The EXCO gave a mandate to the newly appointed IAC on 29th November to review the 2017/18 financials and the Treasurer has provided the following statements by email vide his mail of the 16th November:

1. Tally Files
2. Bank Statements
3. Provisional Financial Statements with supporting Notes.
4. Budget vs Actual comparative statement.
5. Provisional Audit report by the previous IAC.
6. Email of 2nd August from IAC to the Treasurer.
7. Treasurer’s response to IAC.

Based on the above, we have reviewed the financial statements and the supporting records and we find that these present a true and fair view of the transactions conducted during the year commencing on 1st April 2017 to 31st March 2018 vide the Income & Expenditure Account and also of the SI finances as reflected by the Balance Sheet as of 31st March 2018 subject to following clarifications:

1. SOL has become operational and capitalized and therefore the residual value of Dolphin of CHF 152 should be written off, unless it is still being used in the public domain.

2. SOL has been capitalized at CHF 64094 and 1/3rd of the value has been amortized. SOL maintenance for the year budgeted CHF 1000 whereas actual spent CHF 9434. This value represents almost 15% of the capitalized value.

3. Executive Committee meeting of CHF 13755 includes the cost of two face to face meetings at France and Spain whereas only one was budgeted for.

4. Legal expenses of CHF 5397 on SERVAS registration project has been written off although the registration is incomplete. This expense should be accumulated under work in progress and amortized on completion of SERVAS registration.

5. SI Africa Regional Meeting (Aug 2017) of CHF 2710 and Hungary Youth Meeting (Dec 2017) of CHF 1191 were funded by SI (with due EXCO decision) although there were sufficient funds available with DFC to support these events which is predominantly DFC activity.

6. Schedule 7 (b) Youth meeting SI Africa included CHF 3890 whereas the SI Funding of CHF 2710 (as in above point 5) not reflected here. In (d) reflects CHF 3901 (total of Africa and Hungary meetings) paid out of Development Fund whereas it has been funded by SI vide EXCO decision.
7. The analysis of the GA approved budget of 2019-2021 reflects the following:

A. Peace activities and UN Related activities show an increased budget allocation of CHF 4000 for each of the budget years although CHF 1120 was spent against a budget of CHF 1000 in 2017/18. Has any special activities been planned for incurring this additional annual expenditure?

B. ICT shows CHF 35000 for each of the budget years (Talorig Quarterly Contracts). The value of SOL would be fully written off by end 2020 considering the amortisation percentage applied. The SOL maintenance for 2021 budgeted whereas the SOL value written off in the books. There is a budget line of CHF 37450 as investment in SOL Ver.2 for each of the budget years (motion FRA-001). Will this be separately capitalized?

C. Legal Expenses of CHF 7000 for each of the budget years has been allocated as against preliminary expense of CHF 5397 already incurred in 2017/18. What is the outcome of the legal opinion and what are the options given for registering SERVAS?

D. Permanent representation in Geneva shows one time expenditure of CHF 14000 (EXC 014). Is this a one-time registration fees?

E. Professional SERVAS Webmaster for CHF 25000 for each of the budget years (GRE-004)

F. One off contribution to DFC of CHF 18000 (POL-RWA-001) although DFC has not spent any amount from the funds they hold.

We understand from the decisions taken at SICOGA 2018 that SI is coming out of the Stamps regime and instead will receive a fixed membership fee based on average of past 3 years stamp revenue by individual member country. This will allow the member countries to exercise their control of stamp issue and revenue collection. With this implementation, SI revenues will be limited to the membership fees within which it has to operate.

The above expenses being major in nature will impact the SI Finances severely and by the end of 2021, all the accumulated reserves are likely to be wiped out thereby making it difficult for the newly appointed EXCO at 2021 to operate. No increase in the membership revenue has been considered and this is a serious matter that needs urgent attention.

It would be interesting to know of the growth of the new membership and the increase in revenue in 2018/19 subsequent to SOL becoming operational. And also whether this possible membership growth could justify the increased expenditure envisaged by the approved GA budget 2018-2021, the noteworthy being the SOL maintenance/investment in VER 2.

We would appreciate responses from the EXCO to our above mentioned queries at the earliest.

L V Subramanian (Convenor of IAC)
Phyllis Chinn (Member of IAC)
Gulsen Elyak (Member of IAC)