



## Meeting of States Parties

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### Thirtieth Meeting

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Item 11 (d) of the provisional agenda\*

**Consideration of administrative and budgetary matters  
of the International Tribunal for the Law of the Sea**

## **Amendments to the Financial Regulations of the International Tribunal for the Law of the Sea**

### **I. Introduction**

1. In July 2006, by its resolution [60/283](#), the General Assembly approved the adoption by the United Nations of the International Public Sector Accounting Standards (IPSAS), issued by the IPSAS Board. In its draft budget proposals for the financial period 2019–2020 submitted to the twenty-eighth Meeting of States Parties, the International Tribunal for the Law of the Sea informed the Meeting of its intention to adjust to the new standards and to start the implementation of IPSAS in 2019–2020, with the aim of preparing the first IPSAS-compliant financial statements by the end of the period 2021–2022 (see [SPLOS/2018/WP.1](#), para. 91). The adoption of IPSAS necessitates revisions to some of the Financial Regulations and Rules of the Tribunal in order to produce IPSAS-compliant financial statements.
2. The Financial Regulations of the Tribunal were adopted by the thirteenth Meeting of States Parties on 12 June 2003 (see [SPLOS/2003/WP.3](#)). They were considered by the Meeting on the basis of proposals presented by the Tribunal which were based, to the extent possible, on the Financial Regulations of the United Nations.<sup>1</sup> The Meeting decided that the Regulations would become effective on 1 January 2004 and would apply to the financial period 2005–2006 and to subsequent financial periods (see [SPLOS/100](#) and [SPLOS/104](#)).<sup>2</sup>
3. The draft Financial Rules of the Tribunal (see [SPLOS/2004/WP.2](#)) were submitted to the fourteenth Meeting of States Parties pursuant to regulation 10.1 (a) of the Financial Regulations of the Tribunal. The Meeting took note of the Financial Rules presented by the Registrar on 15 June 2004. In accordance with rule 114.1, the Financial Rules of the Tribunal became effective on 1 January 2005 (see [SPLOS/120](#)).
4. The proposed amendments to the Financial Regulations of the Tribunal are set forth in the annex to the present document and based on the Secretary-General's

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\* [SPLOS/30/L.1/Rev.1](#).

<sup>1</sup> See documents [SPLOS/36](#) of 31 March 1999 and [SPLOS/WP.17](#) of 3 April 2002.

<sup>2</sup> Financial Regulations, regulation 14.1.



proposed revisions to the Financial Regulations of the United Nations for the adoption of IPSAS ([A/67/345](#), annex I).<sup>3</sup> Due regard has been paid to the Tribunal's specific requirements. The annex follows the format used in document [A/67/345](#) and therefore contains the proposed financial regulation (first column), the existing financial regulation (second column) and explanations of the proposed changes (third column).

5. Pursuant to regulation 14.2 of the Financial Regulations, the Regulations may be amended by the Meeting of States Parties, taking into account the views of the Tribunal. The proposed amendments to the Financial Regulations contained in the annex were submitted to the Tribunal for its consideration and approval. They are submitted to the thirtieth Meeting of States Parties for consideration and adoption. It is proposed to the Meeting that the amended Regulations should become effective on 1 January 2021 and should apply to the financial period 2021 and subsequent financial periods.

## II. Major categories of amendments to the Financial Regulations of the International Tribunal for the Law of the Sea

6. The proposed amendments fall into the main categories described below, which reproduce, as appropriate, the explanations given by the United Nations in document [A/67/345](#), annex I. The category into which each proposed change falls is stated in the "explanation" column in the annex.

7. **IPSAS revenue.** Under the previously applicable accounting standards, income is generally recognized when cash is received, except for contributions. Under IPSAS, "revenue" refers to the inflow of any economic benefit or service potential that results in an increase in net assets, and is recognized in the financial statements of the period in which the transaction occurs and not when cash or its equivalent is received. As IPSAS does not affect the basis of budgeting, the term "income" is retained for budgeting purposes while "revenue" replaces "income" for financial statement purposes.<sup>4</sup>

8. **IPSAS expense.** Under the previously applicable accounting standards, the term "expenditure" is used to refer to the sum of disbursements and unliquidated obligations. Under IPSAS, "expense" refers to a decrease in economic benefit or service potential that results in a decrease in net assets. Further, like "revenue", "expense" is recognized when goods or services are received and not when cash or its equivalent is paid. It thus includes not only the disbursements for goods and services received but also "accrued" expenses; that is, expenses legally payable since goods and services have already been received, even if disbursements have not happened. Further, under IPSAS, expenses also include the use or consumption of assets (for example, depreciation) or the incurring of liabilities (for example, employee benefits) that result in a decrease in net assets. The term "expenditure" is retained for budgeting purposes, while the term "expense" replaces "expenditure" for financial statement purposes.<sup>5</sup>

9. **IPSAS commitment.** Currently, "obligation" refers to amounts of orders placed, contracts awarded, services received and other transactions that involve a charge against the resources of the current financial period and would require payment during the same or a future financial period. However, under IPSAS the term "obligation" applies to legal and constructive obligations: therefore the terms

<sup>3</sup> Subsequently adopted (except for regulation 4.19) by the General Assembly in resolution [67/246](#).

<sup>4</sup> See [A/67/345](#), para. 7.

<sup>5</sup> Ibid., para. 8.

“obligation” and “unliquidated obligation” are replaced with the term “commitment”. The current use of the term “commitment” under the existing Financial Regulations does not require revision and is therefore retained in the proposed revisions.<sup>6</sup>

**10. IPSAS property, plant and equipment, inventory and intangible assets.** Under the previously applicable accounting standards, the term “non-expendable property” is used to refer to assets purchased but treated as expenditure in the financial statements. Under IPSAS, the Tribunal must account differently for many types of capital expenses and also present information about the assets acquired through such expenses in the financial statements. For example, assets have to be classified and presented under several categories, such as “property, plant and equipment”, “investment property”, “intangible assets” and “inventories”. Accounting for assets also includes depreciation/amortization and impairment (reduction in value/service/potential). Changes are proposed to the existing Financial Regulations to replace the current terminology with IPSAS terminology.<sup>7</sup>

**11. IPSAS financial statements.** The current financial statements include a statement of income, expenditures and changes in reserves and fund balances; a statement of assets, liabilities, reserves and fund balances; a statement of cash flows; a number of schedules which include additional detailed information; and notes to the financial statements. However, IPSAS prescribes that financial statements include a statement of financial position; a statement of financial performance; a statement of changes in net assets/equity; a statement of cash flows; a statement of comparison of budget and actual amounts on the basis of the budget; and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes. Revisions are therefore proposed to reflect the new names of the financial statements that will be prepared under IPSAS. References to “accounts” are replaced with “financial statements” when collectively referring to the statements above; however the term “accounts” is retained for all references in the budgetary context.<sup>8</sup>

**12. Change from financial period to budget period.** The term “financial period” under the current Financial Regulations is defined as two consecutive calendar years. While IPSAS requires annual financial statements, which will also be audited and reported upon by the Auditor, it does not affect the budget cycle. Therefore, a distinction is necessary to differentiate between a “budget period” and a “financial period”. The proposed revisions to the Financial Regulations are to amend all references to financial period in order to refer, as appropriate, either to a “budget period” or to a “financial period”, depending on the context. Further, in addition to amending the current definition of the financial period in regulation 2, a separate definition of budget period has also been included in proposed regulation 2.2, which is based on the current definition of a financial period.<sup>9</sup>

**13. Change from biennial and biennium to annual.** Currently the terms “biennial” and “biennium” are used to refer to the period for which financial statements and budgets are prepared. Since financial statements under IPSAS will be prepared annually, the words “biennial” and “biennium” are replaced with “annual” when referring to the period of the financial statements.<sup>10</sup>

**14. Reclassification of miscellaneous income.** Under the previously applicable accounting standards, there are several categories of income that are classified as miscellaneous income and are used to offset assessments of States Parties,

<sup>6</sup> Ibid., para. 9.

<sup>7</sup> Ibid., para. 10.

<sup>8</sup> Ibid., para. 11.

<sup>9</sup> Ibid., para. 12.

<sup>10</sup> Ibid., para. 13.

international organizations and the International Seabed Authority. IPSAS has stricter requirements about classification of miscellaneous income, especially when such amounts are important to the understanding of the financial statements. Therefore, amounts that are classified as miscellaneous income under the previously applicable accounting standards are reclassified into different revenue categories under IPSAS. Revisions to the Financial Regulations are proposed to reflect these categories in order to ensure that there are no changes to the revenue returned as credits to States Parties, international organizations and the International Seabed Authority. The new categories of revenue that replace miscellaneous income are: (a) revenue-producing activities; (b) investment revenue; (c) services rendered; (d) contributions from new States Parties in accordance with proposed regulation 5.10, new international organizations in accordance with proposed regulation 5.11 and entities other than a State Party, an international organization or the International Seabed Authority in accordance with proposed regulation 5.12; (e) other/miscellaneous revenue and unspecified contributions in accordance with proposed regulation 7.3; and (f) any other revenue attributable to States Parties, international organizations and the International Seabed Authority.<sup>11</sup>

15. **Annual audits.** Currently, the Auditor is required to issue a report on the audit of the financial statements of the Tribunal once every two years. However, with the adoption of IPSAS, financial statements would be audited and reported upon annually. Therefore, amendments to the Financial Regulations are proposed to address the preparation and annual audit of the financial statements.<sup>12</sup>

16. The approval of annual audits will have widespread impact, as it would affect all those who are involved in the processes relating to the preparation of the financial statements, as well as their audit. In addition to the Tribunal, the Registrar and the Auditor, this will impact the work programme of the Meeting of States Parties.<sup>13</sup>

17. **Interest earnings on voluntary contributions.** A new regulation 9.3 is proposed for the treatment of interest on voluntary contributions. This represents a significantly more efficient approach than that currently in place, as explained in relation to the relevant changes in the annex to the present document.<sup>14</sup>

18. **Other changes.** A few minor editorial changes have been made for consistency and clarity.<sup>15</sup>

### III. Action to be taken by the Meeting of States Parties

19. The Meeting of States Parties is invited to consider and approve the proposed Financial Regulations of the Tribunal. The amended Regulations should become effective on 1 January 2021 and should apply to the financial period 2021 and subsequent financial periods. The proposed Financial Regulations relating to the preparation and reporting of financial statements shall not be implemented for the regular budget, trust funds and reserves and special accounts until 1 January 2021. Instead, the provisions in the current Financial Regulations relating to the preparation and reporting of financial statements are to be applied to the regular budget, trust funds and reserves and special accounts until 31 December 2020.

<sup>11</sup> Ibid., para. 15.

<sup>12</sup> Ibid., para. 16.

<sup>13</sup> Ibid., para. 17.

<sup>14</sup> Ibid., para. 18.

<sup>15</sup> Ibid., para. 19.

## Annex

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
<b>Regulation 1. Applicability</b>	<b>Regulation 1. Applicability</b>	No change.
Regulation 1.1: These Regulations shall govern the financial administration of the International Tribunal for the Law of the Sea.	Regulation 1.1: These Regulations shall govern the financial administration of the International Tribunal for the Law of the Sea.	No change.
Regulation 1.2: For the purposes of these Regulations:	Regulation 1.2: For the purposes of these Regulations:	No change.
(a) “Committee on Budget and Finance” means the Committee established as such by the Tribunal;	(a) “Committee on Budget and Finance” means the Committee established as such by the Tribunal;	
(b) “Convention” means the United Nations Convention on the Law of the Sea of 10 December 1982 together with the Agreement of 28 July 1994 relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea;	(b) “Convention” means the United Nations Convention on the Law of the Sea of 10 December 1982 together with the Agreement of 28 July 1994 relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea;	
(c) “Meeting of States Parties” means the Meeting of States Parties to the Convention;	(c) “Meeting of States Parties” means the Meeting of States Parties to the Convention;	
(d) “International organizations” means international organizations, as defined in article 1 of Annex IX to the Convention, which are Parties to the Convention. “States Parties” in these Regulations does not include international organizations;	(d) “International Organizations” means international organizations, as defined in article 1 of Annex IX to the Convention, which are Parties to the Convention. “States Parties” in these Regulations does not include International Organizations;	
(e) “Registrar” means the Registrar of the Tribunal;	(e) “Registrar” means the Registrar of the Tribunal;	
(f) “Financial Rules” means the Financial Rules of the Tribunal;	(f) “Financial Rules” means the Financial Rules of the Tribunal;	
(g) “Statute” means the Statute of the Tribunal, Annex VI to the Convention;	(g) “Statute” means the Statute of the Tribunal, Annex VI to the Convention;	
(h) “Working Group” means the open-ended working group established in accordance with rule 54 of the Rules of Procedure for Meetings of States Parties.	(h) “Working Group” means the open-ended working group established in accordance with rule 54 of the Rules of Procedure for Meetings of States Parties.	

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
<b>Regulation 2. Financial period and budget period</b>	<b>Regulation 2. Financial period</b>	Addition of “budget period” in title.
Regulation 2.1: The financial period shall consist of one calendar year.	Regulation 2: The financial period shall consist of two consecutive calendar years, beginning with the year 2005. Until then the financial period shall consist of one calendar year.	Change in numbering; changed to redefine financial period as referring to one year only; reference to 2005 deleted.
Regulation 2.2: The budget period for the draft budget shall consist of two consecutive calendar years, the first of which shall be an uneven year.		New regulation to define budget period.
<b>Regulation 3. The budget</b>	<b>Regulation 3. The budget</b>	No change.
Regulation 3.1: The draft budget for each budget period shall be prepared by the Registrar.	Regulation 3.1: The draft budget for each financial period shall be prepared by the Registrar.	“Financial period” replaced with “budget period”.
Regulation 3.2: The draft budget shall cover income and expenditures for the budget period to which they relate and shall be presented in euros.	Regulation 3.2: The draft budget shall cover income and expenditures for the financial period to which they relate and shall be presented in euros.	“Financial period” replaced with “budget period”.
Regulation 3.3: The draft budget shall be divided into parts, sections and, as appropriate, programme support. It shall be accompanied by such information, annexes and explanatory statements as may be requested by or on behalf of the Meeting of States Parties, including a statement on the main changes in comparison with the budget of the previous budget period, and such further annexes or statements as the Registrar may deem necessary and useful.	Regulation 3.3: The draft budget shall be divided into parts, sections and, as appropriate, programme support. It shall be accompanied by such information, annexes and explanatory statements as may be requested by or on behalf of the Meeting of States Parties, including a statement on the main changes in comparison with the budget of the previous financial period, and such further annexes or statements as the Registrar may deem necessary and useful.	“Financial period” replaced with “budget period”.
Regulation 3.4: The Committee on Budget and Finance shall transmit to the Tribunal the draft budget proposed by the Registrar for the following budget period with its comments and recommendations. The Tribunal shall consider and approve the draft budget for the following budget period and shall transmit it to the Secretariat of the United Nations in sufficient time to ensure its availability to all States Parties and international organizations at least 40 days prior to the opening of the Meeting of States Parties for its final approval.	Regulation 3.4: The Committee on Budget and Finance shall transmit to the Tribunal the draft budget proposed by the Registrar for the following financial period with its comments and recommendations. The Tribunal shall consider and approve the draft budget for the following financial period and shall transmit it to the Secretariat of the United Nations in sufficient time to ensure its availability to all States Parties and International Organizations at least 40 days prior to the opening of the Meeting of States Parties for its final approval.	“Financial period” replaced with “budget period”.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 3.5: States Parties and international organizations may request the Registrar to provide clarifications on the proposed budget. Such clarifications shall be provided by the Registrar at the meeting of the Working Group.	Regulation 3.5: States Parties and International Organizations may request the Registrar to provide clarifications on the proposed budget. Such clarifications shall be provided by the Registrar at the meeting of the Working Group.	No change.
Regulation 3.6: Supplementary budget proposals may be prepared by the Registrar if exceptional circumstances make this necessary. They shall be prepared in a form consistent with the approved budget. The provisions of these Regulations shall apply mutatis mutandis to the proposed supplementary budget.	Regulation 3.6: Supplementary budget proposals may be prepared by the Registrar if exceptional circumstances make this necessary. They shall be prepared in a form consistent with the approved budget. The provisions of these Regulations shall apply mutatis mutandis to the proposed supplementary budget.	No change.
Regulation 3.7: The Registrar may enter into commitments for future budget periods, provided that such commitments:	Regulation 3.7: The Registrar may enter into commitments for future financial periods, provided that such commitments:	“Financial periods” replaced with “budget periods”. “Financial period” replaced with “budget period”.
(a) Are for activities which have been approved by the Meeting of States Parties and are expected to continue beyond the end of the current budget period; or	(a) are for activities which have been approved by the Meeting of States Parties and are expected to continue beyond the end of the current financial period; or	
(b) Are authorized by specific decisions of the Tribunal acting with the prior approval of the Meeting of States Parties.	(b) are authorized by specific decisions of the Tribunal acting with the prior approval of the Meeting of States Parties.	
<b>Regulation 4. Appropriations</b>	<b>Regulation 4. Appropriations</b>	No change.
Regulation 4.1: The appropriations adopted by the Meeting of States Parties shall constitute an authorization for the Registrar to incur commitments and make payments for the purposes for which the appropriations were adopted and up to the amounts adopted.	Regulation 4.1: The appropriations adopted by the Meeting of States Parties shall constitute an authorization for the Registrar to incur obligations and make payments for the purposes for which the appropriations were adopted and up to the amounts adopted.	IPSAS commitment.
Regulation 4.2: Appropriations shall be available for commitment during the budget period to which they relate.	Regulation 4.2: Appropriations shall be available for obligation during the financial period to which they relate.	IPSAS commitment; “financial period” replaced with “budget period”.
Regulation 4.3: Appropriations shall remain available for twelve months following the end of the budget period to which they relate to the extent that they are required to liquidate any outstanding legal obligations of the	Regulation 4.3: Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to liquidate any outstanding legal	IPSAS commitment; “financial period” replaced with “budget period”.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
budget period. The balance of the appropriations remaining uncommitted at the close of the budget period, after deducting therefrom any contributions from States Parties, international organizations and the International Seabed Authority relating to that financial year which remain unpaid, shall form part of any cash surplus of the budget and shall be treated in accordance with regulation 4.5.	obligations of the financial period. The balance of the appropriations remaining unobligated at the close of the financial period, after deducting therefrom any contributions from States Parties, International Organizations and the International Seabed Authority relating to that financial year which remain unpaid, shall form part of any cash surplus of the budget and shall be treated in accordance with regulation 4.5.	
Regulation 4.4: At the end of the twelve-month period provided for in regulation 4.3, the then remaining unspent balance of appropriations retained after deducting therefrom any contributions from States Parties, international organizations and the International Seabed Authority relating to the budget period of the appropriations which remain unpaid shall be treated as a cash surplus as in regulation 4.3. Any commitments remaining a valid claim at that time shall be charged against current appropriations.	Regulation 4.4: At the end of the twelve-month period provided for in regulation 4.3, the then remaining unspent balance of appropriations retained after deducting therefrom any contributions from States Parties, International Organizations and the International Seabed Authority relating to the financial period of the appropriations which remain unpaid shall be treated as a cash surplus as in regulation 4.3. Any obligations remaining a valid claim at that time shall be charged against current appropriations.	IPSAS commitment; reclassification of miscellaneous income; “financial period” replaced with “budget period”; “reobligated” replaced with “funded”.
The provisional cash surplus for the budget period shall be determined by establishing the balance between credits (assessed contributions actually received for the budget period and other/miscellaneous revenue received during the budget period) and charges (all disbursements against the appropriations for that budget period and provisions for commitments for that budget period).	The provisional cash surplus for the financial period shall be determined by establishing the balance between credits (assessed contributions actually received for the financial period and miscellaneous income received during the financial period) and charges (all disbursements against the appropriations for that financial period and provisions for unliquidated obligations for that financial period).	
The cash surplus for the budget period shall be determined by crediting to the provisional cash surplus any arrears of prior periods’ contributions received during this period and any savings from the provisions made for commitments as mentioned above. Any remaining outstanding commitments shall be funded against the appropriations of the current budget period.	The cash surplus for the financial period shall be determined by crediting to the provisional cash surplus any arrears of prior periods’ contributions received during this period and any savings from the provisions made for unliquidated obligations as mentioned above. Any remaining outstanding obligations shall be reobligated against the appropriations of the current financial period.	



<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
<p>Regulation 4.5: Any cash surplus in the budget at the close of any budget period shall be apportioned among States Parties, international organizations and the International Seabed Authority in proportion to the contributions determined for the budget period to which the surplus relates. As of 1 January of the year in which the audit of the accounts of the budget period is completed, the amount so apportioned to a State Party, an international organization or the International Seabed Authority shall be surrendered if its contribution for that budget period has been paid in full and shall be applied to liquidate, in whole or in part, first, any advance due to the Working Capital Fund; secondly, any arrears of contributions; and thirdly, contributions for the calendar year following the year in which the audit of the accounts of the budget period is completed.</p> <p>While any cash surplus in the budget shall be apportioned among all States Parties, international organizations and the International Seabed Authority, the amount so apportioned shall be surrendered only to those which have paid in full their contributions for that budget period. Amounts apportioned but not surrendered shall be retained by the Registrar until such time as the contribution for the relevant budget period is paid in full, at which time they shall be applied as set forth above.</p>	<p>Regulation 4.5: Any cash surplus in the budget at the close of any financial period shall be apportioned among States Parties, International Organizations and the International Seabed Authority in proportion to the contributions determined for the financial period to which the surplus relates. As of 1 January of the year in which the audit of the accounts of the financial period is completed, the amount so apportioned to a State Party, an International Organization or the International Seabed Authority shall be surrendered if its contribution for that financial period has been paid in full and shall be applied to liquidate, in whole or in part, first, any advance due to the Working Capital Fund; secondly, any arrears of contributions; and thirdly, contributions for the calendar year following the year in which the audit is completed.</p> <p>While any cash surplus in the budget shall be apportioned among all States Parties, International Organizations and the International Seabed Authority, the amount so apportioned shall be surrendered only to those which have paid in full their contributions for that financial period. Amounts apportioned but not surrendered shall be retained by the Registrar until such time as the contribution for the relevant financial period is paid in full, at which time they shall be applied as set forth above.</p>	<p>“Financial period” replaced with “budget period”; “of the accounts of the budget period” added.</p>
<p>Regulation 4.6: No transfer between appropriation sections may be made without authorization by the Meeting of States Parties, unless such a transfer is made necessary by exceptional circumstances and is in accordance with criteria agreed upon by the Meeting of States Parties.</p>	<p>Regulation 4.6: No transfer between appropriation sections may be made without authorization by the Meeting of States Parties, unless such a transfer is made necessary by exceptional circumstances and is in accordance with criteria agreed upon by the Meeting of States Parties.</p>	<p>No change.</p>

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 4.7: The Registrar shall prudently manage the appropriations. The Registrar shall be accountable to the Meeting of States Parties for the proper management of the financial resources in accordance with these Regulations and the Financial Rules.	Regulation 4.7: The Registrar shall prudently manage the appropriations. The Registrar shall be accountable to the Meeting of States Parties for the proper management of the financial resources in accordance with these Regulations and the Financial Rules.	No change.
<b>Regulation 5. Provision of funds</b>	<b>Regulation 5. Provision of funds</b>	No change.
Regulation 5.1: The funds of the Tribunal shall include:	Regulation 5.1: The funds of the Tribunal shall include:	No change.
(a) Assessed contributions made by States Parties in accordance with article 19, paragraph 1, of the Statute;	(a) assessed contributions made by States Parties in accordance with article 19, paragraph 1, of the Statute;	
(b) Agreed contributions, as determined by the Meeting of States Parties, made by international organizations;	(b) agreed contributions, as determined by the Meeting of States Parties, made by International Organizations;	
(c) Contributions by the International Seabed Authority in accordance with article 19, paragraph 1, of the Statute;	(c) contributions by the International Seabed Authority in accordance with article 19, paragraph 1, of the Statute;	
(d) Contributions by other entities in accordance with article 19, paragraph 2, of the Statute;	(d) contributions by other entities in accordance with article 19, paragraph 2, of the Statute;	
(e) Voluntary contributions made by States Parties, other States, international organizations, the International Seabed Authority or other entities;	(e) voluntary contributions made by States Parties, other States, International Organizations, the International Seabed Authority or other entities;	
(f) Such other funds to which the Tribunal may become entitled or may receive.	(f) such other funds to which the Tribunal may become entitled or may receive.	
Regulation 5.2: The appropriations, subject to the adjustments effected in accordance with the provisions of regulation 5.3, shall be financed by:	Regulation 5.2: The appropriations, subject to the adjustments effected in accordance with the provisions of regulation 5.3, shall be financed by:	“Financial period” replaced with “budget period”.
(a) Assessed contributions from the States Parties in accordance with an agreed scale of assessment based upon the scale used for the regular budget of the United Nations in the preceding calendar year adjusted to take into account the differences in membership between the United Nations and the States Parties to the Convention, as well as a floor rate and a ceiling rate as	(a) assessed contributions from the States Parties in accordance with an agreed scale of assessment based upon the scale used for the regular budget of the United Nations in the preceding calendar year adjusted to take into account the differences in membership between the United Nations and the States Parties to the Convention, as well as a floor rate and a ceiling rate as determined from time	

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
determined from time to time by the Meeting of States Parties;	to time by the Meeting of States Parties;	
(b) Agreed contributions from international organizations, as determined from time to time by the Meeting of States Parties, taking into consideration the total amount of the budget for each budget period;	(b) agreed contributions from International Organizations, as determined from time to time by the Meeting of States Parties, taking into consideration the total amount of the budget for each financial period;	
(c) Contributions from the International Seabed Authority.	(c) contributions from the International Seabed Authority.	
Pending the receipt of such contributions, the appropriations may be financed by the Working Capital Fund.	Pending the receipt of such contributions, the appropriations may be financed by the Working Capital Fund.	
Regulation 5.3: For each of the two years of a budget period, the contributions of States Parties, international organizations and the International Seabed Authority shall be determined on the basis of half of the appropriations adopted by the Meeting of States Parties for that budget period, except that adjustments shall be made in respect of:	Regulation 5.3: For each of the two years of a financial period, the contributions of States Parties, International Organizations and the International Seabed Authority shall be determined on the basis of half of the appropriations adopted by the Meeting of States Parties for that financial period, except that adjustments shall be made in respect of:	Change in numbering of regulation referred to; “financial period” replaced with “budget period”.
(a) Supplementary appropriations for which contributions have not previously been determined;	(a) supplementary appropriations for which contributions have not previously been determined;	
(b) Contributions under the provisions of regulations 5.10 and 5.11;	(b) contributions under the provisions of regulations 5.9 and 5.10;	
(c) Any balance of the appropriations surrendered under regulations 4.3, 4.4 and 4.5.	(c) any balance of the appropriations surrendered under regulations 4.3, 4.4 and 4.5.	
Regulation 5.4: The assessments of States Parties, international organizations and the International Seabed Authority shall be offset in accordance with regulation 5.3 by net revenue from the following revenue categories:		New regulation.
(a) Revenue-producing activities;		Reclassification of miscellaneous income. Under the United Nations system accounting standards, these revenue items are classified as miscellaneous income and offset against Member States’ assessments. Under IPSAS, however, a number of these items are no longer classified as miscellaneous income. The present new regulation is being proposed to ensure that States Parties continue to receive the
(b) Investment revenue;		
(c) Services rendered;		
(d) Contributions from new States Parties in accordance with regulation 5.10, new international organizations in accordance with regulation 5.11 and		

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
<p>entities other than a State Party, an international organization or the International Seabed Authority in accordance with regulation 5.12;</p> <p>(e) Other/miscellaneous revenue and unspecified contributions in accordance with regulation 7.3;</p> <p>(f) Any other revenue attributable to States Parties, international organizations and the International Seabed Authority.</p>		offsets from these categories of revenue.
<p>Regulation 5.5: After the Meeting of States Parties has adopted the budget and determined the amount of the Working Capital Fund, the Registrar shall:</p> <p>(a) Transmit the relevant documents to the States Parties, international organizations and the International Seabed Authority;</p> <p>(b) Inform the States Parties, international organizations and the International Seabed Authority of their commitments in respect of annual contributions and advances to the Working Capital Fund;</p> <p>(c) Request them to remit their contributions and advances.</p>	<p>Regulation 5.4: After the Meeting of States Parties has adopted the budget and determined the amount of the Working Capital Fund, the Registrar shall:</p> <p>(a) transmit the relevant documents to the States Parties, International Organizations and the International Seabed Authority;</p> <p>(b) inform the States Parties, International Organizations and the International Seabed Authority of their commitments in respect of annual contributions and advances to the Working Capital Fund;</p> <p>(c) request them to remit their contributions and advances.</p>	Change in numbering.
<p>Regulation 5.6: Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Registrar referred to in regulation 5.5, or as of the first day of the calendar year to which they relate, whichever is the later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.</p>	<p>Regulation 5.5: Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Registrar referred to in regulation 5.4, or as of the first day of the calendar year to which they relate, whichever is the later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.</p>	Change in numbering; change in numbering of the regulation referred to.
<p>Regulation 5.7: Annual contributions and advances to the Working Capital Fund shall be determined in euros and paid in either United States dollars or euros.</p>	<p>Regulation 5.6: Annual contributions and advances to the Working Capital Fund shall be determined in euros and paid in either United States dollars or euros.</p>	Change in numbering.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 5.8: Payments made by a State Party, an international organization or the International Seabed Authority shall be credited first to the Working Capital Fund and then to the contributions due, in the order in which the contribution was determined.	Regulation 5.7: Payments made by a State Party, an International Organization or the International Seabed Authority shall be credited first to the Working Capital Fund and then to the contributions due, in the order in which the contribution was determined.	Change in numbering.
Regulation 5.9: The Registrar shall submit to each Meeting of States Parties a report on the collection of contributions and advances to the Working Capital Fund.	Regulation 5.8: The Registrar shall submit to each Meeting of States Parties a report on the collection of contributions and advances to the Working Capital Fund.	Change in numbering.
Regulation 5.10: New States Parties shall be required to make contributions for the year in which they become States Parties and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the Meeting of States Parties.	Regulation 5.9: New States Parties shall be required to make contributions for the year in which they become States Parties and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the Meeting of States Parties.	Change in numbering.
Regulation 5.11: New international organizations shall be required to make agreed contributions for the year in which they become Parties to the Convention and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the Meeting of States Parties.	Regulation 5.10: New International Organizations shall be required to make agreed contributions for the year in which they become Parties to the Convention and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the Meeting of States Parties.	Change in numbering.
Regulation 5.12: Contributions of entities other than a State Party, an international organization or the International Seabed Authority to the expenses of the Tribunal shall be treated as other/miscellaneous revenue.	Regulation 5.11: Contributions of entities other than a State Party, an International Organization or the International Seabed Authority to the expenses of the Tribunal shall be treated as miscellaneous income.	Change in numbering; IPSAS revenue; reclassification of miscellaneous income.
<b>Regulation 6. Funds</b>	<b>Regulation 6. Funds</b>	No change.
Regulation 6.1: There shall be established a General Fund for the purpose of accounting for the budget undertakings of the Tribunal. The contributions referred to in regulation 5.2 by States Parties, international organizations and the International Seabed Authority, the revenue categories under regulation 5.4 and any advances made from the Working Capital Fund shall be available to fund expenditure of the General Fund.	Regulation 6.1: There shall be established a General Fund for the purpose of accounting for the administrative expenditures of the Tribunal. The contributions referred to in regulation 5.2 by States Parties, International Organizations and the International Seabed Authority, miscellaneous income and any advances made from the Working Capital Fund to finance administrative expenditures shall be credited to the General Fund.	Editorial change; reclassification of miscellaneous income; clarification of the scope of the General Fund.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 6.2: There shall be established a Working Capital Fund to ensure financial resources for the Tribunal to meet short-term liquidity problems pending receipt of contributions under regulation 5.2 and to provide the Tribunal with the financial means to deal with cases, in particular those requiring urgent proceedings, to the extent that the expenditure cannot be met from the case-related costs. The amount shall be determined from time to time by the Meeting of States Parties. The Working Capital Fund shall be constituted by advances from States Parties, international organizations and the International Seabed Authority. Advances shall be made in accordance with the agreed scale of assessment or, in the case of international organizations and the International Seabed Authority, as determined from time to time by the Meeting of States Parties. Advances shall be carried to the credit of States Parties, international organizations and the International Seabed Authority which have made such advances.	Regulation 6.2: There shall be established a Working Capital Fund to ensure financial resources for the Tribunal to meet short-term liquidity problems pending receipt of contributions under regulation 5.2 and to provide the Tribunal with the financial means to deal with cases, in particular those requiring urgent proceedings, to the extent that the expenditure cannot be met from the case-related costs. The amount shall be determined from time to time by the Meeting of States Parties. The Working Capital Fund shall be constituted by advances from States Parties, International Organizations and the International Seabed Authority. Advances shall be made in accordance with the agreed scale of assessment or, in the case of International Organizations and the International Seabed Authority, as determined from time to time by the Meeting of States Parties. Advances shall be carried to the credit of States Parties, International Organizations and the International Seabed Authority which have made such advances.	No change.
Regulation 6.3: Advances made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed to the Fund as soon as and to the extent that revenue is available for that purpose.	Regulation 6.3: Advances made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed to the Fund as soon as and to the extent that income is available for that purpose.	IPSAS revenue.
Regulation 6.4: Revenue derived from investments of the Working Capital Fund in accordance with regulation 9.1 shall be credited to investment revenue.	Regulation 6.4: Income derived from investments of the Working Capital Fund in accordance with regulation 9.1 shall be credited to miscellaneous income.	IPSAS revenue; reclassification of miscellaneous income.
Regulation 6.5: Reserve and special accounts may be established by the Registrar, with the approval of the Tribunal, in accordance with these Regulations and shall be reported to the Meeting of States Parties. Trust funds may also be established by the Registrar, with the approval of the Tribunal, in accordance with these Regulations and shall be brought to the	Regulation 6.5: Reserve and special accounts may be established by the Registrar, with the approval of the Tribunal, in accordance with these Regulations and shall be reported to the Meeting of States Parties. Trust funds may also be established by the Registrar, with the approval of the Tribunal, in accordance with these Regulations and shall be brought to	No change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Meeting of States Parties for its consideration.	the Meeting of States Parties for its consideration.	
Regulation 6.6: The purpose and limits of each trust fund, reserve and special account shall be clearly defined by the authority approving it pursuant to regulation 6.5. Unless otherwise decided by the Meeting of States Parties, such funds and accounts shall be administered in accordance with these Regulations.	Regulation 6.6: The purpose and limits of each trust fund, reserve and special account shall be clearly defined by the authority approving it pursuant to regulation 6.5. Unless otherwise decided by the Meeting of States Parties, such funds and accounts shall be administered in accordance with these Regulations.	No change.
<b>Regulation 7. Other income</b>	<b>Regulation 7. Other income</b>	No change.
	Regulation 7.1: All other income except: <ul style="list-style-type: none"> <li>(a) contributions to the budget by States Parties, International Organizations and the International Seabed Authority in accordance with regulation 5.2;</li> <li>(b) voluntary contributions pursuant to regulation 7.2;</li> <li>(c) direct refunds of expenditures made during the financial period;</li> <li>(d) revenue derived from staff assessment, shall be classed as miscellaneous income, for credit to the General Fund.</li> </ul>	This regulation is deleted as it relates to a now-obsolete definition of miscellaneous income. The categories of revenue that can be offset against assessments are now defined in new regulation 5.4.
Regulation 7.1: Voluntary contributions, gifts and donations, whether or not in cash, may be accepted by the Tribunal, provided that the purposes for which the contributions are made are consistent with the nature and functions of the Tribunal. Acceptance of any such contributions, gifts and donations which directly or indirectly involve additional financial liability for the Tribunal shall require the prior consent of the Meeting of States Parties. Information on voluntary contributions, gifts and donations accepted under this regulation shall be communicated to the next Meeting of States Parties.	Regulation 7.2: Voluntary contributions, gifts and donations, whether or not in cash, may be accepted by the Tribunal, provided that the purposes for which the contributions are made are consistent with the nature and functions of the Tribunal. Acceptance of any such contributions, gifts and donations which directly or indirectly involve additional financial liability for the Tribunal shall require the prior consent of the Meeting of States Parties. Information on voluntary contributions, gifts and donations accepted under this regulation shall be communicated to the next Meeting of States Parties.	Change in numbering.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 7.2: Moneys accepted in accordance with regulation 7.1 for purposes specified by the donors shall be treated as trust funds or special accounts in accordance with regulation 6.5.	Regulation 7.3: Moneys accepted in accordance with regulation 7.2 for purposes specified by the donors shall be treated as trust funds or special accounts in accordance with regulation 6.5.	Change in numbering; change in numbering of the regulation referred to.
Regulation 7.3: Moneys in respect of which no purpose is specified shall be treated as other/miscellaneous revenue.	Regulation 7.4: Moneys in respect of which no purpose is specified shall be treated as miscellaneous income and reported as “gifts” in the accounts of the financial period.	Change in numbering; reclassification of miscellaneous income; editorial change.
<b>Regulation 8. Custody of funds</b>	<b>Regulation 8. Custody of funds</b>	No change.
Regulation 8: The Registrar shall designate a reputable bank or banks in which the funds of the Tribunal shall be kept.	Regulation 8: The Registrar shall designate a reputable bank or banks in which the funds of the Tribunal shall be kept.	No change.
<b>Regulation 9. Investment of funds</b>	<b>Regulation 9. Investment of funds</b>	No change.
Regulation 9.1: The Registrar may make prudent short-term investments of moneys not needed for immediate requirements and shall inform the Tribunal and the Meeting of States Parties periodically of such investments.	Regulation 9.1: The Registrar may make prudent short-term investments of moneys not needed for immediate requirements and shall inform the Tribunal and the Meeting of States Parties periodically of such investments.	No change.
Regulation 9.2: Revenue derived from investments shall be credited to investment revenue or as provided in the rules relating to each fund or account.	Regulation 9.2: Income derived from investments shall be credited to miscellaneous income or as provided in the rules relating to each fund or account.	IPSAS revenue; reclassification of miscellaneous income.
Regulation 9.3: Unless otherwise authorized by the appropriate authority under regulations 6.5 and 6.6, no interest shall be payable on trust funds or special accounts.		New regulation, based on those applicable to United Nations system organizations. It represents a significantly more efficient approach than that currently in place, which entails the calculation, recording and, in some instances, payment of contribution-specific interest earnings.
<b>Regulation 10. Internal control</b>	<b>Regulation 10. Internal control</b>	No change.
Regulation 10.1: The Registrar shall:	Regulation 10.1: The Registrar shall:	IPSAS expense; IPSAS commitment. Some of the language used was developed with a view to harmonization with the Financial Rules.
(a) Establish, with the approval of the Tribunal, detailed financial rules and procedures in order to ensure effective financial administration and the exercise	(a) establish, with the approval of the Tribunal, detailed financial rules and procedures in order to ensure effective financial administration and	



<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
<p>of economy. These rules and procedures shall be brought to the Meeting of States Parties for its consideration;</p> <p>(b) Cause all payments to be made on the basis of supporting documents which ensure that the services or goods have been received;</p> <p>(c) Designate the officers who may receive money or assets, enter into commitments and make disbursements on behalf of the Tribunal;</p> <p>(d) Maintain a system of internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and also assurance that the Tribunal's resources and assets are safeguarded in accordance with the regulatory framework, in order to meet the aims and objectives of the Tribunal.</p>	<p>the exercise of economy. These rules and procedures shall be brought to the Meeting of States Parties for its consideration;</p> <p>(b) cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and that payments have not previously been made;</p> <p>(c) designate the officers who may receive moneys, incur obligations and make payments on behalf of the Tribunal;</p> <p>(d) maintain an internal financial control which shall provide for effective current examination and/or review of financial transactions in order to ensure:</p> <p>(i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Tribunal;</p> <p>(ii) the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Meeting of States Parties, or with the purposes and rules relating to trust funds and special accounts;</p> <p>(iii) the economic use of the resources of the Tribunal.</p>	
<p>Regulation 10.2: Commitments for current or future budget periods shall be incurred only after allotments or other appropriate authorizations have been issued under the authority of the Registrar.</p>	<p>Regulation 10.2: Obligations for the current financial period or commitments for current and future financial periods shall be incurred only after allotments or other appropriate authorizations have been made in writing under the authority of the Registrar.</p>	<p>IPSAS commitment; editorial change; "financial period" replaced with "budget period".</p>
<p>Regulation 10.3: The Registrar, with the approval of the Tribunal, may make such ex gratia payments as he or she deems to be necessary in the interest of the Tribunal, provided that a statement of such payments shall be submitted to the Meeting of States Parties with the financial statements.</p>	<p>Regulation 10.3: The Registrar, with the approval of the Tribunal, may make such ex gratia payments as he or she deems to be necessary in the interest of the Tribunal, provided that a statement of such payments shall be submitted to the Meeting of States Parties with the accounts.</p>	<p>"Accounts" replaced with "financial statements".</p>

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 10.4: The Registrar may, after full investigation, authorize the writing-off of losses of assets, including cash, inventories and property, plant and equipment, provided that a statement of all such amounts written off shall be submitted to the Auditor with the annual financial statements submitted in accordance with regulation 11.1 together with the justifications attached thereto and brought to the Meeting of States Parties for its consideration.	Regulation 10.4: The Registrar may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Auditor with the accounts together with the justifications attached thereto and brought to the Meeting of States Parties for its consideration.	Changed to include cash, inventories and property, plant and equipment as write-offs to be submitted with the financial statements under regulation 11.1.
Regulation 10.5: Substantial purchases of goods and services as specified in the Financial Rules shall be by tender. Such tenders shall be invited by advertisement, except where the Registrar, with the approval of the President of the Tribunal, deems that, in the interests of the Tribunal, a departure from the rule is desirable.	Regulation 10.5: Substantial purchases of equipment, supplies and other requirements as specified in the Financial Rules shall be by tender. Such tenders shall be invited by advertisement, except where the Registrar, with the approval of the President of the Tribunal, deems that, in the interests of the Tribunal, a departure from the rule is desirable.	“Equipment, supplies and other requirements” replaced with “goods and services”.
<b>Regulation 11. Financial statements</b>	<b>Regulation 11. The accounts</b>	Changed to refer to financial statements instead of accounts.
Regulation 11.1: The financial statements shall be prepared annually in euros in accordance with these Regulations and the Financial Rules, decisions of the appropriate legislative bodies and International Public Sector Accounting Standards.	Regulation 11.1: The Registrar shall submit accounts for the financial period. In addition, the Registrar shall maintain, for management purposes, such accounting records as are necessary. The accounts for the financial period shall show: <ul style="list-style-type: none"> <li>(a) the income and expenditures of all funds;</li> <li>(b) the status of appropriations, including: <ul style="list-style-type: none"> <li>(i) the original budget appropriations;</li> <li>(ii) the appropriations as modified by any transfers;</li> <li>(iii) credits, if any, other than the appropriations adopted by the Meeting of States Parties;</li> <li>(iv) the amounts charged against those appropriations and/or other credits.</li> </ul> </li> </ul>	The current regulation is being replaced with a new regulation to comply with the IPSAS prescriptions as to the form and substance of annual financial statements.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
	(c) the assets and liabilities of the Tribunal.  The Registrar shall also give such other information as may be appropriate to indicate the current financial position of the Tribunal.	
Regulation 11.2: The accounts of the Tribunal shall be presented in euros. Accounting records may, however, be kept in such currency or currencies as the Registrar may deem necessary.	Regulation 11.2: The accounts of the Tribunal shall be presented in euros. Accounting records may, however, be kept in such currency or currencies as the Registrar may deem necessary.	No change.
Regulation 11.3: Appropriate separate accounts shall be maintained for all trust funds and special accounts.	Regulation 11.3: Appropriate separate accounts shall be maintained for all trust funds and special accounts.	No change.
Regulation 11.4: The Registrar shall transmit the annual financial statements to the Auditor following certification no later than three months following the end of the relevant financial period.	Regulation 11.4: The accounts for the financial period shall be submitted by the Registrar to the Auditor not later than 31 March following the end of the financial period.	IPSAS annual financial statements.
<b>Regulation 12. Audit</b>	<b>Regulation 12. Audit</b>	No change.
Regulation 12.1: The Meeting of States Parties shall appoint an Auditor, which may be an internationally recognized firm of auditors or an Auditor General or an official of a State Party with an equivalent title. The Auditor shall be appointed for a period of four years and its appointment may be renewed. The Tribunal may make proposals regarding the appointment of the Auditor.	Regulation 12.1: The Meeting of States Parties shall appoint an Auditor, which may be an internationally recognized firm of auditors or an Auditor General or an official of a State Party with an equivalent title. The Auditor shall be appointed for a period of four years and its appointment may be renewed. The Tribunal may make proposals regarding the appointment of the Auditor.	No change.
Regulation 12.2: The audit shall be conducted in conformity with generally accepted common auditing standards and in accordance with the additional terms of reference set out in the annex to these Regulations.	Regulation 12.2: The audit shall be conducted in conformity with generally accepted common auditing standards and in accordance with the additional terms of reference set out in the annex to these Regulations.	No change.
Regulation 12.3: The Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Tribunal.	Regulation 12.3: The Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Tribunal.	No change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 12.4: The Auditor shall be completely independent and solely responsible for the conduct of the audit.	Regulation 12.4: The Auditor shall be completely independent and solely responsible for the conduct of the audit.	No change.
Regulation 12.5: The Meeting of States Parties and/or the Tribunal may request the Auditor to perform certain specific examinations and issue separate reports on the results.	Regulation 12.5: The Meeting of States Parties and/or the Tribunal may request the Auditor to perform certain specific examinations and issue separate reports on the results.	No change.
Regulation 12.6: The Registrar shall provide the Auditor with the facilities required in the performance of the audit.	Regulation 12.6: The Registrar shall provide the Auditor with the facilities required in the performance of the audit.	No change.
Regulation 12.7: The Auditor shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Auditor deems necessary with regard to matters referred to in regulation 12.3 and in the additional terms of reference.	Regulation 12.7: The Auditor shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Auditor deems necessary with regard to matters referred to in regulation 12.3 and in the additional terms of reference.	No change.
Regulation 12.8: The Tribunal shall examine the financial statements and the audit reports and shall forward them to the Meeting of States Parties, with such comments as it deems appropriate.	Regulation 12.8: The Tribunal shall examine the financial statements and the audit reports and shall forward them to the Meeting of States Parties, with such comments as it deems appropriate.	No change.
<b>Regulation 13. Decisions involving expenditures</b>	<b>Regulation 13. Decisions involving expenditures</b>	No change.
Regulation 13: Where, in the opinion of the Registrar, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the Meeting of States Parties has made the necessary appropriations or unless the Registrar certifies that provision can be made under the conditions of an applicable decision of the Meeting of States Parties relating to unforeseen and extraordinary expenses.	Regulation 13: Where, in the opinion of the Registrar, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the Meeting of States Parties has made the necessary appropriations or unless the Registrar certifies that provision can be made under the conditions of an applicable decision of the Meeting of States Parties relating to unforeseen and extraordinary expenses.	No change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
<b>Regulation 14. General provisions</b>	<b>Regulation 14. General provisions</b>	No change.
Regulation 14.1: These Regulations shall become effective on 1 January 2021 and shall apply to the financial period 2021 and to subsequent financial periods.	Regulation 14.1: These Regulations shall become effective on 1 January 2004 and shall apply to the financial period 2005–2006 and to subsequent financial periods.	Changed to reflect new effective date for proposed regulations.
Regulation 14.2: These Regulations may be amended by the Meeting of States Parties taking into account the views of the Tribunal.	Regulation 14.2: These Regulations may be amended by the Meeting of States Parties taking into account the views of the Tribunal.	No change.
<b>Annex</b>	<b>Annex</b>	
<b>Additional terms of reference governing the audit of the International Tribunal for the Law of the Sea</b>	<b>Additional terms of reference governing the audit of the International Tribunal for the Law of the Sea</b>	No change.
1. The Auditor shall perform such audit of the accounts of the Tribunal, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:	1. The Auditor shall perform such audit of the accounts of the Tribunal, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:	In general, changes were made to the annex to replace United Nations system accounting standards terminology with IPSAS terminology, such as replacing “obligation” with “commitment” and replacing “supplies and equipment” with “inventories and property, plant and equipment”.
(a) That the financial statements are in accord with the books and records of the Tribunal;	(a) That the financial statements are in accord with the books and records of the Tribunal;	Paragraph 1 (c) deleted as this language is outdated and is covered by existing paragraph 1 (d) – (new paragraph 1 (c)).
(b) That the financial transactions reflected in the statements have been in accordance with these Regulations and the Financial Rules, the budgetary provisions and other applicable directives;	(b) That the financial transactions reflected in the statements have been in accordance with these Regulations and the Financial Rules, the budgetary provisions and other applicable directives;	
(c) That the internal controls, including internal oversight, are adequate in the light of the extent of reliance placed thereupon.	(c) That the securities and moneys on deposit and on hand have been verified by certificates received direct from the Tribunal’s depositaries or by actual count;	
	(d) That the internal controls, including internal oversight, are adequate in the light of the extent of reliance placed thereupon.	
2. The Auditor shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Registrar and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to inventories and property, plant and equipment.	2. The Auditor shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Registrar and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to supplies and equipment.	“Supplies and equipment” replaced with “inventories and property, plant and equipment”.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
<p>3. The Auditor and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Auditor, necessary for the performance of the audit. Information which is classified as privileged and which the Registrar (or a designated senior official) agrees is required by the Auditor for the purposes of the audit and information classified as confidential shall be made available on application. The Auditor and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The Auditor may draw the attention of the Tribunal and the Meeting of States Parties to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit.</p>	<p>3. The Auditor and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Auditor, necessary for the performance of the audit. Information which is classified as privileged and which the Registrar (or a designated senior official) agrees is required by the Auditor for the purposes of the audit and information classified as confidential shall be made available on application. The Auditor and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The Auditor may draw the attention of the Tribunal and the Meeting of States Parties to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit.</p>	No change.
<p>4. The Auditor shall have no power to adjust the financial statements but shall draw the attention of the Registrar, for appropriate action, to any transaction for which it entertains doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be communicated immediately to the Registrar.</p>	<p>4. The Auditor shall have no power to disallow items in the accounts but shall draw the attention of the Registrar, for appropriate action, to any transaction for which it entertains doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be communicated immediately to the Registrar.</p>	“Disallow items in the accounts” replaced with “adjust the financial statements”.
<p>5. The Auditor (or such of its officers as it may designate) shall express and sign an opinion on the financial statements which shall read as follows:</p> <p>“We have examined the following appended financial statements, numbered ... to ..., properly identified, and relevant schedules of the International Tribunal for the Law of the Sea for the financial period ended 31 December .... Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we</p>	<p>5. The Auditor (or such of its officers as it may designate) shall express and sign an opinion on the financial statements which shall read as follows:</p> <p>“We have examined the following appended financial statements, numbered ... to ..., properly identified, and relevant schedules of the International Tribunal for the Law of the Sea for the financial period ended 31 December .... Our examination included a general review of the accounting procedures and such tests of the accounting records and other</p>	Paragraph 5 (c) deleted as accounting principles will be covered by IPSAS.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
considered necessary in the circumstances.”	supporting evidence as we considered necessary in the circumstances.”	
The opinion shall also state, as appropriate, whether:	The opinion shall also state, as appropriate, whether:	
(a) The financial statements present fairly the financial position as at the end of the period and the results of their operations for the period then ended;	(a) The financial statements present fairly the financial position as at the end of the period and the results of their operations for the period then ended;	
(b) The financial statements were prepared in accordance with the stated accounting principles;	(b) The financial statements were prepared in accordance with the stated accounting principles;	
(c) Transactions were in accordance with these Regulations and legislative authority.	(c) The accounting principles were applied on a basis consistent with that of the preceding financial report;	
	(d) Transactions were in accordance with these Regulations and legislative authority.	
6. The report of the Auditor on the financial operations of the Tribunal for the financial period shall be submitted to the Meeting of States Parties through the Tribunal. It shall indicate:	6. The report of the Auditor on the financial operations of the Tribunal for the financial period shall be submitted to the Meeting of States Parties through the Tribunal. It shall indicate:	
(a) The type and scope of the Auditor’s examination;	(a) The type and scope of the Auditor’s examination;	
(b) Matters affecting the completeness and accuracy of the financial statements, including, where appropriate:	(b) Matters affecting the completeness and accuracy of the accounts, including, where appropriate:	
(i) Information necessary to the correct interpretation of the financial statements;	(i) Information necessary to the correct interpretation of the accounts;	
(ii) Any amounts which ought to have been received but which have not been brought to account;	(ii) Any amounts which ought to have been received but which have not been brought to account;	
(iii) Contingencies which have not been properly disclosed in the financial statements;	(iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;	
(iv) Expenditures not properly substantiated;	(iv) Expenditures not properly substantiated;	
(v) Whether proper books of accounts have been kept – where, in the presentation of statements there are deviations of a material nature from the stated accounting	(v) Whether proper books of accounts have been kept where in the presentation of statements there are deviations of a material nature	
		“Accounts” replaced with “financial statements” in paragraph 6 (b) (i); paragraph 6 (b) (iii) has been modified as commitments are not recorded in the financial statements under IPSAS; editorial changes in paragraph 6 (b) (v); editorial changes in paragraph 6 (c) (iv) and replacement of “supplies and equipment” with “inventories and property, plant and equipment”; replacement of “supplies and equipment” with “inventories and property, plant and equipment” in paragraph 6 (d); addition of the term “financial” in paragraph 6 (e).

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
standards and policies, these should be disclosed;	from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;	
(c) Other matters which the Auditor considers should be brought to the notice of the Meeting of States Parties, such as:	(c) Other matters which the Auditor considers should be brought to the notice of the Meeting of States Parties, such as:	
(i) Cases of fraud or presumptive fraud;	(i) Cases of fraud or presumptive fraud;	
(ii) Wasteful or improper expenditure of the Tribunal's money or other assets, notwithstanding that the accounting for the transaction may be correct;	(ii) Wasteful or improper expenditure of the Tribunal's money or other assets, notwithstanding that the accounting for the transaction may be correct;	
(iii) Expenditure likely to commit the Tribunal to further outlay on a large scale;	(iii) Expenditure likely to commit the Tribunal to further outlay on a large scale;	
(iv) Any defect in the general system or controls governing receipts and disbursements or assets, including inventories and property, plant and equipment;	(iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;	
(v) Expenditure not in accordance with the intention of the Meeting of States Parties after making allowance for duly authorized transfers within the budget;	(v) Expenditure not in accordance with the intention of the Meeting of States Parties after making allowance for duly authorized transfers within the budget;	
(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;	(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;	
(vii) Expenditure not in conformity with the authority which governs it;	(vii) Expenditure not in conformity with the authority which governs it;	
(d) The accuracy or otherwise of inventories and property, plant and equipment records as determined by stock-taking and examination of the reports;	(d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the reports;	
(e) If appropriate, transactions accounted for in a previous financial period concerning which further information has been obtained or transactions in a later financial period concerning which it seems desirable that the Meeting of States Parties should have early knowledge.	(e) If appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the Meeting of States Parties should have early knowledge.	



<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
7. The Auditor may make such observations with respect to its findings resulting from the audit and such comments on the Registrar's financial report as it deems appropriate to the Meeting of States Parties, the Tribunal or the Registrar.	7. The Auditor may make such observations with respect to its findings resulting from the audit and such comments on the Registrar's financial report as it deems appropriate to the Meeting of States Parties, the Tribunal or the Registrar.	No change.
8. Whenever the scope of audit of the Auditor is restricted, or whenever it is unable to obtain sufficient evidence, it shall refer to the matter in its opinion and report, making clear in the report the reasons for its comments and the effect on the financial position and the financial transactions as recorded.	8. Whenever the scope of audit of the Auditor is restricted, or whenever it is unable to obtain sufficient evidence, it shall refer to the matter in its opinion and report, making clear in the report the reasons for its comments and the effect on the financial position and the financial transactions as recorded.	No change.
9. In no case shall the Auditor include criticism in its report without first affording the Registrar an adequate opportunity of explanation on the matter under observation.	9. In no case shall the Auditor include criticism in its report without first affording the Registrar an adequate opportunity of explanation on the matter under observation.	No change.
10. The Auditor shall not be required to mention any matter referred to in the foregoing that, in its opinion, is insignificant in all respects.	10. The Auditor shall not be required to mention any matter referred to in the foregoing that, in its opinion, is insignificant in all respects.	No change.