FINANCIAL REGULATIONS FOR THE SECRETARIAT OF THE ANTARCTIC TREATY

REGULATION 1
Applicability

1. These Regulations shall govern the financial administration of the Secretariat of the Antarctic Treaty (the Secretariat) established under Measure 1 (2003) of the XXVI ATCM (the Measure).

REGULATION 2
Financial year

2. The financial year shall be for 12 months commencing 1 April and ending 31 March, both dates inclusive.

REGULATION 3
The budget

3.1 A draft budget comprising estimates of receipts by the Secretariat and of expenditures by the Secretariat shall be prepared by the Executive Secretary for the ensuing financial year.

3.2 The draft budget shall include a statement of significant financial implications for subsequent financial years in respect of work programs presented by the ATCM in terms of administrative, recurrent and capital expenditure.

3.3 The draft budget shall be divided by functions into items and, where necessary or appropriate, into sub-items.

3.4 The draft budget shall be accompanied by details both of the appropriations made for the previous year and estimated expenditure against those appropriations, together with such supporting documents as may be required by Parties or deemed necessary or desirable by the Executive Secretary. The precise form in which the draft budget is to be presented shall be prescribed by the ATCM.

3.5 The Executive Secretary shall submit the draft budget to all Consultative Parties of the ATCM at least 60 days prior to the ATCM. At the same time, and in the same form as the draft budget, the Executive Secretary he shall prepare and submit to all Consultative Parties a forecast budget for the subsequent financial year.
3.6 The draft budget and the forecast budget shall be presented in United States currency.

3.7 At each annual meeting, the ATCM shall adopt the budget for the Secretariat. The budget shall be treated as a matter of substance and approved by a representative of all Consultative Parties present at the meeting. In determining the size of the budget the ATCM shall adhere to the principle of cost-effectiveness.

REGULATION 4

Appropriations

4.1 The appropriations adopted by the ATCM shall constitute an authorisation for the Executive Secretary to incur obligations and make payments for the purposes for which the appropriations were adopted and up to the amounts so adopted.

4.2 All forward commitments shall be identified in annual budgets presented to the ATCM. Unless the ATCM decides otherwise, the Executive Secretary may incur obligations against future years before appropriations are adopted when such obligations are necessary for the continued effective functioning of the Secretariat, provided such obligations are restricted to administrative requirements of a continuing nature not exceeding the scale of such requirements as authorised in the budget of the current financial year. In other circumstances the Executive Secretary may incur obligations against future years only as authorised by the ATCM.

4.3 Appropriations shall be available for the financial year to which they relate. At the end of the financial year all appropriations shall lapse. Commitments remaining undischarged against previous appropriations at the end of a financial year shall be carried over and be included in the budget for the next financial year, unless the ATCM otherwise decides.

4.4 The Executive Secretary may make transfers within each of the main appropriation lines of the approved budget. The Executive Secretary may also make transfers between such appropriation lines up to 15 per cent of the appropriation lines. All such transfers must be reported by the Executive Secretary to the next annual meeting of the ATCM. The transfers authorised under these regulations shall not result in overall increase of the budget above that approved by the ATCM, nor will they result in increased expenditure in future years.

4.5 The ATCM shall prescribe the conditions under which unforeseen and extraordinary expenses may be incurred.

REGULATION 5

Provision of funds
5.1 On approval of the budget for a financial year, the Executive Secretary shall send a copy thereof to all Consultative Parties notifying them of their contributions and the date they are due, and requesting them to remit their contributions due.

5.2 All contributions shall be made in United States currency.

5.3 Contribution from States that become Consultative Parties after the beginning of the financial period shall be made pro rata temporis for the balance of the financial period.

5.4 The Executive Secretary shall acknowledge pledges and contributions immediately upon receipt. The Executive Secretary shall report to each meeting of the ATCM on the receipt of contributions and the status of any arrears.

5.5 Contributions shall be due for payment on the first day of the financial year (i.e. the due date) and shall be paid not later than 90 days after that date. However, in the case referred to in Regulation 5.3, contributions by a new Consultative Party shall be made within 60 days following the date on which its accession becomes effective.

REGULATION 6

Funds

6.1 (a) There shall be established a General Fund for the purpose of accounting for the income and expenditure of the Secretariat;

(b) Contributions paid by Consultative Parties pursuant to Article 4 of Measure 1 (2003) under and Miscellaneous Income as referred to in Regulation 7.1 shall be credited to the General Fund;

(c) An advance made by a Consultative Party shall be carried to the credit of the Party which has made the advance.

6.2 (a) There shall be established a Working Capital Fund in an amount of not more than one-sixth (1/6) of the budget of that financial year to ensure continuity of operations in the event of a temporary shortfall of cash and for other purposes to be determined by the ATCM from time to time. The Working Capital Fund shall initially be financed up to the specified level by a transfer from the General Fund, and thereafter from the fund determined appropriate by the Antarctic Treaty Consultative Meeting;

(b) Advances made from the Working Capital Fund to finance budgetary appropriations during a financial year shall be reimbursed as soon as possible, and to the extent that income is available for that purpose;

(c) Income derived from the investment of the Working Capital Fund shall be credited to Miscellaneous Income of the General Fund; and

(d) Trust and Special Funds may be established by the Secretariat at the direction of the ATCM for the purpose of receiving funds and making payments for purposes not covered by the General or Working Capital
Fund of the Secretariat. The purposes and limits of each Trust and Special Fund shall be clearly defined by the ATCM. Unless otherwise provided by the ATCM, such Funds shall be administered in accordance with the present regulations.

6.3 The Secretariat shall notify the Consultative Parties of any cash surplus in the General Fund at the close of the financial year that is not required to meet undischarged commitments and of each Consultative Party’s proportional share of that surplus. Those Parties that choose not to allow their portion of the surplus to be retained in the General Fund shall notify the Secretariat of that fact and shall have that portion credited against such Consultative Parties’ contributions for the following year. Otherwise any cash surplus shall be retained in the General Fund.

6.4 Where contributions are received from new Consultative Parties after the commencement of the financial year and such contributions have not been taken into account in formulating the budget these shall be placed in the General Fund.

REGULATION 7
Other income

7.1 All income other than contributions to the budget under Regulation 5, income derived from investment in the Working Capital Fund as provided in Regulation 6.2 (c), and that referred to in Regulation 7.5 below, shall be classified as Miscellaneous Income and credited to the General Fund.

7.2 Profits and losses on exchange shall be credited and debited to Miscellaneous Income.

7.3 The use of Miscellaneous Income shall be subject to the same financial controls as activities financed from regular budget appropriations.

7.4 Voluntary contributions above and beyond Consultative Parties’ budget contributions may be accepted by the Executive Secretary provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the ATCM. Voluntary contributions offered by non-Consultative Parties and non-Parties may be accepted, subject to agreement by the ATCM that the purposes of the contribution are consistent with the policies, aims and activities of the ATCM.

7.5 Voluntary contributions as referred to in Regulation 7.4 above shall be treated as Trust or Special Funds under Regulation 6.2(d).
REGULATION 8
Custody of funds

8.1 The Executive Secretary shall designate a bank or banks in which the funds of the Secretariat shall be kept and shall report the identity of the bank or banks so designated to the ATCM.

8.2 (a) The Executive Secretary may make short-term investments of moneys not needed for the immediate requirements of the Secretariat. Such investments shall be restricted to securities and other investments issued by institutions or Government bodies with current ratings, provided by a rating body approved by the Secretariat’s auditor and indicating a strong capacity to pay. The details of investment transactions and income derived shall be reported in the documents supporting the budget.

(b) With regard to moneys held in Trust or Special Funds for which use is not required for at least 12 months, longer-term investments may be authorised by the ATCM provided such action is consistent with the terms under which the moneys were lodged with the Secretariat. Such investments shall be restricted to securities and other investments issued by institutions or Government bodies with current ratings, provided by a rating body approved by the Secretariat’s auditor and indicating a strong capacity to pay.

8.3 Income derived from investments shall be credited to the Fund from which the investment was made.

REGULATION 9
Internal control

9.1 The Executive Secretary shall:

(a) establish detailed financial rules and procedures after consultation with the external auditor to ensure effective financial administration and the exercise of economy in the use of funds and effective custody of the physical assets of the Secretariat;

(b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the goods or services have been received and that payment has not previously been made;

(c) designate officers who may receive moneys, incur obligations and make payments on behalf of the Secretariat; and

(d) maintain and be responsible for internal financial control to ensure:
(i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Secretariat;

(ii) the conformity of obligations and expenditures with the appropriations adopted by the ATCM; and

(iii) the economic use of the resources of the Secretariat.

9.2 No obligations shall be incurred until allotments or other appropriate authorisations have been made in writing under the authority of the Executive Secretary.

9.3 The Executive Secretary may propose to the ATCM, after full investigation by him/her, the writing off of losses of assets, provided that the external auditor so recommends. Such losses shall be included in the annual accounts.

9.4 Tenders in writing for equipment, supplies and other requirements shall be invited by advertisement, or by direct requests for quotation from at least three persons or firms able to supply the equipment, supplies, or other requirements, if such exist, in connection with all purchases or contracts, the amounts of which exceed USD2,000. For amounts exceeding USD500, but less than USD2,000 competition shall be obtained either by the above means or by telephone or personal enquiry. The foregoing rules, shall, however, not apply in the following cases:

(a) where it has been ascertained that only a single supplier exists and that fact is so certified by the Executive Secretary;

(b) in case of emergency, or where, for any other reason, these rules would not be in the best financial interests of the Secretariat, and that fact is so certified by the Executive Secretary.

REGULATION 10

THE ACCOUNTS

10.1 The Executive Secretary shall ensure that appropriate records and accounts are kept of the transactions and affairs of the Secretariat and shall ensure that all payments out of the Secretariat’s moneys are correctly made and properly authorised. The Executive Secretary shall also ensure that adequate control is maintained over the assets of, or in the custody of, the Secretariat and over the incurring of liabilities by the Secretariat.

10.2 The Executive Secretary shall submit to the Consultative Parties, as soon as practicable but not later than 30 June immediately following the end of the financial year, annual financial statements showing, for the financial year to which they relate:

(a) the income and expenditure relating to all funds and accounts;

(b) the situation with regard to budget provisions, including:
(i) the original budget provisions;
(ii) the approved expenditure in excess of the original budget provisions;
(iii) any other income;
(iv) the amounts charged against these provisions and other income;

(c) the financial assets and liabilities of the Secretariat;
(d) details of the performance of the investments; and
(e) writing off of losses of assets proposed in accordance with Regulation 9.3.

10.3 The Executive Secretary shall also give such other information as may be appropriate to indicate the financial position of the Secretariat. These financial statements shall be prepared in a form approved by the ATCM after consultation with the external auditor.

10.4 The accounting transactions of the Secretariat shall be recorded in the currency in which they took place but the annual financial statements shall record all transactions in United States currency.

10.5 Appropriate separate accounts shall be kept for all Working Capital, Special and Trust Funds.

REGULATION 11
EXTERNAL AUDIT

11.1 The ATCM shall appoint an external auditor who shall be the Auditor-General or equivalent statutory authority from a Consultative Party of the ATCM and shall serve for a term of two years with the possibility of re-appointment. The ATCM will ensure the external auditor’s independence of the Secretariat, and the Secretariat’s staff. The ATCM shall fix the terms of office, appropriate funds to the external auditor and may consult him/her on the introduction or amendment of any financial regulations or detailed accounting methods as well as on all matters affecting auditing procedures and methodology.

11.2 The external auditor or a person or persons authorised by him/her shall be entitled at all reasonable times to full and free access to all accounts and records of the Secretariat relating directly or indirectly to the receipt or payment of moneys by the Secretariat or to the acquisition, receipt, custody or disposal of assets by the Secretariat. This applies also to allowances such as travel and representation expenses. The external auditor or a person or persons authorised by him/her may make copies of or take extracts from any such accounts or records.

11.3 If required by the ATCM to perform a full audit, the external auditor shall conduct his/her examination of the statements in conformity with generally accepted auditing standards and shall report to the ATCM on all relevant matters, including:
(a) whether, in his/her opinion, the statements are based on proper accounts and records;

(b) whether the statements are in agreement with the accounts and records;

(c) whether, in his/her opinion, the income, expenditure and investment of moneys and the acquisition and disposal of assets by the Secretariat during the year have been in accordance with these Regulations; and

(d) observations with respect to the efficiency and economy of the financial procedures and the conduct of business, the accounting system, internal financial controls and the administration and management of the Secretariat.

11.4 If required by the ATCM to perform a review audit, the external auditor shall review the statements and accounting controls in operation. The external auditor shall report to the ATCM whether anything has come to his/her attention which would cause him/her to doubt whether:

(a) the statements are based on proper accounts and records;

(b) the statements are in agreement with the accounts and records; or

(c) the income, expenditure and investment of moneys and the acquisition and disposal of assets by the Secretariat during the year have been in accordance with these Regulations.

11.5 The Executive Secretary shall provide the external auditor with the facilities he/she may require in the performance of the audit.

11.6 The Executive Secretary shall provide to the Parties of the ATCM a copy of the audit report and the audited financial statements within 30 days of their receipt.

11.7 The ATCM shall, if necessary, invite the external auditor to address the Meeting and to attend discussions on any item under scrutiny and consider recommendations arising out of his/her findings.

REGULATION 12

ACCEPTANCE OF ANNUAL FINANCIAL STATEMENTS

12.1 The ATCM shall, following consideration of the audited annual financial statements and audit report submitted to the Consultative Parties under Regulation 11 signify its acceptance of the audited annual financial statements or take such other action as it may consider appropriate.
REGULATION 13

Insurance

13. The Secretariat shall take out suitable insurances with one or more reputable financial institution against normal risks to its assets.

REGULATION 14

General provision

14.1 These Regulations may be amended by a Decision of the ATCM.

14.2 Where the ATCM is considering matters which may lead to a decision which has financial or administrative implications, it shall have before it an evaluation of those implications from the Executive Secretary.