

Internal Audit Report for SI Annual Accounts for the year ending 31st December 2011

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 10th February 2013:

- A. Income & Expenditure Statement of SI for the year ended 31st December, 2011.
- B. Balance Sheet of SI as of 31st December, 2011.
- C. Supporting Schedules and details to Accounts.
- D. Comparative Statement of SI Budget with Actuals.
- E. 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 a considerable increase in Stamp receipts over the budgeted amount, being partly due to increase in revised stamp tariff and partly due to increase in the demand for stamps by the Servas Travellers.
2. The Servas On Line (SOL) collections have been marginally higher over the budgeted amount, but the Audit Committee has a concern regarding the SOL past years' outstanding amount of CHF 6957 from the member countries. The Committee recommends the EXCO and Treasurer continue to make efforts to collect this amount as soon as possible. The Audit Committee notes that as per the General Assembly (GA) decision at Poland, no further demand will be made on the member countries unless required in the future.
3. The Bank Interest Income has been marginally higher than the budgeted amount.
4. The total expenses incurred for the African Regional Meeting, which was integrated with the Youth Meeting held at Botswana Lula during 2011, were to be met from SI Budget to the extent of CHF 1400 from Area Meeting Budget and CHF 1800 from Youth Budget towards Pablo Chufeni's travel as per the minutes of the EXCO teleconference of 15th June 2011 and the balance amount to be met from Development Fund as per the approval given by the Convenor of Development Fund Committee of her mail of 16th June 2011 to the Treasurer and the Convenor of the African Regional Meeting. The Audit Committee notes that the expense claim statement was received by the Treasurer without any supporting invoices for expense, air travel or other miscellaneous expenses and these were approved and booked based on the expense statement submitted by the Convenor of the African Regional Meeting. SI Financial Operating Procedures (FOP) specifically provides that the Expense Statement should be supported by numbered Invoices, Bills and other documents evidencing expenses, in original, to be made available to the Treasurer within the stipulated period after the incurrence of the expenses.
5. Stamp dues relating to previous years namely 2008, 2009 and 2010 amounting to CHF 2093 is to be recovered as per details furnished by the book keeper. Necessary follow up is required to be made by the Treasurer or adjust the same while making payments, if any, to the defaulting member countries to avoid bank transfer fees and recover the due amount.
6. There are small amounts owing to past SI Officers and some amounts outstanding to be recovered from past and present SI Officers. EXCO shall take appropriate decisions on each of the amounts due, based on which the relevant accounting will be made in the books. Financial Operating Procedures (FOP) requires that the surplus money held by the SI Officer be deposited to the SI Bank Account immediately after completion of the event or the purpose for which the advance was taken.
7. Certification of the successful implementation of the Dolphin Host List System is yet to be received from the SI Information Communication and Technology (ICT) team although, based on verbal confirmation, Dolphin was capitalized in the books during 2010 and depreciation charges for 2010 and 2011 have been made in the accounts. The Audit Committee recommends that the Treasurer follow up with ICT to get the necessary certification as soon as possible.

8. Progress updates on the new Servas On Line (SOL) program are not available and there is no official report on the progress of SOL activity. The member countries who have contributed towards this project have a right to know the progress made on SOL development, its current status and expected date of completion and its implementation. The Audit Committee recommends EXCO follow up with the SOL Project committee and publish the report of the work done, its status and the expected completion date for the common benefit.

9. Financial Operating Procedures (FOP) require the various committees of SI, appointed at the GA, to submit reports stating the activities undertaken and completed during the year for which budget allocation has been made. Reports of the committees were not available for review. The Audit Committee recommends that EXCO follow up with the various committees for timely submission of their respective reports within the stipulated period for Audit.

10. The Registration of Servas International (SI) is of paramount importance and this has to be taken up with utmost vigour and urgency since the Latina GA resolved to move SI bank accounts to a bank having ethical practices. SI is eligible to claim refund of tax credits on bank interest income from the Swiss Tax authorities. Without proper submission of the Registration certificate, neither claim for refund from Swiss authorities nor a move to ethical bankers is possible. The Audit committee recommends EXCO follow up on this matter with seriousness and utmost urgency to get the Registration of SI completed as soon as possible.

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

Dated 21st March 2013