



IPHC Financial Regulations (2024) - Draft

PREPARED BY: IPHC SECRETARIAT (D. WILSON, A, KEIKKALA; 22 DECEMBER 2023)

PURPOSE

To provide the FAC with the opportunity to consider proposed amendments to the IPHC Financial Regulations.

BACKGROUND

In accordance with Regulation 19, paragraph 1 of the IPHC Financial Regulations (2021), the IPHC Secretariat has revised and suggested edits to the IPHC Financial Regulations to align the regulations with best practice governance.

Regulation 19 (para 1) *“These Financial Regulations should be reviewed for their consistency and appropriateness at least biennially.”*

At the 97th Session of the IPHC Annual Meeting (AM097) the Commission made the following request of the IPHC Secretariat:

AM097–Req.06 (para. 105) *“The Commission **REQUESTED** that the IPHC Secretariat will undertake an inter-sessional review and recommend further improvements to the Financial Regulations of the Commission, including the basis of accounting to better align with GAAP standards while maintaining regulatory compliance.”*

At the 98th Session of the IPHC Finance and Administration Committee (FAC098), the FAC agreed to defer amendment of the Financial Regulations under the transition from an OCBOA basis of accounting, to a GAAP basis of accounting was completed.

DISCUSSION

The Independent Auditors (Clarke Nuber) along with the IPHC’s contracted accounting Firm, Sommerville and Associates (S&A) have identified a number of areas for further improvement to the IPHC Financial Regulations.

Provided at **Appendix I** are proposed revisions to the IPHC Financial Regulations (2021). Each is relatively self-explanatory, however the Secretariat will present and discuss each at the FAC100.

RECOMMENDATIONS

That the FAC:

- a) **NOTE** paper IPHC-2024-FAC100-08, that proposed revisions to the IPHC Financial Regulations;
- b) **RECOMMEND** that the Commission Endorse and Adopt the International Pacific Halibut Commission Financial Regulations (2024).

APPENDICES

Appendix I: DRAFT: International Pacific Halibut Commission Financial Regulations (2024)

INTERNATIONAL PACIFIC HALIBUT COMMISSION

FINANCIAL REGULATIONS

(202~~14~~)

INTERNATIONAL PACIFIC



HALIBUT COMMISSION

Commissioners

Canada	United States of America
Paul Ryall	Glenn Merrill Jon Kurland
Neil Davis	Robert Alverson
Peter DeGreef	Richard Yamada

Executive Director

David T. Wilson, Ph.D.

BIBLIOGRAPHIC ENTRY

IPHC 202~~14~~. International Pacific Halibut Commission Financial Regulations (202~~14~~). *IPHC-202~~14~~-FR2~~14~~, ~~13XX~~-pp.*



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Regulation 1 – Definitions

For the purpose of these Financial Regulations, the following definitions apply:

Convention: the Convention between Canada and the United States of America and for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa, Canada on 2 March 1953, as amended by the Protocol Amending the Convention, signed at Washington 29 March 1979, and includes the regulations promulgated thereunder.

Commission: the International Pacific Halibut Commission provided for by Article III, paragraph 1 of the Convention.

Contracting Parties: Consisting of the two Members, Canada and the United States of America (3 Commissioners from each Party).

Executive Director: the Director of the Commission.

Pacific halibut: fish of the species *Hippoglossus stenolepis*.

Restricted / Unrestricted Funds: Funds that are received and set aside for a specific purpose are considered restricted. Restricted Funds may be designated as restricted by the Board of Commissioners or the grantor if monies were received through a grant.

Rules of Procedure: The [Rules of Procedure](#) (2023~~1~~, or subsequent revision) of the Commission.

Session: Any meeting of the Commission or its subsidiary bodies

Regulation 2 – Authority, Purpose, and Scope

1. **Authority:** These Financial Regulations consist of regulations adopted by the International Pacific Halibut Commission, hereinafter referred to as “the Commission,” pursuant to the *Convention between Canada and the United States of America for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea*, hereinafter referred to as “[the Convention](#),” signed first in 1923 and revised several times since, most recently in 1953, as amended by the Protocol signed by both countries, hereinafter referred to as “the Contracting Parties,” in 1979.
2. **Purpose:** The purpose of this document is to provide the regulations to govern the financial administration of the International Pacific Halibut Commission and its Secretariat, as established pursuant to the Commission’s [Rules of Procedure](#) (2023~~1~~, or any subsequent revision).



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3. **Scope:** The IPHC Secretariat, Commission and all subsidiary bodies shall operate under the Rules of Procedure of the Commission *mutatis mutandis*, except where specific provisions are laid down in [the Convention](#) or in these Financial Regulations.

Regulation 3 – Finance and Administration Committee

1. The Commission shall designate a Finance and Administration Committee (FAC) derived from the current Commissioners, tasked with reviewing and making recommendations on financial matters. The FAC recommendations shall be considered and approved by the Commission subject to Article III, Paragraph 1 of [the Convention](#).
2. In addition to general oversight of financial matters and other duties specified in these Regulations, the FAC shall carry out the following duties on behalf of the Commission:
 - a) Overseeing the financial reporting style and methodology;
 - b) Overseeing accounting policies and practices;
 - c) Approving the hiring, performance, and independence of the external auditor;
 - d) Discussing financial risk management policies and practices with the IPHC Secretariat.

Regulation 4 – Fiscal Year, ~~and~~ Currency, and Accounting Principles

1. The fiscal year shall be the period from 1 October to the following 30 September, both dates inclusive. Funds may be held in either U.S. (USD) or Canadian (CAD) dollars. All monetary figures in these Regulations are expressed in U.S. dollars, and all financial accounting of the Commission shall be in U.S. dollars.
2. The IPHC shall comply with the accounting standards set by the Governmental Accounting Standards Board (GASB). Specifically, the IPHC shall apply the generally accepted accounting principles (GAAP), established for entities operating in the United States of America. This regulatory body establishes and improves accounting and financial reporting standards to enhance the transparency, consistency, and reliability of financial information. GASB's guidelines ensure that entities follow uniform accounting principles, facilitating better decision-making and accountability while promoting fiscal responsibility and transparency in the use of public funds.



Regulation 5 – Budget

1. Annual budget estimates shall cover income and expenditures for the fiscal year to which they relate.
2. Annual budget estimates shall be divided into categories by the approved Chart of Accounts. Each category shall be accompanied by such information, annexes and explanatory statements as may be requested on behalf of the Commission, and such further annexes or statements as the Executive Director may deem necessary and useful.
3. The Executive Director shall prepare and submit to the FAC, Contracting Parties, and Commissioners, no later than **30 days before** the FAC meeting, budget estimates for the next three fiscal years.
4. The FAC shall review actual income and expenses for the prior fiscal year, and review and recommend changes to the budget estimates for the next three fiscal years. The FAC shall provide its recommendations to the Commission.
5. At its regular Annual Meeting, the Commission shall review the report of the FAC, including income and expense results for the prior fiscal year, proposed budgets for the next two fiscal years, and budget estimates for the third subsequent fiscal year. The FAC may recommend to the Commission to amend or adjust the budgets as necessary to reflect changing priorities or contingencies.
6. In preparing budget estimates for consideration of the FAC, the Executive Director shall fully take into account any surplus funds including funds in cash and investment accounts carried over from previous years' Contracting Party contributions, and any other income, which may be available for expenditure in the year for which the budget estimates are prepared.
7. The Executive Director shall notify Contracting Parties of their contribution based on the budget adopted by the Commission in accordance with Article III, Paragraph 1 of [the Convention](#).
8. Should either of the Contracting Parties not approve its invoiced contribution in whole or in part, the Executive Director shall forthwith notify the other Contracting Party and, after consulting with the Chairperson of the Commission, shall recommend revisions to the budget as may appear necessary.
9. Any revisions to a budget or supplementary estimates shall be prepared by the Executive Director and submitted to the Chairperson and Vice-Chairperson for approval. Subject to consultation with the other Commissioners, the Chairperson and Vice-Chairperson may approve the revisions, obtain the Commissioners' approval through the established procedures for Intersessional decision-making (Rule 11 – Decision making; IPHC [Rules of Procedure](#)



(2021), or any subsequent revision), or call a special session, to collect a vote. After approval, the estimates shall be acted upon in the same manner as regular budgets or estimates.

10. The Executive Director may, in any fiscal year, reallocate funds in an amount not exceeding 5% of total income between budget expense categories within the current fiscal year's approved budget. The Chairperson of the Commission may, in any fiscal year, authorize the Executive Director to reallocate funds in an amount exceeding 5% to meet mission needs.

Regulation 6 – Publication of Budget

1. A summary of the budget of the Commission shall be available at the Commission's website and by other electronic communication means approved by the Commission.

Regulation 7 – Contracting Party Contributions

1. The receipt of contributions from the Contracting Parties shall constitute an authorization to the Executive Director to incur obligations and make payments for the benefit of the Commission.
2. The Executive Director may use existing funds to incur obligations before a budget is approved or before Contracting Party contributions are adopted by the Commission, when such obligations are necessary for the continued effective functioning of the Commission and provided such obligations do not exceed the most recent approved budget. The Executive Director must obtain approval from the Chairperson and Vice-Chairperson of the Commission for deviations greater than 5% of the approved budget.

Regulation 8 – Provision of Funds

1. The Commission operations shall be financed by contributions in U.S. dollars made by the Contracting Parties, in accordance with Article III, Paragraph 1 of the Convention. Pending the receipt of such contributions, the operations may be financed from the General and Reserve Funds as described in Regulation 10.
2. After the Commission has adopted a budget, revisions to a budget, or a supplementary budget, the Executive Director shall:
 - a) Transmit to the Contracting Parties such documents and information as may be required by the government departments responsible for approving IPHC contributions and appropriating the funds;



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- b) Request that the funds be remitted in accordance with procedures agreed upon by each of the Contracting Parties.
3. At the end of the twelve-month period, any obligation incurred in the prior year which remains unliquidated shall be cancelled, or where the obligation remains a valid charge, transferred as an obligation against current-year funds. Any balance in funds shall be accounted for in accordance with the provisions of Regulations 5.10 and 10.7.

Regulation 9 – Other Income

1. The Commission may receive revenue from the sales of fish harvested during the course of research or other scientific operations, pursuant to Article III, Paragraph 2 of the Convention. Revenue from the sale of fish related to the IPHC's Fishery-Independent Setline Survey (FISS) shall be credited to the 40 - FISS Fund. Revenue from the sale of fish for Pacific halibut research or operations not related to the IPHC's FISS shall be credited to the 10 - General Fund.
2. The Commission may receive, on occasion, income in addition to those received from the Contracting Parties to fund the Commission's annual budget. Such funds may be from contracted or granted research agreements or from private organizations or other government agencies for the purpose of funding Pacific halibut research or operations.

Regulation 10 - Funds

1. All monetary holdings shall be subject to the Funds and Investment Policy of the Commission as follows:
- a. Cash accounts – Funds will be maintained in a checking account. Funds in excess of annual operating expenses will be held in the Savings Account or an Investment Account. Funds in the Investment Account shall be in a Money Market or Certificate of Deposit (CD). Certificates of Deposit shall not extend beyond 12-months. Cash account type requirements include:
- i. Checking Account – Federally insured (FDIC/NCUA) institutional interest-bearing checking account. Institution defined as state or federally chartered bank or credit union.
- ii. Savings Account – Federally insured (FDIC/NCUA) institutional interest-bearing saving account. Institution defined as state or federally chartered bank or credit union.



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- iii. Certificates of Deposit (CD) – Federally insured (FDIC/NCUA) institutional time deposit. Institution defined as state or federally chartered bank or credit union.
 - iv. Money Market Mutual Funds – Mutual Fund investing in short-term debt securities and U.S. treasury obligations for preservation of capital and maintaining liquidity.
- b. Retirement accounts – Funds held in the Commission retirement accounts will be subject to the recommendations of the Financial Advisors and executed by the plan administrator. The Commission’s goal is to achieve a total return of 6% after inflation over a 3-5 year period. Risk levels in the retirement accounts offer employees an option to choose aggressive, moderate, or conservative investments.
2. There shall be a checking, savings and investment account for the purposes of holding all monetary funds received. Other accounts may be established by the Commission as necessary.
 3. Fund accounting ~~will~~ shall be applied ~~be established~~ to track assets, liabilities, equity, income, and expenses called 10 - General, 20 - Research, 30 - Statistics, 35 – AK Cost-Recovery, 40 - FISS, and 50 - Reserve.
 4. The General Fund shall be a Contracting Party contributions fund and shall be used to support the general operations and administrative expenditures of the Commission.
 5. The following funds shall be credited to the 10 - General Fund:
 - a) Contributions received from the Contracting Parties;
 - b) Receipts from the sale of surplus Commission property purchased from the General Fund;
 - c) Interest income earned by the checking and savings cash accounts;
 - d) Receipts from the sale of fish related to Pacific halibut research or operations, and not related to the FISS;
 - e) Salaries and benefits for the Secretariat ~~staff~~ related to the general administration of the IPHC.
 6. The following funds shall be credited to the 20 - Research Fund:
 - a) Receipts from grants and contracts related to Pacific halibut research;
 - b) Contributions received from Contracting Parties as internal Fund transfers from the General fund;
 - c) Salaries and benefits for the Secretariat ~~staff~~ related to research.
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7. The following funds shall be credited to the 30 - Statistics Fund:

- a) Receipts from ~~grants and~~ contracts related to the IPHC portion of catch effort statistics of Pacific halibut;
- b) Contributions received from Contracting Parties as internal Fund transfers from the General fund;
- c) Salaries and benefits for the IPHC portion of Ssecretariat ~~staff~~ related to catch effort statistics.

7bis. The following funds shall be credited to the 35 - AK Cost-Recovery Fund:

- a) Receipts from grants and contracts related to catch effort statistics of Pacific halibut;
- b) Contributions received from Contracting Parties as internal Fund transfers from the General fund;
- c) Salaries and benefits for the Secretariat eligible for cost-recovery through the NOAA IFQ Cost-Recovery program, related to catch effort statistics.

8. The following funds shall be credited to the 40 - FISS Fund:

- a) Receipts from the sale of fish related to the IPHC's FISS;
- b) Receipts from the sales of surplus Commission property purchased from the FISS Fund;
- c) Receipts from grants and contracts related to the IPHC's FISS;
- d) Salaries and benefits for the Ssecretariat ~~staff~~ related to the FISS.

9. The 50 - Reserve Fund is a restricted fund intended to stabilize the Commission's operations when expected or unexpected events occur. The Reserve Fund may be used when Contracting Party contributions are not received when invoiced. The Reserve Fund may also be used as working capital to support the IPHC's FISS and approved research. The goal of the Reserve fund is to carry a balance equivalent to 6 months' worth of expenses.

10. The Executive Director may authorize transfers from the 50 - Reserve Fund to the 10 - General Fund, 20 - Research Fund, 30 - Statistics Fund, 35 - AK Cost-Recovery Fund, or 40 - FISS Fund to the extent necessary to finance approved budgetary obligations and associated expenditures.

11. The Executive Director may authorize transfers between funds as allowed by the approved budget and defined purposes, limits, and rules of use for each.



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12. Previous year's surplus funds shall be retained in the 10 - General and 40 - FISS Funds based on the stated policy in this section. Surplus funds shall be reviewed by the FAC, in conjunction with review of the previous year's expenses.

Regulation 11 – Custody of Funds

1. The Executive Director shall designate the bank or banks in which the funds of the Commission shall be kept and shall report the identity of the bank or banks so designated to the Commission.

Regulation 12 – Internal Controls

1. The Executive Director shall be accountable to the Commission for the proper management of the Commission's financial resources in accordance with the Commission's [Rules of Procedure](#) (202~~31~~, or any subsequent revision) and these Regulations.
2. No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Executive Director. In emergent situations the Executive Director may give verbal approval to incur the obligation. In emergent situations the verbal authorization must be documented within 24-hours of the authorization.
3. The Executive Director shall:
- Establish detailed financial procedures to ensure effective financial administration and financial stability;
 - Sign on behalf of the Commission for all financial and ordinary business matters of the Commission, up to authorization levels;
 - Cause all payments to be made on the basis of supporting invoices and other documents and ensure that services or goods contracted for have been received;
 - Designate in writing the Commission's Secretariat staff who may receive monies, incur obligations, sign on behalf of the Commission, and make payments on behalf of the Commission up to the threshold defined by the Executive Director, but not exceeding individual authorized levels.
4. The Executive Director may, after full investigation, authorize the writing off of losses of cash and other assets above \$1,000, via an internal memorandum, as soon as they are probable and measurable. provided that a Losses below \$1,000 will be recognized by the Executive Director or delegate throughout the fiscal year, via periodic memorandum. A statement explaining the losses shall be submitted to the FAC annually.



- 4.5. The Executive Director shall ensure that a depreciation and capitalization policy is developed and maintain in line with GAAP standards. This policy necessitates tracking capitalized equipment for all assets with a minimum acquisition cost of \$5,000. The Executive Director's delegate shall manage decisions for property and asset tracking and will track and depreciate all capitalized assets in the core accounting system. Capitalized property will be maintained outside the core accounting system. Assets are recorded at acquisition cost. Maintenance and repairs are charged to expenditures when incurred. Depreciation follows the straight-line method spanning estimated useful lives of 5-7 years for equipment.
- 5.6. The Executive Director may, with the approval of the Chairperson of the Commission, authorize the transfer of unused or surplus equipment and/or supplies to charitable organizations or to scientific societies associated with the Commission. The record of all such transfers shall be available for the independent External Auditors.
- 6.7. For the issuance of purchase orders and contracts in excess of \$250,000 and all vessel charter agreements the Executive Director shall obtain the approval of the Chairperson and Vice-Chairperson.
- 7.8. In the case of unforeseen conditions, the Executive Director may deviate from approved total budget levels at the discretion of the Chairperson and Vice-Chairperson.
- 8.9. The Executive Director is responsible for upholding an organization-wide Conflict of Interest policy. In cases where staff engage in research funded by grants, additional Financial Conflict of Interest (FCOI) documentation will be mandated if the financial benefits, including monetary compensation, paid travel, honorarium payment, etc., surpass a Significant Financial Interest (SFI) threshold of \$5,000. IPHC, in collaboration with federal grant administrators, is dedicated to upholding the public's trust by ensuring that research is conducted impartially and following the highest scientific and ethical standards. Records containing such information will be securely maintained for a minimum period of three (3) years. Comprehensive details regarding conflicts of interest and FCOI are provided in the IPHC employee manual, and website for public inspection.
- 9.10. The Executive Director will review the whistle-blower policy annually to ensure its effectiveness and compliance with any regulatory changes. Any revisions and updates will be communicated to all employees and stakeholders. The whistle-blower policy is provided in the IPHC employee manual, and on the website for public inspection.
- 10.11. The Executive Director will review the Document Retention Policy (IPHC Records Management Policy), annually to ensure its effectiveness and compliance with any regulatory changes. The policy is established to ensure, legal compliance and the systematic, consistent, and secure management of organizational documents, data, and records. The document



retention policy is provided in the IPHC employee manual, and on the website for public inspection.

Regulation 13 - Reporting

1. The Executive Director shall maintain such accounting records as are necessary for each fiscal year and shall submit to the Contracting Parties annual accounting records for the fiscal year to which they relate, including the following:
 - a) Outstanding obligations and receivables at the beginning and end of the year;
 - b) Changes in balances at the beginning and end of the year;
 - c) The status of all funds, including:
 - i. The budgeted funding for the year;
 - ii. The Contracting Party contributions as modified by any transfers;
 - iii. Income Sources, if any, other than Contracting Party contributions;
 - iv. The income and expenditures for the 10 - General Fund, 20 - Research Fund, 30 - Statistics Fund, 35 - AK Cost-Recovery Fund, -and the 40 - FISS Fund, and of any other fund that has been established;
 - v. The balance sheet for the 50 - Reserve Fund and a statement regarding working capital available to meet cash needs for expenditures in the next fiscal year.
 - vi. Such other information as may be appropriate to indicate the current financial position of the Commission.

Regulation 14 – External Audit

1. The accounts of the Commission shall be audited annually by external auditors recommended by the FAC and appointed by the Commission. The Auditors shall be contracted for a term of three (3) years, and may be extended to multiple terms.
2. The contents identified in the Auditors Provided By Client (PBC) list shall be provided by the Executive Director to the Auditors contracted by the Commission not later than sixty (60) days after the end of a fiscal year.
3. The Auditors shall perform such an audit as they deem necessary to determine:



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- a) That the financial statements fairly present the financial activities and position of the Commission as of year-end;
 - b) That the financial transactions reflected in the statements are in accordance with these Financial Regulations;
 - c) That the monies on deposit and on hand are vouched for by the Commission's depositories or by actual count, with exception of petty cash.
 - d) That assets, liabilities, equity, income, and expenses are tracked by fund (10 - General, 20 - Research, 30 - Statistics, 35 - AK Cost-Recovery, 40 - FISS, and 50 - Reserve).
4. The Auditors shall be sole judges as to the acceptance in whole or in part of such financial records provided by the Executive Director or their delegate, and they may proceed to detailed examination and verifications of such financial records as they choose.
 5. The Auditors, in addition to certifying the correctness of the accounts, may make such observations as they deem desirable with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls, and in general, the financial consequences of administrative practices.
 6. The Auditors shall, if required, recommend changes or adjustments to the books and records to the Executive Director.
 7. The Auditors shall prepare a report on the accounts certified, and shall discuss their report with the Executive Director prior to submission to the FAC and Commission. The Auditors shall submit their report to the Commission, via the FAC, no later than 90 days following the end of the fiscal year to which the accounts relate.
 8. The Commission may request the Auditors to perform certain specific examinations and issue separate reports regarding the books and records.

Regulation 15 – Bonding

1. The Executive Director and such other members of the IPHC Secretariat as may be deemed necessary shall be bonded in United States currency by a reputable bonding company in amounts determined by the Commission. The cost of the premiums for bonding shall be assumed by the Commission.



Regulation 16 – Insurance

1. The Executive Director shall acquire suitable insurance policies with reputable financial institutions against normal risks to its assets, operations, and personnel. The cost of the premiums for insurance shall be assumed by the Commission.

Regulation 17 – Delegation of Authority

1. The Executive Director may delegate to other members of the IPHC Secretariat or the Commission such of their powers as they consider necessary for the effective implementation of these Regulations.

Regulation 18 – Interpretation

1. The Chairperson may rule, after such consultation with the Commissioner's as the Chairperson deems necessary, in cases of doubt as to the interpretation and application of any of these Regulations.

Regulation 19 – General Provisions

1. These Financial Regulations should be reviewed for their consistency and appropriateness at least biennially.
2. These Financial Regulations may be amended from time to time by vote of the Commission in accordance with the voting procedure noted in Rule 11 of the IPHC [Rules of Procedure](#) (2023~~4~~, or any subsequent revision), provided such amendment is not inconsistent with the provisions of the Convention.
3. Copies of superseded Financial Regulations shall be archived by the Executive Director.
4. These Financial Regulations were adopted by consensus on ~~29~~ **DD** January 202~~4~~, and supersede those previously adopted by the Commission on ~~29 January 3 March 2021~~**0**.