

THIS CIRCULAR LETTER REQUIRES YOU TO VOTE

IHB File No. S3/6003

**CIRCULAR LETTER 15/2004
13 February 2004**

**PROPOSED INSERTION OF NEW SECTION 5 IN CHAPTER R - FINANCIAL
ADMINISTRATION OF THE IHO ADMINISTRATIVE RESOLUTIONS**

Dear Hydrographer,

Article 21 of the IHO Financial Regulations refers to the tasks of the External Auditor in checking the accounts of the IHB and providing his/her report to the Directing Committee. This report is then submitted to the Members of the Finance Committee. The Directing Committee is of the opinion that these tasks, as they appear in Article 21, do not provide a clear and detailed description of the Auditor's work and may be interpreted in different ways. For this reason the Directing Committee believes that the work of the Auditor must be described in a more detailed manner.

The Directing Committee has drafted the attached text referring to the External Audit of the accounts of the Bureau to be inserted as a new "Section 5" with the title "External Audit" in Chapter R- FINANCIAL ADMINISTRATION of the IHO ADMINISTRATIVE RESOLUTIONS. This text has been brought to the attention of the Chairman and Vice-Chairman of the Finance Committee, Mr. Gaziello from Monaco and Mr. Bussey from UK, who have agreed and provided improvements to the text.

You are kindly requested to review the attached text and provide your vote and comments to the Bureau by **30th April 2004**.

According to paragraphs 5 and 6 of Article VI of the Convention a simple majority of the Member States is needed for approval.

On behalf of the Directing Committee
Yours sincerely,

(original signed)

Vice Admiral Alexandros MARATOS
President

Annex 1: Voting Form

IHB File N° S3/6003

**PROPOSED INSERTION OF NEW SECTION 5 IN CHAPTER R - FINANCIAL
ADMINISTRATION OF THE IHO ADMINISTRATIVE RESOLUTIONS**

(to be returned to the IHB by 30th April 2004)

E-Mail: info@ihb.mc - Fax: +377 93 10 81 40

MEMBER STATE:

Do you agree with the proposed text:

SECTION 5 – EXTERNAL AUDIT

- R5.1 General Provisions
- R5.2 External Auditor Terms of Reference
- R5.3 Reports

R5.1 General Provisions

The audit shall be conducted yearly in conformity with Generally Accepted Accounting Principles. The Finance Committee or the Conference may request the External Auditor to perform certain specific examinations. Nevertheless, the External Auditor shall be completely independent and solely responsible for the conduct of the audit. At the request of the Finance Committee or the Directing Committee, such auditing may be carried out at any time. The Directing Committee shall provide the External Auditor with the facilities he may require in the performance of the audit.

R5.2 Terms of Reference for the External Auditor

The External Auditor shall perform such audit of the accounts of the Organization, verifying, but not limited to the following:

- a. that the financial statements are in accord with the books and records of the Organization;
- b. that the financial transactions reflected in the statements have been undertaken in accordance with the rules and regulations, other applicable directives and that the accounting policies are adequately stated and have been adhered to;
- c. that the securities and monies on deposit and on hand have been verified by certificates received directly from the Organization's depositaries or by actual count ;
- d. that the internal controls are adequate in the light of the extent of reliance thereon ;
- e. that satisfactory procedures have been applied to the recording of all assets, liabilities, surpluses and deficits.

The External Auditor may proceed to such detailed examination and verification as he chooses of all financial records including those relating to supplies and equipment.

The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system and the internal financial controls.

R5.3 Reports

A copy of the External Auditor’s annual report shall be attached to the draft Annual Report by the Directing Committee to the Members of the Finance Committee. Reports on certain specific examinations or specially requested auditing should be reported to the Finance Committee and Directing Committee.

YES

NO

Comment:.....
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Date: Signature: