</u>	<u>789,703</u>	<u>663,237</u>
<b>Expenditures</b>						
Personnel services	269,368	-	-	-	269,368	240,198
Travel	37,390	-	9,093	-	46,483	43,957
Communication	26,654	-	-	-	26,654	24,403
Contractual services	10,290	-	-	-	10,290	11,081
Printing	37,606	-	-	-	37,606	22,831
Supplies	6,339	-	-	-	6,339	3,822
Equipment - Note 3	10,026	-	-	-	10,026	21,273
Annual General Meeting expenditures	20,738	-	-	-	20,738	65,864
Vladivostok Workshop	23,311	-	-	-	23,311	27,598
Relocation	-	-	-	17,247	17,247	12,083
Miscellaneous	3,536	-	-	-	3,536	875
	<u>445,258</u>	<u>-</u>	<u>9,093</u>	<u>17,247</u>	<u>471,598</u>	<u>473,935</u>
<b>Net Funds Available</b>	3,542	106,472	107,608	100,483	318,105	189,302
<b>Transfers to Working Capital Fund</b>	<u>(3,542)</u>	<u>3,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, end of year</b>	\$ -	\$ 110,014	\$ 107,608	\$ 100,483	\$ 318,105	\$ 189,302



**Notes to Financial Statements**  
**December 31, 1996**

**1. Purpose of Organization**

The North Pacific Marine Science Organization is an intergovernmental non-profit scientific organization whose present members include Canada, Japan, the People's Republic of China, the Republic of Korea, the Russian Federation and the United States of America. The purpose of the organization is to promote and coordinate marine scientific research in order to advance scientific knowledge of the North Pacific and adjacent seas.

**2. Accounting Policies**

The financial statements are prepared in accordance with the North Pacific Marine Science Organization's Financial Regulations and are prepared in accordance with generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of these financial statements:

a) Fund Accounting

The Working Capital Fund represents the accumulated excess of contributions provided from Contracting Parties over expenditures in the general fund. The purposes of the General Fund and Working Capital Fund are established by Regulation 6 of the Organization Financial Regulation.

The Trust Fund was established in 1994 for the purpose of facilitating participation of a broad spectrum of scientists in activities of the Organization.

The Home Leave Relocation Fund was established in 1996 to pay relocation and home leave expenses of new employees and their dependents to the seat of the Secretariat and removal after period of employment has ended, and provide home leave for international staff.

b) Capital Assets

Capital assets acquired by the Organization are expensed in the year of acquisition. (Note 3).

c) Income Tax

The Organization is a non-taxable organization under the Privileges and Immunities (International Organizations) Act (Canada).

d) Foreign Exchange

Transactions originating in foreign currencies are translated at the exchange rate prevailing at the transaction dates. Assets and liabilities denominated in foreign currency are translated to equivalent Canadian amounts at the current rate of exchange at the statement of finance position date.

**3. Equipment**

At December 31, 1996, capital assets on hand and their original purchase price are as follows:

Furniture and fixtures	\$33,411
Computer equipment	<u>69,469</u>
	\$102,880

The assets were expensed in the year of acquisition.

#### 4. Commitments

Office space and services are provided to the Secretariat to the Organization by the Government of Canada through the Department of Fisheries and Ocean. This agreement commenced April 1, 1992 and continues indefinitely with a review every three years. The fixed cost for office space is \$2,000 per year. Services provided are invoiced quarterly.

#### 5. Interest and other income

	Working Capital	Trust	Home Leave Relocation
	Fund	Fund	Fund
Interest income	\$ 6,472	\$ 7,817	\$ -
Income tax levies	-	-	23,391
GST rebates	-	-	3,921
	<u>\$ 6,472</u>	<u>\$ 7,817</u>	<u>\$ 27,312</u>

#### 6. Funds held for Contracting Parties

	1996	1995
United States, Funds Held	\$ -	\$ 50,000
Japan, Funds Held	50,000	50,000
Japan, Funds Held for 1996 Fees	-	20,240
Japan, Prepaid Fees for 1996	<u>-</u>	<u>64,560</u>
	<u>\$ 50,000</u>	<u>\$ 184,800</u>
	=====	=====

#### 7. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation used in the current year.

**Endnote 3****Budget for Fiscal Year 1998**

<b>Source</b>	<b>Contributions</b>
<u>Contributions from six Contracting Parties</u>	<u>509,000</u>
<b>Category</b>	<b>Allotment</b>
Personnel Services	282,000
Travel	75,000
Communication	27,000
Contractual Services	16,000
Printing	42,000
Supplies	6,000
Equipment	10,000
Annual Meeting	41,000
Workshop	20,000
<u>Miscellaneous</u>	<u>2,000</u>
Total	521,000
Transfer from Working Capital Fund	12,000
<b>1998 Total Allotment</b>	<b>509,000</b>
<b>1998 Annual Fee for each Party</b>	<b>84,800</b>