



# South East Atlantic Fisheries Organisation

## REPORT OF THE 9<sup>TH</sup> ANNUAL MEETING OF THE STANDING COMMITTEE ON ADMINISTRATION AND FINANCE (SCAF) – 2017

**28 & 29 November 2017**

**Swakopmund**

**NAMIBIA**

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ON ADMINISTRATION AND FINANCE (SCAF)  
Swakopmund, Namibia 28 & 29 November 2017**

**1. Opening of the meeting**

The Chairperson, Mr. Kristoffer Bjorklund from Norway, opened the meeting at 12h00 on Tuesday, 28 November 2017 and welcomed all delegates and expressed his wishes for a productive and efficient meeting.

**2. Appointment of Rapporteur**

The Secretariat was appointed as rapporteur to complete the report together with the Chairperson.

**3. Adoption of agenda and meeting arrangements**

The agenda ([DOC/SCAF/01/2017](#)) was adopted with no amendments.

**4. Introduction of Parties Delegation**

The Heads of Delegations introduced their members (**Appendix 1**).

**Presentation of the 2016 Audit Report**

Ansie Rossouw, Audit Partner of PricewaterhouseCoopers (PWC), presented the 2016 audit report ([DOC/SCAF/03/2017](#)) and the Management Report ([DOC/SCAF/04/2017](#)).

The scope of this audit was to confirm if withdrawals made by means of transfers, cash or cash withdrawals have supporting source documents. The audit substantiates that source documents are addressed to SEAFO and payments are authorised by superior signatory.

PWC has not investigated whether items or services purchased were related to the organisation given that 2016 was not a forensic audit.

The auditor noted that the financial statements are free from individual material misstatements and therefore the audit opinion is unqualified. The auditor iterated that the “unqualified opinion” indicates that all amounts above N\$ 150 000 in the financial statements are correctly reported. It does not mean that there was no misuse of the organisation’s funds.

Some matters of concern for SEAFO were addressed by PWC in the Management Report. These were

a. Misappropriation of SEAFO funds

A total of N\$ 204 972.28 was misappropriated by a previous employee of the organisation. Details of the nature of the misappropriation were given in the report. The Auditors recommended that appropriate procurement procedures should be applied and payments to suppliers should be made by electronic transfers.

b. Employee benefit reserve

Employee benefit reserves were recalculated by the auditor based on NETT salaries as stipulated in the staff rules.

The Auditors recommended to calculate benefits on GROSS salaries in order to calculate the total cost to the organisation.

c. Administration of VAT in the organisation

Differences between the VAT control account in the general ledger and the VAT returns submitted for the year were detected. The Auditors recommended to perform monthly reconciliations between VAT returns and the general ledger.

d. Authorisation of journals

The Auditors recommended in the report that all journal entries processed during the year are approved by the Executive Secretary since fraudulent transactions can be recorded by means of journal entry processing.

SCAF noted the auditor's recommendations and advised that the Executive Secretary sees them through in a responsible manner.

#### Executive Secretary's Report on Administration and Finance

The Executive Secretary presented an overview of the Administration and Finance Report ([DOC/SCAF/05/2017](#)), including staff changes, financial activities and expenditures from January 2017 to September 2017.

The Executive Secretary will have the existing employee contracts reviewed by a labour consultant to make sure that it conforms to the Namibian labour law.

The Executive Secretary reported that not all Contracting Parties had made their contributions at the time of the compilation of the 2017 report and that some Contracting Parties made overpayments, whilst others have underpaid due to exchange rate fluctuations. It was noted that it is important for SEAFO's functioning that the Parties make their contributions on time as the organisation has limited operational funds. Namibia informed the meeting that they aim to make a payment by the end of the financial year (End of March 2018) for the outstanding contribution of 2017.

The Executive Secretary presented reconciliations of the Special Requirement Fund (SRF) which includes the two EU grants received by SEAFO. The balance of the SRF is estimated at -N\$147 673 which means that activities paid for under the SRF were actually mostly paid for using SEAFO funds.

The Executive Secretary was requested to do further investigation on the SRF. Specifically, how the money donated by Norway was used, for next year's meeting.

Projected cashflow statement shows that there should be at least N\$ 1 000 000 available at the end of 2017 to transfer to the SEAFO Reserve Fund.

Discussions followed regarding the misappropriation of funds and the action taken. Concerns were raised by South Africa regarding the legality of the action taken. SCAF advised that the Executive Secretary seek to solve the matter in a way that is fair to all parties and in accordance with the Namibian laws. The meeting concluded that the Executive Secretary will continue to handle the situation with assistance from a lawyer. The Chairperson of the Commission and heads of delegations will be kept informed of the developments and consulted when necessary.

SCAF expressed satisfaction with the report presented by the Secretariat and emphasised the importance of sound management of the SEAFO funds.

#### **5. Approval of the provisional 2018 budget and 2019 forecast budget**

The Executive Secretary presented the proposed budget for 2018 ([DOC/SCAF/06/2017](#)) and the explanatory notes ([DOC/SCAF/07/2017](#)). A correction in the submitted budget was made by deleting the budget item of N\$85 000 for funding of the SC committee. Salary increase of 7% was proposed based on the average inflation rate of Namibia. The budget for employee benefit provisions of N\$ 750 000 for the past years were reduced to N\$ 300 000 for 2018.

The overall proposed budget for 2018 is N\$3 597 693, which is a 30% decrease from the allocated budget for 2017 of N\$ 5 169 381.

The committee agreed to and propose to the Commission to adopt the proposed Budget for 2018 (**Appendix II**).

**6. Contribution by Parties**

Contributions by parties were calculated based on the formula adopted in 2009 (**Appendix III**). The committee took note of the calculated contributions.

**7. Any other matters**

Namibia informed SCAF that it may consider availing their research vessel for future SEAFO surveys and suggested that the SC prepares a workplan and budget. The running costs will have to be covered by the Commission.

The Committee discussed the appointment of auditors (See [DOC/SCAF/09/2017](#) for the three audit proposals received) for the next 3 years from 2017 to 2019. SCAF recommends that Ernst & Young should be appointed.

Election of Chair and Vice-Chair person

The committee agreed that according to the RoP of SCAF, Japan will serve as chair and South Korea as vice-chair for the next two years (2018-2019). Japan nominated Mr Ryo OMORI as Chair.

**8. Adoption of the SCAF report**

The meeting reviewed and adopted the SCAF report to be presented by the Chair to the Commission.

**9. Venue and date of next meeting**

The Committee noted that the date and venue of the next meeting will be decided by the Commission.

**10. Closure of meeting**

The Chairperson closed the meeting on 29 November 2017 in good faith at 12h40.

## Appendix I: - LIST OF DELEGATES

### *Kristoffer Krohg* **BJØRKLUND (CHAIRPERSON)**

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No representatives were present.

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## Appendix II: Provisional 2018 and 2019 Forecasted Budget

DOC/SCAF/06/2017 -Provisional 2018 & Forecasted 2019 Budget					
<b>PROVISIONAL 2018 BUDGET and 2019 FORECAST BUDGET</b>					
Inflation Adjustment		0.07			
Budgetline	Activity description	Allocation	Provisional Allocation	% Increase/Decrease	Forecast
		2017	2018		2019
<b>Staff Costs</b>					
4400/001	Salaries Paid Cash	2,220,880.90	1,363,290.87	-38.61%	1,492,513.93
4400/002	P.A.Y.E.	327,350.62	502,507.73	53.51%	554,501.96
4400/003	Social Security	3,888.00	1,944.00	-50.00%	1,944.00
4410/004	Car Allowance	29,882.76	31,974.48	7.00%	34,212.69
<b>Total</b>		<b>2,582,002.28</b>	<b>1,899,717.08</b>	<b>-26.42%</b>	<b>2,083,172.58</b>
<b>Temporary Staffing</b>					
3100/000	Consultant	-	-	-	-
4700/000	Wages - Casual	54,055.37	12,480.00	-76.91%	13,353.60
<b>Total</b>		<b>54,055.37</b>	<b>12,480.00</b>	<b>-76.91%</b>	<b>13,353.60</b>
<b>Employee Benefits</b>					
9400/001	Installation Grant	61,118.53	24,447.41	-60.00%	24,447.41
9400/002	Removal Expenses	29,133.58	11,653.43	-60.00%	11,653.43
9400/003	Repatriation Removal Expenses	91,429.85	36,571.94	-60.00%	36,571.94
9400/004	Repatriation Allowance	-	-	-	-
9400/005	Home Leave - Travel	35,766.12	14,306.45	-60.00%	14,306.45
9400/006	External Travel	15,651.55	6,260.62	-60.00%	6,260.62
9400/007	Leave Pay Provision	86,161.01	34,464.40	-60.00%	34,464.40
9400/008	Severance Pay Provision	211,927.58	84,771.03	-60.00%	84,771.03
9400/009	Mortality Allowance	218,811.78	87,524.71	-60.00%	87,524.71
<b>Total</b>		<b>750,000.00</b>	<b>300,000.00</b>	<b>-60.00%</b>	<b>300,000.00</b>
<b>Operational Expenses</b>					
3000/000	Accounting Fees	55,750.84	65,272.90	17.08%	69,842.00
3050/000	Advertising & Promotions	16,066.05	17,190.67	7.00%	18,394.02
3200/000	Bank Charges	16,313.22	26,740.95	63.92%	28,612.82
3330/000	Overtime	6,179.25	-	0.00%	-
3355/000	Contingency	10,999.07	11,769.00	7.00%	12,592.83
3400/000	Courier & Postage	2,471.70	7,789.20	215.14%	8,334.44
3700/000	Entertainment	8,033.03	8,033.03	0.00%	8,595.34
3850/000	Insurance	21,874.55	24,207.48	10.67%	25,902.00
4000/000	Legal Fees	-	5,000.00	-	5,350.00
4200/000	Stationary	10,999.07	11,769.00	7.00%	12,592.83
4500/000	Office expenses	7,205.01	20,770.50	188.28%	22,224.44
6300/010	Office Equipment	20,000.00	35,000.00	75.00%	37,450.00
<b>Total</b>		<b>175,891.77</b>	<b>233,542.73</b>	<b>32.78%</b>	<b>249,890.72</b>
<b>Computer Services</b>					
3300/005	Computer Expenses	4,078.31	24,870.64	509.83%	26,611.58
3300/010	Maintenance and Support	-	50,000.00	-	53,500.00
3301/000	Software	37,075.50	39,670.79	7.00%	42,447.74
3302/000	Internet lease Line	61,792.50	30,000.00	-51.45%	32,100.00
3303/000	Website Hosting & Support	29,785.00	100,000.00	235.74%	34,100.84
3305/000	Cloud services	-	10,500.00	-	-
6250/010	Hardware	25,000.00	26,750.00	7.00%	28,622.50
<b>Total</b>		<b>157,731.31</b>	<b>281,791.43</b>	<b>78.65%</b>	<b>217,382.66</b>
<b>Fisheries Monitoring</b>					
3304/000	VMS - Related Costs	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Training Secretariat Support</b>					
3320/000	Training	27,830.00	29,778.10	7.00%	31,862.57
<b>Total</b>		<b>27,830.00</b>	<b>29,778.10</b>	<b>7.00%</b>	<b>31,862.57</b>
<b>Performance Review</b>					
3150/000	Perf. Review	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Printing</b>					
4051/000	Reports and Translation	66,735.90	75,000.00	12.38%	80,250.00
4050/000	Printing	18,784.92	10,000.00	-46.77%	10,700.00
	<b>Total</b>	<b>85,520.82</b>	<b>85,000.00</b>	<b>-0.61%</b>	<b>90,950.00</b>
<b>Communication</b>					
4310/000	Rental & Maintenance Switchboard	16,313.22	17,455.15	7.00%	18,677.01
4315/000	Maintenance Copier/Fax	12,729.26	13,620.30	7.00%	14,573.72
4600/000	Telephone and Fax	83,543.46	30,000.00	-64.09%	32,100.00
	<b>Total</b>	<b>112,585.94</b>	<b>61,075.45</b>	<b>-45.75%</b>	<b>65,350.73</b>
<b>Meetings and Conferences</b>					
4070/000	Meetings & Conferences	405,888.45	434,300.64	7.00%	464,701.69
4070/001	Meetings Flights	75,000.00	80,250.00	7.00%	85,867.50
4070/002	Meetings Accommodation	142,417.00	152,386.19	7.00%	163,053.22
4070/003	Meetings Road	24,717.00	26,447.19	7.00%	28,298.49
4070/004	Meeting Casual Assistant	-	32,000.00		34,240.00
	<b>Total</b>	<b>648,022.45</b>	<b>725,384.02</b>	<b>11.94%</b>	<b>776,160.90</b>
<b>Scientific Committee Support</b>					
4090/000	SC support	80,000.00	-	-100.00%	-
	<b>Total</b>	<b>80,000.00</b>	<b>-</b>	<b>-100.00%</b>	<b>-</b>
<b>Other Travel</b>					
4650/000	Travel Flights	200,175.00	125,000.00	-37.55%	133,750.00
4651/000	Travel Accommodation	225,000.00	175,000.00	-22.22%	187,250.00
4652/000	Travel Road	60,309.48	30,000.00	-50.26%	30,000.00
	<b>Total</b>	<b>485,484.48</b>	<b>330,000.00</b>	<b>-32.03%</b>	<b>351,000.00</b>
<b>Petty Cash</b>					
8300/000	Petty cash	10,257.56	-		-
	<b>Total</b>	<b>10,257.56</b>	<b>-</b>		<b>-</b>
<b>TOTAL EXPENDITURE</b>		<b>5,169,381.97</b>	<b>3,597,693.36</b>	<b>-30.40%</b>	<b>3,849,531.89</b>
<b>INCOME</b>					
	Contributions by Parties		<b>3,597,693.36</b>		



## APPENDIX III: Contribution Calculation - 2018



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### South East Atlantic Fisheries Organisation (SEAFO)

#### Contribution Calculation on 2018 Provisional Budget:

Provisional Budget 2018	3,597,693.36	Angola	EU	Japan	Korea	Namibia	Norway	South Africa
30% Countries sharing equal	1,079,308.01	154,186.86	154,186.86	154,186.86	154,186.86	154,186.86	154,186.86	154,186.86
60% shared on GDP	2,158,616.02	179,884.67	404,740.50	404,740.50	404,740.50	179,884.67	404,740.50	179,884.67
75% Developed Countries (EU, Japan, Korea, Norway)								
25% Developing Countries (Angola, Namibia, South Africa)								
10% Active Fishing Countries (Japan, Korea, Namibia)	359,769.34			119,923.11	119,923.11	119,923.11		
<b>Contribution for 2018</b>	<b>3,597,693.36</b>	<b>334,071.53</b>	<b>558,927.36</b>	<b>678,850.47</b>	<b>678,850.47</b>	<b>453,994.64</b>	<b>558,927.36</b>	<b>334,071.53</b>
(Over) / Under Payments for 2016	1,100,446.88	454,640.36		-20,692.05	-7,243.89	697,225.17	-23,482.71	
2017 Contributions	5,169,381.95	480,014.04	803,100.41	975,413.14	975,413.14	652,326.77	803,100.41	480,014.04
2017 Payment received	-5,390,298.79	-842,048.27	-803,100.41	-929,054.58	-906,552.19	-697,225.17	-732,304.13	-480,014.04
<b>Balance on 2017 Contribution</b>	<b>879,530.04</b>	<b>92,606.13</b>	<b>0.00</b>	<b>25,666.51</b>	<b>61,617.06</b>	<b>652,326.77</b>	<b>47,313.57</b>	<b>0.00</b>
<b>Final Contribution including (over) and under payments</b>	<b>4,477,223.40</b>	<b>426,677.66</b>	<b>558,927.36</b>	<b>704,516.98</b>	<b>740,467.53</b>	<b>1,106,321.41</b>	<b>606,240.93</b>	<b>334,071.53</b>

