



NAMMCO ANNUAL MEETING 31

19-21 March 2024

Hotel Reykjavík Grand, Reykjavík, Iceland

MEETING OF THE COUNCIL

DOCUMENT 04	REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE
Submitted by	FAC
Action requested	Take note of the report Consider the recommendations of the FAC
Background/content	<p>This report deals with the work of the Committee since the 30th Annual Meeting in March 2023 until the 31th Meeting of the Council.</p> <p>Council 30 specifically tasked the Finance and Administration Committee, in the light of the coming changing in personnel at the Secretariat, to prioritise discussing the structure of the Secretariat including the expertise and capacity needed to best fulfil the priorities and core work of the Commission.</p>

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1. INTRODUCTION

Since the meetings held during the Annual Meetings in March 2023, the Finance Administration Committee (FAC), chaired by Páll Nolsøe (Faroe Islands), held three meetings, one online and two face-to-face, one back to back with an HoDs meeting and one prior to the 31th meeting of the Council. The focus of the Committee has been the finances of the Commission.

The FAC was tasked by the Council to prioritise discussing the structure of the Secretariat including the expertise and capacity needed to best fulfil the priorities and core work of the Commission. However, this as well as the procedures behind the hiring of the new staff, was dealt with in Heads of Delegation meetings because it became part of a larger discussion on the future of NAMMCO and the coming priorities of the Commission.

This report mainly focuses the recommendation of the FAC to the Council regarding the finances of the Commission.

2. FINANCIAL ISSUES

2.1 AUDITED ACCOUNTS 2023

The FAC reviewed the audited accounts for 2023 (NAMMCO/31/05).

The audited accounts for 2023, which include the results of NAMMCO and the two projects MINTAG and NASS, closed with an overall result of NOK -616,478.

The 2023 Audited Accounts and Financial Statements can be found in document NAMMCO/31/05.

As for NAMMCO specifically, it closed with a deficit of NOK -874,780 as compared to NOK -1,033,814, which was the anticipated 2023 result after the reallocation took place at Council 30. Consequently, the general reserve increased and amounted to NOK 1,253,212 compared to the anticipated amount of NOK 1,094,178.

The negative discrepancies between the anticipated results and the accounts are partly explained by:

- an overpaid amount to the pension scheme, due to personnel changes made with the pension scheme provider in November 2023, retroactively to prior dates according to employees' departures and arrivals. The overpaid amount in 2023 will be refunded early in 2024. The salaries to the Officials were also higher than expected, as the United Nations Common System of Salaries is based on the US dollar and is adjusted for inflation from month to month.
- the accounting expenses were higher than anticipated because of the transition in the administration department, which led to more interactions with the accounting firm, this

being accentuated by the fact that the accounting firm designated a new accountant to work with NAMMCO in 2023.

- lower expenses were incurred for the recruitment of the new deputy secretaries.

The FAC **recommends** that the Council approve the 2023 audited accounts.

2.2 ANTICIPATED RESULT 2024

The anticipated result 2024, using the 2023 results, gives a positive result of 488,889 NOK, compared to the deficit budgeted for by Council 30, -362,682 NOK. The various budget allocations vary mostly negatively. Part of the SC budget has been reallocated to 2025 instead of being used in 2024, because of the postponement of several working group meetings.

The general reserve is anticipated to be increased to NOK 1,742,060 as of 31.12.2024, instead of the budgeted general reserve of NOK 731,496.

2.3 DRAFT BUDGET 2025 AND FORECAST BUDGET 2026

The FAC considered the draft budget 2025 and forecast budget 2026. In line with previous years, the income encompasses a 2% increase in membership contributions.

Adjustments will be made to the itemization of expenditures under the different budget lines in relation to decisions taken during the Council meeting. The final draft budgets will be presented to the Council under the Council agenda item 3.3, that will be kept open until the end of the meeting.

An effort is made to keep the general reserve above the Protected Reserve, which is expected to be kept at 10% of the operating expenses.

3. OVERVIEW OF FAC RECOMMENDATIONS TO COUNCIL 31

FAC recommends that Council 31

Financial issues

- Approve the 2023 audited accounts
- Take note of the anticipated result 2024
- Adopt the 2025 draft budget
- Approve the 2026 forecast budget
- Recommend that the necessity for physical meetings contra virtual meetings continue to be carefully weighed by committees and subsidiary bodies, both from a financial and an environmental perspective.
- Following this line, recommend that the number of physically held Scientific Committee working groups continued being limited to four a year.