

## REPORT OF THE BOARD OF AUDIT

The Board of Audit was summoned during the UBC General Conference in Turku in 2005 on the basis of point 5 of the UBC Statute.

The Board of Audit has had the following members:

Mrs. Ewa Back, Mayor of Sundsvall, Sweden,  
Mrs. Marta Chełkowska, Vice-Mayor of Łeba, Poland and  
Mrs. Silvia Löbner, Head of Audit Department Wismar, Germany.

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 in Turku, Finland, on 30 September 2005.

Mrs. Marta Chełkowska participated at the Executive Board session in Gdynia, Poland, 19 – 20 October 2006 and Mrs. Ewa Back participated at the Executive Board session in Gävle, Sweden, 09 March 2007.

Mrs. Ewa Back, Mrs. Marta Chełkowska and Mrs. Silvia Löbner reviewed the books of UBC on 14 to 16 May 2007.

The following files were submitted to the examination by UBC Secretariat:

- invoices and bills passed to UBC in years 2005, 2006
- confirmation of the payments made by UBC in 2005, 2006
- bank statements
- receipts of payments by electronic cards from the UBC account
- financial reports
- tax declarations

As basis for audit the Board has had 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 2005 and 2006
5. Report from the VIII General Conference in Turku 2005
6. UBC budget for 2005 and 2006
7. UBC membership fees for 2005 and 2006
8. Statement of the accounts for the period commencing from 1 January 2004 until 31 December 2004 and 1 January 2005 until 31 December 2005 along with explanatory Notes
9. Auditor’s reports made by the licensed auditing company BILANS for the years 2005 and 2006

The above mentioned documents are attachments to the original report of the Board. The complete document is made in 5 copies: one for the UBC President, one for the Secretary General and one for each member of the Board of Audit.

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.

The Board of Audit makes the following statements:

1. We have read the Minutes from the Executive Board Meetings 2005 and 2006. We have also looked at the UBC Strategy and the Action Plan 2006 - 2007. We have found that the intentions of the Strategy as well as the Action Plan has been activated or fulfilled. The Executive Board has worked with the EU proposal on Maritime Logistics as well as a Maritime Logistics Policy Paper. UBC opinions on the new EU Cohesion Paper have been forwarded to the EU Commission. A working group for UBC further development has reported several times to the Board and a number of proposals are soon due to be adopted.

2. The assessment of the books is commissioned to the licensed auditing company BILANS from the city of Gdańsk according to the decision 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.

3. The UBC Board of Audit is aware of that adopting a uniform and commonly cohesive methodology for the accounting is a 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 a commonly accepted level.

4. Further the examination took part of the contract between the city of Gdańsk and the UBC, signed in 2004, concerning premises including appropriate office equipment for the three employees in the secretariat.

All three employee of the office have an employment relationship with the city of Gdańsk.

The recommendations from the UBC General Conference in Turku 2005 have been followed up:

1. The Commissions should send statements of their expenditure to the UBC Secretariat.

- Now every Commission has to enclose a budget to their application for a grant, as well as give a financial report for how the grant has been used.

2. Tasks commissioned to UBC by separate agreements should have separate budgets and accounts.

- We have only found one example of such a task and that is the SIDA-LVRLAC-project, which was reported and closed in spring 2005.

Recommendations from the Board of Audit to the UBC General Conference:

1. Make a change in the Statute of the UBC, so that the absolution is not only for the Presidium, but for the whole Executive Board, as well as for the Secretary General.
2. Economic decisions made by the Executive Board should include an exact or estimated cost, alternatively a cost limit.
3. The Commissions can use one third of their grant from the UBC to cover costs of their secretariats. These costs, as well as other costs covered by the grant, should if possible, be verified by copies of invoices. If this is not possible, a written summary of the secretariat-costs can be done.
4. We recommend the Executive Board to discuss reports from the Commissions more frequently, perhaps could 2 - 3 Commissions give reports at each Board Meeting. This way every Commission gets a good opportunity to bring up their difficulties as well as possibilities and development.

5. In order to give the Board of Audit better possibilities to follow up the work of UBC there ought to be a possibility for the Board to be represented more regularly at the Executive Board meetings.
6. The Board of Audit recommends the General Conference to express their thanks and gratitude to the city of Gdańsk for its generous support to UBC.

On the basis of the completed examination the Board of Audit propose the General Conference to absolve the Executive Board and the Secretary General for the years 2005 and 2006.

Wismar, 26.06.2007

Silvia Löbner  
(City of Wismar)

Ewa Back  
(City of Sundsvall)

Marta Chełkowska  
(City of Łeba)