

Agenda item **9. Financial report**

Author(s) / Submitter(s) Secretariat

Future financial arrangements

1 BACKGROUND

The IMC fund is administered and placed under the IALA budget since 2014 but managed in two bank accounts. This fund consists of levies on industrial contributions.

Until now, the IMC funds were recorded outside the general IALA budget, in a debt account, as recommended by the former auditor GVA.

The last Council has appointed a new auditor (RSM) for the next 6-years' period and a new Chartered accountant (KPMG), who does not see this arrangement as proper economic governance.

2 DISCUSSION

During the audit of the 2018 accounts, the new chartered accountant and auditor came to the conclusions that new financial arrangements are to be implemented to improve the administration of the IMC fund:

- The IMC fund should be administered in accordance with the new proposed Terms of Reference (in input paper 8.6).
- Regular annual expenses shall be made directly from the General IALA budget under the dedicated IMC budget line. This budget shall cover the cost agreed under the Steve Nell's scholarship (€10,000) + any expenses agreed between the Secretary-General and IMC.
- IMC bank accounts shall be closed and transferred to the IALA current bank account.
- In return, an IMC Reserve shall be created in the Balance Sheet for a total amount of €K200 corresponding to 50.000 € pr. year between Conferences.

This Reserve shall be dedicated to IMC for long term expenditure foreseen every 4-years at the occasion of the IALA Conferences (IMC exhibition and IMC dinner mainly).

In the interval between two conferences, the Reserve may be increased if necessary based on a budget prepared by IMC. After the IALA Conference, any unused money shall remain in the Reserve for the next 4-years period.

- The provisions described above shall replace former financial arrangements between IALA and IMC.

3 ACTION REQUESTED

IMC is invited to:

- Consider the new financial arrangements recommended by the Auditors;
- Consider the needed budgetary allocation for the years 2019 to 2021: an amount of €10,000 per year is proposed. This amount will be reflected in the Revised IALA budget to be submitted to the next Council in June for its approval.
- Provide to IALA Secretariat a first estimation of the budget needed for the next IALA Conference in 2022