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| Text of June 2022 Draft by Item | Comments |
| **Item 1**  **Application**  These Financial Regulations will govern the financial administration of the Organization. |  |
| **Item 2**  **Financial Governance**  1 The General Assembly will review and approve the financial arrangements of the Organization, including the outline budget for the following three years and the rate of contribution for Member States and fees for Associate Members and Affiliate Members.  2 The Council, upon advice of the Finance and Audit Group, will review and approve the financial statements, including the annual budget, within the limits of the outline budget approved by the General Assembly.  3 The Finance and Audit Group will:  (a) review the draft financial statements and submit them to the Council;  (b) provide advice to the Council and to the Secretary‐General on any audit observations or findings related to finances;  (c) recommend the rates of contributions and fees to Council for approval by the General Assembly;  (d) recommend potential suspension, reinstatement and termination of membership, in respect of fees in arrears; and  (e) consider any other matters referred to it by the Council.  4 The Chair of the Finance and Audit Group:  (a) will examine the draft financial statements and submit them to the Finance and Audit Group; and  (b) may authorize unforeseen expenses not provided for in the budget, within limits of the annual budget approved by the Council.  5 The Secretariat, in line with the Secretariat Procedures, will:  (a) maintain the accounts;  (b) prepare the financial statements;  (c) control the financial records, including records of income and expenditure; and  (d) manage the audit. |  |
| **Item 3**  **Budget**  1 The financial year will run from 1 January to 31 December.  2 The outline budget will be drawn up on a three-year basis. Budget estimates for each year will be shown separately.  3 The operating currency will be the currency of the Member State in which the seat of the Organization is located.  4 The Secretary‐General will operate within the limits of the annual budget. However, the Secretary‐General may adjust allocations within the approved annual budget.  5 Any transfers of allocations between different categories of expenditure specified in the annual budget will be reported as a revised budget, with the necessary justification, to the Finance and Audit Group.  6 No further commitment to expenditure against the annual budget may be incurred after the close of the financial year. Outstanding responsibility should be met within ninety calendar days of the close of the financial year. | Clarification. |
| **Item 4**  **Procurement**  1 All funds will be under the operational control of the Secretary‐General.  2 The Secretary‐General may designate, in writing, members of the Secretariat as line managers for the purpose of these Financial Regulations.  3 The procurement limits and method should be detailed in the Secretariat Procedures. |  |
| **Item 5**  **Financial Statements**  1 The financial statements will be the outline budget, the annual budget, the income statement and the balance sheet.  2 The Secretariat will submit the draft financial statements to the Finance and Audit Group, not later than fourteen calendar days prior to a Finance and Audit Group meeting. |  |
| **Item 6**  **Cash Reserve**  To ensure the financial stability of the Organization and to avoid any financial difficulties, the Organization will maintain a cash reserve the value of which should be no less than four months of the annual budget. |  |
| **Item 7**  **Annual Contributions and Fees**  1 Annual contributions and fees represent the main source of income for the functioning of the Organization.  2 The Finance and Audit Group may take the following matters into account when recommending the rates of contribution and fees:  (a) the requirement that the revenue and the expenditure in the budget should be balanced;  (b) the percentage of calls for contributions and fees likely to be settled on time;  (c) the planned or anticipated exceptional expenditure;  (d) the rate of inflation in the Member State where the Organization has its seat; and  (e) the global economic situation, particularly the rate of inflation in the global scale.  3 The Secretariat, in line with the Secretariat Procedures, will send a call for annual contributions or fees for the following year to each Member State, Associate Member and Affiliate Member no later than 31 October each year. The due date for payment is 31 January of the next year.  4 For new Member States, Associate Members and Affiliate Members the following rates of contribution or fee will apply:  (a) A Member State will be required to pay a full annual contribution and an Associate Member a full annual fee, regardless of the date on which the Convention enters into force for that Member State or the date on which the application for Associate membership is accepted by the General Assembly.  (b) Affiliate Members will pay:  i a full annual fee for applications accepted between 1 January and 30 June; or  ii half the annual fee for applications accepted between 1 July and 31 December.  5 In the event of the resignation of an Associate Member or an Affiliate Member no refund of fees already made will be given. | It should be clarified that, during the transitional period, both the contributions (fees) for International Association of Marine Aids to Navigation and Lighthouse Authorities and the contributions (fees) for the Organisation are to be paid or not.  The rate contribution and/or fees should be reasonable for all members under varying rates of inflation. |
| **Item 8**  **Unpaid Contributions and Fees**  1 In the case of unpaid contributions or fees the Secretariat, in line with the relevant Secretariat Procedures, will apply the following arrangements:  (a) For Member States:  i in the event that no payment is received by 1 November of the year in which it was due the Secretary‐General will contact the Member State, requesting payment and inviting the Member State to discuss any difficulties that would justify considering a payment plan; and  ii if the contribution remains unpaid twenty‐four months after the due date for payment the Secretary‐General will notify the Member State that voting rights and the right to be elected to the Council are denied until such time as the outstanding contribution have been paid, unless the General Assembly waives this provision.  (b) For Associate Members and Affiliate Members:  i in the event that no payment is received by 1 July of the financial year, on approval by the Council, membership rights may be suspended;  ii the Council will be advised, at its second annual session of unpaid fees; and  iii on approval by the Council, after notification, membership may be terminated if fees remain unpaid after membership rights have been suspended for twelve months and the Associate Member or Affiliate Member has not concurred a payment schedule.  2 Outstanding contributions and fees due will be shown in tables attached to the financial statements. |  |
| **Item 9**  **Dedicated Funds**  1 Dedicated funds may be established by the Secretary‐General for the execution of specific programmes or projects, provided that the purposes are consistent with the aim and objectives of the Organization. The purpose and limits of each dedicated fund will be clearly reported to the Council.  2 The financial resources needed to establish a dedicated fund may come from donations, bequests, grants, gifts and other sources as approved by the Council on recommendation by the Secretary‐General. The precise terms and conditions governing such income will be formalized.  3 Any monies remaining unused when a programme or project is terminated should be used as stipulated, and if not so stipulated, for the general purposes of the Organization unless the Secretary‐General determines otherwise.  4 A specific budget should be prepared for each fund for approval of the Council and the final result for the year for each dedicated fund should be shown separately in the financial statements.  5 Any dedicated funds should be audited in line with the relevant matters in Item 10. | Establishment a dedicated fund should be decided carefully in order to keep the consultative and technical nature of the Organisation as described in the Convention. |
| **Item 10**  **External Audit**  1 An external auditor will be appointed by the Council and carry out such work as required by applicable accounting practices.  2 The appointment is for a period of six years and may be renewed.  3 The external auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, internal financial controls and, in general, on the administration and financial management of the Organization.  4 In addition to the above, the Council may request the external auditor to perform specific investigations and issue separate reports on the results. |  |
| **Item 11**  **Termination**  In the event of termination of the Organization, the balance of the accounts will be divided amongst the Member States, Associate Members and Affiliate Members on the day when the Convention ceases to have effect, in proportion to their last annual contribution or fee. |  |