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## IPHC Financial Regulations (2021) - Draft

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### PURPOSE

To provide the Commission with an opportunity to consider proposed amendments to the IPHC Financial Regulations, including additional amendments proposed at the 97<sup>th</sup> Session of the IPHC Finance and Administration Committee (FAC097).

### BACKGROUND

In accordance with Regulation 19, paragraph 1 of the IPHC Financial Regulations (2020), 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 6<sup>th</sup> Special Session of the IPHC (SS06) held on 3 March 2020, the Commission made the following request of the IPHC Secretariat:

IPHC-2020-SS06-R (para 10) “**NOTING** that additional improvements were required to Appendix I (IPHC Funds and Investment policy) of the regulations to better reflect the needs, scope, and intent of the Commissions’ funding by Contracting Parties, the Commission **REQUESTED** that the IPHC Secretariat further refine and simplify the policy intersessionally, and to propose amendments at the 2020 Work Meeting (WM2020).”

### DISCUSSION

Provided at **Appendix I** are proposed revisions to the IPHC Financial Regulations (2020). The revisions include the following:

#### **IPHC-2021-FAC097-08 edits:**

- 1) To align the Financial Regulations with the IPHC Rules of Procedure (2020);
- 2) To align the IPHC’s financial reporting to become GAAP compliant;
- 3) To further refine and simply the IPHC Funds and Investment policy of the regulations to better reflect the needs, scope, and intent of the Commissions’ funding by Contracting Parties;
- 4) Minor edits to ensure consistency in terminology used.

**IPHC-2021-FAC097-08 Rev\_1 edits:** Regulation 13 and 14 were updated to reflect financial reporting of financial activities and financial position by fund. Specifically, assets, liabilities, equity, income, and expenses for the General, Research, Statistics, FISS, and Reserve funds.

**FAC097 edits - IPHC-2021-AM097-INF04 Rev\_1, Rev\_2, and Rev\_3:** A number of additional minor edits were proposed at FAC097, and these are shown in Appendix I as **yellow-highlighted** text.

## **RECOMMENDATIONS**

That the Commission:

- a) **NOTE** paper IPHC-2021-AM097-INF04 Rev\_3, which proposed revisions to the IPHC Financial Regulations;
- b) **ENDORSE** and **ADOPT** the International Pacific Halibut Commission Financial Regulations (2021).

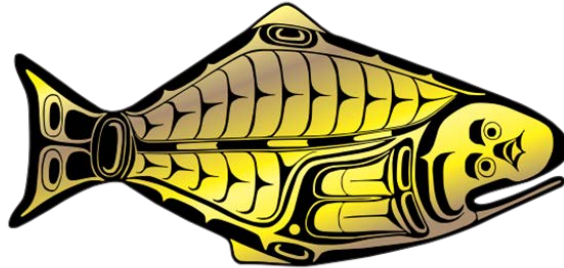
## **APPENDICES**

**Appendix I:** DRAFT: International Pacific Halibut Commission Financial Regulations (2021)

# INTERNATIONAL PACIFIC HALIBUT COMMISSION FINANCIAL REGULATIONS

(20210)

INTERNATIONAL PACIFIC



HALIBUT COMMISSION

## Commissioners

Canada	United States of America
Paul Ryall	<del>Chris Oliver</del> <u>Glenn Merrill</u>
Neil Davis	Robert Alverson
Peter DeGreef	Richard Yamada

## Executive Director

David T. Wilson, Ph.D.



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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 (2020, 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 (2020, 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**

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.

### **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 **funding source** the approved Chart of Accounts ~~funding source~~. 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.



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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 ~~prior to adoption~~ 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 on the basis of their contribution of the based on the budget adopted by the Commission ~~and~~ 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 (2020), or any subsequent revision), or call a special session, meeting 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



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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 this level of spending from the Chairperson and Vice-Chairperson of the Commission~~ for deviations greater than 5% ~~of the approved budget from this level of spending from the Chairperson and Vice-Chairperson of the Commission.~~

### **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 ~~Supplementary 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;
  - b) Request that the funds be remitted in accordance with procedures agreed upon by each of the Contracting Parties.





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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 ~~Supplemental 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 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: (provided at ~~Appendix I~~), which will include the approved purposes, limits, and specific rules of use for each:
  - 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.



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.

a.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 ~~General checking, savings Supplemental FISS, and Reserve cash investment fund account~~ for the purposes of holding all monetary funds received. Other ~~fund or funds accounts~~ may be established by the Commission as necessary.

2.3. Fund accounting will be established to track assets, liabilities, equity, income, and expenses called General, Research, Statistics, FISS, and Reserve.

3.4. The ~~General Fund-General Fund~~ shall be a Contracting Party contributions fund and shall be used to support the general operations ~~and (administrative ), statistics, and research, and administrative~~ expenditures of the Commission.

4.5. The following funds shall be credited to the 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 ~~General Fund~~ checking and savings cash accounts;
- d) Receipts from the sale of fish related to Pacific halibut research or operations, and not related to FISS;
- e) Salaries and benefits for secretariat staff related to the general administration of the IPHC.
- f) ~~Receipts from grants and contracts related to Pacific halibut research or operations.~~

6. The following funds shall be credited to the Research Fund:

- a) Receipts from grants and contracts related to Pacific halibut research;
- a)b) Contributions received from Contracting Parties as internal Fund transfers from the General fund;



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c) Salaries and benefits for secretariat staff related to research.

7. The following funds shall be credited to the Statistics Fund:

a) Receipts from grants and contracts related to catch effort statistics of Pacific halibut;

a)b) Contributions received from Contracting Parties as internal Fund transfers from the General fund;

c) Salaries and benefits for secretariat staff related to catch effort statistics.

5.8. The following funds shall be credited to the ~~Supplemental-FISS~~ Fund:

a) Receipts from the sale of fish related to the IPHC's ~~Fishery Independent Setline Survey~~ FISS;

b) Receipts from the sales of surplus Commission property purchased from the ~~Supplemental FISS~~ Fund;

e) ~~Interest income earned by the Reserve Fund;~~

d)c) Receipts from grants and contracts related to the IPHC's ~~Fishery Independent Setline Survey~~ FISS;

e)d) Salaries and benefits for secretariat staff related to the FISS.

6.9. ~~The~~ The Reserve Fund is an ~~un~~ 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 ~~the working capital fund and shall be used to support the IPHC's Fishery Independent Setline Survey (FISS) and approved research. The goal of the Reserve fund is to carry a balance equivalent to 6 months' worth of expenses~~ ~~for the FISS.~~

7.10. The Executive Director may authorize transfers ~~of funds~~ from the Reserve Fund to the ~~Supplemental FISS~~ General Fund, Research Fund, Statistics Fund, or FISS Fund to the extent necessary to finance approved budgetary expenditures obligations and associated expenditures. ~~pending receipt of revenue generated from FISS fish sales.~~

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

9.12. Previous year's surplus funds shall be retained in the General and ~~Supplemental-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.



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### 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 (2020, 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 Directory 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:
  - a) Establish detailed financial procedures to ensure effective financial administration and financial stability;
  - b) Sign on behalf of the Commission for all financial and ordinary business matters of the Commission, up to authorization levels;
  - c) 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;
  - d) 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 his/her own individual authorized levels.
4. The Executive Director may, after full investigation, authorize the writing off of losses of cash and other assets, provided that a statement explaining the losses shall be submitted to the FAC.
5. 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. 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/or Vice-Chairperson.



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7. 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.

### 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;
  - ~~e) Income and expenditures of all funds;~~
  - ~~d)c)~~ \_\_\_\_\_ The status of all funds, including:
    - i. The ~~original~~ 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 amounts charged against those Contracting Party contributions and other income sources;~~
    - v. The ~~status~~ income and expenditures for the ~~of the~~ General Fund, Research Fund, Statistics Fund and the Supplemental FISS Funds, and of any other funds that has been established;
    - vi. The balance sheet for the Reserve Fund and a Sstatement regarding working capital available to meet cash needs for expenditures ~~for~~ in the next fiscal year.
    - vii. 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 ~~appointed~~ contracted for a term of three (3) years, and may be ~~reappointed~~ extended to multiple terms.



2. The contents identified in the Auditors Provided By Client (PBC) list shall be ~~submitted~~ provided by the Executive Director to the Auditors ~~contracted~~ appointed 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:
  - 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 (General, Research, Statistics, FISS, and Reserve). ~~Equity proportions for the Contracting Parties based on their contributions to the joint expenses shared by them under Article III, Paragraph 1 of the Convention.~~
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 his/her/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



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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 ~~may take out~~ 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 ~~his/her~~ their powers as ~~he/she~~ they considers 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 (~~2019~~2020, 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 ~~DD January 2021~~ 3 March 2020, and supersede those previously adopted by the Commission on ~~3 March 2020~~ February 2019.







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## APPENDIX I

# IPHC INVESTMENT POLICY

### I. Introduction

The investment policy was adopted by the International Pacific Halibut Commission (IPHC) on 3 March 2020, pursuant to the Commission's Financial Regulations, to define the various funds held by the Commission and issue guidelines for their management. These policies supersede any previous investment policies.

### II. Responsibilities

#### Finance and Administration Committee (FAC):

As constituted by the Commission's Financial Regulations, the FAC is responsible for monitoring the management of the Commission's financial position.

The FAC shall review the Investment Policy (the Policy) annually to ensure it is consistent with the mission of the IPHC and accurately reflects current financial conditions. The FAC shall recommend any changes in this policy to the Commission.

#### Executive Director

The Executive Director is the Commission's fiduciary. As specified by the Commission's Financial Regulations, the Executive Director is accountable to the Commission for the proper management of the Commission's financial resources.

The Executive Director is authorized to delegate (in writing) certain responsibilities to other members of the IPHC Secretariat. With Commission approval, the Executive Director may also delegate certain responsibilities to professional financial experts in various fields. These professional financial services include, but are not limited to, investment management, investment custodian, and additional specialists. In particular, it is anticipated that the services of a registered investment manager may be engaged to manage portions of the Reserve and/or Supplemental Funds if the total combined funds exceed \$10 million USD.

#### Professional Financial Services

The following procedure shall be used to engage or replace professional financial services, using the example of an investment manager:

1. If the FAC deems it necessary, the Executive Director will recommend the hiring or replacing of an investment manager to the FAC.



- ~~2. The Executive Director will nominate prospective candidates and send a request for proposal to each candidate.~~
- ~~3. The Executive Director and his/her appointed selection Panel, will review proposals and interview candidates to determine the appropriate investment manager(s) and pass their findings to the FAC.~~
- ~~4. The FAC will make the hiring recommendation to the Commissioners, who shall have the final approval.~~

### ~~III. Suitable and Authorized Investments~~

~~For the purposes of managing investment risk the following investment vehicles will be permitted by this Policy:~~

- ~~● **Interest Bearing Savings Account**— Federally insured (FDIC/NCUA) institutional saving account. Institution defined as state or federally chartered bank or credit union.~~
- ~~● **Certificate of Deposit (CD)**— Federally insured (FDIC/NCUA) institutional time deposit. Institution defined as state or federally chartered bank or credit union. Aggregate investments per entity must be at or below insurable limit.~~
- ~~● **Money Market Mutual Funds**— Mutual Fund investing in short term debt securities and U.S. treasury obligations for preservation of capital and maintaining liquidity.~~
- ~~● **Interest Bearing Checking Account**— Federally insured (FDIC/NCUA) institutional checking account. Institution defined as state or federally chartered bank or credit union.~~
- ~~● **U.S. Treasury Obligations**— Direct obligations of the United States Treasury whose payment is guaranteed by the United States. Direct obligations include, but are not limited to, U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, U.S. Treasury Inflation-Protected Securities (TIPS), and Zero Coupon Securities (STRIPS).~~
- ~~● **U.S. Agency Obligations**— U.S. Government Agencies, Government Sponsored Enterprises (GSE's), Corporations, or Instrumentalities of the U.S. Government. U.S. Agency Obligations include, but are not limited to, Federal National Mortgage Association ((FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), and Federal Farm Credit Bureau (FFCB). Agency obligations that have been securitized in collateralized mortgage trusts are prohibited.~~
- ~~● **Mutual Funds (U.S. Government Backed Only)**— Investments are limited to mutual funds consisting of 100% U.S. Government Obligations.~~
- ~~● **Corporate Paper**— Unsecured short term promissory notes issues by corporations, municipalities, and sovereigns for a specific maturity at a stated rate of interest. To be eligible for purchase, the rating of the note must be at least P1 by Moody's Investor Service and/or A1 by Standard & Poor's Corporation.~~

### ~~IV. Authorized IPHC Funds~~

~~For the purposes of managing investment risk and to optimize investment returns within acceptable risk parameters, the following will be created and held separately with independent regulations and rules for each:~~



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## Funds

- ~~General Fund~~
- ~~Supplemental Fund~~
- ~~Reserve Fund~~

## **V. Funds**

### **Purpose**

~~**General and Supplemental:** The purpose of the General and Supplemental Funds are to provide sufficient cash to meet the day-to-day financial obligations of the IPHC in a timely manner. Requirements for credits to and expenditures from the two funds (General and Supplemental) are specified in the Financial Regulations.~~

~~**Reserve:** The purpose of the Reserve Fund is to meet the specific expense needs for each account and to improve the return on funds held for expenditure for up to five years. Unless otherwise stated all Reserve funds are reported as ‘without donor restrictions’ rather than ‘temporarily restricted’.~~

### **Fund Descriptions and Rules**

#### General Fund

~~The General Fund is a checking fund funded by Contracting Party contributions. The General Fund shall be used to support the general operations and administrative expenditures of the Commission.~~

#### Supplemental Fund

~~The Supplemental Fund is funded by the revenue generated from IPHC’s Fishery Independent Setline Survey (FISS). The Supplemental Fund shall be used to support FISS operations and associated research.~~

#### Reserve Fund

~~The Reserve Fund provides the funds to respond to unforeseen contingencies that cannot be met by the General or Supplemental Funds alone.~~

### **Investment Guidelines**

#### Objectives

The investment objectives of the Reserve Fund are:

- ~~Preservation of capital~~
- ~~Liquidity~~

#### Allowable Investments

See Section III of this Investment Policy.



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### Maturity

~~Investments should be scheduled in such a way to ensure adequate cash flow.~~

- ~~• The maturities on investments for the Reserve Fund shall be 18 months or less.~~

### Reporting

~~The Executive Director shall prepare the following reports for presentation on at least an annual basis to the FAC including:~~

- ~~• Schedule of investments~~
- ~~• Interest income year to date~~

### Fund Guidelines

- ~~• No more than 75% of the Reserve Fund may be utilized within a fiscal year without approval of the Commission, in accordance with the IPHC Rules of Procedure (2020, or any subsequent revision).~~
- ~~• The ordered priorities for use of surplus funds in the Reserve Fund will be 1) general operating FISS costs; 2) ongoing administrative and operations costs related to fishery monitoring and assessment; 3) research costs.~~
- ~~• Subject to annual confirmation by the Commission, the Executive Director may expend funds from the Reserve Fund, up to, but not exceeding the limit of the Executive Director's discretionary spending authority.~~
- ~~• Proposals for use of surplus funds in the Reserve Fund, beyond the Executive Director's authority, will be submitted to the Commission by the Executive Director. Such proposals must identify the circumstances that require funds from the Reserve Fund; measures or circumstances that will avoid additional requirements from the Reserve Fund; and, measures or circumstances that may result in replenishment of the Reserve Fund.~~
- ~~• Proposals for use of surplus funds in the Reserve Fund will be reviewed by the FAC and recommendation for their approval forwarded to the Commission. Upon recommendation of the FAC, the Commission may approve the Executive Director's proposals for use of the Reserve Fund.~~