



Finance Committee

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Implementation of the budget for the biennium 2017–2018

Implementation of the budget for the financial period 2017–2018

Report of the Secretary-General

I. Introduction

1. The present report contains an analysis of the budget performance of the International Seabed Authority for the financial period 2017–2018. The approved budget for that period amounted to \$17,130,700 (see [ISBA/22/A/13](#)).
2. After taking into account adjustments to miscellaneous income relating to the processing of contractors' applications (\$57,792), total expenditure for the financial period amounted to \$17,222,027, which represented an overspending of \$91,327 (0.54 per cent). The annex to the present report contains a summary analysis of budgeted to actual expenditure for the financial period.
3. In the present report, the cash value of the implementation of the budget is considered, as the introduction of the International Public Sector Accounting Standards (IPSAS) requires non-cash elements, such as provisions or amortizations, to be brought into the accounting balances and cash elements that must be reported in non-budgetary accounting lines to be withheld. In addition, the most significant variations between actual and planned administrative expenses of the secretariat and between actual and planned expenses for the implementation of programmes are analysed.

II. Administrative expenses of the secretariat

4. **General temporary assistance.** There was overspending of \$52,962 owing to the unplanned hiring of administrative assistants (see table below and annex).

* [ISBA/25/FC/L.1](#).



General temporary assistance, expenses for the period 2017–2018

(United States dollars)

Group	2017		2018		2017–2018
	Staff employed	Expenditure	Staff employed	Expenditure	Total expenditure
Information technology	1	8 800	1	9 899	18 700
Human resources	1	7 032	1	16 740	23 772
Administration and finance	3	9 450	4	24 097	33 547
Office of Legal Affairs	2	8 443	–	–	8 443
Total		33 726		50 736	84 462

5. **Common staff costs.** The Committee will recall that, in 2017, the change in staff compensation had a negative financial impact of \$274,689 (see [ISBA/24/FC/9](#)). A similar impact occurred in 2018, but with a lesser effect on the budget since there were no retroactive consequences. New staff members who should have arrived in early 2019 were hired in 2018. This generated \$129,511 in additional common staff costs. Unforeseen changes to the level of rental subsidy resulted in an additional expenditure of \$40,920.

6. **Training.** As indicated in the annual report of the Secretary-General submitted to the Assembly under article 166, paragraph 4, of the United Nations Convention on the Law of the Sea ([ISBA/19/A/2](#)), there was minimal provision for staff training and professional development within the regular budget of the Authority. In order to maintain the budget increase at an acceptable level, the budget for training was not increased for the biennium and was thus insufficient, which explains the overspending of \$16,173 (25.7 per cent).

7. **Official travel (non-programme).** There was an overexpenditure of 29.2 per cent, which was attributable to increased activity, a budget estimate lower than the real travel needs of the secretariat and stricter recording of travel against the correct budget line.

8. **Supplies and materials.** Increased consumption of office supplies resulted from the servicing of meetings and the production of documentation.

9. **Acquisition of furniture and equipment.** During the financial period, the Government of Jamaica made available to the Authority an additional 223 m² of office space, which the Authority subsequently upgraded to create a new conference services area and delegates lounge. The Secretary-General also took the opportunity to use part of the surplus in the budget to replace office furniture that had not been replaced in 25 years. The secretariat also replaced or modernized some miscellaneous office and computer equipment and, as proposed in the budget, replaced one vehicle per year during the financial period.

10. **Miscellaneous services.** The overexpenditure resulted from a conciliation agreement with the Scientific Officer in the amount of \$15,000. A loss on the exchange rate for an amount of \$27,795 was recorded over the biennium.

11. **IPSAS.** No spending was recorded under this budget line, as the last financial statements of the Authority were compliant with the Standards.

12. **Conference services.** As previously reported to the Finance Committee (see [ISBA/24/FC/8](#)), significant savings were achieved through remote interpretation in 2017, better management of the conference centre and better management of documentation by using printing-on-demand services. Continuing with the same

policy, the secretariat saved \$476,107 on conference services during the biennium, despite the fact that more meetings were held during the twenty-third and twenty-fourth sessions.

III. Expenses related to the implementation of certain budgeted programmes

13. The Finance Committee will recall that the budget for the financial period 2017–2018 was the first budget to contain programmatic sections. As there were no statistical data available on the costs of programmes, the secretariat used the standard costs of workshops and travel for planning the budget for those sections. However, only 11 per cent of the total budget was allocated to programmes (\$1,817,900), providing little flexibility for transfers between budget lines. It is important to note that for all programmes, travel expenditure was recorded against travel while budgeted in the workshop line. However, this had no incidence on the total spending and budget variance of the programmes.

14. **Programme 2.1 (Development of the regulatory framework for activities in the Area).** Overspending against consultancies occurred as a result of the request by the Council to significantly accelerate work on the development of the exploitation code, including the financial terms for contracts. This included a contract with the Massachusetts Institute of Technology (\$50,000), a study related to the operation of the Enterprise (\$23,500) and support for the development of the financial terms for deep-sea mining exploitations (\$64,000).

15. **Programme 2.4 (Data management: resource and environment).** Although the programme has been entirely completed and additional tests and components have been added, the programme shows a balance of \$376,934 owing to its pre-financing with surplus funds remaining in 2016 (see [ISBA/24/FC/9](#)).

16. **Programme 2.5 (Promotion and encouragement of marine scientific research in the Area).** Owing to other priorities and staff shortages, the secretariat could not conduct all workshops as planned.

IV. Recommendations

17. The Finance Committee is invited to take note of the present report.

Comparison of budget to actuals for the biennium 2017–2018

(United States dollars)

Object of expenditure	Accounted in compliance with IPSAS				Adjustments in compliance with IPSAS			Cash-based figures		Total expenditure/ approved budget (percentage)
	Original budget 2018	Actuals 2017	Actuals 2018	Biennium 2017–2018 actuals	Balance	Amounts	Comment	Actuals	Balance	
Section 1. Administration and conference service expenditures										
Subsection 1. Administrative expenditures of the secretariat										
Established posts	6 200 000	2 895 816	3 154 087	6 049 903	150 097			6 049 903	150 097	2.4
General temporary assistance	31 500	33 726	50 736	84 462	(52 962)			84 462	(52 962)	(168.1)
Overtime	71 600	31 966	19 302	51 268	20 332			51 268	20 332	28.4
Consultants (non-programme)	21 000		25 085	25 085	(4 085)			25 085	(4 085)	(19.5)
Common staff costs	3 080 000	1 779 690	1 752 895	3 532 585	(452 585)	104 550	<i>Benefits accrual</i>	3 637 135	(557 135)	(18.1)
Training	63 000	13 848	65 325	79 173	(16 173)			79 173	(16 173)	(25.7)
Official travel (non-programme)	187 800	117 020	125 603	242 623	(54 823)			242 623	(54 823)	(29.2)
Communications	200 700	74 599	119 856	194 456	6 244			194 456	6 244	3.1
Library, books and supplies	136 000	59 102	32 830	91 932	44 068			91 932	44 068	32.4
External printing (20 per cent will be non-programme-related)	22 000	30 834	1 477	32 311	(10 311)			32 311	(10 311)	(46.9)
Supplies and materials	80 300	55 665	56 173	111 838	(31 538)			111 838	(31 538)	(39.3)
Official hospitality	23 500	14 392	6 095	20 487	3 013			20 487	3 013	12.8
Information technology	125 900	58 757	59 511	118 269	7 631			118 269	7 631	6.1
Acquisition of furniture and equipment	154 000	30 180	334 475	364 655	(210 655)	325 051	<i>Acquisition of equipment</i>	689 706	(535 706)	(347.9)
Rent and maintenance of furniture and equipment	24 000	16 578	20 576	37 154	(13 154)			37 154	(13 154)	(54.8)
United Nations common system	166 000	60 301	93 291	153 592	12 408			153 592	12 408	7.5
Miscellaneous services	112 500	72 178	86 901	159 079	(46 579)			159 079	(46 579)	(41.4)
Audit fees	40 000	16 000	274	16 274	23 726			16 274	23 726	59.3
Building management	828 000	433 826	427 476	861 302	(33 302)			861 302	(33 302)	(4.0)
Article 154 review and related costs	80 000	82 645	0	82 645	(2 645)			82 645	(2 645)	
IPSAS	120 000		17 609	17 609	102 391			17 609	102 391	85.3

Object of expenditure	Accounted in compliance with IPSAS				Adjustments in compliance with IPSAS			Cash-based figures		
	Original budget 2018	Actuals 2017	Actuals 2018	Biennium 2017-2018 actuals	Balance	Amounts	Comment	Actuals	Balance	Total expenditure/ approved budget (percentage)
Depreciation of assets						(277 850)	Depreciation and amortization			
Uncollected contributions						(62 920)	Provision			
Subtotal	11 767 800	5 877 125	6 449 576	12 326 701	(558 901)	88 831		12 756 302	(988 502)	(8.4)
Subsection 2. Cost of conference services										
Salaries United Nations staff		8 907	0	8 907						
Printing and supplies		289	10 038	10 327						
Miscellaneous conference services		44 632	23 955	68 587						
Staff travel		277 291	157 266	434 557						
Rental of conference centre		50 843	118 522	169 365						
Temporary assistance (meetings)	3 545 000	50 186	52 162	102 347	476 107			3 068 893	476 107	13.4
Rental of equipment		388	20 636	21 024						
Local transportation		2 652	5 398	8 050						
Communication			127 747	127 747						
Meeting services		814 089	755 829	1 569 918						
Documentation		8 363	491 529	499 892						
Reception		10 700	37 471	48 171						
Subtotal	3 545 000	1 268 340	1 800 553	3 068 893	476 107	0		3 068 893	476 107	13.4
Total section 1	15 312 800	7 145 464	8 330 130	15 395 594	(82 794)	88 831		15 825 195	(512 395)	(3.3)
Section 2. Programme expenditures										
Programme 2.1. Development of the regulatory framework for activities in the Area										
Consultants	90 400	21 381	206 391	227 772	(137 372)			227 772	(137 372)	
External printing	12 400		0	0	12 400			0	12 400	
Travel	91 200	72 029	122 412	194 441	(103 241)			194 441	(103 241)	
Workshops	120 800		6 951	6 951	113 849			6 951	113 849	
Subtotal	314 800	93 410	335 754	429 164	(114 364)			429 164	(114 364)	(36.3)

Object of expenditure	Accounted in compliance with IPSAS				Adjustments in compliance with IPSAS			Cash-based figures		Total expenditure/ approved budget (percentage)
	Original budget 2018	Actuals 2017	Actuals 2018	Biennium 2017–2018 actuals	Balance	Amounts	Comment	Actuals	Balance	
Programme 2.2. Protection of the marine environment										
Consultants	38 800	3 836	12 719	16 554	22 246			16 554	22 246	
External printing	12 400		1 071	1 071	11 329			1 071	11 329	
Travel	15 200	48 318	118 057	166 374	(151 174)			166 374	(151 174)	
Workshops	245 800	60 722	44 548	105 270	140 530			105 270	140 530	
Subtotal	312 200	112 875	176 395	289 270	22 930			289 270	22 930	7.3
Programme 2.3. Management of contracts										
Consultants	0		0	0	0			0	0	
External printing	0		500	500	(500)			500	(500)	
Travel	30 400	12 165	26 583	38 748	(8 348)			38 748	(8 348)	
Workshops	36 100	2 118	2 553	4 671	31 429			4 671	31 429	
Subtotal	66 500	14 284	29 636	43 919	22 581			43 919	22 581	34.0
Programme 2.4. Data management (resource and environment)										
Consultants	306 200	32 847	104 589	137 436	168 764			137 436	168 764	
Information technology	209 400	76 143	38 172	114 316	95 084	23 756	Software moved to fixed assets	138 072	71 328	
External printing	30 300		0	0	30 300			0	30 300	
Travel	28 000	7 997	19 038	27 035	965			27 035	965	
Workshops	0		0	0	0			0	0	
Central data repository	0		0	0	0			0	0	
Maintenance and support	35 900		44 001	44 001	(8 101)			44 001	(8 101)	
Subtotal	609 800	116 987	205 799	322 787	287 013	23 756		346 543	263 257	43.2
Programme 2.5. Promotion and encouragement of marine scientific research in the Area										
Consultants	19 400		2 404	2 404	16 996			2 404	16 996	
External printing	12 400		2 839	2 839	9 561			2 839	9 561	

Object of expenditure	Accounted in compliance with IPSAS				Adjustments in compliance with IPSAS			Cash-based figures		Total expenditure/ approved budget (percentage)
	Original budget 2018	Actuals 2017	Actuals 2018	Biennium 2017-2018 actuals	Balance	Amounts	Comment	Actuals	Balance	
Travel	15 200	1 890	53 028	54 918	(39 718)			54 918	(39 718)	
Workshops	240 800		27 765	27 765	213 035			27 765	213 035	
Subtotal	287 800	1 890	86 037	87 926	199 874			87 926	199 874	69.4
Programme 2.6. Outreach activities										
Consultants	22 600	9 705	17 292	26 996	(4 396)			26 996	(4 396)	
External printing	1 200		4 463	4 463	(3 263)			4 463	(3 263)	
Travel	30 400	54 943	34 655	89 597	(59 197)			89 597	(59 197)	
Workshops	172 600	15 656	63 296	78 952	93 648			78 952	93 648	
Subtotal	226 800	80 303	119 706	200 010	26 790			200 010	26 790	11.8
Total section 2	1 817 900	419 749	953 327	1 373 076	444 824	23 756		1 396 832	421 068	23.2
Total	17 130 700	7 565 213	9 282 380	16 768 670	362 030	112 587		17 222 027	(91 327)	(0.5)

Abbreviation: IPSAS, International Public Sector Accounting Standards.