



IHB File No. FO/599/01

**FINANCE COMMITTEE
CIRCULAR LETTER 3/2013
25 October 2013**

FINANCE COMMITTEE OFFICERS' MEETING

14 October 2013, IHB

Dear Hydrographer,

1. The six-monthly Finance Committee Officers' (FCO) meeting was held on 14 October 2013 at the IHB in Monaco in accordance with Article 14 of the General Regulations. The IHB Directing Committee, the Chair of the Finance Committee, Ms Muriel NATALI-LAURE (Monaco) and the Vice-Chair, Mr. Andrew MILLARD (UK), attended the meeting. The Auditor, Ms Pascale TARAMAZZO of Frank Morel Chartered Accountants, was also present together with the IHB Manager, Finance and Administration (MFA), Ms Ghislaine FAUCHOIS. The following topics were presented and discussed at the FCO meeting.

2013 Budget Progress

2. Progress with regard to the execution of the budget for 2013 was examined, based on the monthly finance report for September. The Directing Committee and MFA presented the current financial statements and indicated that all aspects were progressing smoothly. It was noted that although there was a significant balance remaining in the 2013 budget for the Capacity Building Fund, many capacity building events were programmed to take place in the last quarter of the year. Efforts will be made to execute more CB activities earlier in the year in future.

Status of Member States' Contribution Payments

3. The status of Member States' contributions payments was examined. It was noted that the amount received as at the end of September was 78.25% of the total amount of the contributions due for the year. This was about 2% lower than the amount received at the same period last year.

4. The payment of contributions has been closely monitored in 2013 and reminders have been sent to those Member States that have not settled their accounts within two months of their habitual payment date.

Status of Internal (IHO) Retirement Fund

5. The status of the IHO Internal Retirement Fund (IRF) was examined. It was noted that, based on current market rates, the actuarial assessment at the end of 2013 indicates that an additional 234 k€ would be needed to meet the anticipated pension liability. The amount of the capital sum which is required to meet the expected pension liabilities is strongly influenced by the rates of interest that can be obtained on the capital sum in the fund and also by any expected increase in the cost of living adjustment. At present, while interest rates remain low, the actuarial assessment indicates a need to continue to increase the capital sum. However, the Finance Officers considered that it was reasonable to take a longer term view and to anticipate some increase in interest rates in the future. For this reason, the Finance Officers agreed with the Directing Committee not to attempt to fully match the liability indicated by the short term actuarial

assessment but that an actuarial assessment should continue to be made regularly using a range of different potential interest rates, so as to monitor the situation.

Approval of Disbursement of Budget Surplus for 2012

6. The Finance Officers were informed that Member States had approved the recommendations of the Directing Committee regarding the disbursement of the budget surplus declared for 2012.

Provision in Budget for Late Payment of Contributions

7. The Finance Officers noted that in recent years and in the prevailing global political and financial situation some Member States have had difficulty in paying their contributions on time. This is because certain States are now subject to various banking and financial transaction embargoes or sanctions, while others face short term economic difficulties. The meeting agreed that the way that embargoes are implemented needed to be discussed between the Directing Committee and the relevant authorities in Monaco taking into account the simpler procedures experienced by other international organizations.

8. Until now, the annual approved budget forecast has not anticipated any late or non-payment of contributions. As a result, the declared balance at the end of each year has not reflected the difference between the real disposable annual income and the annual expenditure. The meeting therefore endorsed the need to include such a provision in the annual budget in future, rather than waiting over two years before a State is suspended and the outstanding amount is declared as a bad debt in the IHO financial statement.

Approval of the 2014 Work Programme and Budget

9. The Directing Committee reported that no adverse comments had been received on the draft 2014 Work Programme and Budget distributed under cover of FCCL 02/2013. The meeting endorsed the Directing Committee's proposal to revise the draft budget to include provision for delayed payment of contributions and to seek the approval of Member States directly without referring back to the Finance Committee.

Guiding Principles for IHO Funds

10. A draft IHO Resolution, raised by the Directing Committee, on "Guiding Principles for Funds", was discussed and endorsed by the Finance Officers. The draft Resolution is intended to provide a consolidated explanation of the purpose of the various funds operated by the IHB on behalf of the IHO. The draft Resolution will be circulated to Member States for adoption in due course.

Next Meeting

11. The next meeting of the Finance Committee Officers will take place at the I.H. Bureau on 4 April 2014.

On behalf of the Directing Committee
Yours sincerely,



Robert WARD
President

Copied to : Mrs. Muriel NATALI-LAURE (Monaco), FC Chair
Mr. Andrew MILLARD (UK), FC Vice-Chair