

## REPORT OF THE BOARD OF AUDIT

The Board of Audit was summoned during the UBC General Conference in Klaipėda in 2003 on the basis of point 5 of the UBC Statute.

The Board of Audit has had the following members:

Mr Bartłomiej Sochański (Szczecin)

Ms Silvia Löbner (Wismar) and

Mr Alfredas Lankauskas (Siauliai)

In accordance with art.12 of the Statute, "the Board of Audit checks the auditor's report for correctness and proper use of the resources for purposes laid in the decisions of the General Conference and the Executive Board, in the Statute and according to the regulations of the donors of contributions."

The Board of Audit held a meeting during the Executive Board sessions at Klaipėda, Lithuania on 16 October 2003.

Mr. Bartłomiej Sochański participated in Executive Board session in Kristiansand 2004.

Mr Bartłomiej Sochański, Ms Silvia Löbner and Mr Alfredas Lankauskas reviewed the books of UBC on 22 and 23 July 2005.

The following files were exposed to examination by UBC Secretariat:

- invoices and bills passed to UBC in years of 2003, 2004, 2005
- confirmation of the payments made by UBC in 2003, 2004, 2005
- bank statements,
- receipts of payments by electronic cards from the UBC account
- financial report
- tax declarations

As basis for audit the Board adopted the following documents produced by the UBC:

1. UBC Statute with recent amendments
2. Internal Regulations
3. UBC Strategy
4. Minutes from Executive Board meetings in 2003, 2004
5. Report from the VII General Conference in Klaipėda 2003
6. UBC budget for 2004
7. UBC budget for 2005
8. UBC membership fees for 2004 – 2005 adopted during the VII General Conference in Klaipėda 2003.
9. Statement of the accounts for the period commencing from 1 January 2004 until 31 December 2004 along with explanatory notes
10. UBC membership fees in 2004
11. Auditor's report for the year 2004

The above mentioned documents are attachments to the original report of the Board, which was prepared in 5 copies. One copy went to the UBC President. One copy went to the Secretary General and each member of the Board received one copy.

Based on art.12 of the UBC Statute, the Board of Audit assumed that its task was not to check accuracy and reliability of each book's receipt of the UBC, but its task was to give opinion on the accuracy of incomes and expenditures of the Union with the decisions taken by the General Conference and the Executive Board.

When investigating the situation, the Board of Audit made the following establishments:

1. The reference of the Board of Audit to make an annual budget was considered and put into action.
2. The UBC budget was adapted to the annual income and expenditure in accordance with the recommendation of the Board of Audit.
3. The assessment of the books is commissioned to the office Rachunkowe BILANS from the city of Gdańsk on the request of the UBC Secretariat, basing on the decisions of the General Conference. However, BILANS's examination was related solely to checking the correctness of books and their contents in accordance with the Polish book-keeping rules. The assessment was not related to the accuracy of incomes and expenditures as approved of by the General Assembly and the Executive Board.
4. The Polish legislation does not require from unions/associations, such as the UBC that is a non-profit organisation, any special audits nor specifies the rules of audit. Then, the organisation as such should define wish audit should be carried out in its case. The General Conference in Klaipėda did not specify any requirements as to the scope and methods of audit. The recommendation made by the Board of Audit to enlarge this scope of audit was not considered.
5. Sole checking of auditor's reports does not give answer to the question whether UBC resources were used according to decisions of the UBC authorities. Precise inquiry into the actual incomes and expenditures of the Union through searching the UBC books goes beyond the possibilities and statutory capabilities of the Board of Audit summoned on the basis of art. 12 of the UBC Statute as this would require preparing a separate audit.
6. The UBC Board of Audit is certainly aware, that adopting a uniform and commonly cohesive methodology of setting out UBC budget its adjustment and control of budget performances is very difficult task. The UBC members come from various financial systems, experiences, rules and customs. However one shall aim to improve the UBC financial procedures to the best possible and most acceptable level.

The Board of Audit recommends to undertake the following measures:

1. The tasks commissioned to the UBC by virtue of separate agreement should consist separate part of the budget.
2. The commissions and secretariats of the Union using practically nearly 41% of the UBC budget shall also give statements of expenditures to the UBC Secretariat.
3. The bills, invoices and accounts relating to the tasks commissioned to the UBC shall be kept in separate files.

On the basis of the completed examination for the period of 2003 – 2004 the Board of Audit proposed the absolution for the Presidium and the Secretary General.

15.09.2005

Silvia Löbner  
(City of Wismar)

Bartłomiej Sochański  
(City of Szczecin)

Alfредas Lankauskas  
(City of Šiauliai)