

## **AUDIT AND FINANCE COMMITTEE REPORT FOR THE PERIOD NOVEMBER 2004 – MAY 2005**

The Audit and Finance Committee Chair visited the IAA offices in Ottawa in March to meet with staff, including the Secretary General and the Executive Director, and to review the External Auditor's report. I met with the External Auditor and had extensive discussions with him about his review of the financial statements and the internal operating controls and his resulting report. There was nothing exceptional to note from either him or the staff. Both the auditor and the staff had extremely high praise for the work of the others.

As part of the visit, expenses submitted to the Secretariat for reimbursement were reviewed for consistency with established policies. It was noted that one submission for travel expenses had not been pre-authorized and it was suggested that new procedures be implemented. No discrepancies were noted and all forms were approved, as submitted.

A thorough review of public statements processed through the Secretariat was conducted as mandated by the Committee's Terms of Reference. All public statements issued were validated through a review of letters and electronic messages received by authorized representatives of the member organizations.

There was a minor, non-material, error in the tabulation of votes for one statement and a recommendation for a computerized correction was made to staff. Staff has advised the correction would be an expensive alteration to make and, with no votes occurring currently, the current manual procedure will be maintained.

One full member association changed its official name in 2004 and the new name was not properly reflected in several documents issued from the Secretariat after the change date. Manual procedures to check for such changes in the future were recommended and have been adopted.

It was noted that under the current Fast Track Procedure (FTP), there was no mechanism whereby objections to the use of this Procedure would be officially recorded. A modification in the reporting system has been made so that when an association objects to the use of the Procedure a special message is sent to the Secretariat, as well as the Chair of the Audit and Finance Committee. A new line has been added to e-mail sent when FTP is being proposed stating:

Objections to the use of the fast track procedure, or to the release of the public statement, must be registered with the Secretariat ([objections@actuaries.org](mailto:objections@actuaries.org)) by [bold date].

During the visit, it was determined that 16 full member associations and 10 associate member associations were currently delinquent in payment of dues. One associate member was more than 2 years behind. It was also noted that a number of associations were behind in forwarding their annual confirmation forms on a timely basis. The Accreditation Committee will be

reviewing, in Rome, a proposed new procedure to handle such delays on a set calendar in the future.

The Secretariat maintains a safe deposit box in the vault of a local bank. In future audits, the Chair of the Committee will visit this bank to confirm the contents of this box.

The operating agreement with the Canadian Institute of Actuaries for the provision of services and accommodations to the IAA were reviewed and found to be satisfactory.

The Investment Guidelines and Restrictions were reviewed and the current investments reviewed in light of these guidelines. No changes were suggested.

The budgets were also evaluated as part of the financial review.

Recent Council meetings have included a session where Section Chairs, the Secretariat and the Chair of the Committee meet to discuss topics of mutual interest including the co-ordination of budgets and financial reports. These have proved to be very productive and are now a routine part of the meeting schedule.

Informal meetings of the Committee, on a bi-monthly basis, are occurring when two of the three members get together in Wellington, New Zealand. This has proved to be worthwhile in maintaining the activity level of the Committee.

Curtis E Huntington, Chairperson