



INTERNATIONAL
OIL POLLUTION
COMPENSATION
SUPPLEMENTARY
FUND

ASSEMBLY
4th session
Agenda item 24

SUPPFUND/A.4/21
17 October 2008
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RECORD OF DECISIONS OF THE FOURTH SESSION OF THE ASSEMBLY

(held from 14 to 17 October 2008)

Chairman: Rear Admiral Giancarlo Olimbo (Italy)
First Vice-Chairman: Mrs Birgit Sjølling Olsen (Denmark)
Second Vice-Chairman: Mr Yukio Yamashita (Japan)

Opening of the session

Procedural matters

1 Adoption of the Agenda

The Assembly adopted the Agenda as contained in document SUPPFUND/A.4/1.

2 Election of the Chairman and two Vice-Chairmen

2.1 The Assembly elected the following delegates to hold office until the next regular session of the Assembly:

Chairman: Rear Admiral Giancarlo Olimbo (Italy)
First Vice-Chairman: Mrs Birgit Sjølling Olsen (Denmark)
Second Vice-Chairman: Mr Yukio Yamashita (Japan)

2.2 The Chairman, on behalf of himself and the two Vice-Chairmen, thanked the Assembly for the confidence shown in them.

3 Examination of credentials

3.1 The following Member States were present:

Belgium	Ireland	Portugal
Denmark	Italy	Spain
Finland	Japan	Sweden
France	Latvia	United Kingdom
Germany	Netherlands	
Greece	Norway	

3.2 The Assembly took note of the information given by the Director that all Member States participating had submitted credentials which were in order.

3.3 The following States which were Members of the 1992 Fund but not of the Supplementary Fund were represented as observers:

Algeria	Gabon	Oman
Angola	Ghana	Panama
Argentina	India	Philippines
Australia	Kenya	Poland
Bahamas	Liberia	Qatar
Bulgaria	Malaysia	Republic of Korea
Cameroon	Malta	Russian Federation
Canada	Marshall Islands	Trinidad and Tobago
China (Hong Kong Special Administrative Region)	Mexico	Turkey
Cyprus	Monaco	Uruguay
Dominican Republic	Morocco	Vanuatu
Estonia	New Zealand	
	Nigeria	

3.4 The following States which had observer status with the 1992 Fund were represented as observers:

Ecuador	Syrian Arab Republic
Saudi Arabia	Ukraine

3.5 The following intergovernmental organisations and international non-governmental organisations were represented as observers:

Intergovernmental organisations:

International Oil Pollution Compensation Fund 1971 (1971 Fund)

International Oil Pollution Compensation Fund 1992 (1992 Fund)

International non-governmental organisations:

Comité Maritime International (CMI)

International Association of Classification Societies Ltd (IACS)

International Association of Independent Tanker Owners (INTERTANKO)

International Chamber of Shipping (ICS)

International Group of P&I Clubs

International Tanker Owners Pollution Federation Ltd (ITOPF)

Oil Companies International Marine Forum (OCIMF)

*General review***4 Report of the Director**

- 4.1 The Director introduced his report on the activities of the IOPC Funds since the Supplementary Fund's 3rd session in October 2007, contained in document SUPPFUND/A.4/2. He drew the attention of the governing bodies to the fact that the 1971 Fund Convention had entered into force on 16 October 1978 and that on that same date in 2008 the IOPC Funds would have been in operation for 30 years. He felt that it was therefore particularly apt that the 1992 Fund's 100th Member State had become part of the international compensation regime in this anniversary year.
- 4.2 The Director expressed once again his gratitude and appreciation to the Government of Monaco for having hosted the March 2008 meetings of the IOPC Funds in Monaco and in particular to the delegation of Monaco for its excellent co-operation in organising these meetings.
- 4.3 The Director noted that the last 12 months had seen continued growth in the 1992 Fund membership and that there were currently 101 Member States, with a further State for whom the 1992 Fund Convention would be in force in December 2008. He stated that, after the 1971 Fund Convention had ceased to be in force on 24 May 2002, a number of the former 1971 Fund Member States had ratified the 1992 Fund Convention, and that it was hoped that the remaining eight such States would soon do so. He also noted that at the time this item was discussed 21 Member States had ratified the Supplementary Fund Protocol. It was noted, however, that during the course of the meeting week the Secretariat had been notified that Estonia had also ratified the Supplementary Fund Protocol on 14 October 2008, bringing the total number of Supplementary Fund Member States to 22 on 14 January 2009.
- 4.4 The Director noted that, at the time of the October 2008 sessions of the Funds' governing bodies, there had not been any incidents which had involved or might involve the Supplementary Fund.
- 4.5 The Director reported that he had been informed by the United Kingdom Foreign and Commonwealth Office that it was anticipated that the revised Headquarters Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the 1992 Fund and the new Headquarters Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Supplementary Fund, would be amongst the legislature which it was hoped would be passed in the Spring 2009 Parliamentary session.
- 4.6 With respect to risk management, the Director reported that a Risk Register had been developed, identifying thirteen risks as being key risks across the Secretariat and setting out the present safeguards in place to manage and mitigate these key risks. He said that, where appropriate, relevant controls, procedures and policies would be further developed, a time frame included and progress monitored and reported. The Risk Register had been reviewed by the Audit Body at its meeting in June 2008 and would continue to be reviewed on an annual basis. Furthermore, he said that the Secretariat would undertake an annual review of the key risks to ensure that the relevant procedures, controls and policies remained in place or were amended where appropriate.
- 4.7 The Director stated that the non-submission of reports on contributing oil receipts had been a recurring problem for both the 1971 Fund and the 1992 Fund and, although in recent years the situation had continued to improve, it continued to give rise to considerable concern. He reported that three States with reports outstanding for many years had submitted their reports and, in addition, Cambodia, which had reports outstanding for six years, had recently submitted reports for 2001-2006 although unfortunately they were incomplete. He further reported that by 29 September 2008, oil reports were outstanding for 28 1992 Fund Member States and six former 1971 Fund Member States. A number of these States had reports outstanding for several years. The Director stated that there were no outstanding reports in respect of the Supplementary Fund.

- 4.8 The Director reported that the new claims handling database, the Web-based Claims Management System (WCMS), about which the Assembly had been informed at its October 2007 session and which had been developed in-house, was expected to greatly facilitate the handling of incidents, in particular those where claimants, governments, experts, etc, made large amounts of data available to the Funds, and that it provided very useful management information. He informed the Assembly that it was already proving to be a very valuable tool in respect of the *Hebei Spirit* incident.
- 4.9 With respect to the Records of Decisions database on which work had begun in 2006, the Director reported that the former Deputy Director/Technical Adviser, Mr Joe Nichols, had completed work on categorising all the decisions and writing appropriate abstracts early in 2008 and that the former Director of the Funds, Mr Måns Jacobsson, was proofreading the information. A database interface had been developed to enable the database to be accessible online. It would then be kept up to date after each session of the governing bodies. It was anticipated that the database would be available in the first part of 2009.
- 4.10 The Director reported that the Secretariat had continued its efforts to increase the number of Member States to the 1992 Fund and the Supplementary Fund and that he and other members of the Secretariat had also participated in seminars, conferences and workshops in a number of countries and had given lectures on liability and compensation for oil pollution damage and on the operation of the IOPC Funds.
- 4.11 Looking ahead, the Director said that, although it was satisfying to note that the number of 1992 Fund Member States had grown from nine at the time of its establishment in 1996 to 102 by December 2008, it was hoped that more States would become members of both the 1992 Fund and the Supplementary Fund in the near future and that he hoped to make progress in respect of the winding up of the 1971 Fund. He also said that the Secretariat would continue to work actively on the preparations for the entry into force of the HNS Convention and the setting up of the HNS Fund which had, during the past year in particular, become a focus for discussion within the 1992 Fund Assembly.
- 4.12 The Chairman, on behalf of the Assembly, thanked the Director for his comprehensive Report.

Treaty matters

5 Status of the 1992 Fund Convention and the Supplementary Fund Protocol

- 5.1 The Assembly took note of the information contained in document SUPPFUND/A.4/3 concerning the status of the 1992 Fund Convention and the Supplementary Fund Protocol.
- 5.2 It was noted that 21 1992 Fund Member States were Members of the Supplementary Fund at the time of the session and that Estonia had ratified the Supplementary Fund Protocol on 14 October 2008 and would become a Member of the Supplementary Fund on 14 January 2009. The delegation of Poland informed the Assembly that, having completed the necessary Parliamentary process, a letter approving the ratification of the Protocol was currently awaiting the signature of the State's President and that Poland expected to deposit an instrument of ratification to the Supplementary Fund Protocol in the near future. The delegation of Australia informed the Assembly that legislation implementing the Protocol in Australia had passed its Parliament and was currently awaiting royal assent. That delegation stated that it expected Australia to ratify the Protocol during the second half of 2009.
- 5.3 The Assembly noted that at its October 2007 session the 1992 Fund Assembly had discussed the possible inclusion of the 1992 Conventions in the IMO Voluntary Audit Scheme and had instructed the Director to have informal discussions of an exploratory nature with the IMO Secretariat to consider whether such an audit scheme might be useful (document 92FUND/A.12/28, paragraph 5.7).

- 5.4 The Assembly noted the results of the Director's discussions with the IMO Secretariat, as set out in paragraphs 3.8 – 3.11 of document SUPPFUND/A.4/3, and his analysis set out in paragraphs 3.12 – 3.13 of that document.
- 5.5 Some delegations from States which had taken part in the IMO Voluntary Audit Scheme informed the Assembly of their positive experience and endorsed the benefits of the scheme. All delegations which spoke on the issue, however, agreed with the Director that at the present stage he should not pursue the possibility of including the 1992 Conventions in that Scheme.
- 5.6 The Assembly noted that at its 13th session the 1992 Fund Assembly had instructed the Director not to pursue the possibility of including the 1992 Conventions in the IMO Voluntary Audit Scheme at this stage but had decided that the issue should remain part of the Secretariat's ongoing communication with IMO, with a view to exploring at regular intervals whether and at what point in the future the 1992 Conventions could usefully be incorporated in that Scheme.

6 Application of the 1992 Fund Convention to the EEZ or an area designated under Article 3(a)(ii) of the 1992 Fund Convention

The Assembly took note of the information in document SUPPFUND/A.4/4 as regards Member States which had provided information on the establishment of an EEZ or designated area under Article 3(a)(ii) of the 1992 Fund Convention

7 Credentials for meetings

- 7.1 The Assembly took note of the information in document SUPPFUND/A.4/5 in respect of credentials for meetings.
- 7.2 It was recalled that at its 11th session, held in October 2006, the 1992 Fund Assembly had endorsed a number of changes to the credentials arrangements for future sessions, as proposed by the Credentials Committee (cf document 92FUND/A.11/35, paragraph 8.4). It was further recalled that these changes had been implemented by means of amendments to the Rules of Procedure of both the 1992 Fund Assembly and the 1992 Fund Executive Committee (document 92FUND/AC.3/A/ES.12/14, paragraph 3.3) and by the issuing of a revised Circular endorsed by the Assembly in July 2007 providing detailed guidance in respect of the form and content of credentials (Circular 92FUND/Circ.58, 71FUND/Circ.87, SUPPFUND/Circ.8).
- 7.3 As noted at the 1992 Fund Assembly's 12th session, held in October 2007 (document 92FUND/A.12/28, paragraph 3.6), the Director reported on the impact of these changes (document SUPPFUND/A.4/5, section 2).
- 7.4 The Assembly noted that the Director was of the view that the changes to the credentials arrangements had been a significant improvement and that they had facilitated both the submission of credentials by States and the examination of credentials by the Credentials Committee. It was noted that several States had taken advantage of the revised arrangements in respect of the authorisation of persons to issue credentials and the period for which credentials could be issued. It was further noted that the possibility to submit credentials via telefax had not led to any problems and seemed to have been a considerable benefit for those States whose embassies or high commissions in London were not authorised to issue credentials. This had in turn greatly facilitated the smooth running of meetings, in particular, as regards the quorum requirement. It was also noted that the Director was not aware of any delegations having expressed any concerns in respect of the changes.
- 7.5 The Assembly therefore endorsed the Director's view that the current arrangements for credentials, including their submission by telefax, should be maintained and should only be revisited at a future session if further improvements seemed possible or if any unexpected problems arose.

- 7.6 The Assembly recalled that at its 3rd session, held in June 2007, the 1992 Fund Administrative Council, acting on behalf of the 1992 Fund Assembly, had adopted amendments to the relevant Rules of Procedure governing the submission of credentials (document 92FUND/AC.3/A/ES.12/14, paragraph 3.3) in order to implement one of the changes proposed by the Credentials Committee. It was recalled that, to the extent possible, the Supplementary Fund Assembly applied the same Rules of Procedure as those applied by the 1992 Fund Assembly.
- 7.7 The Assembly decided to align the text of Rule 9 of its Rules of Procedure with that of the 1992 Fund Assembly, by making the following amendment:
- 'Each Member shall transmit to the Director the credentials of its representative, together with the names of any alternates or other members of its delegation not later than the opening day of the Assembly. The credentials shall be issued by the Head of State or by the Head of Government or by the Minister for Foreign Affairs or by an appropriate authority as determined by the Government and communicated to the Director. Where such authority is a person who is not a Government employee, such authorisation shall be communicated to the Director in advance of the opening day of the Assembly.'
- 7.8 The Assembly recalled that when the Director had originally proposed at the 1992 Fund Assembly's 9th extraordinary session, held in March 2005, that a Credentials Committee should be established at each session of the 1992 Fund's governing bodies, he had not proposed, at that stage, that a Credentials Committee should be set up in respect of the 1971 Fund and the Supplementary Fund. However, he had expressed his intention to revert to this issue in respect of these Organisations when experience had been gained from the operation of the 1992 Fund Assembly's Credentials Committee (cf document 92FUND/A/ES.9/22, paragraph 5.5).
- 7.9 The Assembly noted the Director's view that since only notifications, and not credentials, were required for meetings of the 1971 Fund, there was no need to establish a Credentials Committee in respect of the 1971 Fund.
- 7.10 The Assembly also noted that, in the light of the successful operation of the 1992 Fund's Credentials Committee, the Director believed that it would be useful if credentials for the Supplementary Fund were also examined by a Committee. It was noted that the majority of States submitted credentials covering meetings of both the 1992 Fund and the Supplementary Fund, which therefore already had to be looked at by the 1992 Fund's Credentials Committee. It was further noted that, since all Supplementary Fund Member States were also Members of the 1992 Fund and sessions of the Supplementary Fund Assembly were normally held in conjunction with sessions of the 1992 Fund's governing bodies, the Director was of the view that the most practical solution was for the 1992 Fund's Credentials Committee to also examine credentials in respect of the Supplementary Fund.
- 7.11 The Assembly decided to request the 1992 Fund Assembly to invite its Credentials Committee to also examine the credentials of Member States of the Supplementary Fund. It was noted that the 1992 Fund Assembly had agreed to this request. It was further noted that the possibility of the Assembly holding a session on its own, ie not in conjunction with a session of the 1992 Fund's Assembly or Executive Committee, could not be ruled out and that, in that case, the Assembly would need to be able to establish its own Credentials Committee.
- 7.12 The Assembly decided to replace Rule 10 of its Rules of Procedure with the following text:
- 'When the Assembly holds sessions in conjunction with sessions of the 1992 Fund's governing bodies, the Credentials Committee established by the 1992 Fund shall examine also the credentials of delegations of States members of the Supplementary Fund and report to the Supplementary Fund Assembly without delay. Should a session of the Supplementary Fund Assembly be held not in conjunction with a session of the 1992 Fund's governing bodies, the Assembly shall at the beginning of the session appoint a Credentials Committee. It shall

consist of three members who shall be appointed by the Assembly on the proposal of the Chairman. The Credentials Committee shall examine the credentials of delegations of States members of the Assembly and report without delay.'

Financial matters

8 Report on Investments

- 8.1 The Director stated that due to the current turmoil in the financial markets the Secretariat had been constantly monitoring the situation and had been in contact with the brokers and financial institutions with which the Funds were dealing. He pointed out that the Secretariat had, in this regard, also been in constant contact with the joint Investment Advisory Body (IAB). He announced that this issue would be discussed in further detail under Agenda item 8, the Report of the joint Investment Advisory Body.
- 8.2 The Assembly took note of the Director's report on the Supplementary Fund's investments during the period 1st July 2007 – 30th June 2008, contained in document SUPPFUND/A.4/6.
- 8.3 The Assembly noted the number of investments made during the twelve-month period and the amounts invested by the Supplementary Fund.
- 8.4 The Assembly stated that it would continue to follow the investment activities of the Supplementary Fund closely.

9 Report of the joint Investment Advisory Body

- 9.1 The Assembly took note of the report of the joint Investment Advisory Body (IAB) of the 1992 Fund, the 1971 Fund and the Supplementary Fund contained in the Annex to document SUPPFUND/A.4/7.
- 9.2 The Assembly noted that the IAB, as in previous years, had held meetings with representatives of the External Auditor and with the Audit Body.
- 9.3 The Assembly took note of the extensive verbal report by the IAB with regards to the prevailing financial markets. It noted, in particular, the assurance provided by the IAB that the Funds' approved list of financial institutions met the highest investment criteria. It was further noted that it had always been the IAB's view that if any one of these financial institutions looked like failing due to lack of liquidity, then the central bank of that country would step in to provide the necessary liquidity for the bank to continue its operations. In this regard it was noted that the Funds' entire portfolio of assets was, at this moment, placed with European banks which, over the last few days, had been provided with government guarantees and, in some cases, with direct government investment. They also noted with satisfaction that the IAB was constantly monitoring the market and liaising with the Secretariat. It was further noted that the already strict and prudent investment criteria of the Funds might be further tightened.
- 9.4 The Assembly also noted that the IAB were considering the level of hedging that may be appropriate for the Funds to manage the risk of exposure to foreign currencies, especially in view of the requirement for South Korean Won and possibly Russian Roubles in respect of the *Hebei Spirit* and *Volgoneft 139* incidents.
- 9.5 The Assembly noted that the IAB would review the Funds' finance risks annually and make recommendations as appropriate.
- 9.6 In response to a question by one delegation as to whether there was a need to look at the Funds' Financial Regulations and practices in light of the financial crisis, the Director stated that in his view, after consultation with the IAB, the present Financial Regulations and Investment Guidelines did not

seem to present any problems in the short term. The Director added that in the unlikely event that the Financial Regulations and Investment Guidelines would prove to be too restrictive in the current financial climate in that following them would actually put the Fund's assets at an undue risk, he would not hesitate, in consultation with the IAB and the Chairmen of the relevant Fund and the Audit Body, to not follow the Regulations in the interest of securing the assets of the Funds and would inform the governing bodies of the actions taken at their next session.

9.7 The Assembly noted the Director's comments that being an intergovernmental body did not in any way provide a safeguard for the assets of the Funds in the event of a financial crisis, and that even investment guidelines and policies as prudent as those of the Funds could not be seen as a guarantee in this context.

9.8 The Assembly expressed its gratitude to the members of the joint Investment Advisory Body for their valuable work.

10 Financial Statements and Auditor's Opinion

10.1 The Director introduced document SUPPFUND/A.4/8 containing the Financial Statements of the Supplementary Fund for the financial year 2007 and the External Auditor's Opinion thereon.

10.2 A representative of the External Auditor, Mr Graham Miller, Director International, introduced the Auditor's Opinion.

10.3 The Assembly noted that due to the limited activities of the Supplementary Fund in the audit period there had been no need to produce a written Report.

10.4 The Assembly noted the Opinion contained in Annex III to document SUPPFUND/A.4/8 and that the External Auditor had provided an unqualified audit opinion on the 2007 Financial Statements following a rigorous examination of the financial operations and accounts in conformity with applicable audit standards and best practice.

11 Joint Audit Body's Report and approval of Financial Statements

11.1 The Chairman of the Audit Body, Mr Charles Coppolani, introduced document SUPPFUND/A.4/9, containing the joint Audit Body's Report.

11.2 In his introduction Mr Coppolani reminded the Assembly that it was to some extent a sad occasion as it would be the last time that he would have the occasion to address the Assembly in his capacity as Chairman of the Audit Body which was last elected in October 2005 and now was coming to the end of its three-year term.

11.3 Mr Coppolani drew attention to the Audit Body's examination of the accounts and thanked the External Auditor for his participation in the Body's deliberations, for having accepted to discuss his audit and for having presented his conclusions to the Audit Body. He expressed the Audit Body's satisfaction with the responses received from the External Auditor that internal control procedures were in place and had been properly applied.

11.4 Mr Coppolani also referred to the very useful discussions which were held with the joint Investment Advisory Body on an annual basis. He pointed out that, as demonstrated by the current financial climate, investments were subject to risk and it was important to be able to report to the Assembly that both Bodies worked closely together, each Body in its own area, on the management of these risks.

11.5 He stated that the Audit Body had continued to monitor the risk management process which had been adopted by the Secretariat and had been pleased to note the progress that had been made and the creation of a Key Risk Register, setting out the main risks across the Funds.

- 11.6 Mr Coppolani drew attention to the decision of the governing bodies in October 2007 to amend the mandate of the Audit Body to include the organisation of the selection process in respect of the appointment of the External Auditor when the time came. He stated that the Audit Body had taken this opportunity to look at its Composition and Mandate and was proposing in document SUPPFUND/A.4/9/1 some additional amendments to take account of developments in its activities and responsibilities since its creation in 2002.
- 11.7 Mr Coppolani recalled the concern which had been expressed by the Audit Body on numerous occasions in respect of a number of Member States which had not fulfilled their obligations to submit oil reports. He also reminded the governing bodies that a document setting out the position of the Audit Body had been put forward at their October 2007 sessions. At those sessions, while the Audit Body's proposal appeared to have received considerable support, it had given rise to issues which required further study by the Audit Body. Therefore, the Audit Body had been invited by the Assembly to refine the proposal in the light of the discussion and submit a document on the subject to a future session of the Assembly. A document providing the additional information had been submitted for the consideration of the governing bodies at their October 2008 sessions under a separate agenda item.
- 11.8 Mr Coppolani reminded the Assembly that at its June 2005 meeting, the Audit Body had decided that it would be useful to carry out a review of the transition of management control and structures following the appointment of the new Director in 2006. The conclusions of the review, which was carried out in 2008, had provided the Audit Body with assurance that the overall management control and organisation structure arrangements now in place had been very thoroughly considered by the current Director and that nothing had emerged from the review which had given rise to concern that the management control and structures in place were anything other than satisfactory. He drew the attention of the Assembly to the fact that a significant aspect of the evaluation had been the use of the 1998 Organisational Review of the IOPC Fund Secretariat as a comparator for part of the review.
- 11.9 Mr Coppolani noted that the Audit Body had discussed the implications for the IOPC Funds of the implementation of the International Public Sector Accounting Standards (IPSAS), requiring, in particular, the move from 'obligations' to 'accruals' which might cause a problem with accounting for payment of compensation. He pointed out that, although the Audit Body agreed with the proposal of the Secretariat to seek the approval of the adoption of IPSAS by the IOPC Funds, in principle, from the financial year 2010, it had reserved its position as to whether the Funds should be at the forefront of those organisations implementing IPSAS.
- 11.10 Mr Coppolani noted that the Audit Body had been given a presentation of the Funds' new web-based claims management system which was being used for the first time in respect of the *Hebei Spirit* incident, which had taken place in the Republic of Korea in December 2007. He expressed the Audit Body's opinion that the new system would provide the potential for both improving efficiency in assessing claims and in improving transparency for stakeholders.
- 11.11 Mr Coppolani drew the attention of the Assembly to the evaluation which the Audit Body had carried out of its work during the first six years of its existence. The annex to the Audit Body's written report to the governing bodies provided a summary of the work carried out over this six-year period as well as an outline of the philosophy and approach which the Audit Body had adopted. The Audit Body had felt that this document would be helpful to the new members of the Audit Body to be elected in October 2008 and that it might also assist the Funds' governing bodies to understand the underlying approach adopted by the Audit Body so as to be able to evaluate its contribution to the overall governance of the Funds' activities.
- 11.12 Mr Coppolani drew attention to the fact that when the Audit Body was established in 2002, the governing bodies had decided to review the functioning of the Audit Body every three years on the basis of an evaluation report from its Chairman. He added that, whilst it might be said that the Audit

Body itself was not the proper entity to recommend its own continuation, it noted that the External Auditor had emphasised the importance that he attached to its existence and that the Director had stated that he considered that the Audit Body contributed significantly to the effective governance of the IOPC Funds.

- 11.13 The Assembly noted the Audit Body's recommendation that the governing bodies approve the Financial Statements of the Supplementary Fund for the financial year 2007.
- 11.14 The Assembly approved the Financial Statements of the Supplementary Fund for the financial year 2007.
- 11.15 Several delegations who spoke expressed their appreciation to Mr Coppelani for his important work as the first Chairman of the Audit Body as well as to the other members of the Audit Body who would be stepping down. On behalf of the outgoing members, Mr Coppelani said that the success of the Audit Body had been due to teamwork and to the support of the Secretariat, the representatives of the External Auditor and the Investment Advisory Body. He thanked Member States for the trust shown to the Audit Body.

12 Composition and Mandate of the Audit Body

- 12.1 In his presentation of document SUPPFUND/A.4/9/1, Mr Wayne Stuart, on behalf of the Audit Body, recalled that the governing bodies at their October 2007 sessions, had decided that the mandate of the Audit Body would need to be amended to include the organisation of the tender process in respect of the appointment of the External Auditor when the time came.
- 12.2 Mr Stuart said that the Audit Body had taken this opportunity to look at its Composition and Mandate and had proposed some additional amendments to take into account developments in its activities and responsibilities since its creation in 2002.
- 12.3 Mr Stuart said that many of the changes that were being proposed were of an editorial or streamlining nature, including the division of the Composition and Mandate into two sections, entitled 'Composition' and 'Mandate' but he drew the governing bodies' attention in particular to the following proposed changes of a more substantive nature:
- In paragraph 2, the Audit Body was proposing that the title of the one named individual not related to the Organisations with expertise and experience in financial and audit matters be changed from 'outsider' to 'financial expert' to reflect more appropriately the role of this member of the Audit Body;
 - In paragraph 2, the Audit Body was proposing that the Chairman of the 1992 Fund Assembly should, in consultation with the Chairpersons of the 1971 Fund Administrative Council and of the Supplementary Fund Assembly, propose one of the elected members of the Audit Body for consideration and approval by the governing bodies as Chairperson of the Audit Body;
 - In paragraph 3, the Audit Body was proposing that, should nominations for election to the Audit Body not be sufficient to fill vacancies at an election, existing members of the Audit Body having served two terms would be eligible for a once-only re-election, provided that they were re-nominated by one or more 1992 Fund Member States;
 - In paragraph 3, the Audit Body was also proposing that the 'financial expert' should hold office for three years, twice renewable. The rationale for this was that the 'financial expert' was likely to have to acquire knowledge of the workings of the IOPC Funds during his/her first term and that the possibility of a third term of office would enhance the continuity and thus be more efficient and in the workings of the Audit Body;

- In paragraph 4, the Audit Body was proposing the insertion of a new item relating to the payment of an honorarium to the members of the Audit Body and of a fee to the 'financial expert';
- In addition to the inclusion of the organisation of the process for the selection of the External Auditor under the Mandate (paragraph 5 (f)), the Audit Body was proposing that the remit of the Audit Body be extended to include a review not only of the effectiveness of the Organisations' financial reporting but also of its management systems (paragraph 5 (a)); and
- The Audit Body was also proposing the inclusion of a specific item to cover the undertaking of any other tasks or activities which it might feel appropriate, including any requested by the governing bodies (paragraph 5 (g)).

12.4 It was noted that the Audit Body's internal Rules of Procedure would have to be updated in due course in the light of the 1992 Fund Assembly's decision with respect to a revision of the Composition and Mandate.

12.5 The Assembly noted that the 1992 Fund Assembly had, at its 13th session, considered the proposed revised Composition and Mandate of the Audit Body as set out in the annex to document SUPPFUND/A.4/9/1. During the debate the Audit Body responded to queries from some delegations and clarified a number of points within the Composition and Mandate. In particular, attention was drawn to paragraph 1 of the Composition in which the independence of the Audit Body was highlighted.

12.6 The Assembly noted the decision of the 1992 Fund Assembly at its 13th session to adopt the revised Composition and Mandate of the Audit Body as set out at Annex I to this Record of Decisions.

13 Adoption of International Public Sector Accounting Standards (IPSAS)

13.1 The Assembly took note of the information contained in document SUPPFUND/A.4/10 relating to the adoption of new accounting standards.

13.2 The Assembly recalled that at its last session in October 2007 the representative of the External Auditor had recommended that the Secretariat submit a proposal to the Assembly seeking its approval for the adoption, in principle, of the International Public Sector Accounting Standards (IPSAS).

13.3 The Assembly noted that all organisations which were part of the United Nations system had been recommended to adopt IPSAS to replace the United Nations Accounting Standards from 1 January 2010.

13.4 The Assembly also noted that the move to IPSAS would result in changes to the format and content of the accounts of the IOPC Funds and that those changes would necessitate a review of the IOPC Funds' Financial Regulations, Internal Regulations and accounting policies to ensure compliance where appropriate with IPSAS. The Assembly noted that any changes would be agreed with the Audit Body and External Auditor prior to being put forward for adoption by the Assembly, which was planned for the 2009 autumn session.

13.5 The Assembly approved the adoption, in principle, of IPSAS by the IOPC Funds from the financial year 2010 and noted the proposed tentative timetable for its implementation.

Contribution matters

14 Report on contributions

The Assembly took note of the Director's report on contributions contained in document SUPPFUND/A.4./11.

15 Submission of oil reports

- 15.1 The Assembly considered the situation in respect of the non-submission of oil reports, as set out in document SUPPFUND/A.4/12. It was noted that, since the document had been issued, one further State, Algeria, had submitted its outstanding oil report. It was therefore noted that, whilst there were no outstanding reports in respect of the Supplementary Fund, a total of 32 States still had outstanding oil reports for the 1971 and 1992 Funds for the year 2007 and/or previous years: six States in respect of the 1971 Fund and 27 States in respect of the 1992 Fund. It was further noted that, whilst the situation seemed slightly better than in previous years, a number of States had reports outstanding for many years.
- 15.2 The Assembly also noted that those States which had submitted reports for 2007 represented some 99.3% of the expected total contributing oil (cf document 92FUND/A.13/15, Annex I) and that a further six States (Cameroon, Colombia, Kenya, Mauritius, Nigeria and Venezuela), which had all submitted reports within the last three years, represented the remaining 0.7%.
- 15.3 The Assembly noted with satisfaction that since the October 2007 sessions of the governing bodies, ten States had submitted most or all of their outstanding reports. It was noted that Dominica, Saint Vincent and the Grenadines and Cape Verde, which had had reports outstanding for six years, five years and four years, respectively, had submitted all of their reports. The Assembly appreciated the efforts made by the authorities in these States to gather the information needed to make these reports.
- 15.4 The Assembly was also encouraged by contacts with the authorities of Cambodia, which had reports outstanding for seven years. It was noted that Cambodia had recently submitted reports for 2001-2006, but that unfortunately the reports were incomplete.
- 15.5 The Assembly noted that the failure of a number of Member States to submit oil reports had been a very serious issue for a number of years and that, whilst the situation might be slightly better than in previous years, it was still very unsatisfactory. The Assembly expressed its very serious concern as regards the number of Member States which had not fulfilled their obligations to submit oil reports, since the submission of these reports was crucial to the functioning of the IOPC Funds.
- 15.6 The Assembly noted with satisfaction that all Supplementary Fund Member States had submitted their oil reports for 2007.
- 15.7 It was recalled that, at their October 2005 sessions, the governing bodies had instructed the Director to proceed with a number of measures to assist States to submit oil reports (documents 92FUND/A.10/37, paragraphs 15.6-15.13, SUPPFUND/A/ES.1/21, paragraphs 9.3-9.10, and 71FUND/AC.17/20, paragraphs 11.6-11.12). It was noted that one of these measures was the establishment of an electronic reporting system for the submission of reports on contributing oil, similar to the one which had been developed in respect of the HNS Convention. It was recalled that, at their October 2007 sessions, the governing bodies had noted that the Secretariat had hoped that a trial version of such a system would be available for demonstration to the governing bodies at their October 2008 sessions, at the latest (documents 92FUND/A.12/28, paragraph 13.10, SUPPFUND/A.3/20, paragraph 12.11 and 71FUND/AC.22/18, paragraph 11.10). The Assembly noted that this had not been possible due to staff shortages in the External Relations and Conference Department, but that it was intended that the project would be a priority during 2009.
- 15.8 The Assembly instructed the Director to continue to bring the matter of the submission of oil reports to its attention at each regular session.
- 15.9 The Assembly further instructed the Director to pursue his efforts to obtain the outstanding oil reports and urged all delegations to co-operate with the Secretariat in order to ensure that States fulfilled their obligations in this regard.

- 15.10 It was recalled that, at its October 2007 session, the Supplementary Fund Assembly had considered document SUPPFUND/A.3/10/2 submitted by the Audit Body, which had proposed that the 1992 Fund Assembly take a policy decision that payment of claims submitted by a public authority or agent of a Member State which was in arrears with the submission of its oil reports would be deferred until the reporting deficiency had been fully rectified.
- 15.11 As invited by the 1992 Fund Assembly at its October 2007 session, the Audit Body had submitted a document (document SUPPFUND/A.4/12/1) in which its proposal had been refined in the light of the discussion at that session. Introducing that document, the representative of the Audit Body presented further information as regards the following issues (document SUPPFUND/A.4/12/1, section 3):
- Which claims/claimants would be targeted for deferral of payment;
 - What was the precise meaning of 'substantially in arrears'; and
 - Whether this proposed action was legally valid.
- 15.12 Summing up the discussion of the refined proposal at the 13th session of the 1992 Fund Assembly, the Chairman of that Assembly had noted that, as regards the policy aspects of the proposal, the debate had been conclusive in that nearly all delegations that took the floor had supported the policy proposal and had not identified any flaws as regards the policy aspects. He had also noted that, whilst one delegation had clearly indicated it was not prepared to support the Audit Body's proposal and another delegation had wished to remain neutral, there did not seem to be any grounds to send the proposal back and invite the Audit Body to re-think it from the policy standpoint.
- 15.13 The 1992 Fund Assembly Chairman had further noted that, as regards the legal aspects of the Audit Body's proposal, it was broadly recognised that the proposal was not a sanction or penalty and that no major argument had been identified that would call for the proposal to be rejected as being illegal or in direct conflict with the provisions of the 1992 Fund Convention.
- 15.14 However, the 1992 Fund Assembly Chairman had noted that a considerable number of delegations had raised another legal aspect, ie whether or not the policy decision would be enforceable. He had also noted that, whilst it had been suggested that this question could be studied further, in practice the likelihood of a legal challenge by a Contracting State seemed to be fairly remote since that State would have to claim that it was entitled to the benefits of the treaty relationship with the other Contracting States without having to fulfil its obligations to them.
- 15.15 The Assembly noted that the 1992 Fund Assembly had decided to adopt the policy proposal submitted by the Audit Body, as set out in document SUPPFUND/A.4/12/1, section 6, and to apply the policy after a grace period of 90 days. The Assembly noted that the 1992 Fund Assembly had also decided that, after the grace period, the policy decision would apply to all claims in Member States with outstanding oil reports.
- 15.16 The Assembly noted that the 1992 Fund Assembly had instructed the Director to prepare, in consultation with the Chairman, a circular containing the policy decision together with appropriate background information and to circulate it to all Member States. It was noted that the 1992 Fund Assembly had further instructed the Director to bring the policy to the attention of Member States by any appropriate means.
- 15.17 The Assembly thanked the Audit Body for its work on this issue and noted that the 1992 Fund Assembly had requested the Audit Body to add to its work programme the issue of outstanding contributions, with a view to making recommendations to the 1992 Fund Assembly as to how that problem could be dealt with.

*Secretariat and administrative matters***16 Secretariat matters**

- 16.1 The Assembly took note of the information in document SUPPFUND/A.4/13/Rev.1 regarding matters relating to the operation of the Secretariat.
- 16.2 The Assembly noted that the Director had decided not to fill the post of Deputy Director for the time being and had instead created a post of Technical Adviser/Claims Manager, graded at P5 level in the Professional category. It also noted that in his/her capacity as Technical Adviser, the incumbent would report to the Director and be a member of the Management Team. In his/her capacity as Claims Manager, the incumbent would report to the Head of the Claims Department and would deputise for him. The Assembly further noted that the successful candidate had been selected and that he/she was expected to take up the post in the near future.
- 16.3 In light of the above, the Assembly approved the Director's proposal to amend Internal Regulation 7.10 as set out in Annex I to the document, giving the Technical Adviser/Claims Manager authority to make final or partial settlements of claims or to make provisional payments not exceeding £500 000 for a particular claim.
- 16.4 The Assembly also approved the Director's proposal to amend Financial Regulation 9.2 to designate the Technical Adviser/Claims Manager as a signatory under Category B of the Financial Regulations.
- 16.5 The Assembly noted that the Director had established a new post of Finance Assistant within the Finance and Administration Department due to one of the Finance Assistants working part-time. This had resulted in there being one additional part-time (2/5) Finance Assistant within the Department.
- 16.6 The Assembly noted the Director's proposal to remove the two in-house translation posts from the structure of the Secretariat on the basis of discussions at its 3rd session, held in October 2007 (cf document SUPPFUNDA.3/20, paragraph 13.13). It also noted that, as a result of discussions at its 13th session, the 1992 Fund Assembly had decided to retain the two in-house translation posts (French and Spanish) within the structure of the Secretariat.
- 16.7 The Assembly noted that, at the 1992 Fund Assembly's 12th session, held in October 2007, it had approved an additional Professional Category post at P3 level to enable the Head of the External Relations and Conference (ERC) Department to better manage the increased workload of the Department. The Assembly noted that the creation of the additional post, combined with the fact that two staff members of the Department had left the Secretariat within a short period of time, had provided an opportunity to re-structure the Department and to review and re-allocate the various roles within the Department. The Assembly also noted that the ERC Department had been re-structured and now consisted of the Head of Department, two Professional category posts and five General Service category posts.
- 16.8 The Assembly further recalled that the re-structuring had also required a review of the classification of the posts involved, which had been carried out by an external UN-classifier who had worked for the 1992 Fund in the past and who had a long-standing experience of classification reviews for the International Maritime Organization (IMO).
- 16.9 The Assembly noted that as a result of this review one post in the General Service category had been recommended for re-classification, that this recommendation had been followed by the Director under the authority given to him by the Assembly and that the post involved had been re-classified from G6 to G7.

- 16.10 The Assembly noted that the post of Head of the ERC Department had also been recommended for re-classification from P5 to D1 and that, after studying the rationale for the recommendation for re-classification as set out in the advice of the UN-classifier, the Director had considered that the increased and diverse responsibilities of the Head of the ERC Department, as well as his/her crucial role in the preparation of the entry into force of the HNS regime, justified a re-classification of the post to D1 as recommended.
- 16.11 The Assembly further noted that, for the reasons given, the Director had proposed that the post of Head of the ERC Department be reclassified as D1.
- 16.12 The Assembly noted that at its 13th session, the 1992 Fund Assembly had agreed with the Director's proposal that the post of Head of the ERC Department be reclassified as D1 and that the present holder of the post be promoted from P5 to D1 with effect from 1 November 2008.
- 16.13 The Assembly noted the Director's proposal to amend Staff Regulation 24 on written notice of resignation and increase the notice required from Professional staff from 30 to 90 days so as to bring it into line with the situation at IMO. Several delegations who spoke expressed the view that although there might be a case for applying this to new appointments, it should not be enforced on staff with existing contracts. These delegations also felt that a period of 90 days notice of resignation was too long and that the original 30 day term should be retained.
- 16.14 One delegation stated that, whilst it believed that a period of notice of 90 days was too long, it recognised the frustration of the Director when faced with the difficulties of finding sufficiently highly qualified staff to replace a member of the Secretariat. That delegation therefore proposed that the Director consider using the Associate Professional Officers' (APO) Programme or Associate Expert Programme, which, it stated, were two of the oldest and largest programmes within the United Nations system. That delegation also pointed out that both IMO and the International Maritime Satellite Organization (IMSO), which was a tenth of the size of the Funds' Secretariat, had successfully used these programmes, and that, in that delegation's view, the use of such programmes was beneficial to both Secretariats of international organisations and to their Member States.
- 16.15 The Assembly noted that at its 13th session, the 1992 Fund Assembly had decided not to amend Staff Regulation 24.
- 16.16 The Assembly noted the information contained in document SUPPFUND/A.4/13/Rev.1 with regard to the 1992 Fund's Staff Rules.

Compensation matters

17 Incidents

The Assembly noted that, since the Supplementary Fund Protocol had entered into force on 3 March 2005, there had, at the time of the session, been no incidents which would or might involve the Supplementary Fund (document SUPPFUND/A.4/14).

Operational matters

18 Election of members of the joint Audit Body

- 18.1 The Assembly noted that, at its 13th session, the 1992 Fund Assembly had elected the following members of the joint Audit Body nominated by 1992 Fund Member States for a period of three years:

Mr Emile Di Sanza (Canada)
Mr Thomas Johansson (Sweden)
Mr Mendim Me Nko'o (Cameroon)
Professor Seiichi Ochiai (Japan)
Mr Wayne Stuart (Australia)
Mr John Wren (United Kingdom)

- 18.2 The Assembly also noted that the 1992 Fund Assembly had elected Mr Wayne Stuart (Australia) as Chairman of the Audit Body.
- 18.3 The Assembly further noted that the 1992 Fund Assembly had re-elected Mr Macdonald as the 'external expert' (formerly called the 'outsider') with expertise and experience in audit matters, as an exceptional measure, for a further and final three-year term.
- 18.4 The Assembly expressed its gratitude to Mr Charles Coppolani (France), Mr Maurice Jaques (Canada), Dr Reinhard Renger (Germany) and Professor Hisashi Tanikawa (Japan), the out-going members, for their valuable contribution to the work of the Audit Body.

19 Appointment of members of the joint Investment Advisory Body

- 19.1 The Assembly noted that, at its 13th session, the 1992 Fund Assembly had reappointed Mr David Jude, Mr Simon Whitney-Long and Mr Brian Turner as members of the joint Investment Advisory Body for a term of three years.
- 19.2 The Chairman congratulated the IAB members on their reappointment and on behalf of the Assembly expressed his gratitude for their valuable work in particular in these turbulent times in the financial sector.

Budgetary matters

20 Sharing of joint administrative costs between the Supplementary Fund, the 1992 Fund and the 1971 Fund

- 20.1 It was recalled that at their March 2005 sessions, the governing bodies of the Supplementary Fund, the 1992 Fund and the 1971 Fund had decided that the distribution of the costs of running the joint Secretariat should be made on the basis of the 1971 Fund and the Supplementary Fund paying a flat management fee to the 1992 Fund.
- 20.2 It was also recalled that it had been decided that the management fees payable by the 1971 Fund and the Supplementary Fund should be reviewed annually in view of changes of the total figure of the costs of running the joint Secretariat and the amount of work required by the Secretariat in the operation of these Funds.
- 20.3 The Assembly approved the Director's proposal that the Supplementary Fund should pay a flat management fee of £50 000 to the 1992 Fund for the financial year 2009 (document SUPPFUND/A.4/17).
- 20.4 It was noted that the Assembly of the 1992 Fund and the Administrative Council of the 1971 Fund had agreed, at their 13th session and 23rd session respectively, to the distribution of joint administrative costs proposed by the Director.

21 Budget for 2009 and assessment of contributions to the General Fund

- 21.1 The Assembly noted that the draft budget for 2009 for the administrative expenses for the joint Secretariat adopted by the 1992 Fund Assembly totalled £3 723 625 (including external auditor fees for the three Funds).

- 21.2 The Assembly considered the draft 2009 Budget for the administrative expenses of the Supplementary Fund as proposed by the Director in document SUPPFUND/A.4/18.
- 21.3 The Assembly adopted the budget for 2009 for the administrative expenses of the Supplementary Fund with a total of £63 600 (including the management fee of £50 000 payable to the 1992 Fund), as reproduced in Annex II to this Record of Decisions.
- 21.4 The Assembly decided to maintain the working capital at £1 million as originally decided at the October 2005 session of the Assembly (document SUPPFUND/A/ES.1/21, paragraph 18).
- 21.5 The Assembly decided not to levy 2008 Contributions to the General Fund.

22 Assessment of contributions to Claims Funds

The Assembly noted that there had been no incidents which would or might have required the Supplementary Fund to pay compensation or claims related expenses. The Assembly decided therefore that there was no need to levy 2008 contributions to Claims Funds.

Other matters

23 Future sessions

- 23.1 The Assembly decided to hold its next regular session during the week of 12 October 2009.
- 23.2 It was noted that tentative arrangements had also been made with the IMO for meetings of the governing bodies during the weeks of 23 March and 15 June 2009. It was noted that at the 1992 Fund Assembly's 13th session its Chairman had pointed out, however, that the March meeting would be short and so would not occupy the whole of that meeting week. The Assembly noted that the Secretariat would arrange the meeting dates taking into account the convenience of the many delegates who attend both Fund meetings and IMO's Legal Committee. The Committee noted that the Secretariat would explore with the IMO Secretariat the possibilities of swapping the meeting week with that of Legal Committee (30 March 2009) and that the exact meeting dates would be chosen, in consultation with the relevant Chairmen, at the beginning or end of the chosen week in order to avoid a gap before or after Legal Committee. It was also noted that changing the week of the March meeting might necessitate a change to the date of the June meeting in order to avoid the March and June meetings being too close together.

24 Any other business

- 24.1 STOPIA 2006 and TOPIA 2006
- 24.1.1 The Assembly took note of the information contained in document SUPPFUND/A.4/20 regarding the Small Tanker Owners Pollution Indemnification Agreement (STOPIA) 2006 and the Tanker Owners Pollution Indemnification Agreement (TOPIA) 2006.
- 24.1.2 It was recalled that at its 3rd session held in October 2007, the Assembly had noted the information regarding the numbers of ships entered and not entered in STOPIA 2006 and in TOPIA 2006 and had agreed with the Director's recommendation not to re-open at this stage STOPIA 2006 and TOPIA 2006. It was noted that the Assembly had also welcomed his intention to regularly monitor the situation and to report to the governing bodies of the 1992 Fund and the Supplementary Fund at future sessions (document SUPPFUND/A.3/20, paragraph 19.12).

NUMBER OF TANKERS ENTERED IN STOPIA 2006 AND NOT ENTERED IN STOPIA 2006

24.1.3 It was noted that in October 2008 the International Group had provided the 1992 Fund with a list of ships entered in STOPIA 2006 in the second half of 2008, which had contained 5 451 tankers. It was also noted that since 2007 911 more small tankers had been entered in STOPIA 2006.

24.1.4 It was noted that the situation with regard to the Japanese coastal (Naiko) tankers was as follows:

Year	Number of Japanese Coastal Tankers entered in Japan P&I Club	Entered in STOPIA 2006	% entered in STOPIA 2006
2007/2008	609	250	41.1
2008/2009	589	341	57.9

Year	Number of Japanese Coastal Tankers > than 200 GT in Japan P&I Club	Entered in STOPIA 2006	% entered in STOPIA 2006
2007/2008	178	128	71.9
2008/2009	176	163	92.6

24.1.5 It was noted that the figures reported in 2007 had also indicated that two tankers entered in Steamship Mutual Underwriting Association (Bermuda) Limited had not been entered in STOPIA 2006. It was also noted that this was no longer the case and that there were no tankers that fell into this category other than those entered in the Japan P&I Club referred to above.

24.1.6 The Assembly noted that the total number of vessels entered in STOPIA 2006 as at October 2008, and that of vessels momentarily entered in International Group Clubs but not entered in STOPIA 2006, as well as those reported in October 2007, was as follows:

Year	Number of tankers entered in STOPIA 2006	Number of tankers not entered in STOPIA 2006	Total	% of total entered in STOPIA 2006
2007/2008	4 540	361	4 901	92.6
2008/2009	5 451	248	5 699	95.6

NUMBER OF TANKERS ENTERED IN TOPIA 2006 AND NOT ENTERED IN TOPIA 2006

24.1.7 It was noted that in September 2008 the International Group of P&I Clubs had reported to the Funds that the number of 'Relevant Ships' entered in a P&I Club and not entered in TOPIA 2006 had been nil, and that the number of 'Relevant Ships' entered in TOPIA 2006 which had ceased to be entered in TOPIA 2006 whilst still insured by a P&I Club had also been nil.

24.1.8 It was noted that the International Group had also reported to the Funds that it had been informed by the Japan P&I Club that the coastal tankers entered in the Japan P&I Club that had been entered in STOPIA 2006 by written agreement were not also entered in TOPIA 2006 because the size of these coastal tankers was generally so small that it was considered most unlikely that the costs of claims for pollution damage arising from an incident with such a tanker would exceed the 1992 Fund limit, ie 203 million SDR. It was also noted that the number of these tankers not entered in TOPIA 2006 because they were not participating in the pooling arrangements of the International Group was 589 (paragraph 24.1.4).

24.2 Arrangements for meetings

- 24.2.1 One delegation made the point that the current method of running meetings of the IOPC Funds involved considerable repetition both during the meetings and in the relevant documents, since many of the issues dealt with were common to the three Funds. That delegation proposed that the Secretariat, in consultation with the Chairmen, should consider if there were a better way of running meetings of the IOPC Funds which would be more efficient and expeditious.
- 24.2.2 That delegation suggested that one way of dealing with this issue might be that once the 1971 Fund Administrative Council and Supplementary Fund Assembly had been opened and their respective agendas had been adopted, it could be agreed that all documents which would be discussed under the agenda of the 1992 Fund Assembly would be taken as read and agreed under the respective agenda items of the 1971 Fund Administrative Council and Supplementary Fund Assembly unless there were any items which needed specific discussion or decisions in their own right (eg budget). It referred to the joint Annual Report for the three Funds and made the point that a joint Record of Decisions for the three Funds should also be considered.
- 24.2.3 That delegation proposed that the Secretariat should present a proposal to the next session of the Assembly about the running of meetings and, in particular, the documents required.
- 24.2.4 Many delegations strongly supported this proposal, with some making reference to the joint sessions of the governing bodies which had been held in the past on occasion.
- 24.2.5 The Assembly decided that the Secretariat, in consultation with the Chairmen of the four governing bodies of the IOPC Funds, should make such a proposal to the next session of the Assembly, taking into account any appropriate legal or formal requirements.

25 Adoption of the Record of Decisions

The draft Record of Decisions of the Assembly, as contained in document SUPPFUND/A.4/WP.1, was adopted, subject to certain amendments.

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ANNEX I

COMPOSITION AND MANDATE OF THE JOINT AUDIT BODY OF THE 1992 FUND, THE 1971 FUND AND THE SUPPLEMENTARY FUND

COMPOSITION

- 1 The members of the Audit Body shall perform their functions independently and in the interest of the Organisations as a whole and shall not receive any instructions from anyone, including their Governments.
- 2 The Audit Body shall be composed of seven members elected by the 1992 Fund Assembly: six named individuals nominated by 1992 Fund Member States and one named individual not related to the Organisations ('external expert') with expertise and experience in financial and audit matters, nominated by the Chairperson of the 1992 Fund Assembly. Nominations, accompanied by the curriculum vitae of the candidate, should be submitted to the Director in response to a call for nominations made by the Director. The Chairperson of the 1992 Fund Assembly will, in consultation with the Chairpersons of the 1971 Fund Administrative Council and of the Supplementary Fund Assembly, propose the name of one of the elected members of the Audit Body for consideration and approval by the governing bodies as Chairperson of the Audit Body.
- 3 Members of the Audit Body shall hold office for three years, once renewable. Should nominations for election to the Audit Body not be sufficient to fill vacancies at an election, existing members of the Audit Body having served two terms will be eligible for a once-only re-election, provided they are re-nominated by one or more 1992 Fund Member States. The external expert shall hold office for three years, twice renewable.
- 4 Travel and subsistence expenses of the members of the Audit Body shall be paid by the Organisations. The Assembly of the 1992 Fund will, from time to time, decide on the quantum of the honorarium paid to the six elected members and the fee paid to the external expert. The timing and method of payment will be agreed between the Audit Body and the Director.

MANDATE

- 5 The Audit Body shall:
 - (a) review the adequacy and effectiveness of the Organisations' management and financial systems, financial reporting, internal controls, operational procedures, risk management and related matters;
 - (b) promote the understanding and effectiveness of the audit function within the Organisations, and provide a forum to discuss matters referred to in (a) above and matters raised by the external audit;
 - (c) discuss with the External Auditor the nature and scope of each forthcoming audit and provide input to the development of the strategic audit plan;
 - (d) review the Organisations' Financial Statements and reports;
 - (e) consider all relevant reports by the External Auditor, including reports on the Organisations' Financial Statements, and make appropriate recommendations to the Funds' governing bodies;
 - (f) manage the process for the selection of the External Auditor; and
 - (g) undertake any other tasks or activities as requested by the Funds' governing bodies.

- 6 The Chairman of the Audit Body shall report on its work to each regular session of the 1992 Fund Assembly, the 1971 Fund Administrative Council and the Supplementary Fund Assembly.
- 7 Every three years the functioning of the Audit Body and its mandate shall be reviewed by the 1992 Fund Assembly, the 1971 Fund Administrative Council and the Supplementary Fund Assembly on the basis of an evaluation report from the Chairman of the Audit Body.

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ANNEX II

2009 ADMINISTRATIVE BUDGET FOR THE SUPPLEMENTARY FUND

(Figures in Pounds Sterling)

STATEMENT OF EXPENDITURE		ACTUAL 2007 EXPENDITURE	2007 BUDGET APPROPRIATIONS	2008 BUDGET APPROPRIATIONS	2009 BUDGET APPROPRIATIONS
I	Management fee payable to 1992 Fund	70 000	70 000	50 000	50 000
II	Administrative expenses (including external audit fees)	4 288	15 000	13 500	13 600
Supplementary Fund Budget Appropriation		74 288	85 000	63 500	63 600