

**REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE
OCTOBER 29-30, 2024**

Note: Specific recommendations from F&A to Governing Council are in blue:

The Finance and Administration (hereafter F&A) Committee met from 14:00-17:20 on October 29 and 14:00-16:00 on October 30, 2024 at the Hawaii Convention Center, USA under the Chair-ship of Kristen Koch.

FA AGENDA ITEM 1 - OPENING REMARKS

The Chair called the meeting to order, welcomed the participants and requested an introduction of members for each delegation. All Contracting Parties were present at the meeting (*F&A Endnote 1*).

FA AGENDA ITEM 2 - ADOPTION OF AGENDA AND MEETING PROCEDURES

The Committee reviewed the provisional agenda and agreed to adopt it. The agenda as adopted is included as *F&A Endnote 2*.

FA AGENDA ITEM 3 - FINANCIAL ACCOUNTS FOR FY 2023

Accepting the Financial Statements was deferred to the end of the Agenda Item allowing a more detailed review of accounts.

A - ANNUAL CONTRIBUTIONS

As stated in *Regulation 5(ii)* of the PICES Financial Regulations, all national contributions to PICES “shall be considered due as of the first day of the financial year (January 1) to which they relate”. A request for payment of the 2024 annual fees was sent to all Contracting Parties between December 19-21, 2023 in accordance with Decision 2023/A/6/iii. The Committee reviewed the payment schedule. Five Contracting Parties met their financial obligations for FY 2024 at this time (*F&A Endnote 4*).

The Committee reiterated (1) the importance for all Contracting Parties to pay the Annual Fee promptly after January 1 and (2) that for planning of their funding requests for annual contributions, Contracting Parties continue to use the guideline generally accepted at PICES-1999 (Decision 1999/A/2(ii)), which states that the annual contributions will increase at the rate of inflation in Canada.

The Committee recommends that Council instruct the Executive Secretary to send letters to all Contracting Parties requesting payments of Annual Fees as soon as practical following the Annual Meeting.

B – VOLUNTARY CONTRIBUTIONS AND FUND-RAISING ACTIVITIES

The Committee reviewed the recent voluntary contributions.

The Committee recommends instructing the Executive Secretary to invite Contracting Parties to provide voluntary contributions to the Trust Fund to support the Intern Program and capacity building activities in 2024 and beyond.

C - GENERAL FUND – IN 2023

The Committee reviewed the budget and expenditures in the General Fund for FY2023, noting that expenditures were within the budget tolerance for all categories and the budget was underspent overall.

D - WORKING CAPITAL FUND - IN 2023 AND 2024

The Executive Secretary provided information on the amount of funds in the Working Capital Fund designated for specific purposes (encumbered funds) for FY2023 and the estimated amount of the encumbered funds for the fiscal year end FY2024. The Committee recommends the following fund activities:

1. That a year-end transfer from the Working Capital Fund to the Trust Fund to restore it to the level of \$110,000 is made (the regular practice). This is *estimated* to be \$20,000.
2. That the PICES-2023 USA Fund be closed (the balance is now \$0).
3. That the ECCWO5 Fund be closed and the surplus moved to the unencumbered WCF (the balance is \$26,589)
4. Canada has requested that the funds held for Canada in the PICES-2019 Fund and the ECS-2022 Fund be combined as a PICES-2026 Fund.

E – TRUST FUND

The Committee reviewed the status of the Trust Fund. Contributions from Canada, Republic of Korea and the USA are typically received each year and are a valuable source of support. The Committee noted that ongoing support for the intern program through such voluntary contributions is required and essential.

F – RELOCATION AND HOME LEAVE FUND - IN 2023

The Committee reviewed the status of the Relocation and Home Leave Fund noting that in accordance with Decision 2020/A/5 the liability for excess vacation and severance pay is now captured as a liability of this Fund and it must therefore maintain a balance at, or above, \$0 at year-end. No transfer was required at the FY 2023 year-end because the Fund ended the year with a small surplus (F&A Endnote 3) and this is expected to be the same for the end of 2024.

G – SPECIAL PROJECT FUNDS IN 2023 – DETAILS

The Committee reviewed the Special Projects noting that:

- a. The KIOST SEAturtle project had a small amount of funds left in 2023/24 which are being used to present the project results.

- b. The MAFF Ciguatera project report was submitted after the project ended on March 31, 2023 and all funds were utilized.
- c. The MAFF FishPhyto project conducted a workshop in 2023 and remaining fund were utilized in 2024 prior to the project ending March 31, 2024.

This marked the end of the review of financial matters in **FY 2023**.

The FY 2023 financial statements were submitted to the external chartered accountancy firm of *Hughesman, Morris and Liversedge* and the compilation engagement report was completed on June 7, 2024. The electronic copy of the Financial Statements for FY 2023 (FA Appendix 1) was circulated to all Contracting Parties on June 17, 2024. The Committee recommends accepting the Compilation Engagement Report and Financial Statements.

FA AGENDA ITEM 4 – ESTIMATED ACCOUNTS FOR 2024

The Committee reviewed the material presented and noted that the General Fund in 2024 is projected to show a small surplus at year end, with fees from one member country showing as a receivable. The Working Capital Fund will be lower, and comprised only of Encumbered Funds with little to no Reserve Fund (unless annual fees from Russia are received when they will be returned to the Reserve). The Home Leave and Relocation Fund is expected to show a small surplus and the Trust Fund may require a transfer as indicated above under Item 3D.

FA AGENDA ITEM 5 – PROPOSED BUDGET FOR FY 2025 AND FORECAST BUDGET ESTIMATES FOR FY 2026

The Committee reviewed the two budgets prepared and circulated on August 27, 2024; “Business as Usual” and “Austerity”.

The Committee recommends that Council approve the budget of \$1,131,000 but only if outstanding annual fees from the Russian Federation for both 2023 and 2024 have been received at the PICES bank before December 31, 2024. If there is still one or both years outstanding then the Austerity budget of \$1,053,000 will apply.

Irrespective of which budget applies in 2025, the Committee recommends that annual fees be set at \$161,900. A transfer of \$159,600 or, in the case of Austerity, \$243,500, from the Working Capital Fund at the beginning of 2025 will be required to balance the budget.

FA AGENDA ITEM 6 – RESERVE FUND STATUS

The Committee discussed the Reserve Fund status noting that it did not meet the threshold set by Decision 2022/A/4 at the end of 2023, and unless outstanding annual fees are received this year, the Reserve Fund will be close to depletion at the end of FY2024. Russia indicated that it expected that fees would be paid by the year end for both 2023 and 2024. The Executive Secretary has been in communication with a representative of the Russian Embassy in Canada and confirmed that she expects

to receive fees for 2023 in early November, but has not received any indication that fees for 2024 will be paid soon.

Members debated the options presented to rebuild the reserve. Countries were generally supportive of foregoing the \$40,000 contribution from the PICES General Fund towards the costs of hosting the annual meeting, for one full rotation of countries. However, Japan as the host of PICES-2025 had already included these funds in their budgeting.

The proposed recommendation, therefore, is that the cycle of fund-foregoing begins with Canada hosting in 2026, and that in 2025 registration fees are kept the same as in 2024 (\$100 extra per regular fee over 2023 fees) which should raise approximately \$40,000. The F&A Committee will review the status of the Reserve Fund as part of its agenda at PICES-2025.

FA AGENDA ITEM 7 – AUDIT FREQUENCY INCLUDING A CONSIDERATION OF REPORT TO ADDRESS DECISION 2023/A/5/III

The Executive Secretary provided a report on the audit processes of other similar organizations head-quartered in North America (Decision 2023/A/5/iii). Four of five organizations approached have an annual audit, the fifth alternates between an annual review and audit. This practice has been operated by the Great Lakes Fishery Commission for 13 years and was implemented as a cost-saving measure. The Committee concluded that moving to an alternating audit/review was an acceptable compromise between cost-saving and diligence and were reassured that at least one other organization has been operating in this way for over a decade.

The Committee recommends that PICES alternates between an annual Audit/Review Engagement and that an audit be undertaken for FY-2024 and a review engagement for FY-2025. The Review Engagement can be completed by the current accountancy firm and the F&A Committee will discuss the focus of the review at PICES-2025 (and every alternate year thereafter). The Executive Secretary should obtain three quotes for a firm to complete an audit for FY-2024.

FA AGENDA ITEM 8 -UNFUNDED PENSION LIABILITY

The Committee reviewed the Pension Plan information provided by the Executive Secretary as of January 2024 and noted that PICES currently has no unfunded liability. The next actuarial valuation will take place in January 2026.

FA AGENDA ITEM 9 - SCHEDULE, STRUCTURE AND FINANCING OF FUTURE ANNUAL MEETINGS, [DECISION 2021/A/6]

The Committee reviewed the schedule of upcoming annual meetings. Japan will host PICES-2025 in Yokohama, November 7-16, 2025. Canada confirmed its intention to host PICES-2026 in Nanaimo, with dates TBC.

The Committee recommends that Council approve the proposal from Canada to hold the PICES-2026 Annual Meeting in Nanaimo with dates TBC.

The Committee further recommends that Council request China to explore the possibility of hosting the 2027 Annual Meeting, and inform the Secretariat on this matter by March 31, 2025.

The Committee recommends keeping the fee structure for PICES-2025 the same as for PICES-2024, which includes an additional \$100 on Early and Regular Fees only, to help replenish the Reserve Fund:

Type of registration fee	CDN \$
Regular	450
Early	350
Student	50
Spousal/guest	50
Absentee Presenter	75

FA AGENDA ITEM 10 - UPTAKE/IMPACT OF SCIENCE ACTIVITIES [DECISION 2020/A/9].

The Committee reviewed the metrics provided by the Executive Secretary which included additional metrics on interactions with other organizations.

FA AGENDA ITEM 11 - ADMINISTRATIVE MATTERS:

A. Tracking the activity of the PICES Secretariat

The Committee reviewed the graphical representation of the activity metrics provided in response to Decision 2019/A/8/ii. This decision already instructs the Executive Secretary to track them indefinitely, particularly to assess the impacts of COVID-19 on productivity beyond 2022. The Committee noted the travel data presented, and commented that it may be useful to request Carbon footprint information from annual meeting attendees to track the organizations C footprint.

B. Staffing in the PICES Secretariat

Staffing of the PICES Secretariat was reviewed. The Committee noted that there is a new half-time Communications Officer.

C. Hosting of the PICES Secretariat

The hosting of the Secretariat was reviewed.

D. PICES Intern Program and Capacity Building

Capacity Building activities and the Intern program were reviewed. The Committee noted and reiterated the need for ongoing support for the Intern Program through voluntary contributions to the Trust Fund from member countries.

FA AGENDA ITEM 12 - SCHEDULE FOR APPOINTMENT OF F&A COMMITTEE CHAIR AND ELECTION OF NEW CHAIR

In accordance with Rule 19(iii), Kristin Koch began her first two-year appointment as F&A Chair after PICES-2023 and no election was required this year.

FA AGENDA ITEM 13. OTHER BUSINESS

There was no other business

FA AGENDA ITEM 14. 2024 F&A REPORT AND RECOMMENDATIONS TO GOVERNING COUNCIL

The F&A Chair and Executive Secretary have prepared this draft report for circulation.

F&A ENDNOTE 1

2024 F&A Participation list

<p><u>Canada</u> Andrew Thomson Bernard Vigneault (R)</p>	<p><u>Russian Federation</u> Vladimir Radchenko</p>
<p><u>Japan</u> Yutaka Hiroe Tatsuki Oshima (R) Tetsuo Fujii (PICES Vice Chair, Advisor)</p>	<p><u>USA</u> Tia Brown Amanda Williams (R) Jack Barth (USA GC member, Advisor)</p>
<p><u>People’s Republic of China</u> Wei Zheng (Alternate)</p>	<p><u>Other</u> Kristen Koch (F&A Chair) Enrique Curchitser (Chair) Sonia Batten (Executive Secretary)</p>
<p><u>Republic of Korea</u> Jun Hyung Kim Joongho Moon (Advisor) Tei Lee (Advisor)</p>	

F&A ENDNOTE 2

Agenda as Adopted

1. Welcome and opening remarks
2. Adoption of agenda and meeting procedures
3. Financial accounts for FY2023.
 - A. Annual contributions
 - B. Voluntary Contributions and Fund-raising activities
 - C. General Fund in 2023 – Details
 - D. Working Capital Fund in 2023–Details
 - i. Includes decisions on moving money within the WCF
 - E. Trust Fund in 2023 – Details
 - F. Relocation and Home Leave Fund in 2023 – Details and planning.
 - G. Special Project Funds in 2023 – Details
 - i. Korea SEATurtle Fund in 2023
 - ii. MAFF FishPhyto Fund in 2023
4. Estimated accounts for 2024
5. Proposed budgets for FY2025 and forecast budget estimate for FY2026
6. Reserve Fund rebuilding
7. Audit frequency including a consideration of report to address Decision 2023/A/5/iii
8. Unfunded Pension Liability [Decision 2023/A/9]
9. Schedule, structure and financing of future Annual Meetings [Decision 2021/A/6]
10. Uptake/impact of science activities [Decision 2020/A/9]
11. Administrative matters:
 - A. Tracking the activity of the PICES Secretariat [Decision 2020/A/7]
 - B. Staffing in the PICES Secretariat
 - C. Hosting of the PICES Secretariat
 - D. PICES Intern Program and Capacity Building
12. Schedule for Appointment of F&A Committee Chair
13. Other business
14. 2024 F&A report and recommendations to Governing Council

F&A ENDNOTE 3 FINANCIAL STATEMENTS FOR 2023

Provided as a separate PDF document as prepared by the Accountants

F&A ENDNOTE 4

Payment Schedule for Annual Fees 2005–2024

	<i>Canada</i>	<i>China</i>	<i>Japan</i>	<i>Korea</i>	<i>Russia</i>	<i>USA</i>
2005	Dec 24, 04	Sept 22, 05²	Mar 2, 05	Mar 30, 05	Mar 31, 05³	Jan 10, 05
2006	Dec 28, 05	Aug 1, 06	Dec 15, 05	Feb 8, 06	Feb 28, 06	Jan 30, 06
2007	Jan 23, 07	Jul 3, 07	Dec 5, 06	Apr 3, 07	Feb 13, 07	Jan 10, 07
2008	Jan 16, 08	May 15, 08	Dec 20, 07	Feb 15, 08	Feb 13, 08	Jan 7, 08⁴
2009	Jan 5, 09	Jun 3, 09	Dec 11, 08	Apr 1, 09	Mar 27, 09	Dec 24, 08
2010	Apr 1, 10	Aug 5, 10	Dec 14, 09	Mar 2, 10	Mar 26, 10	Dec 11, 09
2011	Feb 8, 11	Jun 30, 11	Dec 3, 10	Mar 25, 11⁵	Feb 9, 11	Dec 7, 10
2012	Jan 3, 12	Aug 31, 12	Nov 22, 11	Oct 11, 12	Mar 29, 12	Nov 16, 11
2013	Jan 7, 13	Oct 11, 13	Nov 21, 12	May 14, 13	Apr 12, 13	Dec 17, 12
2014	Feb 18, 14	Jul 11, 14	Dec 6, 13	Apr 11, 14	Mar 5, 14	Dec 20, 13
2015	Feb 16, 15	Nov 26, 14	Dec 8, 14	Mar 25, 15	May 1, 15⁶	Dec 31, 14
2016	Mar 30, 16	Nov 13, 15	Dec 4, 15	Jul 8, 16	Apr 8, 16	May 5, 16
2017	Mar 14, 17	Dec 15, 16	Dec 16, 16	Jul 5, 17	May 4, 17	Jan 9, 17
2018	Mar 28, 18	Aug 30, 17	Nov 21, 17	Jul 30, 18	Oct 24, 18	Apr 11, 18
2019	Apr 24, 19	Jul 19, 18	Jan 31, 19	Jan 17, 19	May 15, 19	Feb 28, 19
2020	May 22, 20	Dec 18, 19	Mar 11, 20	Mar 17, 20	Aug 28, 20	Jun 1, 20
2021	Feb 26, 21	Sep 27, 20	Mar 5, 21	May 31, 21	Mar 17, 21	Apr 20, 21
2022	April 12, 22	Aug 31, 21	Mar 10, 22	Jan 11, 22	Feb 10, 22	June 7, 22
2023	Mar 13 ⁷ , 23	Jun 29, 22	Mar 3, 23	Jun 23, 23		Mar 14, 23
2024	Mar 13, 24	Jun 26, 23	Jan 29, 24	Sept 6, 24		Jul 8, 24

Notes:

- 1 Late (after March 31) or partial payments are indicated in bold
- 2 Partial (86%) payment, remainder paid December 30, 2005
- 3 Partial (96.6%) payment, remainder paid April 25, 2005
- 4 Partial (92.3%) payment, remainder paid on May 22, 2009
- 5 Partial (88.1%) payment, remainder paid on September 20, 2011
- 6 Partial (62%) payment, remainder paid on July 24, 2015
- 7 Partial (95%) payment, remainder paid April 28, 2023