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**FINANCE COMMITTEE
CIRCULAR LETTER 01/2024
29 April 2024**

FINANCE COMMITTEE OFFICERS' HYBRID MEETING - 26 April 2024

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
- E. Draft Part 2 of the IHO Annual Report for 2023 (Finance)
- F. CABINET TARAMAZZO - Independent Auditor's Report – dated 3rd April 2024

Dear Member of the IHO Finance Committee,

1. The Finance Committee Officers' (FCO) meeting took place in hybrid format on 26 April 2024 in accordance with Rule 2 of the ROP of the Finance Committee. The meeting was chaired by the Chair of the Finance Committee, Ms Isabelle Rosabrunetto (Monaco). The participants were Ms Sonia Chanell (United Kingdom) as Vice Chair; Ms Pia Dahl Høgaard, Chair of the IHO Council; Dr Mathias Jonas, Secretary-General; Directors Luigi Sinapi and Dr John Nyberg and Ms Sandrine Brunel, Finance Administration Officer, Ms Pascale Taramazzo represented the external auditor CABINET TARAMAZZO.

Annual Finance Report 2023

2. The Draft Annual Finance Report 2023 as submitted by the Secretariat (Reference E) together with the External Auditors Report (Reference F) was reviewed by the participants and accepted without further comments.
3. The Secretary-General tabled the audited financial statements, which indicated a cumulative budget surplus for 2023 of 215,221.97 Euro. This result comprises a budget loss of 253,000 Euro from the budget implementation, balanced by an underspend of 10,000 Euro in capital expenditure, 279,000 Euro of operating costs, and the inclusion of the amount paid for depreciable assets of 19,000 Euro.

Audit results for the Annual Finance Report 2023

4. Ms Taramazzo reaffirmed vocally her 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 of 31 December 2023, and its profit and loss statement for the year ended in accordance with the accounting principles selected and disclosed. She explained the reasons and the effects of the stated limitation referring to specific funds which are subject to an annual request for reimbursement of the unspent amount paid in and estimated in US Dollars but converted into Euro for accounting at the IHO before reconverting in US Dollars.

Recommendations of the Secretary-General for the 2023 surplus

5. The Secretary-General proposed that the budget surplus for 2023 of 215,000 Euro should be distributed as follows:

- **50,000 Euro** to the Assembly Fund,
- **15,000 Euro** to the Special Project Fund,
- **40,000 Euro** to the Capacity Building Fund,
- **10,000 Euro** to the IBSC Fund,
- **40,000 Euro** to the Renovation and Enhancement Fund,
- **60,000 Euro** to the Relocation Fund.

6. The Finance Committee Officers endorsed the proposals of the Secretary-General which will now be put forward for approval to the IHO Council members by Circular Letter.

Provisional statement of accounts (Q1 2024)

7. The Finance Committee Officers reviewed the current financial situation, based on the monthly summary finance report for the first quarter 2024. The Secretary-General presented the current financial statements and indicated that all aspects of the execution of the budget for 2024 were progressing satisfactorily.

8. The actual status of Member States' contribution payments was also examined. As of the end of March 2024, the recovery of contributions, was at a historic low percentage of 38.61%, lower than last year (42.85%) and lower than the average last five years (53.44%). One Member State has not paid their 2021 contributions and eleven Member States have not paid their 2022 contributions. Twenty three Member States are in arrears for 2023. The Secretary-General highlighted that the low payment of a substantial number of Member States (which mainly have divergent internal reasons) imposes a significant risk on the proper functioning of the Secretariat and the Organization as a whole.

Any other business

The Secretary-General reported on his intentions to investigate more flexible pension arrangements for local staff designed for the mutual benefit of both parties – the affected employees and the IHO Secretariat.

Final conclusions and next Meeting

9. The Secretary-General concluded that with the endorsement of the Auditor's Report (Reference F) by the participants of the meeting, all conditions are now met for the Approval of Part 2 of the Annual Report 2023 (Finance) by Council Circular Letter.

10. In accordance with Reference C (Paragraph 7), Members of the Finance Committee are now invited to give their comments on this Finance Committee Circular Letter reporting the outcome of the this year's Finance Committee Officers Meeting and to Reference E (Part 2 of the draft IHO Annual Report for 2023 (Finance)) which is available for consultation, as Publication P-7, on the IHO website [here](#) **not later than 31 May 2024**. These comments, if any, will be considered and incorporated in the final version of the Part 2 of the IHO Annual Report at the final stage, before publication.

11. It was agreed that the Secretary-General will continue to monitor the situation in view of Member States' contribution payments and will call for another meeting of the Finance Committee Officers if this 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 long horizontal flourish extending to the right.

Dr Mathias JONAS
Secretary-General

Distribution: Finance Committee Members

For information: IHO Council Chair / Vice Chair