**COMMISSION SEVENTEENTH REGULAR SESSION**

Electronic Meeting

9 - 15 December 2020

**SUMMARY REPORT AND RECOMMENDATIONS OF THE FOURTEENTH SESSION OF THE FINANCE AND ADMINISTRATION COMMITTEE (FAC14)**

**WCPFC17-2020-FAC14-xx DRAFT**

**11 December 2020**

**INTRODUCTION**

1. The Fourteenth Finance and Administration Committee (FAC14) was convened virtually by the FAC Co-Chairs Mr. Michael Brakke (USA) and Ms. Camille Movick-Inatio (FSM) on Monday, 7th December 2020. Subsequent sessions of FAC were held on xx December 2020. Representatives of Australia, Canada, China, Cook Islands, European Union, French Polynesia, Federated States of Micronesia, Fiji, Indonesia, Japan, Kiribati, Republic of Korea, Republic of the Marshall Islands, New Caledonia, New Zealand, Niue, Palau, Philippines, Samoa, Solomon Islands, Chinese Taipei, Tonga, Tuvalu, Tokelau, United States of America, Vanuatu, Ecuador, El Salvador, Panama, ANCORS, IPNLF, FFA, PEW, PIFS, PNA, The Ocean Foundation, SPC, SFP, and WWF were in attendance. Meeting support was provided by the Secretariat. The list of participants is attached as Annex xx. The Committee agreed by consensus to present to the Commission the decisions and recommendations set out below.

**AGENDA ITEM 1. OPENING OF MEETING**

1. Mr. Michael Brakke (USA) and Ms. Camille Movick-Inatio (FSM) were the Co-Chairs for the 14th Session of the Finance and Administration Committee (FAC14). The meeting was called to order at 10:00AM.
2. Executive Director (ED), Feleti Teo, gave a brief remarks and noted the challenges and limitations of this virtual meeting. He highlighted that the Committee’s focus is to discuss the 2021 budget including the budgetary implications if the COVID-19 pandemic persists in the coming year. He also mentioned on the outcomes of the audit report and that the financial status were classified as unqualified or the finances were managed according the rules and procedures of the Commission.
	1. **Adoption of agenda**
3. The FAC Co-Chair went through the agenda items set out in WCPFC16-2019-FAC13-01 and was adopted without revision.
	1. **Meeting arrangements**
4. The Secretariat detailed the FAC meeting arrangements and logistics. The Co-Chair hoped that the meeting will be run efficiently as possible and that all meeting papers will be taken as read. The Co-Chair asked for views on what sort of report the Committee wanted for the meeting (e.g. reflecting all interventions or only substantial issues). The Co-Chair encourage CCMs to inform the Co-Chairs, if they wanted their interventions reflected in the report.

**AGENDA ITEM 2. AUDIT**

**2.1 Auditor Report for 2019 and General Account Financial** **Statements for 2019**

1. The Finance and Administration Manager (FAM) Aaron Nighswander summarized the information in WCPFC17-2020-FAC14-04 noting the 2019 audit was completed and circulated to CCMs on 9th September 2020. The Audit report was delayed this year as the auditor was based off island and needs to coordinate with their local counterpart here in Pohnpei. Based on the auditor’s report, all financial statements were fair and that there were no instances of non-compliance with the Commission’s Financial Regulation 12.4 (c) regarding income, expenditure, investment and asset management nor with Financial Regulation 12.4 (d) pertaining to financial procedures, accounting, internal controls and administration. There was a deficit of income over expenditure of USD 363,411 related primarily to delayed contributions.
2. **FAC14 recommended that the Commission accepts the audited financial statements for 2019 as set out in paper WCPFC17-2020-FAC14-04.**

**2.2 Appointment of An Auditor**

1. The FAM briefly discussed paper WCPFC17-2020-FAC14-05. The current two-year appointment of the external auditor, Deloitte and Touche LLP, ended after the audit of the 2019 accounts which was completed this year. Noted that the Commission’s Financial Regulation 12, sets out the requirements for the appointment of an external auditor for a period of two years. A tender for auditing services was circulated to Members on 15 September 2020 that was posted on the Commission’s website. The Secretariat received one proposal, from Deloitte and Touche LLP with a proposed cost of USD 7,000 per year to undertake this work.
2. **FAC14 recommended to the Commission that the auditor that submitted a bid be appointed for the next 2 years, to undertake the audits for 2020 and 2021 financial statements and accounts.**

**AGENDA ITEM 3. STATUS OF THE COMMISSION’S FUNDS**

* 1. **Report on General Account Fund for 2020 – Contributions and Other Incomes**
1. The FAM introduced paper WCPFC17-2020-FAC14-06. The assessed contributions for 2020 was $7,566,549 and the outstanding 2020 unpaid contributions stand at $1,740,423 as of 1 November 2020.
2. The paper WCPFC17-2020-FAC14-06 will be revised to update the recent payments received from PNG, FSM and Kiribati.
3. **FAC14 noted the report in WCPFC17-2020-FAC14-06.**
	1. **Report on the Status of Other Funds for 2020**
4. The FAM discussed paper WCPFC17-2020-FAC14-07 noting the balances in the i) the Special Requirements Fund (SRF); ii) the Japan Trust Fund; iii) the Chinese Taipei Trust Fund; iv) the CNM Contributions Fund; v) the Voluntary Contributions Fund; vi) the West Pacific East Asia Project Fund; and vii) the Working Capital Fund.
5. The FAM emphasized that due to the COVID-19 pandemic, these funds were not fully utilized and many projects have been delayed in 2020.
6. **FAC14 noted the report in WCPFC17-2020-FAC14-07.**

**AGENDA ITEM 4. HEADQUARTERS ISSUES**

* 1. **Headquarters Matters**
1. The ED presented paper WCPFC17-2020-FAC14-08 highlighting the issues at headquarters arising in 2020. The ED highlighted updates on the following topics: electricity, security, travel, environmental responsibility, IT audit and Information Security Policy (ISP). The office established a backup satellite connection with Kacific which launched internet services in FSM in 2020. The Headquarters power is now primarily generated by solar energy with roughly 80-90% of the power consumed from solar power which generates savings of around USD 60,000-70,000 per year due this solar technology. Currently, Pohnpei is COVID-19 free but Secretariat has been preparing staff, if FSM boarder will be open to repatriate FSM citizens and residents. There was one security incident last year were laptops were stolen. This incident happened last year after the Commission meeting. This was reported to the police and investigation is on progress. It was also noted that shortage of medical personnel and facilities in Pohnpei is serious concern especially during this challenging times.
2. **FAC14 noted the report in WCPFC17-2020-FAC14-08.**

**4.2. Professional Staff Salary**

1. The ED discussed paper WCPFC17-2020-FAC14-03. The ED emphasized that this was a re-submission of the previous paper submitted in FAC13 on the Triannual Salary Market Data Review for professional staff salaries that needs further consideration of the FAC. Based on the Commission’s Staff Regulation 19, there is a need to review professional staff salaries every three years. The support staff salaries were benchmark at the local market, professional staff salaries were benchmark at CROP agencies and Executive Director salary was benchmark at UN D-1. In the 2021 budget the local staff, per the Staff Regulations, were given a 2% increase based on inflation and the ED was given a 1.38% annual increase in the UN D1 scale due to inflation.
2. Cook Islands updated the FAC that the small working group (SWG) was not established due to their other priorities but determined to establish the SWG before the year ends. The outcomes of the SWG will be reported in FAC15.
3. Many CCMs expressed support for an annual increase, between 1.38% and 2%, in the professional staff salary related to inflation was warranted this year.
4. Additional discussions will be inserted here …

**AGENDA ITEM 5. WORK PROGRAMME AND BUDGET FOR 2021** **AND INDICATIVE**

**WORK PROGRAMME AND BUDGET FOR 2022 AND 2023**

1. The FAM presented paper WCPFC17-2020-FAC14-09, detailing the proposed 2021 budget based on recommendations from SC, TCC, Intercessional Working Groups and the WCPFC Secretariat. There were items that have not yet included in this budget pending Commission’s decisions. The FAM noted that the current proposed budget represents a 2.3% increase from the indicative 2021 budget and a 1.8% increase from the 2020 budget. The FAM noted that there were significant savings in the 2020 expenditures due to travel restrictions and the inability to undertake certain activities brought by COVID-19 pandemic. The net amount of the proposed member contributions is USD6,857,027, once the estimated USD3,400 for bank interest, the USD50,000 from the CNM Contributions Fund, and the USD1,350,000 drawdown from the Working Capital Fund were accounted for in the contribution formula. The proposed contributions represent generally a 11% decrease for 2021.
2. The FAM reminded the Committee that FAC13 future work of the Commission in Annex 3 can be drawn down from USD220,000 line item budget and this may not result to any increase in CCMs contributions.
3. One CCM suggested that the budget for Regional Capacity Building Workshops of USD130,000 in 2020 be added in 2021 (Annex 3, Sub-item 2.3). This will be very important as this will be used for COVID-19 protocols training in preparation for observers redeployment in the near future.
4. Several CCMs requested clarification on the following in Annex 3, Section 2:
5. EUs contribution on Non-Entangling Biodegradable FADs and SP Blue Shark Assessment
6. P60 – Improving purse seine species composition
7. P98 – Radiocarbon aging WS
8. P100 – Close-kin mark-recapture
9. P105 – Bomb radiocarbon age validation for BE / YF
10. P107 – SP blue shark assessment
11. Scientific Services (SPC)
12. ROP Trainings
13. ROP Data Management
14. The following were the responses of the Secretariat and SPC (Annex 3, Section 2):
15. The paper will be revised to reflect EU’s contributions but currently it was not reflected as it does not impact Commissions budget;
16. On P60 - Improving purse seine species composition, there were other items that needs consideration for the budget not just the observer deployment, such as the actual statistical work. It was suggested to maintain that budget item in 2021 and maybe revisited in the coming year, taking into consideration the impacts of COVID-19 pandemic to this project;
17. The budget for P98 - Radiocarbon aging WS (USD35,000) was reallocated to P105;
18. The budget for P100 - Close-kin mark-recapture which was USD7,500, would be funded externally through SPC;
19. P105 - Bomb radiocarbon age validation for BE / YF, as noted some of the budget will come from P98 and this project was considered as High Priority 2 by the SC; SPC was also finalizing funding from external sources;
20. The budget for P107 - SP blue shark assessment of USD20,000 was a matching fund for EUs contribution;
21. SPC’s expenditure was the same even though the SPC did not travel due to COVID, some consideration on this noting that the additional USD75,000 budget line was not accessed by SPC in 2020. The 2021 budget will remain the same as requested nothing that if travel is expected to start by mid-June of 2021, SPC travel to SC needs to be funded for them to participate in the meeting;
22. The budget for ROP training was suggested to be included despite of the impacts of COVID-19 pandemic, as Secretariat was preparing this budget as if meetings and travels will happen in mid-2021;
23. The ROP Data Management was mainly for staff salary. SPC continues to enter observer data as there were still observer data coming-in and there were some data backlogs in the previous years, this was a good opportunity to resolve those data entry backlogs. An additional annex will be added to the budget paper to cover ROP Data costs.
24. Several CCMs prefer to reduce the budget for ROP data management and/or need more information on this line budget item. It was emphasized by SPC that this line budget item has been there for almost 5 years and no inflation adjustment has been made. It was worth considering that SPC subsidize other Commission’s work from SPCs core budget.
25. This agenda item is left open …
26. Closed at 12.25PM (1st Session)
27. **FAC14 agreed to a 2021 budget of $ USD xxxxxx (Annexes 1-4) pending any subsequent decision reached by WCPFC17 that will have an impact on the budget.**

**AGENDA ITEM 6. ELECTION OF CO-CHAIRS**

1. **Michael Brakke (USA) and Ms. Camille Movick-Inatio (FSM) will continue to serve as FAC Co-Chairs.**

**AGENDA 7. OTHER MATTERS**

1. This agenda item is left open …

**AGENDA ITEM 8. ADOPTION OF REPORT**

1. FAC14 adopted this summary report which was tabled as WCPFC17-2020-FAC14-xx.
2. **FAC14 invites WCPFC17 to consider this report and to endorse its recommendations.**

**AGENDA ITEM 9. CLOSE OF MEETING**

1. FAC Co-chairs, Ms. Camille Movick-Inatio and Mr. Michael Brakke, closed the final session of FAC14 at xxxx on xx December 2020.

**Please send any changes to Aaron Nighswander (****aaron.nighswander@wcpfc.int****) and Elaine G. Garvilles (Elaine.Garvilles@wcpfc.int).**