



Assembly Council

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Report of the Finance Committee

1. During the seventeenth session of the International Seabed Authority, the Finance Committee held three meetings, on 12 and 13 July 2011. The Committee re-elected Hasjim Djalal as Chair.

I. Agenda

2. The Committee discussed and adopted its agenda, contained in document ISBA/17/FC/L.1.

II. Audit report on the finances of the International Seabed Authority for 2010

3. The Committee considered the report of PricewaterhouseCoopers on the audit of the accounts of the Authority for 2010. The Committee took note of the report and the opinion of the auditors that the financial statements of the Authority presented fairly, in all material aspects, the financial position of the Authority as at 31 December 2010 and its financial performance and the cash flows for that year in accordance with the United Nations system accounting standards.

III. Status of the International Seabed Authority Endowment Fund and Voluntary Trust Fund

4. The Committee took note of the balance of the Endowment Fund in the amount of \$3,355,015 as at 30 June 2011, including accrued interest of \$90,477, intended to be utilized to support the participation of scientists from developing countries in approved programmes.

5. The Committee took note of the balance of the Voluntary Trust Fund in the amount of \$20,231, as at 30 June 2011.

6. The Committee recommended that the Voluntary Trust Fund, if necessary, on an exceptional basis, be supplemented by an advance payment of up to \$30,000 from the interest accrued from the Endowment Fund.

7. The Committee noted with great concern the low amount of the accrued interest on the capital of the Endowment Fund and the low amount available in the Voluntary



Trust Fund. This is attributable to low interest rates obtained on the capital of the Endowment Fund and lack of contributions to the Voluntary Trust Fund.

IV. Working Capital Fund

8. The Committee took note of the status of the Working Capital Fund and requested a breakdown of the amount by country, which was provided.

V. Budget performance

9. The Committee expressed its appreciation to the Secretary-General for the report to the Committee on the implementation of the budget and the efforts being made to effect savings in the budget of the Authority during the 2011-2012 financial period.

VI. Appointment of an Independent Auditor

10. In considering the appointment of an independent auditor for the financial period 2011-2012, the Committee examined the bids from Ernst & Young, Deloitte & Touche, KPMG and PricewaterhouseCoopers to undertake the audit for 2011 and 2012. After discussion, the Committee decided to recommend to the Assembly that PricewaterhouseCoopers be appointed for another two years to audit the 2011 and 2012 financial statements of the Authority.

VII. Adoption of the International Public Sector Accounting Standards

11. The Committee took note of the progress report on the International Public Sector Accounting Standards (IPSAS) and requested the Secretary-General to provide the Committee, at the next session, with a detailed report on the advantages and disadvantages of adopting IPSAS, including the financial implications and a detailed adoption plan.

VIII. United Nations common system

12. The Committee took note of the information provided by the Secretary-General that he had been informed by the International Civil Service Commission (ICSC) that the International Seabed Authority was not considered a member of ICSC, even though it had applied the terms and conditions of the United Nations common system since its inception.

13. The Committee requested the Secretary-General to provide the Committee, at the next session, with a legal opinion from the Legal Counsel of the United Nations and a report detailing the benefits and costs of the Authority becoming a member of ICSC.

IX. Other matters

14. The Committee considered a document entitled "New members of the Authority" (ISBA/17/FC/3). The Committee recommended that Malawi and Thailand, which had become members of the Authority during 2010 and 2011, pay the amounts shown below as their contributions to the general administrative budget of the Authority for 2010 and 2011, as well as advances to the Working Capital Fund. Such contributions should be credited as miscellaneous income, in accordance with regulation 7.1 of the Authority's financial regulations.

<i>New Member State</i>	<i>Date membership began</i>	<i>United Nations scale of assessments</i>		<i>Adjusted International Seabed Authority scale</i>		<i>Contributions to general administrative budget</i>		<i>Advances to Working Capital Fund</i>	
		<i>(percentage)</i>				<i>(United States dollars)</i>			
		<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>
Malawi	28 October 2010	0.001	0.001	0.001	0.001	101.8	632	43.8	1.55
Thailand	15 June 2011	—	0.209	—	0.259	—	9 040	—	326.75
Total						101.8	9 672	43.8	328.30

15. The Committee expressed its concern at the contributions outstanding from members for prior periods (1998-2010) in the amount of \$271,458 and requested the Secretary-General, at his discretion, to continue his efforts to recover those amounts.

16. The Committee expressed its appreciation to the Government of Jamaica on the efforts being made to upgrade and maintain the facilities of the headquarters building.

X. Recommendations of the Finance Committee

17. In the light of the foregoing, the Committee recommends that the Council and the Assembly of the Authority:

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

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

(c) *Strongly encourage* members to make voluntary contributions to the Endowment and Voluntary Trust Funds of the Authority and ask the Secretary-General to seek expert advice on the investment of the capital of the Endowment Fund and consult the relevant authorities at United Nations Headquarters;

(d) *Appoint* PricewaterhouseCoopers as independent auditor for 2011 and 2012 and request the auditors to express, in future reports, an opinion on the effectiveness of the internal controls of the Authority;

(e) *Request* the Finance Committee, at its next meeting, to consider and make recommendations as to the adoption of IPSAS;

(f) *Request* the Finance Committee, at its next meeting, to consider and make recommendations on whether the International Seabed Authority should subscribe to the statute of ICSC;

(g) *Authorize* the Secretary-General to make an advance payment of up to \$30,000 from the interest accrued from the Endowment Fund to supplement the Voluntary Trust Fund.

18. The Committee expressed its gratitude to the outgoing members of the Committee, in particular its Chair.

19. The Committee also expressed its sincere thanks to the Secretary-General and the staff of the Authority for helping the Committee in its work.
