



**INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1992**

ASSEMBLY
3rd extraordinary session
Agenda item 12

92FUND/A/ES.3/11
5 March 1998

Original: ENGLISH

SUPPLEMENTARY BUDGET 1998

Note by the Director

<i>Summary:</i>	As a consequence of the review of the Secretariat working methods and a proposal to extend the scope of the external audit, a supplementary budget for 1998 is submitted for consideration.
<i>Action to be taken:</i>	Approve a supplementary budget for 1998.

1 Secretariat review

1.1 At its 19th session, the Assembly of the 1971 Fund instructed the Director to review the working methods within the Secretariat, possibly with the help of external consultants. In an interim report submitted to the 1971 Fund Assembly's 20th session, the consultants engaged by the Director indicated that an increase in staff resources would be necessary in order to enable the Secretariat to meet its future commitments.

1.2 In the note accompanying the draft 1998 Budget presented to the Assemblies of the 1971 Fund and 1992 Fund in October 1997, the Director mentioned that if, as a result of the review, the Assemblies were to take any decisions with budgetary implications, he would submit a supplementary budget to the Assemblies for consideration (document 92FUND/A.2/24).

1.3 Following the submission of the final report of the consultants, the Director will make recommendations for consideration by the 1971 Fund Assembly. This issue will also be considered by the 1992 Fund Assembly. These recommendations will, if adopted, have budgetary implications. The Director estimates that his recommendations will result in increased costs in the region of £200 000 in 1998 for running the joint Secretariat of the 1971 Fund and 1992 Fund. He proposes, therefore, that the Assembly grants an extra appropriation of £200 000 to cover these costs. When the Director presents his proposal concerning the additional staff resources required in the light of the consultants' final report, he will submit a detailed supplementary budget to the 1992 Fund Assembly for consideration.

2 Extension of scope of external audit

2.1 At its 2nd session, the Assembly decided that the matter of the extension of the scope of the audit should be considered further. The Director was instructed to study, in consultation with the External Auditor and the Chairman, the question of extending the audit of the 1971 and 1992 Funds, and to submit the matter to the Assembly for consideration (document 92FUND/A.2/29, paragraph 8.6).

2.2 After consultation with the Chairman in January 1998, a proposal has been made by the External Auditor to undertake an enhanced audit of the payment of claims and related expenditure in 1997 and 1998, including a review of the claims office established in connection with the *Nakhodka* incident. This proposal is dealt with in document 92FUND/A/ES.3/10.

2.3 The External Auditor has provisionally advised the Director that the proposed extended scope of the audit would result in additional costs of £25 000 in 1998.

3 Sharing of joint administrative costs

As decided by the Assembly, the costs of running the joint Secretariat for 1998 should be distributed with 60% to be paid by the 1971 Fund and 40% by the 1992 Fund (document 92FUND/A.2/29, paragraph 24.1).

4 Action to be taken by the Assembly

The Assembly is invited to approve a supplementary budget of £225 000 for 1998 to cover the increased administrative expenses of the 1971 and 1992 Fund.
