



IHO File No. FO/599/01

**FINANCE COMMITTEE
CIRCULAR LETTER 01/2018
14 May 2018**

FINANCE COMMITTEE OFFICERS' MEETING - 24 April 2018

References

- A. IHO CL26/2018 dated 5 April – *Adoption of a new IHO Resolution on the Procedure for considering the Annual Financial Statement and the Forthcoming Budget estimate and Work Programme.*
- B. Rules of Procedure of the Finance Committee, Rule 2
- C. IHO Resolution 02/2018
- D. Decision 24.c of the 1st Session of the IHO Assembly

Dear Hydrographer,

1. The Finance Committee Officers' (FCO) meeting took place at the IHO Secretariat in Monaco on 24 April in accordance with Rule 2 of the ROP of the Finance Committee. The meeting comprised the Chair of the Finance Committee, Ms Muriel Natali-Laure (Monaco); the Vice-Chair, Mr Andrew Millard (United Kingdom - by video conference); Rear Admiral Shepard Smith, Chair of the IHO Council (by video conference); Dr Mathias Jonas, Secretary-General; Directors Abri Kampfer and Mustafa Iptes; and the External Auditor, Ms Pascale Taramazzo, representing Frank Morel Chartered Accountants. Ms Ghislaine Fauchois, Manager Finance and Administration also attended the meeting. The following topics were presented and considered at the meeting.

2. It was noted that the Secretary-General's proposal for the allocation of the 2016 surplus (point 3 of the 2017 meeting report) was endorsed and approved by the 1st Assembly in April 2017.

3. Dr Jonas explained the rearrangements pertaining to the role and obligations of the Finance Committee in general and the Finance Committee Officers' Meeting in particular resulting from the revised IHO Convention and the installation of the IHO Council:

- In accordance with the revised IHO Convention, the Finance Committee (FC) shall meet during the Assembly. There is no obligation for twice yearly meetings, but the FC can still meet according to Rule 2 of the ROP of FC, if the need arises.
- The IHO Assembly tasked the IHO Council to manage operational finance issues of the Organization for the intermediate time between Assemblies. The operational role of the IHO Council in the management of finance issues requires the inclusion of the Council Chair in the process of the deliberations of the Finance Committee Officers.
- The IHO Member States adopted a new IHO Resolution which describes how the evaluation results of the audited Finance Report of the elapsed year, follow up recommendations of the Finance Committee Chair, the external auditor and the Council Chair together with the proposals from the Secretary-General for the allocation of the surplus should be forwarded to the Council members for consideration and approval.

4. The Secretary-General informed the FC Officers that Ms Sandrine Brunel, previously Accounting and Administrative Assistant and part time Capacity Building Assistant, is now devoted full time to the Capacity Building Fund and is no longer engaged with financial matters at the Secretariat.

Audit results for the Annual Finance Report 2017 and recommendations of the Secretary-General for the 2017 surplus:

5. The Secretary-General tabled the audited financial statements, which indicated a positive result for 2017 of 286,552.10 €, very close to the result of 2016.

6. External Auditor Ms. Taramazzo confirmed that the provided Annual Finance Report 2017 is consistent, unambiguous and in full compliance with applicable international accounting standards. No objections on any item of the report was raised by her.

7. The Finance Committee Officers endorsed the proposal of the Secretary-General that the effective budget surplus for 2017 of 187 k€ shall be allocated as follows:

- 100 k€ to the Capacity Building Fund
- 50 k€ to the Internal Retirement Fund
- 37 k€ to the Special Projects Fund

This proposal will be now be forwarded for approval to the IHO Council members by Circular Letter.

Provisional statement of accounts (March 2018)

8. The Finance Committee Officers reviewed the current financial situation, based on the monthly summary finance report for March 2018. The Secretary-General and Ms. Fauchois presented the current financial statements and indicated that all aspects of the execution of the budget for 2018 were progressing satisfactorily.

Status of Member States' contribution payments

9. The actual status of Member States' contribution payments was examined. As at the end of March 2018, the recovery of contributions, with a percentage of 45.70%, is lower than 2017 (56.09%) and lower than the average of the past 5 years (52.30%). Thirteen Member States had failed to pay their contributions for 2017 during the calendar year. Six of those Member States have paid their contribution since January 2018. Two Member States were informed that they are facing suspension if payment was not received promptly. Last reminders were sent to that effect by mid April 2018.

Other business

10. Preparations have been started for the centenary celebrations of the IHO stretching over a period from 2019 to 2021. It is planned to cover costs for external assistance and materials from the budget available under the Special Projects Fund.

11. Bank accounts: The proper operation of all ingoing and outgoing transfer and accounting activities is dependent from continued and reliable relations with local banks situated in Monaco. This has become a subject of concern for the Secretariat because it has become difficult to maintain such cooperation with well reputed important banks such as SAFRA, HSBC and Lloyds Bank for various, mainly political, reasons. The latest closure of IHO accounts by CFM Indosuez, as the leading bank in Monaco, after opening this account only 2 years ago, created a situation that there is only one bank

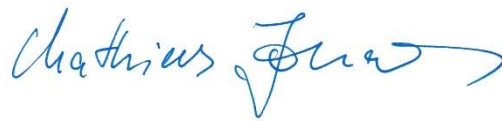
remaining for the receipt of Member States contributions. The Government of Monaco has been informed of this alarming situation.

12. The Secretary-General extended his sincere gratitude to Ms. Taramazzo for longstanding cooperation in her role as External Auditor. Since the IHO Member States voted in favour of a change of the external audit contracting partner from the year 2018 onwards, Frank Morel Chartered Accountants in general and Ms. Taramazzo in person will no longer service the IHO.

Next Meeting

13. It was agreed that the next meeting of the Finance Committee Officers will take place at the IHO Secretariat in Monaco, in March 2019.

Yours sincerely,



Dr Mathias JONAS
Secretary-General

Distribution:

Finance Committee Officers

For information:

IHO Council Members