

Internal Audit Report for SI Annual Accounts for the year ending 31st December 2012

The Internal Audit Committee made a review in accordance with Financial Operating Procedures (FOP) and generally accepted accounting policies, of the following statements presented by the Treasurer, Mirek Wasilewski to the Audit Committee on 31st August 2013:

- A. Income & Expenditure Statement of SI for the year ended 31st December, 2012.
- B. Balance Sheet of SI as of 31st December, 2012.
- C. Supporting Schedules and details to Accounts.
- D. Notes to the above Accounts.

The internal audit committee finds that the accounting and representation of transactions in the above statements have been fair and true in stating the finances of Servas International, subject to the following observations:

1. There has been no movement in Development Fund since last year. The audit committee suggests that a report from DFC Development Fund Committee be made available detailing the activities done during the year and the relevant costs incurred for the same.
2. SOL collections during the year 2012 was CHF 14378 and collections till end of 2012 CHF 42675 which is quite commendable despite the fact there were many member countries who were unwilling to make the SOL payments. It was also decided at the Poland GA that no further demands would be made on the member countries except collection of the demands already made. In view of this, the audit committee suggests that EXCO issue a status report on SOL and its development done so far and also the expected time schedule by which the beta version of SOL would be tested. It is also to be noted that the entire value of the Dolphin Project will be amortized by end 2013.
3. The Advance receipts show a suspense amount of CHF 1000 received at the bank on 21/5/2012. The audit committee suggests that the Treasurer check with the bankers as to the nature and source of this remittance so that proper accounting for this transaction could be made.
4. The Web Hosting contract provided payment till August 2012 and no subsequent payment for renewal of this contract was available. The audit committee suggests that a provision for 4 months, amounting to CHF 500, be made, based on the prior year contractual rates agreed upon with the service provider.
5. The Treasurer has physical custody of CHF 50617.64 of Servas funds in his personal capacity in both cash and personal bank accounts. This amount represents about 49% of the Servas gross receipts for year 2012. The that FOP (Financial Operating Procedures) stipulates that Servas Officers are required to refund unused advances to the Servas bank account immediately after the completion of the event or work for which the advance was taken. The audit committee notes this violation to FOP clause and requests EXCO reviews this and takes suitable remedial process to restore this amount to Servas' Bank account. The committee also suggests that EXCO include more Servas officers as signatories to the bank account to avoid such huge withdrawals necessitated by non-availability of such officers for approval and payments.
6. Advance to Servas Officers include amounts of CHF 601 to EF Meamble of Cameroun and CHF 601 to Sahadatu of Sierra Leone representing air fare funding support for attending GA after EXCO approval meeting the funding criteria. Since these officers did not attend the GA, the same need to be recovered from them. The audit committee suggests that EXCO along with Treasurer review these cases and make the necessary efforts for recovery and explain why only 500 Ch is requested in refund when 601 CH was advanced.

7. The Stamp fees for the year 2012 are similar to that of 2011 but the outstanding updated status as of 4th May 2013 shows CHF 31376 of which the significant defaulting member countries are:

Hungary CHF 1050,
Britain CHF 1237,
France CHF 13010,
Italy CHF 9683,
Netherlands CHF 1353.

The audit committee suggests that the Treasurer conducts a regular follow up with these countries to ensure recovery of the pending amounts. There are some receivables from 2008 onwards which could have been possibly adjusted against the payment made to the delegates of the defaulting countries, thereby reducing the stamp receivable amounts. The audit committee suggests that in the future, any travel advanced extended to representatives of countries owing past stamp fees or SOL fees shall be reduced by the amount owed by the member country.

8. Net surplus of CHF 26563 arose from the GA at Poland after considering all expenses and adjusting the accumulated provision of CHF 75000. The audit committee suggests that EXCO confirm the venue of the next GA at 2015 and mandates the provisioning of GA expenses of CHF 37500 per year from 2013 onwards. The audit committee also suggests that the host country for the next GA explore the possibility of using an international travel agent for all SI funded travel and for assistance in obtaining visas so that SI is not in the position of needing to recover funds from representatives who are unable to attend the GA.

9. Interest from Bank Deposits for the year is CHF 508 as against last year of CHF 836, owing to the substantial withdrawals made for the GA Poland.

10. The comparative statement of the Budget versus Actuals for the year 2012 as required under FOP has not been submitted. The audit committee suggests that the same be presented showing the expense variance statement.

11. The audit committee requests that EXCO give a status update on the matter of registration of SI as an NGO and the actions taken so far.

Signed: L V Subramanian - Convenor
Phyllis Chinn – Member
Emmanuel Kakinada – Member

Dated 7th October 2013