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Consideration of matters arising from the Auditor's Report
for fiscal year ending 30 June 1965

by the Executive Secretary

1. Schedules I and II to Exhibit III of Auditor's Report 1964/65

The Commission's financial audit covering the fiscal year ending 30 June 1965 was carried out in accordance with Section XI of the Financial Regulations by the office of the Auditor General of Canada in July 1965. However, the auditor's report was prepared in accordance with Financial Regulations effective prior to 12 June 1965 (Ann. Proc. 15, p. 9-11).

The attached Schedules I and II were prepared by the Office of the Auditor General and the Executive Secretary to reflect the Commission's financial position at 30 June 1965 in accordance with the financial amendments made by the Commission effective from 12 June 1965. Schedule I details the transfer to the Working Capital Fund from the General Fund and Schedule II presents a statement of assets and liabilities after incorporation of these transfers to the Working Capital Fund.

It should be noted that revised Assets and Liabilities of the General Fund are \$18,468 instead of \$31,413 and of the Working Capital Fund are \$15,445 instead of \$10,000.

Schedules I and II are respectfully recommended for the Commission's adoption as supplemental to the Auditor's Report of the 1964/65 accounts.

2. Refund of previous year's expenditures

During the fiscal year ending 30 June 1965 the Commission received the following income in the form of refunds from direct expenditures made prior to the fiscal year ending 30 June 1964:

Superannuation (B. F. C. DeBaie-Nov. 1961-June 1964)		\$320.79
Rent (18-30 June 1964)		86.67
Federal Sales Tax (Rolph-Clark-Stone)	\$1,215.76	
N. S. Hospital Tax	857.17	
	<u>\$2,072.93</u>	
credited to 1964-65 expenses	672.65	
		<u>\$1,400.28</u>

Refund \$1,807.74

The Commission's Financial Regulations do not specify the Fund to which this form of income should be allocated. Financial Regulation 7.1(b) states that refunds of direct expenditures made during the financial year shall be credited to the Working Capital Fund and all other income shall be classed as miscellaneous income for credit to the General Fund. Based on this regulation, the Auditor and the Executive Secretary have credited the \$1,807.74 to the surplus account of the General Fund along with bank interest of \$678 to give a revised balance totalling \$2,486 (Schedule I).

To prevent a recurrence of the above situation and to further implement the Commission's desire to build up the Working Capital Fund for special projects by transferring surpluses to it, the Commission may wish to consider amending Financial Regulation 7.1(b) to read "Refund of direct expenditures made during the current and previous financial years".

3. Crediting of levy of Canadian income tax equivalent from staff of Secretariat

At present (18 April 1966) an Order-in-Council is being prepared by the Canadian Department of External Affairs with regard to having ICNAF specified under the Privileges and Immunities (International Organizations) Act as an organization to which the tax credit system applies. If ICNAF should qualify, residents of Canada employed by the Commission paying Canadian income tax could have a levy imposed on them by the Commission equal to the amount of their income tax. This amount is considerable and, in the fiscal year 1965/66, will have been about \$5,700.

The Commission may wish to consider the question of crediting the levy to the Working Capital Fund or to the General Fund and the need for a specific Financial Regulation covering such crediting.

International Commission for the Northwest Atlantic FisheriesTransfer to Working Capital Fund from General FundIn accordance with the revised Financial Regulations effective June 12, 1965General FundSurplus

Balance - Financial Statements June 30, 1965		\$7,931	
Add - Advance from Working Capital Fund 1964-65		<u>7,500</u>	
			\$15,431
Deduct: Transfer to Working Capital Fund			
Unobligated appropriations of the			
1964-65 year	\$9,058		
Sale of Publications 1964-65	2,611		
Cancelled obligations 1963-64	<u>1,276</u>	<u>12,945</u>	
Revised balance June 30, 1965			<u>\$2,486</u>

Working Capital FundPrincipal of Fund

Balance - Financial Statements June 30, 1965		\$10,000	
Deduct: Advance to General Fund 1964-65		<u>7,500</u>	
			2,500
Add -			
Unobligated Appropriations 1964-65	\$9,058		
Sale of publications 1964-65	2,611		
Cancelled obligations 1963-64	<u>1,276</u>	<u>12,945</u>	
Revised balance June 30, 1965			<u>\$15,445</u>

International Commission for the Northwest Atlantic FisheriesStatement of Assets and Liabilities

as at June 30, 1965

after incorporating the transfers to the Working Capital Fund

<u>Assets</u>		<u>Liabilities</u>	
	<u>General Fund</u>		
Cash on deposit	\$18,218	Unliquidated obligations	\$6,642
Accounts receivable	250	Advances on future contributions	9,340
	<u> </u>	Surplus account	<u>2,486</u>
	\$18,468		\$18,468
	<u> </u>		<u> </u>
	<u>Working Capital Fund</u>		
Cash on deposit	<u>\$15,445</u>	Principal of Fund	<u>\$15,445</u>