

## Annex 8.1

**FINANCIAL RULES OF THE HELSINKI COMMISSION - BALTIC MARINE ENVIRONMENT PROTECTION COMMISSION**

The following rules shall govern the financial administration of the Baltic Marine Environment Protection Commission (hereinafter referred to as "the Commission") established under the Convention on the Protection of the Marine Environment of the Baltic Sea Area (hereinafter referred to as "the Convention").

**RULE 1 FINANCIAL PERIOD**

1.1 The financial period of the Commission shall be the period starting 1 July and ending 30 June.

**RULE 2 BUDGET**

2.1 Each year at a regular meeting the Commission shall adopt a budget for the following financial period and budget estimate for the financial period following thereafter. The Commission may, at any meeting, adopt a supplementary budget which shall be prepared, considered and acted upon in the same manner as the regular budget.

2.2 The Executive Secretary shall prepare and submit to a regular meeting a draft budget for the following financial period and a draft budget estimate for the financial period following thereafter.

2.3 The draft budget and the draft budget estimate shall be dispatched by the Executive Secretary to the Heads of Delegation at least sixty days before the date fixed for the opening of the regular meeting of the Commission and without delay after the submission of the request for the convocation of an extraordinary meeting of the Commission at which they are to be considered. The draft budget and the draft budget estimate shall be considered and approved by the meeting of the Heads of Delegation for immediate submission thereafter to the Contracting Parties for adoption at the meeting of the Commission. The draft budget shall be accompanied by accounts showing the amount of appropriations and actual expenditure for the preceding financial period and the amount of appropriations for the current financial period as well as by such information as the Commission may specify from time to time and as the Executive Secretary may deem useful.

2.4 The draft budget and the draft budget estimate shall cover income and expenditure for the financial period to which they relate, and shall be presented in Euro.

2.5 The budget and the budget estimate shall be divided by function into chapters and, when necessary, into sub chapters.

2.6 Transfers from one chapter of the budget to another and transfers within chapters of the budget may be effected by the Executive Secretary after having obtained the approval of the Chairman of the Commission.

**RULE 3 APPROPRIATIONS**

3.1 The appropriations voted by the Commission for the ensuing financial period shall constitute an authorisation to the Executive Secretary to incur obligations and make

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payments for the purposes for which the appropriations were voted and up to the amounts so voted.

3.2 Appropriations shall be available for obligations during the financial period to which they relate.

3.3 A Working Capital Fund (WCF) is established to meet short-term liquidity problems pending receipt of contributions. Advances from the WCF to finance budgetary appropriations shall be reimbursed to the fund as soon as and to the extent that income is available for that purpose.

3.4 Remaining appropriations at the close of the financial period shall be carried over to the Working Capital Fund. The level of the Working Capital Fund shall, as a general rule, amount to a maximum of 15% and a minimum of 11% of the total budget.

3.5 Any surplus, after the replenishment of the Working Capital Fund, shall, as a general rule, be used to level-off annual contributions by the Contracting Parties for the ensuing financial periods, unless the Commission otherwise decides.

#### RULE 4 ANNUAL CONTRIBUTIONS

4.1 The host country, Finland, shall pay a headquarters' (HQ) contribution covering the rent and maintenance costs of the office, the communication costs as well as the material and equipment costs. The use of the HQ contribution or any surplus thereof are not subject to transfer to the Working Capital Fund as stipulated in paragraphs 3.3, 3.4 and 3.5 above, but shall be agreed separately with the host country.

4.2 After deduction of the Finnish HQ contribution the appropriations for a financial period shall be financed by annual contributions made by Contracting Parties pursuant to Article 22, Paragraph 3 of the 1992 Convention.

4.3 As soon as the Commission has approved the budget and any supplementary budget for a financial period, the Executive Secretary shall send a copy thereof to all Contracting Parties, notifying them of their yearly assessments during the financial period. Contributions to the budget and any supplementary budget shall be payable in Euro within thirty days of receipt of the information from the Executive Secretary on the amount of contributions in the coming financial period or on the first day of the financial period, whichever is later.

4.4 However, a Contracting Party may inform the Executive Secretary of its preference to pay its contribution to the budget in two instalments. In such a case at least half of the contribution shall be payable according to the provision in Paragraph 4.3 above and the remaining amount within six months from that date.

4.5 New Contracting Parties whose membership in the Commission becomes effective during the first six months of any financial year shall pay the full amount of the annual contribution. New Contracting Parties whose membership in the Commission becomes effective during the last six months of any financial year shall pay half the amount of the annual contribution. The contribution shall be paid within ninety days of depositing the instrument of accession with the Depositary Government.

#### RULE 5 GENERAL FUND

5.1 For the purposes of accounting the expenditures of the Commission there shall be established a General Fund. The General Fund shall be credited with the annual

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contributions from Contracting Parties and any other income accruing to the Commission. All general expenditure of the Commission shall be made from the General Fund.

#### RULE 6 SPECIAL CONTRIBUTIONS

6.1 The Commission may accept contributions from other organizations to carry out specific tasks which are in accordance with the objectives of the Convention. The Executive Secretary shall establish special accounts to cover such contributions and shall report thereon to the Commission. These contributions shall be used and administered in accordance with rules to be adopted by the Commission.

#### RULE 7 CUSTODY OF DEPOSITS

7.1 The Executive Secretary shall designate the bank or banks in which the deposits of the Commission shall be kept and report all such depositories to the Commission.

#### RULE 8 ACCOUNTS

8.1 The Executive Secretary shall maintain such accounts as are necessary and shall prepare a Financial Statement at the end of the financial period, following international standards as practicable. The Financial Statement shall be presented in Euro and shall give a comprehensive picture of the financial situation of the Commission, including:

- a) The income and expenditures.
- b) The status of appropriations, including:
  - the original budget appropriations;
  - the appropriations as modified by transfer;
  - credits, if any, other than the appropriations voted by the Commission;
  - the amounts charged against those appropriations and/or other credits
- c) The assets and liabilities of the Commission;
- d) Prior year comparative figures, cf. Rule 2.3;
- e) Information on the Commission's general operating principles and accounting policies.

8.2 The Executive Secretary shall submit the Financial Statement for each financial period to the auditors not later than ninety days following the end of the financial period and to the Contracting Parties not later than sixty days before the next regular meeting of the Commission. The statement shall show the income of the Commission, and under separate headings, expenditure. The Executive Secretary shall attach to the Statement an explanatory memorandum.

#### RULE 9 INTERNAL CONTROL

9.1 The Executive Secretary shall:

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- a) establish detailed procedures in order to ensure effective financial administration and the exercise of economy;
  - b) cause all payments to be made on the basis of vouchers and other documents which ensure that the services or goods have been received and that payment has not previously been made;
  - c) designate the officers who may receive monies, incur obligations, and make payments on behalf of the Commission; the Executive Secretary may delegate to other officials of the Secretariat such of his/her powers as he/she considers necessary for the effective implementation of these regulations;
  - d) be responsible for a system of financial and budgetary control to protect the Commission against the misuse of funds; additionally, he/she will administer a set of guidelines stipulating the conditions for purchasing and subcontracting;
  - e) maintain an internal audit which shall provide for an effective current examination and/or review of financial transactions; and
  - f) ensure proper management of the funds of the Commission.

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

9.3 The Executive Secretary shall make suitable arrangements under which the Commission will be protected against loss on account of the conduct of officials who may be entrusted by him/her with the custody and disbursement of funds of the Commission.

9.4 The Commission may, after full investigation, authorise the Executive Secretary to write off all losses of cash, stores and assets, provided that a statement of all such amounts written off shall be submitted to the auditors with the annual Financial Statement.

## RULE 10 EXTERNAL AUDIT

10.1 The external auditing of the accounts of the Commission shall be entrusted to the State Audit Office of Finland.

10.2 The auditors shall perform such an audit as they deem necessary to certify:

- a) that the financial statements are in accord with the books and records of the Commission;
- b) that the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives;
- c) that the monies on deposit and on hand have been verified by certificate received direct from the Commission's depositories or by actual count; and
- d) that the assets and liabilities of the Commission are in accord with the books of the Commission.

10.3 Subject to the directions of the Commission, the auditors shall be the sole judges as to the acceptance in whole or in part of the certifications by the Executive Secretary and may proceed to such detailed examination and verifications of all financial records as they choose including those relating to supplies and equipment.

10.4 The auditors and their staff shall have free access at all convenient times to all books of account and records which are, in the opinion of the auditors necessary for the performance of the audit. On application to the Executive Secretary, information classified in the records of the Executive Secretary as confidential, and which is required for the purposes of the audit shall be made available to the auditors.

10.5 The auditors, in addition to certifying the accounts, may make such observations as they deem necessary with respect to the efficiency of the financial procedure, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices. In no case, however, shall the auditors include criticism in their audit report without first affording the Executive Secretary an opportunity of explanation to the auditors of the matter under observation. Audit objections to any item in the accounts shall be immediately communicated to the Executive Secretary.

10.6 The auditors shall prepare a report on the accounts certified, and on any matters on which the Commission may from time to time give specific instructions.

10.7 The auditors shall submit their report to the Commission not later than five months following the end of the financial period to which the accounts relate. At its next meeting the Commission shall decide by unanimity on the discharge to be given to the Executive Secretary in respect of the implementation of the budget.

#### RULE 11 PARTICIPATION EXPENSES

11.1 Each Contracting Party shall pay the expenses related to the participation in the Commission, its working groups and other subsidiary bodies by their respective delegations.

#### RULE 12 SALARIES

12.1 The Commission shall decide on the remuneration and conditions of employment of the Executive Secretary, and of Secretariat Staff on the recommendation of the Executive Secretary.

#### RULE 13 INTERPRETATION

13.1 The Chairman may rule, after consultation with the Contracting Parties, in cases of doubt as to the interpretation and application of any of these rules.

#### RULE 14 DECISIONS INVOLVING EXPENDITURE

14.1 Subsidiary bodies must submit to the Executive Secretary for approval all proposals involving expenditure of funds. The Executive Secretary, consulting the Heads of Delegation where appropriate, shall give such approval.

14.2 Where in the opinion of the Executive Secretary the proposed expenditure cannot be met from the existing appropriations it shall not be incurred until the Commission has made the necessary appropriations.

#### RULE 15 AMENDMENTS TO THE FINANCIAL RULES

15.1 These Financial Rules may be amended by the Commission by unanimous decision.