



FY2021 Budget modifications

PREPARED BY: IPHC SECRETARIAT (D. WILSON, K. JERNIGAN, 19 & 21 OCTOBER 2020 & 6 NOVEMBER 2020)

PURPOSE

To provide the Commission with the new Chart of Accounts and reallocated FY2021 budget.

BACKGROUND

Chart of Accounts: The new accounting software, Aplos, went live on 15 June 2020 after several months of evaluating options to best meet organizational needs. We immediately began the development and population with FY2020 budgets, expenses and income received for FY2020. The subscription based software allows for organizations perform fund accounting. Fund accounting provides transparency while separating the accounting of financial transactions by fund. It also allows for the management of grant or fund restrictions and for each fund to have a self-balanced set of accounts. This is especially important when managing and keeping IPHC Fishery-Independent Setline Survey (FISS) accounting separate from our general operations funded through Contracting Party contributions. Aplos also provides functionality for managing multi-year budgets and reviewing and updating our Chart of Accounts. This functionality was not previously available with the IPHC implementation of Microsoft GP 2015. Professional services were initially acquired from Aplos to assist with system setup and bookkeeping services.

Reallocation for FY2021 budget lines: Recalling that the current [IPHC Financial Regulations \(2020\)](#), Regulation 5 – Budget, Para. 10, states that:

“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.”

Recalling that at the [96th Session of the IPHC Finance and Administration Committee \(FAC096\) \(IPHC-2020-FAC096-R\)](#):

*Para. 25. The FAC **NOTED** that the General Fund budget for FY2021 included US\$372,063 in expenses above the projected income for the fiscal year. The aim was to reduce the aggregate carryover for the General Fund and Supplemental Fund to at or around \$1,000,000. As that level was reached one year ahead of schedule (end FY2019) due to low FISS fish sales in FY2019, the IPHC Secretariat is undertaking a process of budget rationalisation for FY2021 and will aim to ensure expenses are no more than projected income.*

*Para 28. The FAC **RECOMMENDED** the Commission adopt the FY2021 budget (financial period: 1 October 2020 to 30 September 2021) (Appendix V), noting that the IPHC*

Secretariat has balanced the General Fund expenses against income, rather than the previously planned loss in the General Fund to draw down carry-over.

DISCUSSION

Throughout FY2020, the IPHC Secretariat has undertaken an extensive review and reformation of the IPHC accounting system. In doing so, we have also revised the IPHC Chart of Accounts. This has subsequently required a reallocation of the approved budget line items, to newly named or allocated budget lines.

Provided at [Appendix I](#) is a table of the new IPHC Chart of Accounts (at the group and account level), and the allocation of the previously approved FY2021 budget into the new Chart of Accounts, in accordance with Regulation 2, para 10 of the IPHC Financial Regulations (2020). As none of the reallocations exceed the 5% maximum permitted under Regulation 5, para. 10, this new budget allocation is provided for transparency, accountability, and future reporting purposes.

Provided at [Appendix II](#) is the budget and account lines approved at the 96th Session of the IPHC Annual Meeting (AM096).

RECOMMENDATION/S

That the Commission:

- 1) **NOTE** paper IPHC-2020-IM096-15 which provides the Commission with the new IPHC Chart of Accounts and reallocated FY2021 budget.
- 2) **ADOPTED** the revised FY2021 budget (financial period: 1 October 2020 to 30 September 2021) as provided at Appendix I, noting that there is no change in the Contracting Party contributions for FY2021.

APPENDICES

[Appendix I](#): IPHC Chart of Accounts and reallocated FY2021 budget.

[Appendix II](#): IPHC FY2021 budget approved at AM096.



**APPENDIX I
FY2021 IPHC CHART OF ACCOUNTS AND REALLOCATED FY2021 BUDGET**

Account Number	Account Name	FY2021 modified budget (Fund Accounting)	FY2021 modified budget (FISS)
<u>Income</u>			
<u>Income</u>			
40000	Contracting Party Contributions		
40000.01	Canada	900,407	
40000.02	United States of America	4,157,760	
40050	IFC Pension		
40050.01	IFC Pension - Canada	111,250	
40050.02	IFC Pension - United States of America	139,424	
40055	Headquarters (Lease & Maintenance)	470,717	
40060	Other Income		0
40100	Grants, Contracts & Agreements	562,227	46,400
40200	Interest Income	0	11,000
40350	Fish Sales		
40350.01	Fish Sales - Pacific Halibut		5,210,500
40350.02	Fish Sales - Byproduct		56,000
Total Income		6,341,785	5,323,900
<u>Expense</u>			
<u>Personnel Expenses</u>			
50000	Salaries & Wages	3,587,417	455,795
50100	Benefits	1,538,178	14,131
50100.09	Medical Reimbursement - Retiree	97,350	
50200	Training & Education	25,000	52,000
50300	Personnel Related Expenses	10,000	34,644
50300.01	Scholarship Awards	8,000	
Total Personnel Expenses		5,265,945	556,570
<u>Operational Expenses</u>			
51000	Publications	15,000	
51100	Mailing and Shipping	15,000	76,000
51200	Travel	100,000	111,920
51300	Meeting and Conference Expenses	104,000	
51400	Technology	150,000	
Total Operational Expenses		384,000	187,920

<u>Fees and Contract Expenses</u>			
52000	Professional Fees	134,750	
52100	Vessel Expenses		
52200	Other Fees and Charges		562,824
52300	Leases and Contracts	374,773	2,312,754
54000	Communications	17,000	82,650
Total Fees and Contract Expenses		526,523	2,958,228
<u>Facilities and Equipment Expenses</u>			
53000	Equipment Expense	51,010	32,400
53100	Supplies Expense	146,583	889,505
53200	Maintenance and Utilities	161,421	40,000
53300	Facility Rentals	395,580	20,000
Total Facilities and Equipment Expenses		754,594	981,905
<u>Other Expenses</u>			
55000	Budget Contingency	50,000	
55100	Other Expenses		
55200	Fund Cost Recovery	-639,277	639,277
Total Other Expenses		-589,277	639,277
Total Expense		6,341,785	5,323,900
Net Income (Loss)		0	0

APPENDIX II
IPHC FY2021 BUDGET APPROVED AT AM096

Extracts from the Report of the 96th Session of the IPHC Annual Meeting (AM096)

13.4 Budget estimates: FY2021 (for approval); FY2022 (for information)

FY2021

127. The Commission **RECALLED** that subsequent to the Commission approving an annual budget, with associated Contracting Party contributions, the Contracting Parties go through an internal process of review and appropriation. Should an appropriation be lower than the Commission approved budget, an intersessional meeting would need to be held to agree on in-year budget reductions to match the contributions received.
128. The Commission **ADOPTED** Contracting Party contributions for FY2021 as follows:
- a) Canadian Contribution – US\$1,011,657 (US\$900,407 for contributions to the General Fund, and US\$111,250 to cover pension deficit payments, noting that the pension fund will be valued in April of 2020 and may result in a variation of the deficit payment required by Canada);
 - b) U.S.A. Contribution – US\$4,767,901 (US\$4,157,760 for contributions to the General Fund; US\$139,424 to cover pension deficit payments (noting that the pension fund will be valued in April of 2020 and may result in a variation of the deficit payment required by USA), and US\$470,717 to cover the headquarters building lease (US\$370,798) and maintenance (US\$99,919) costs.
129. The Commission **ADOPTED** the FY2021 budget (financial period: 1 October 2020 to 30 September 2021) (Appendix VI).
130. The Commission **NOTED** that the IPHC Headquarters Lease is currently being renewed for the period 1 Oct 2020 to 30 September 2025. The draft was received in-session and provided to the Commission for information. The new lease represents a significant increase from the previous lease (~50%) for the first year, and continues to increase incrementally for each of the 4 subsequent years. The IPHC Secretariat will commence investigations into potential options to move the Headquarters and keep the Commission informed consistent with the provisions of the Northern Pacific Halibut Act of 1982.

APPENDIX VI
FY2021 PROPOSED BUDGET
(1 Oct. 2020 to 30 Sept. 2021)

General Fund

Income

Contributions

United States of America	\$4,767,960	1,2
Canada	\$1,011,657	1

Other Income

Grants & Contracts	\$478,599
Interest Income	\$5,000
Misc. Income	\$0

Expenses

Core IPHC Activities

Administration	\$2,402,610
Scientific	\$3,427,938
Catch Sampling	\$646,945

Research Activities

Field Research	\$0
Other Research	\$425,000
FISS Program Cost Recovery	(\$639,277)

<i>General Fund Total</i>	\$6,263,216	<i>General Fund Total</i>	\$6,263,216
<i>General Fund - Gain/Loss</i>	<i>(\$0)</i>	<i>Year-end Carryover</i>	<i>\$434,954</i>

Supplemental Fund

Income

Fish Sales Income

FISS Program	\$5,010,798
Other Research	\$46,400

Other Income

Interest	\$1,125
Rollover from Reserve Account	\$25,000

<i>Supplemental Fund Total</i>	<i>\$5,083,323</i>
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Expenses

FISS Expenses

FISS Program	\$4,608,624
FISS Program Cost Recovery	\$639,277

<i>Supplemental Fund Total</i>	<i>\$5,247,901</i>
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<i>Supplemental Fund - Gain/Loss</i>	<i>\$164,579</i>	<i>Year-end Carryover</i>	<i>\$451,858</i>
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Combined General/Supplemental Funds

<i>Combined Gain/Loss</i>	<i>(\$164,579)</i>	<i>Year-end Combined Balance</i>	<i>\$886,812</i>
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Notes: ¹ - Includes Pension Funding Payment.

² - Includes Headquarters Lease and Building Maintenance Payments.