

Division N I 5

Ref: 70100/57

24.09.2010

Common Wadden Sea Secretariat**Financial Rules****XVII Budget**

1. A three-year financial plan for the CWSS shall be prepared by the Secretary at the beginning of each three-year period defined by the triennial trilateral governmental conferences, and shall be confirmed by annual budgets.
2. The budget year of the Common Wadden Sea Secretariat shall be the calendar year from January 1 to December 31.
3. Each Party shall fund one third of the entire budget for each budget year of the Common Wadden Sea Secretariat, as laid down in Article 5.3 of the Joint Declaration on the Protection of the Wadden Sea 2010. Projects may be funded on a unilateral, bilateral or trilateral basis.
4. The Secretary shall, by mid December of the year before the year preceding the budget year, send the parties a draft budget plan and the financial plan for two additional years.
5. The draft budget shall be broken down into individual budget lines in euro (€) on the basis of source of income and purpose of expenditure. Personnel and material expenses shall be shown separately and individually. Reasons shall be given for each individual budget line. The draft shall contain a list of the contributions by the Parties. There must be a balance of income and expenditure in the draft budget.
6. After the adoption of the budget and the three-year financial plan by the Wadden Sea Board, the Secretary shall notify the Parties of the breakdown of costs. The resulting contributions by the Parties shall be remitted to the account of the Common Wadden Sea Secretariat not later than January 31 of each year.
7. The budget resources shall be used economically. Expenditure shall be charged to the budget year in which the relevant cash flow took place. The total amount estimated in the budget must not be exceeded. Individual budget lines may be exceeded by up to 20% if the necessary funds are saved under other budget lines. It shall not, however, be permissible to meet material expenses from the personnel budget. Larger divergences shall require the prior consent of the Parties.
8. To ensure the solvency of the Common Wadden Sea Secretariat at the beginning of the budget year, the Common Wadden Sea Secretariat may form a reserve fund not exceeding 10% of the current budget. The reserve fund shall be formed using expenditure not appropriated at the end of the year (expenditure shortfall) and any income in excess of the budget estimate (additional income).

9. Any surpluses after replenishment of the reserve fund shall be notified to the Parties in good time before the date specified under 6, preferably with the annual financial statement, and deducted pro rata from the next contribution due. If the annual financial statement is not presented until a later date, any overpayments shall be reimbursed immediately.

10. If it should transpire during the budget year that new expenditure or expenditure in excess of estimated amounts are necessary for reasons not known at the time the draft budget was drawn up, a supplementary budget shall be prepared. The additional expenditure shall be met primarily by means of appropriations from the reserve fund.

11. The Common Wadden Sea Secretariat may establish special-purpose budgets for earmarked expenditure. Special-purpose budgets may be formed from contributions by the Parties either on the basis of a fixed formula or by means of voluntary contributions, possibly from sponsors. Except as otherwise decided by the Parties, any interest income from the special-purpose budgets or any surpluses remaining after payment of amounts due shall be reimbursed to the Parties in accordance with their contributions to such special-purpose budgets.

12. The Secretary's views shall be heard before any decisions with a financial impact on the budget are taken. The same shall apply to significant administrative impacts on the Secretariat. If the Secretary presents justified arguments that the impacts of the proposed decision are not covered by the available financial resources of the Common Wadden Sea Secretariat, no decision shall be taken by the Parties until the availability of the necessary resources is ensured.

XVIII Auditing

1. The annual financial statement of the Common Secretariat shall be prepared by the Secretariat and shall be audited by two external auditors, each appointed by the Wadden Sea Board for a two-year period. For this purpose the annual financial statement shall be submitted to the Wadden Sea Board by March 31 of the following year and shall be audited by June 30.

2. The Secretary may engage an external institution to prepare the annual financial statement; the relevant costs shall be borne by the budget of the Common Secretariat.

3. The auditors shall verify the appropriate and efficient use of budget funds and their correct posting and effective administration.

4. The auditors shall present the audit findings to the Parties' representatives by September 30 of the year in which the audit took place.

5. The Parties may, by prior arrangement, inspect the accounting journals, vouchers and budget-related documents at the office of the Secretariat.

6. On the basis of the Parties' motion on the audit findings, the Wadden Sea Board shall approve the annual financial statement and shall decide whether to grant the Secretary discharge.

7. If the annual financial statement and/or the audit thereof gives rise to any surpluses, these shall be reimbursed to the Parties pro rata without delay.