

AUDIT and FINANCE COMMITTEE ACTIVITY REPORT FOR THE PERIOD NOVEMBER 2008 – APRIL 2009

The Audit and Finance Committee Chair visited the IAA offices in March to meet with staff, including the Executive Director and the Director of Finance, and to review the External Auditor's report. I met with the External Auditor to discuss with him his review of the financial statements and the internal operating controls and his resulting report. We also had a wide-ranging response discussion, as a result of evolving audit standards, about organizational exposure to fraud and proper controls for these exposures.

At the time of the March visit, work was not yet complete on the Sections' finances and their reports. All of the Sections' financial activity for previous years is now in the hands of the Secretariat and is being reviewed by the External Auditor. There continues to be a challenge with some historic information of ASTIN's finances; in particular, the purchase costs of some of their assets cannot be firmly determined. The External Auditor, IAA staff and I all believe that this is not of any material significance.

Failure to produce accurate numbers will result in there being a qualified audit opinion with respect to some of the older ASTIN statements. The Audit and Finance Committee is recommending that we accept such a qualified opinion, rather than continuing to search through this historic maze, and proceed into the future.

The impact of the current global financial problems has had minimal impact on the financial resources of the IAA.

As part of the visit, expenses submitted to the Secretariat for reimbursement by staff, officers, and others performing authorized work for the IAA were reviewed for consistency with established policies. No discrepancies were noted and all forms were approved, as submitted. The Director of Finance and I agreed to develop new standardized reporting forms to allow for improved control of expenses, especially those reported in multiple currencies. Where used, this has proved to be a considerable success.

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

As an audit test, one of the National Association routinely objects to one of the Fast Track proposals. All of the audit controls established in previous years worked successfully.

A minor control issue was noted during this review and a procedural change was proposed for Secretariat processing of future statements.

The proposed budget was reviewed in detail. Work is continuing to integrate the financial reporting and auditing of the Sections, including both budgets and financial statements.

Quarterly reports, for use by the Secretariat and the Audit and Finance Committee are being further developed.

The investment guidelines are reviewed on an annual basis to see if any changes are warranted. Compliance with the guidelines is monitored on a regular basis.

An Authorities Matrix, indicating how responsibilities for various IAA functions are allocated to Committees, Sections and staff, exists and will be monitored and modified by the Committee in future years.

The Secretariat's facilities, commented upon in my report last April, are in need of some expansion to accommodate current staff and expansion. Cost-effective alternatives are being investigated.

Curtis E. Huntington, Chairperson