



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

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ANY OTHER BUSINESS

AMENDMENT OF FINANCIAL REGULATIONS

Note by the Director

1 Further to the Assembly's request to the Director, at its fifth session, to submit proposals for amendments of the IOPC Fund's Financial Regulations, taking into account the experience gained by the IOPC Fund in the first years of its operations (see document FUND/A.6/12), the following amendments are suggested.

2 Regulation 6 - Management of Monies

2.1 Financial Regulation 6.2, as revised by the Assembly at its first Extraordinary Session in October 1980 (document FUND/A/ES.1/13), provides as follows:

"The Fund's bankers shall only be empowered to accept instructions on behalf of the Fund if such instructions are signed by the Director and, in respect of payment instructions for any sum in excess of £10 000, countersigned by one other properly authorised officer. The Director may empower another officer or other officers to sign instructions to the Fund's bankers on his behalf only in respect of payment instructions for any sum of less than £1 000. For payment of salaries the Director may exceptionally, in circumstances where he is unable to do so himself, empower two other officers to sign jointly instructions for any sum up to £10 000."

2.2 In the interest of efficient financial management in the IOPC Fund, and in view of envisaged increases in the total amount of salary payable to the IOPC Fund's staff, it is suggested that the limits mentioned in Regulation 6.2 are raised to £12 000, £2 000 and £12 000, respectively.

3 Regulation 8 - Internal Control

3.1 Following the External Auditor's suggestion, it is proposed that in Financial Regulation 8.4, in the third sentence after the words "... all assets, supplies and materials in hand", the following words are added:

"exceeding £25.00 per item".

3.2 Financial Regulation 8.4, as amended, would then read as follows:

"8.4 The cost of all property acquired other than real property will be immediately charged as an expense. Records will be kept of all real property, non-expendable and expendable supplies and equipment acquired by the Fund. An inventory will be established at the end of each financial period of all assets, supplies and materials in hand, exceeding £25.00 per item, indicating the cost and the year of acquisition and a copy of the inventory will be furnished to the External Auditor."

4 Regulation 10 - External Audit

4.1 At the sixth session of the Assembly the IOPC Fund's External Auditor expressed the view that, following developments in the audit of the accounts of the United Nations, the "Correct Certificate" form used for the audit of the IOPC Fund's accounts should be replaced by an "Audit Opinion" (see Financial Regulation 10.15, document FUND/A.3/5/1). However, at that session the Auditor was not in a position to suggest any wording for an "Audit Opinion" since the United Nations had not yet decided on the actual wording of this Audit Opinion (see document FUND/A.6/16 paragraph 15.2).

4.2 The Auditor has now informed the Director that agreement has since been reached within the United Nations on a revised audit opinion. He suggests that the same wording, with a slight modification, should be used for the accounts of the IOPC Fund. Accordingly, the Director proposes the following amendments to the IOPC Fund's Financial Regulations:

4.2.1 Financial Regulation 10.15 is replaced by the following text:

"The External Auditor shall express and sign an opinion on the financial statements which states whether:

- (a) The financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended;

- (b) The financial statements were prepared in accordance with the stated accounting principles;
- (c) The accounting principles were applied on a basis consistent with that of the preceding financial period;
- (d) Transactions were in accordance with the Financial Regulations and legislative authority."

4.2.2 The introductory sentence to Financial Regulation 10.16 is amended to read as follows:

"The Report of the External Auditor to the Assembly on the financial operations of the period should mention:"

4.2.3 A new paragraph 10.20 is added to Regulation 10 as follows:

"10.20 The External Auditor is not required to mention any matter referred to in the foregoing which, in his opinion, is insignificant in all respects".

4.2.4 Following these amendments, the form of the future audit opinion, subject to drafting amendments, could read as shown in the Annex. The change of the Certificate would have no effect on the extent of the audit and the form of the External Auditor's Report.

5 Action Required

The Assembly is invited to consider the proposed amendments to the IOPC Fund's Financial Regulations for adoption.

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ANNEXPossible Form of Audit Opinion following the
Suggested Amendment of Financial Regulation 10.5

"I have examined the appended Financial Statements ... and Schedules ... of the International Oil Pollution Compensation Fund, for the financial period ended As a result of the examination, I am of the opinion that the accompanying statements properly reflect the recorded financial transactions for the financial period, which transactions were in accordance with the Financial Regulations of the Fund and legislative authority, and present fairly the financial position as at 31 December 1984, in conformity with the accounting policies described in Notes [a to e] which have been applied on a basis consistent with that of the preceding financial period."
