



IHB File No. FO/599/01

**FINANCE COMMITTEE
CIRCULAR LETTER 01/2016
18 April 2016**

**FINANCE COMMITTEE OFFICERS' MEETING
7 April 2016, IHB**

Dear Hydrographer,

1. The six-monthly meeting of the Finance Committee Officers (FCO) took place at the IHB in Monaco on 7 April in accordance with Article 14 of the General Regulations. The meeting comprised the Chair of the Finance Committee, Ms Muriel Natali-Laure (Monaco) represented by Mr Romain Loulergue; the Vice-Chair, Mr Andrew Millard (United Kingdom); and the IHB Directing Committee represented by President Ward and Director Iptes. Director Bessero and the Auditor, Ms Pascale Taramazzo, of Frank Morel Chartered Accountants were absent due to other unavoidable commitments. The IHB Manager Finance and Administration (MFA) and her assistant also attended the meeting. The following topics were presented and discussed at the meeting.

Annual report and Recommendations of the Directing Committee

2. The President tabled the audited financial statement which indicated a positive result for 2015 of 338,806.66€.

3. The Finance Committee Officers endorsed the proposals of the Directing Committee that the effective budget surplus for 2015 of 264K€ be allocated as follows:

- 200K€ to the Capacity Building Fund
- 30 K€ to the Special Projects Fund
- 34 K€ to the Internal Retirement Fund

4. As part of the task of auditing the accounts for 2015, the independent auditor recommended two specific improvements to the processes for accounting for and presenting the financial status of the Organization:

- a. Expenditure on the enhancement or improvements to software-based systems, such as the recent enhancements to the functionality of the SharePoint office software environment, should be counted as assets rather than as one-off running expenses, because such improvements provide an increase in value to the IHO that spans several years. The Finance Report presented to the FCO had taken this advice into account. The Vice-Chair observed that in accordance with the International Accounting standards such software-based assets should be shown separately in the accounts as intangible assets, alongside the tangible assets of the Organization. This has not been the practice in the IHO until now. The Directing Committee took note of this comment, and will ensure that this occurs in the next and subsequent annual Finance Reports.
- b. The recently acquired responsibility for the management of the IBSC (The International Board on Standards of Competence for Hydrographic Surveyors and Nautical Cartographers)

Fund should be included in IHO Resolution 1/2014 - *Guiding Principles for IHO Funds*. The Directing Committee intends to address this when it seeks Member States' approval of the Finance Report and its recommendations.

Provisional statement of accounts (March 2016)

5. The FCO reviewed the current financial situation, based on the monthly summary finance report for March. The President and MFA presented the current financial statements and indicated that all aspects of the execution of the budget for 2016 were progressing satisfactorily.

Status of Member States' contribution payments

6. The status of Member States' contribution payments was examined. It was noted that a growing number of countries appear to be facing difficulties in paying their annual financial contributions.

7. Two Member States run the risk of being suspended if they are unable to settle their arrears by 1 July 2016. In addition, 14 Member States failed to pay their contributions for 2015 during the year.

8. The Vice Chair observed that the IHO may wish to consider whether it was appropriate for those States that are in arrears to continue to receive high-value capacity building and other assistance that is drawn from the funds of the Organization.

Request from the Syrian Arab Republic for exemption of late payment interest

9. The FCO considered a request to the Chair from the Syrian Arab Republic for an exemption from paying interest on their outstanding financial contributions which were recently settled. It was noted by the FCO that the current regulations are clear in indicating that interest is to be paid on outstanding debts. It was decided that the principle of levying interest on outstanding debts, which in most cases appears to be beyond the control of Member States' representatives, and therefore does not serve any meaningful purpose of ensuring timely payment, be brought forward to the Finance Committee and subsequently the Conference/Assembly for consideration in April 2017.

Progress report and consideration of any financial implications of the proposed revised edition of the Staff Regulations of the IHO.

10. The Vice Chair, in his position as Chair of the Staff Regulations Working Group (SRWG) informed the meeting that the SRWG was close to concluding its review of the proposed revised text of the Staff Regulation and the recommendations prepared by the Directing Committee.

11. The Finance Committee Officers were satisfied that the proposed amendments to the Staff Regulations do not introduce any matters of significant concern with respect to the finances of the Organization.

Next Meeting

12. It was agreed that the next meeting of the Finance Committee Officers will take place at the IHB in Monaco, on 3 November 2016.

On behalf of the Directing Committee
Yours sincerely,



Robert WARD
President