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**FINANCE COMMITTEE  
CIRCULAR LETTER 01/2020  
18 May 2020**

## **FINANCE COMMITTEE OFFICERS' VTC MEETING - 12 May 2020**

### 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 1<sup>st</sup> Session of the IHO Assembly
- E. A2\_2020\_F\_02\_FR – *ANNUAL REPORT 2019 – PART II FINANCE*

Dear Hydrographer,

1. The Finance Committee Officers' (FCO) meeting took place as a Video Telephone Conference (VTC) on 12 May 2020 in accordance with Rule 2 of the ROP of the Finance Committee. The meeting was chaired by the Vice-Chair of the Finance Committee, Mr Andrew Millard (United Kingdom). The participants were Rear Admiral Shepard Smith, Chair of the IHO Council; Dr Mathias Jonas, Secretary-General; Directors Abri Kampfner and Mustafa Iptes; and the External Auditor, Mr Abdelkrim Bennis, representing Price Waterhouse Cooper. Ms Ghislaine Fauchois, Manager Finance and Administration also attended the meeting. The Chair, Ms Muriel Natali-Laure (Monaco) was absent. Ms Isabelle Rosabrunetto (Monaco) attended the meeting as an observer by invitation of the Chair and the Secretariat. The following topics were presented and considered at the meeting.

### **Annual Finance Report 2019**

2. The Annual Finance Report 2019 as submitted by the Secretariat (Reference E) was reviewed by the participants and accepted without further comments.

3. The Secretary-General tabled the audited financial statements, which indicated a positive result for 2019 of 67,594.69 € and an effective budget surplus of 162,000 €. He explained the general conditions to work with a budget which accrues over the fiscal year based on the incoming Member States contributions and the situation with those Member States which are in arrears with their payments. Ms Fauchois explained the Secretariat's strategy on low risk capital investments.

### **Audit results for the Annual Finance Report 2019**

4. Mr Bennis reaffirmed vocally Price Waterhouse Cooper (PWC)'s opinion as given by means of the report, that the IHO's financial statements present fairly, in all material respects, the balance sheet of the Organization as at December 31, 2019, and its profit and loss statement for the year ended in accordance with the accounting principles selected and disclosed.

## **Recommendations of the Secretary-General for the 2019 surplus**

5. The Secretary-General referred to his arguments as given by the report, that the Capacity Building Fund should be given priority in the disbursement of the budget surplus for 2019. Likewise, special projects are in particular crucial for the further development of numerous technical standard specifications and GIS services maintained by the Secretariat.

6. The participants supported the Secretary-General's proposal that the budget surplus for 2019 of 162 k€ be distributed as follows:

- a. 130 k€ to the Capacity Building Fund
- b. 32 k€ to the Special Projects Fund.

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

## **Provisional statement of accounts (April 2020)**

7. The Finance Committee Officers reviewed the current financial situation, based on the monthly summary finance report for April 2020. The Secretary-General and Ms Fauchois presented the current financial statements and indicated that all aspects of the execution of the budget for 2020 were progressing satisfactorily. Losses of an amount of approximately 44,000 Euros had to be accepted through cancellation of contracts as a result of the postponed Assembly. These losses will be compensated by the reductions in travel costs over the year and the shortened duration of the planned Assembly (A-2) in timely combination with the Council meeting (C-4) scheduled in November 2020.

8. The actual status of Member States' contribution payments was also examined. As at the end of April 2020, the recovery of contributions, with a percentage of 63.67%, is higher than last year (54.98%) and higher than the average on the last five years (59.51%). One Member State has not paid their 2018 contribution and eight Member States have not paid their 2019 contributions.

## **Other business**

9. It was noted that both the Chair, Ms Natali-Laure and the Vice-Chair, Mr Andrew Millard, will not be available for a new term after the forthcoming Assembly. The Secretariat will invite Member States to nominate candidates for the post of the Chair and the Vice-Chair by FCCL, in due time before the next meeting of the Finance Committee which will be held in conjunction with the 2nd Assembly on 15 November 2020.

10. Some participants raised concerns as to whether the financial situation of the Organization might be affected by the global pandemic. The Secretary-General confirmed this concern. He informed the participants that the Secretariat is closely monitoring the real and possible impact on all aspects of the Secretariat's operations including the financial aspect. He reaffirmed that the Secretariat will maintain a conservative approach in budget affairs and will act appropriately if the situation requires so. He explained that the IHO holds funding in reserve to bridge a situation of decreases in incoming contributions for a limited time. He also stressed the proper operation of the Secretariat as his main priority in the designation of budget elements.

## **Next Meeting**

11. It was agreed that the Secretary-General will continue to monitor the situation in view of Member States' contribution payment and will call for another meeting of the Finance Committee Officers if the evolving pandemic generates an impact on the financial situation and the budget of the IHO in the course of the year.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Mathias Jonas', with a stylized flourish at the end.

Dr Mathias JONAS  
Secretary-General

**Distribution:** Finance Committee Officers

**For information:** IHO Council Members